FirstRand

owner-manager philosophy
innovation
entrepreneurship
franchise value

2022 ANNUAL INTEGRATED REPORT

about this report

This integrated report describes the operational and financial performance and activities of FirstRand Limited (FirstRand or the group) for the year ended 30 June 2022.

OF PARTICULAR NOTE:

The CEO's report provides an overview of the group's strategic framework. It also unpacks the performance for the year under review relative to the specific strategies that FirstRand implemented to successfully navigate the Covid-19 pandemic and position the business to capitalise on a sustained recovery.

Infographics on pages 4 to 5 demonstrate how the operations of the group positively impact a broad range of stakeholders.

The commentary and financial results in the chairman's, CEO's and CFO's reports, and the operational reviews, are based on the normalised results of the group. The normalised results have been derived from the IFRS financial results. A detailed description of the differences between normalised and IFRS results and detailed reconciliation between normalised and IFRS results are provided on pages 173 to 180 of the group's online version of the *Analysis of results for the year ended 30 June 2022*, available at https://www.firstrand.co.za/investors/financial-results.

FirstRand

1966/010753/06. Certain entities within the FirstRand group are authorised financial services and credit providers. This report is available on the group's website: **www.firstrand.co.za**

Email questions to investor.relations@firstrand.co.za

contents

integrated reporting suite

ANNUAL INTEGRATED REPORT

Describes the operational and financial performance and activities of the group. It includes the chairman's, CEO's and CFO's reports, operational reviews, King IV corporate governance disclosures, group summary consolidated financial statements and notice of the annual general meeting.

https://www.firstrand.co.za/investors/annual-reporting/

ANNUAL FINANCIAL STATEMENTS

> FirstRand group audited consolidated annual financial statements

> FirstRand Limited company audited financial statements

https://www.firstrand.co.za/investors/annual-reporting/

ANALYSIS OF FINANCIAL RESULTS AND RESULTS PRESENTATION

Cover the audited summary consolidated financial statements of the group based on International Financial Reporting Standards (IFRS). These disclosures also provide an in-depth analysis of the group's financial results, presented on a normalised basis as the group believes this most accurately reflects its economic performance. The analysis of financial results and results presentation are provided for interim and year-end results.

https://www.firstrand.co.za/investors/financial-results/

BASEL PILLAR 3 DISCLOSURE

In accordance with the Basel Committee on Banking Supervision (BCBS) Pillar 3 framework and Regulation 43 of the amended Regulations relating to Banks, the group is required to publish standardised disclosure templates that provide users with key quantitative and qualitative information that is comparable and consistent. Reports are provided on a biannual basis.

https://www.firstrand.co.za/investors/basel-pillar-3-disclosure/

MATERIAL RISK FACTORS

In terms of the JSE Listings Requirements, FirstRand is required to disclose risk factors in terms of paragraph 7.F.7 (description of material risks which are specific to the issuer, its industry and/or its securities).

https://www.firstrand.co.za/investors/annual-reporting/

REPORT TO SOCIETY

Provides deeper insight into the social impact of the group's operational and financial performance.

https://www.firstrand.co.za/society/firstrand-contract-with-society/

CORPORATE GOVERNANCE REPORT

The corporate governance report details the group's governance approach and practices aligned with King IV, JSE Listing Requirements and other relevant legislation. It includes the board committee reports.

https://www.firstrand.co.za/investors/annual-reporting/

REMUNERATION REPORT

The remuneration report details FirstRand's remuneration philosophy and policy, and how they were implemented in the 2022 financial year. Disclosures are aligned to the requirements of section 64C of the Banks Act, the FSB's *Principles for Sound Compensation Practices* and its *Implementation Standards*, the BCBS's *Pillar 3 disclosure requirements standard – updated framework* (December 2018) and Directive 1/2019 issued by the Prudential Authority, and the recommended practices of King IV, where appropriate.

https://www.firstrand.co.za/media/investors/annual-reporting/firstrand-remuneration-report-2022.pdf

TCFD REPORT

The Task Force on Climate-related Financial Disclosures (TCFD) was constituted by the Financial Stability Board (FSB) in response to the Paris Agreement. Through recommendations for clear, comparable and consistent information, it promotes transparent disclosure of climate risks and opportunities. FirstRand is a TCFD signatory, and this report represents the group's second TCFD disclosure. This disclosure will enable stakeholders to understand and track FirstRand's progress against its climate roadmap and approach to climate risks and opportunities, as well as short-, medium- and long-term targets.

https://www.firstrand.co.za/investors/annual-reporting/

about the group

purpose / FirstRand commits to building a future of shared prosperity through enriching the lives of its customers, employees and the societies it serves. This is the foundation to a sustainable future and will preserve the group's enduring promise to create superior returns for shareholders.

portfolio / FirstRand is a portfolio of integrated financial services businesses and offers a universal set of transactional, lending, investment and insurance products and services. FirstRand can provide its customers with differentiated and competitive value propositions due to its unique and highly flexible model of leveraging the most appropriate brand, distribution channel, licence and operating platform available within the portfolio.

strategy / Strategy is executed utilising innovative thinking, enabled by disruptive digital platforms, an owner-manager philosophy and the disciplined allocation of financial resources.

track record / Achieved through a combination of organic growth, acquisitions, and creating additional sources of revenue through the start-up and development of completely new businesses.

integrated highlights

financial

Normalised earnings

R32.7bn

2021: R26.6bn ▲**23%**

Net asset value

R164.9bn

2021: R151.6bn ▲**9%**

Return on equity

20.6%

2021: 18.4% ▲**220 bps**

CET1 ratio

13.9%

2021: 13.5% ▲**40 bps**

Ordinary dividend per share

342 cents

2021: 263 cents ▲**30%**

Special dividend per share

125 cents

normalised earnings

FNB	WesBank	RMB	Aldermore
R19.6bn	R1.6bn	R8.2bn	£149m*

* *Reflects UK operations, i.e. Aldermore and total MotoNovo (front and back books).*

social

Total employees

48 059

2021: 47 413 ▲**1%**

B-BBEE status

Level 1

2021: Level 1

Carbon emissions (SA operations) (tonnes)

163 409

2021: 166 964 ▼**2%**

South African employees

39 287

2021: 38 854 ▲**1%**

Procurement from black-owned companies

R6.9bn

2021: R5.5bn ▲**25%**

Economic value added to society

R150.3bn

2021: R137.8bn ▲**9%**

% ACI employees (SA operations)

81%

2021: 80%

CSI commitment to education

R345m

2021: R295m ▲**17%**

operational

FNB active customer base

10.96m

2021: 10.48m ▲ **5%**

RMB facilitated*

R26.4bn

in value of sustainable and transition finance transactions

FNB digitally active customers

6.48m

2021: 6.09m ▲ **6%**

RMB won

64

new primary-banked relationships

Number of lives covered by FNB Life

7.0m

2021: 6.6m ▲ **6%**

WesBank partners with

35 out of 41

motor brands in SA

* *Transaction underwriting, arranging, lending or advisory.*

FirstRand's integrated reporting framework

FirstRand has carefully considered the principles and objectives of integrated reporting. The group's aim is to apply best reporting practice, in so far as it assists in explaining the group's strategy, operations and performance. It does not seek to tick all the boxes, but rather provide stakeholders with enough relevant information to take an informed view on the quality of its leadership's strategic thinking, execution of strategy, and utilisation of operating platforms, financial resources and risk capacity. The approach is fundamentally designed to present substance over form.

Depicted here is FirstRand's reporting framework, which represents the five key pillars of the group's approach to delivering superior and sustainable returns to its stakeholders. It indicates some key sections or pages in this report where the reader can find narrative and data that substantiate the statement of intent.

Purpose

Build a future of shared prosperity through enriching the lives of its customers, employees and the societies it serves. This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior returns for its shareholders.

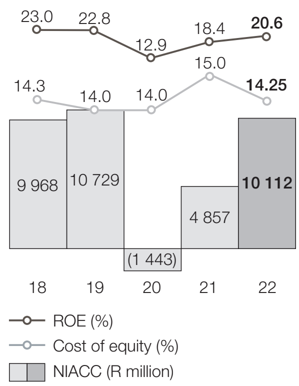
08 Measuring social impact:
On pages 8 to 11 are some measures of the group's social impact.

Report to society:
https://www.firstrand.co.za/society/firstrand-contract-with-society/

Measurement

The group measures shareholder value creation through return on equity (ROE) and net income after the cost of capital (NIACC). The group's ROE is back within its target range of 18% to 22% for normal economic cycles.

NIACC and cost of equity



Portfolio management

Actively manage the group's portfolio of businesses to deliver on this strategic purpose – a dynamic process that is measured against appropriate frameworks that balance risk, growth and returns.

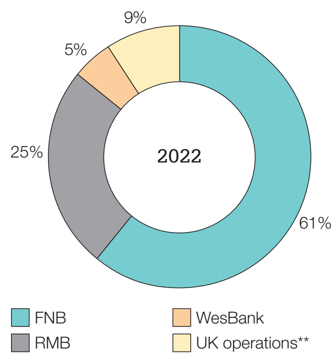
16 CEO's report
23 CFO's report

Basel Pillar 3 disclosure:
https://www.firstrand.co.za/investors/basel-pillar-3-disclosure/

Measurement

The group seeks to increase diversification of its portfolio. This chart demonstrates the portfolio diversification by operating business. FirstRand is executing on strategies to further increase diversification from a product, segment, activity and geographic basis.

Business diversification*
(based on normalised earnings)



* *Excluding the Centre, FirstRand Limited company, consolidation adjustments and dividends on other equity instruments.*
** *Include Aldermore group and total MotoNovo (i.e. front and back books).*

Sustainable returns

Through its financial resource management framework, the group allocates capital, funding and risk appetite on a through-the-cycle basis to deliver sustainable returns within acceptable levels of earnings volatility.

16 CEO's report
23 CFO's report

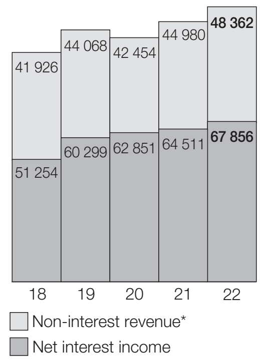
Basel Pillar 3 disclosure:
https://www.firstrand.co.za/investors/basel-pillar-3-disclosure/

Analysis of results:
https://www.firstrand.co.za/investors/financial-results/

Measurement

The group's long-term return profile is supported by the relative size of its transactional franchise and mix of advances. These are direct outcomes of strategic decisions supported by the group's financial resource allocation methodology.

Revenue mix
R million



* *Including income from associates and joint ventures.*

Stakeholders

Create value for the providers of capital, customers, employees and the broader communities the group serves.

16 CEO's report
23 CFO's report
35 Review of operations

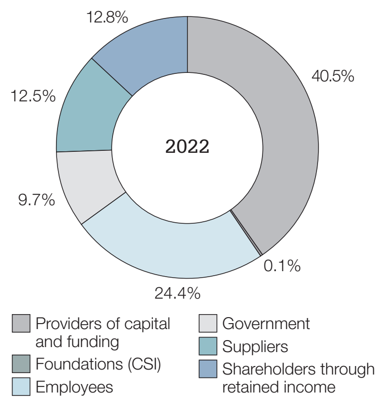
Report to society:
https://www.firstrand.co.za/society/firstrand-contract-with-society/

Corporate governance report:
https://www.firstrand.co.za/investors/annual-reporting/

Measurement

The group manages its business for a broad range of stakeholders. This chart indicates the distribution of the R150 billion economic value added to the group's different stakeholders.

Economic value distribution
%



Governance

Implement the highest standards of corporate governance and ethics oversight at all levels.

Corporate governance report:
https://www.firstrand.co.za/investors/annual-reporting/

Basel Pillar 3 disclosure:
https://www.firstrand.co.za/investors/basel-pillar-3-disclosure/

Measurement

Compliance with King IV is assessed through:

> board evaluations; and

> internal audit reviews.

measuring social impact

The nature, size and scale of the group's business activities result in a broad set of financial and social outcomes:

- *Provider of credit*
- *Custodian of the country's savings*
- *Provider of transactional platforms for people to access and spend their funds*
- *Material taxpayer*
- *Large employer*

The group has started to measure certain aspects of its business to try and provide stakeholders with insights as to how it utilises its balance sheet, products, platforms, technology, people and innovative culture to deliver superior economic value that also meets or solves broader societal needs.

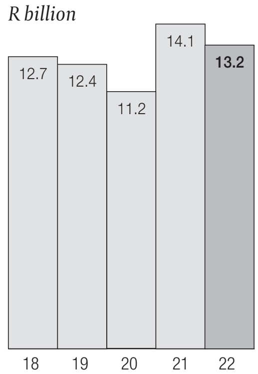
How the group's balance sheet drives economic growth and inclusion

How the group's transactional platforms deepen financial inclusion and access

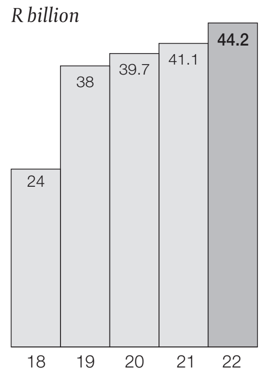
For more detail on FirstRand's contract with society and its progress to date, refer to the group's report to society at www.firstrand.co.za/society/firstrand-contract-with-society/.

Infrastructure development and growth of the SME sector are both major contributors to economic growth and job creation. RMB funds projects in key sectors such as PPPs, renewable energy, transport, water and telecoms.

FNB's total funding to South African SMEs at 30 June 2022 was R44.2 billion.



Lending to transformational infrastructure



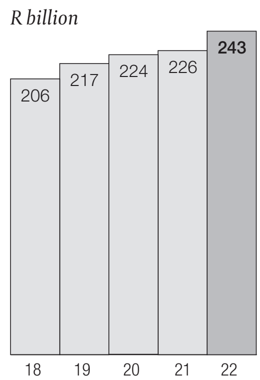
FNB's lending to South African SMEs

Through providing credit to individuals, FNB has enabled home ownership across all social spectrums.

The economic benefits of home ownership are immense. Owning a home not only provides individuals with tangible wealth-building opportunities, it brings substantial social benefits for families, communities and the country as a whole.

The group's affordable housing book amounts to R18 billion representing 72 389 customers

FNB residential mortgages



FNB eWallets provide safety and convenience for the cash needs of millions of South Africans

7.6 million active eWallet users

(2021: 7.2 million)

Send money value up **11%** to **R33.8 billion**

(2021: R30.4 billion)

Send money volumes up **9%** to **59.6 million** transactions

(2021: 54.7 million)

How the group is transforming its supply chain

LEVERAGING NETWORKS

The group's procurement can play a powerful role in addressing some of the country's socio-economic challenges through its purchasing strategies and the transformation of supply chains.

How the group's profits and dividends help fund projects for the poor and vulnerable

SYSTEMIC SOCIAL INVESTING

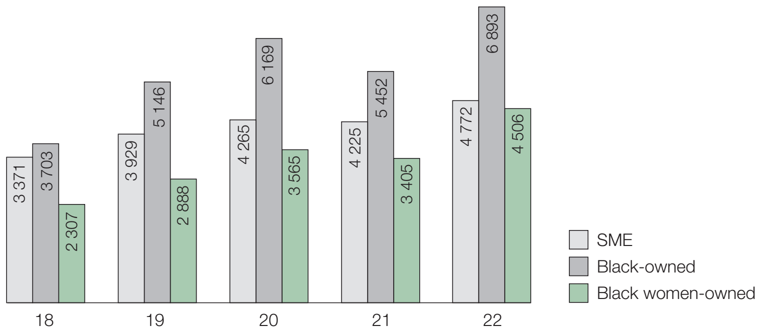
Through its foundations, the group adopts a systemic social investing approach, designed to tackle the root causes of social problems through strategic interventions.

How the group is addressing transformation and employment equity

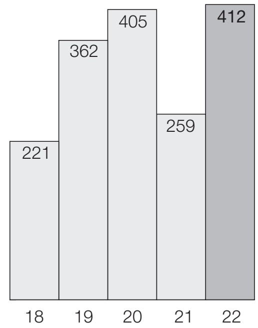
WORKFORCE DIVERSITY

More than 80% of the group's South African workforce is composed of African, Coloured and Indian (ACI) employees. Whilst significant progress has been made at junior levels, further improvement on the 48% ACI representation at senior management level is required. Approximately 60% of the group's workforce is female.

Preferential procurement spend
R million

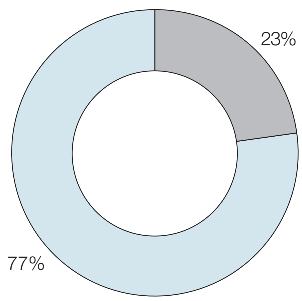


Supplier development spend
R million



Since 2014 FirstRand's foundations have committed **R2.9 billion** for social investment projects

R448 million committed to CSI* in 2022

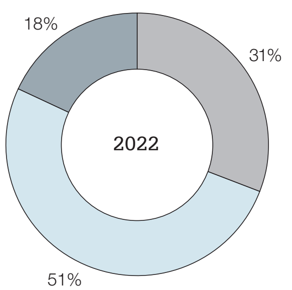


The FirstRand Empowerment Foundation was created from the group's BEE transaction – it represents one of the largest endowments in South Africa and is black controlled. The FirstRand Foundation receives 1% of net profit after tax of the group's South African operations.

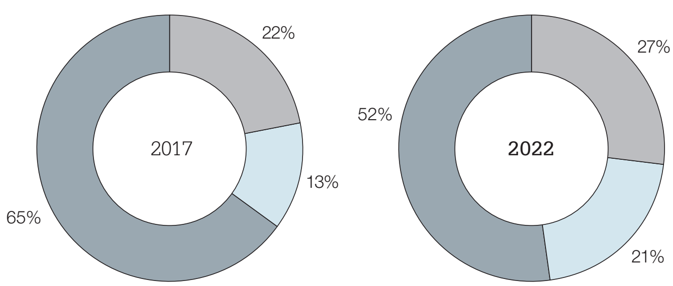
Community development
Education

* *FirstRand Foundation, FirstRand Empowerment Foundation and FirstRand Staff Assistance Trust.*

SA workforce diversity %



Senior management diversity %



ACI male ACI female White and foreign national

Diversity in senior management continues to show a positive trend since 2017.

*The group continues to invest in its employees, with **R786 million in skills development spend in 2022***

chairman's report

ROGER JARDINE
Chairman

"Extraordinary measures are required to return us to a path of sustainable growth. Central to this effort is infrastructure construction and maintenance, which is the flywheel for economic growth and large-scale job creation."

~ Cyril Ramaphosa, July 2020

President Ramaphosa made this statement over two years ago and has regularly acknowledged the criticality of South Africa's infrastructure programme as a key driver of his economic recovery strategy. Yet, it is hard to identify one government-led infrastructure project of any significance that has actually been executed. Progress, in other words, has been to date, glacial. The pace does not correlate to the stated "extraordinary" nature of the measures required. Extraordinary suggests urgency, immediate action and focus.

Whilst the need for the infrastructure programme rollout and other economic reforms is widely accepted, implementation has been painfully slow. So, what is the disconnect between the President's plea and the lack of delivery?

It is true that post the state capture years, closely followed by the Covid-19 pandemic, there remains massive strain on government finances. This may be a small part of the reason.

My view on the primary reason for the slow pace of change – and this is something I have covered in previous statements – is the historical unwillingness to crowd in the private sector. I do acknowledge that there is some evidence of a shift in this thinking in some parts of government, which is welcomed, but we have a long and difficult road to travel together.

There have been some promising developments, particularly in the energy space. Again, government was slow and the electricity grid was, and remains, on its knees before they embraced partnership with the private sector. The raft of new measures announced by the President in July could be game changing for the country. These measures, however, remain high level and there are some crucial actions required to fix Eskom's capital structure, revise the National Energy Regulator of South Africa's (NERSA's) regulatory and pricing powers, amend the Electricity Regulation Act, and deliver grid expansion. In addition, the government must urgently accelerate the procurement of new generation capacity through increased private investment. This has been achieved at scale in other markets.

The reforms in the logistics sector are helpful first steps in ensuring that the country is investing in infrastructure that has a multiplier effect on economic growth, and positions South Africa as a strategic trade corridor on the continent.

It is most unfortunate that thousands of kilometres of rail are inefficient or simply not functioning at all anymore. Industry estimates put the export revenue forgone due to ailing Transnet infrastructure and operations, rampant crime on its railways and a shortage of locomotive spares, at around R40 – R50 billion annually (coal, iron ore, chrome and manganese). This represents a material loss of foreign exchange, corporate income tax payments and potential jobs, and unfortunately does not portray the country as a reliable supply destination for buyers seeking these commodities. The 16 rail slots that have become available for the private sector to run, manage and invest in fall well short of what is required to fundamentally overhaul logistic infrastructure and notably improve efficiencies.

Equally, it's well known that South Africa's ports are among the most inefficient and costly in the world. This must change. The longer port authorities take to establish partnerships with

> "We are committed to assisting government in capacity building within its institutions to enable the delivery of critical infrastructure."

the private sector to help improve operations and address bottlenecks arising from old technology, ageing (and worn-out) infrastructure and inadequate container capacity, the bigger the risk that the market share recently lost to the likes of Maputo Port Development Company in Mozambique becomes permanent.

The GDP growth sacrificed by the neglect of the country's infrastructure assets has been enormous. Investment to GDP in South Africa is stuck at 14% – a paltry number compared to other emerging markets. It is to be hoped that the commitments made by Operation Vulindlela start to have an impact and scale that 14% to at least 25% over the next decade. It is definitely achievable.

FirstRand is committed to deploying its financial and human capacity to support the government in its endeavours. The group is proactively engaging to support systemic state-owned entities that own and control network infrastructure and industries that are critical to the economy and its recovery, and this extends to agencies responsible for the procurement of projects. Our support for these entities continues to be targeted and aimed at sustainable development. We are committed to assisting government in capacity building within its institutions to enable the delivery of critical infrastructure.

Delivery also hinges on the procurement regimes that follow these reforms and the degree of liberalisation that is introduced. Government has an established track record in the renewable energy sector. It is imperative that this is now carried into other network industries as the country does not have time to waste.

One reason we do not have time to waste is that South Africa is currently enjoying the benefits of a strong, albeit fading, commodity cycle. This has boosted our terms of trade, which in turn created welcome fiscal and balance of payments capacity. However, given the cyclical nature of the commodity cycle, it is highly unlikely that this temporary revenue boost will present a long-term windfall. Therefore, it must be urgently utilised to assist the transformation of the economy's production capacity.

The revenue windfall that South Africa is enjoying cannot be underestimated. At the start of fiscal year 2021/22 the fiscal deficit was projected to be around 9% of GDP. In the event it registered closer to 5% (representing a windfall of around R200 billion relative to expectations). Similarly, the Minister of Finance forecast a deficit of 6% for 2022/23. This estimate already seems conservative in the face of tax revenue overruns. Forecasters are putting the deficit for this year below 5% – presenting another sizeable windfall relative to expectations. These positive surprises supported a stabilisation of the government debt trajectory over this period, paving the way for rating agencies such as S&P Global Ratings to acknowledge the improvement in government finances by shifting their outlook for South Africa's sovereign debt rating from stable to positive.

It is encouraging that National Treasury is not extrapolating the commodity-induced fiscal windfall into the future and is viewing it as temporary, reflected in its low nominal GDP growth estimates, particularly for the 2022/23 fiscal year. It is clearly determined not to repeat the mistakes various emerging economies have made in the past. Also, by explicitly stating that funding for new large permanent increases in expenditure must come at the expense of spending elsewhere, it's clear National Treasury is of the opinion that tax revenues associated with future commodity price windfalls should be reserved for ways to lift the county's potential growth rate.

The improved fiscal position could also be used to decrease the potential negative social impacts that often comes with change. If real structural reform gets traction, it must be accompanied by investment agendas covering youth employment, tax incentives and public works programmes. Retooling, reskilling and additional training plans should also be part of the mix. Some of these initiatives have already been put on the policy table in one form or another, and implementing them would result in providing a socioeconomic transition as part of the potential higher growth rate. Again, crowding in the private sector will be key to success.

The combination of the push from the Presidency and an improved fiscal position is a gift to execute the necessary reforms. It could deliver some profound outcomes and a common purpose for all stakeholders determined to improve the living conditions and prospects of all South Africans.

Now, more than ever before, South Africa requires a decisive approach to its national growth strategy. There is no room for interminable processes that only serve to delay the implementation of policies that are urgently required to kick-start our economy. In my view, a government is elected to govern and take tough policy decisions. In this regard, the government must abandon the notion that the process of social compacts will guarantee the efficacy of moving ahead with key programmes that will stimulate economic growth. Given both the scale and urgency of the projects or programmes I have described earlier, it is clear the road to success requires strong private sector collaboration. To this end, the government and the private sector should meet to agree on priorities and a plan to implement them. Indeed, this approach would be a powerful catalyst for the "extraordinary measures" that the President believes will place us on a path of sustainable growth. There is no plausible plan for South Africa to prosper without the private sector playing a strong role.

Although there still appears to be support among some policy makers for a state-led approach to economic development, it is undeniable that only a functional, capable state will be able to deliver on a growth agenda. The state currently possesses neither the financial nor human resources to meet the social and economic needs of South Africa. This is demonstrated by the fact that the country is struggling with the most basic underpins to economic growth and development, namely effective basic public services, an investor-friendly operating environment (also important for supporting small business development), appropriate investment initiatives, and skills and technical capacity. High-quality and reliable government services, such as a constant supply of electricity generation, reliable transport, and functioning healthcare and education systems are not features of our daily lives.

I have previously said that the time has come to acknowledge that a developmental state (which some take to mean state-led growth and employment initiatives) for the twenty-first century must implicitly position the private sector appropriately as the engine for economic growth, investment and job creation. It is for government to create an enabling environment to make this happen.

Circling back to FirstRand, the consistent feedback that we get from investors, domestic and international, is the urgent need for structural reform in South Africa. The country has many world-class companies with highly respected management teams and, compared to other emerging markets, strong corporate governance credentials. However, many are trading at low valuations. The drag on economic growth is a massive obstacle for investors, and until they see real commitment and action on structural reforms, they will not change their position. Macros always matter.

More importantly, the slow pace of the implementation of structural reform is severely constraining the ability of South African companies to grow and create much-needed employment. It is well known that the structure of the South African economy needs to undergo changes that will lift the potential growth rate well above the anaemic level that is keeping our country from fulfilling its potential and promise to all citizens.

FirstRand's businesses continue to navigate this low-growth environment with remarkable resilience, as demonstrated in its latest set of results for the year ended 30 June 2022. In the *CEO's report*, Alan Pullinger unpacks the strategies that the group executed on both during and immediately after the pandemic. These strategies were particularly focused on strengthening the balance sheet, building available financial resources and positioning the group to grow into a post-pandemic recovery.

The results themselves were excellent and in the *CFO's report*, Harry Kellan provides a detailed unpack of the performance. The 23% increase in the group's normalised earnings was driven by the materially lower cost of credit, which reflects origination strategies and the continued post-pandemic recovery across the jurisdictions in which the group operates.

Topline growth was healthy, driven in particular by the rebound in non-interest revenue (NIR), and costs were well managed. Pleasingly, at 20.6%, the normalised ROE remains well situated in the target range of 18% to 22%. The group produced R10.1 billion of economic profit (2021: R4.9 billion), or NIACC, which is its key performance measure.

The Common Equity Tier 1 (CET1) ratio increased to 13.9% (2021: 13.5%) and, given this strong capital level, the board was comfortable with materially increasing the payout to shareholders. The combination of a drop in cover to 1.7 times and a special dividend of 125 cents per share resulted in a total payout of 467 cents per share (the highest payout level in the history of the group at R26.2 billion). Despite this high level of payout, FirstRand remains capital generative and has the necessary financial capacity to increase momentum in risk-weighted asset (RWA) growth in the 2023 financial year.

I would like to congratulate the FirstRand management team on delivering these outcomes for our shareholders. The group continues to outperform its local peers and many other banks in the world in its ability to deliver superior returns to shareholders in the form of economic profit and growth in net asset value – which now leads me to comment on the topic of executive remuneration.

In the group's remuneration report for the year the chairman of the remuneration committee has unpacked in detail how we continue to evolve our approach to reward based on shareholder feedback. I would like to extend my thanks to our shareholders who continue to engage proactively with us on this very important topic.

Last year we made wholesale changes to our policies and practices. I believe this was acknowledged, given that the majority of our shareholders supported our remuneration policy. One large shareholder voted against the policy, which meant we fell marginally short of the required 75% threshold.

It is not possible or sensible to separate remuneration outcomes from the company performance and default to a tick-box approach. Operational and financial outperformance does not happen by chance. The fact that the group's performance targets of earnings growth combined with a return above cost of equity have to be met for short-term remuneration to be paid and long-term incentives to vest, ultimately results in a better outcome for shareholders.

Our philosophy that remuneration must align with shareholder value creation and that management must not do better than shareholders is a deeply embedded principle fully controlled by the group's key performance measure, the delivery of economic profits or NIACC. This means that employees only receive variable pay after first "paying" shareholders a minimum return for their equity.

I would also like to acknowledge the ongoing constructive dialogues we have had this year with shareholders on our responsibilities with regards to climate change. We continue to improve our efforts in this space from both a risk, strategy and disclosure perspective and I believe the group's soon to be published TCFD report for the 2022 financial year will demonstrate the good progress against our climate roadmap and approach, as well as short-, medium- and long-term targets.

FirstRand continues to extensively engage with industry experts and think-tanks to better understand the nuances of the overall transition process, and government departments and regulators on envisaged policy approaches. The group is particularly active in engaging with our clients to better understand their transition plans and needs.

In closing, I extend my gratitude to my fellow board members who continue to provide steady guidance and oversight at a time when the group has been navigating a difficult operating

> I would like to extend my thanks to our shareholders who continue to engage proactively with us.

environment, full of uncertainty. Most developed economies are facing the prospect of outright recession, together with a mix of rising inflation and interest rates, and the Russian-Ukrainian war-induced energy crisis. It is, therefore, completely unnecessary that the South African economy, whilst having to deal with a myriad domestic as well as global headwinds, also has to suffer under the weight of poor implementation of policy reforms and the resultant constraints to growth and employment.

In terms of changes to the board during the year, I would like to welcome Ms Shireen Naidoo, who was appointed on 1 April 2022. Ms Naidoo brings significant climate and sustainability skills to the board, as well as important perspectives on the environmental, social and governance (ESG) universe.

My thanks go to Faffa Knoetze, who retired as a director effective 1 December 2021, for his valuable contribution to the board over the duration of his tenure.

I would like to acknowledge the immense efforts by the FirstRand leadership team, which has been instrumental in delivering the group's strong recovery in earnings and superior returns for shareholders.

Finally, I thank each and every employee for their commitment and hard work, our customers for continuing to trust us with their financial services needs, and our shareholders for engaging with us in a rigorous and honest manner.

ROGER JARDINE ~ Chairman

ceo's report

ALAN PULLINGER
Chief Executive Officer

Introduction

FirstRand's normalised earnings for the year ended 30 June 2022 increased 23% to R32.6 billion, a performance that is testament to the quality of its operating businesses, FNB, RMB, WesBank and Aldermore. Disciplined execution on strategy has continued to drive shareholder value. Earnings have fully recovered to significantly above peak 2019 levels, and economic profits have more than doubled. The ROE at 20.6% remains well situated in the target range. In addition, the group has declared the highest annual dividend in its history of 342 cents per share, as well as a special dividend of 125 cents per share. This resulted in a total distribution to shareholders of R26.2 billion.

A detailed explanation of the group's financial performance is provided in the *CFO's report*, and comprehensive financial and operating reviews of the underlying businesses can be found on pages 35 to 49.

This report provides an overview of the group's strategic framework and unpacks the performance relative to the specific strategies that the group implemented to successfully navigate the pandemic and position the business to capitalise on a sustained recovery.

Strategic framework

FirstRand Limited is a portfolio of integrated financial services businesses operating in South Africa, certain markets in sub-Saharan Africa and the UK. Many of these businesses are leaders in their respective segments and markets, and offer a broad range of transactional, lending, investment and insurance products and services.

The group's strategic framework is described in the schematic below. Consistent execution on its focused regional strategies, the build-out of its digital platforms, the disciplined management and deployment of financial resources (FRM) and a unique people philosophy remain the cornerstones of FirstRand's distinctive investment proposition, and track record of growth and superior returns.

Group strategic framework

FirstRand commits to building a future of SHARED PROSPERITY through enriching the lives of its customers, employees and the societies it serves. This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior returns for its shareholders.

DIVERSIFIED PORTFOLIO WITH UNIQUE STRATEGIES:

SOUTH AFRICA	BROADER AFRICA	UK
Platform-enabled integrated financial services providing ecosystems that create long-term value for clients and shareholders	Build competitive advantage and scale to deliver economic profit and dividends	Modernise, digitise and scale to a more valuable UK business that delivers economic profit and dividends

Enabled by digital platforms

Disciplined management of financial resources (capital, funding, liquidity and risk capacity) to deliver on financial commitments

Committed, accountable and empowered people key to delivering continued outperformance

Purpose

FirstRand's purpose statement, to build a future of shared prosperity, reflects a deep commitment to deliver both financial value and positive social outcomes for multiple stakeholders. This is increasingly achievable as the group intentionally uses core business activities, including its role in allocating capital to the economy, to add value to society – profitably and at scale.

There are already multiple examples of the operating businesses intentionally tackling a wide array of societal challenges through innovative product and distribution strategies, whilst remaining relentlessly focused on driving economic growth and superior returns for shareholders. These two ambitions are mutually inclusive and distinctive, and have the potential to create new sources of value. As such they form the foundation for a sustainable future and the group is working hard to rigorously measure and ultimately report progress on purpose.

"Disciplined execution on strategy has continued to drive shareholder value."

Geographic strategies

FirstRand's earnings remain tilted towards South Africa and are mainly generated by its large lending and transactional franchises, which have resulted in deep and loyal customer bases. These domestic banking operations are mature and systemically important. Against the prevailing backdrop of weak macroeconomic growth, given the group's size, any aspiration to outperform requires strategic distinction combined with sound execution. The key growth imperative in the domestic franchises is to grow customer numbers, do more business with customers, and do this more efficiently. The group is also investing in building capital-light revenues in adjacent activities such as insurance, and investment and asset management.

In the broader Africa portfolio, FirstRand is growing its presence and offerings in certain key markets where it believes it can build competitive advantage and scale over time. The group's expansion strategy has been largely organic, complemented where possible by bolt-on acquisitions. There is a strong focus on building in-country customer and deposit franchises.

The UK operations continue to offer significant optionality in a large market with attractive risk-adjusted returns. The combined businesses of Aldermore and MotoNovo have healthy margins, a diversified asset portfolio, a scalable savings franchise and small shares of deep profit pools. The group remains confident it can build a more valuable business in the UK over time.

Operating environment in the year under review

South Africa's macroeconomic environment did not escape the heightened global economic uncertainty brought about by:

> the war in Ukraine;

> an inflation leap across almost all major developed economies; and

> given the above, from the beginning of the 2022 calendar year, the major central banks became more hawkish and started to increase policy rates.

South Africans also had to deal with the damage brought about by the floods in KwaZulu-Natal and a step-up in power interruptions. These factors saw a macro environment characterised by:

> a significant lift in inflation;

> the start of an interest rate tightening cycle; and

> lower business and consumer confidence.

However, positive spillovers from the global environment came in the form of a material boost in the terms of trade supporting income growth in several external facing sectors, pushing the current account balance to the highest levels in decades, providing a very useful windfall to the fiscus. This allowed a pick-up in the country's private sector credit extension from the post-pandemic lows that marked macroeconomic conditions at the start of the previous financial year.

Given the proximity of the UK to the effects of the war in Ukraine, the associated increase in international energy prices, and the absence of a terms of trade boost, the country's macros have been characterised by a significant lift in inflation and a tightening of monetary policy. With inflation at levels not seen since the 1970s, the UK has been dealing with an unfolding cost-of-living crisis, which has been followed by some extraordinary fiscal measures.

The housing and labour markets did, however, hold up relatively well over the year under review, with the unemployment rate remaining at very low levels. Wage growth stayed solid – at least in nominal terms. The strength of the labour market does, however, reflect a shortage of labour supply in the face of structural changes brought about by Brexit and the pandemic, which has posed its own set of challenges to policy makers and businesses over the last year.

Disciplined execution on specific strategies shaped growth and ROE outcomes

The underlying composition of the group's earnings growth and superior return profile directly correlate to the consistent and disciplined execution on certain key strategies:

> carefully price for financial resources;

> appropriately provide against lending portfolios;

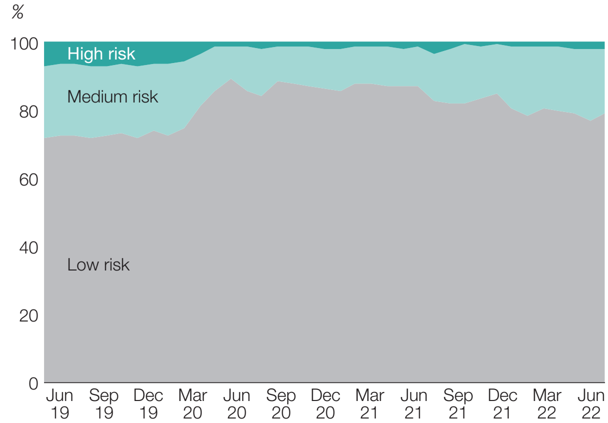
> strengthen and appropriately tilt the balance sheet to the macro environment; and

> accrete capital and net asset value (NAV).

These strategies, tightly managed through the group's FRM process, were designed to contain the negative impact of the Covid-19 pandemic, strengthen the balance sheet, build available financial resources and position the group appropriately to grow into a post-pandemic recovery. Economic profit, the group's key performance measure, defined as net income after cost of capital (NIACC), increased >100% to R10.1 billion (2021: R4.9 billion) and NAV accreted 9% to R164.9 billion (2021: R151.6 billion).

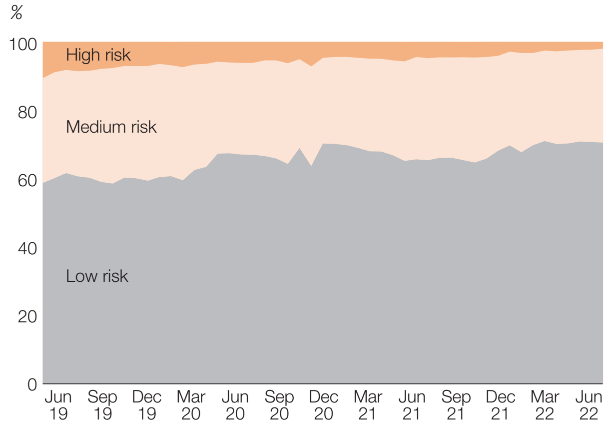
FirstRand continued to be discerning in pursuing growth emanating from the rebound that immediately followed the pandemic. There was a particular focus on allocating financial resources to growth opportunities tilted to the group's macro view, whilst continuing to serve the needs of its customers. Identifying and originating quality new business has been a fine balancing act given competitive actions in the market and the level of real, although uneven, recovery taking place in the economy. The group remained cautious on origination, which resulted in lower year-on-year growth in advances relative to the sector. The adjacent charts demonstrate the tilt in FNB's and WesBank's retail lending portfolios towards good-quality, lower-risk customers.

FNB new business risk distribution*



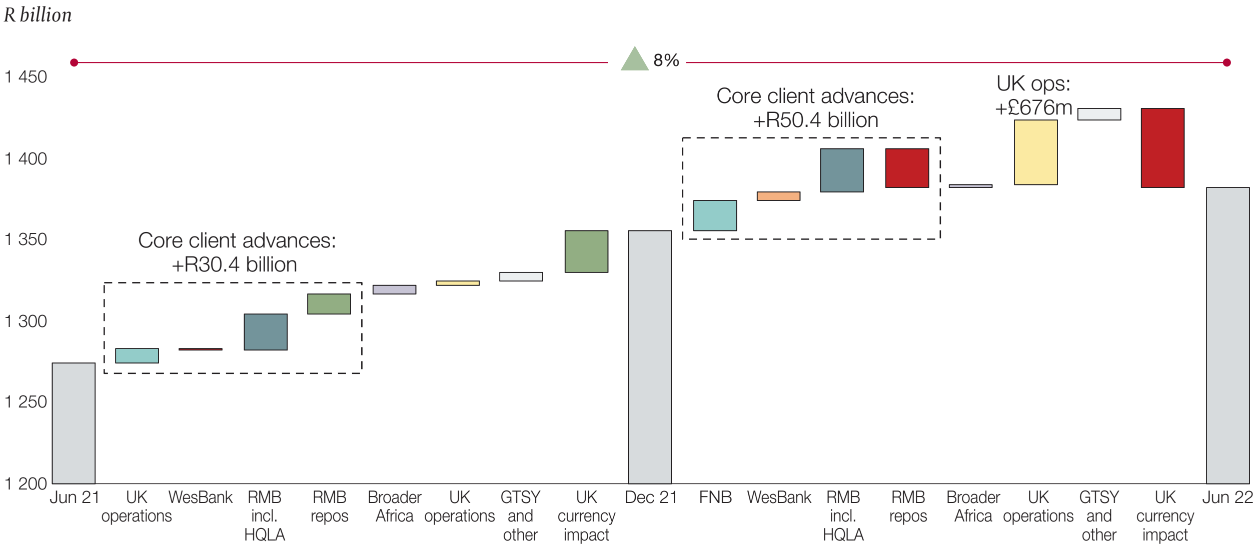
* *Reflects origination of retail products (excluding DirectAxis).*

WesBank new business risk distribution



The group believes this discerning approach to origination will ensure that, across its portfolio, it will capture a higher market share of lower-risk business, whilst continuing to satisfy the credit demand from customers as incomes recover.

New business production levels lifted by the fourth quarter of the financial year, resulting in all core lending portfolios growing year-on-year apart from retail vehicle asset finance (VAF) and unsecured revolving loans. The following chart shows the group's cautious but tactical advances growth into an uneven recovery.



* *Broader Africa excludes the cross-border book.*

The deposit franchise and transactional balances increased strongly during the year under review. The group's deposit gatherers, notably FNB, performed admirably. FNB was the top household deposit franchise in South Africa at 30 June 2022. The continued strong growth in customer deposits enabled Group Treasury to optimise the funding mix, resulting in lower funding costs.

The objectives of Group Treasury's asset-liability management (ALM) strategies are:

> to protect and enhance group earnings;

> be countercyclical to the operating businesses;

> add resilience to the group's balance sheet and risk profile – following an ALM matching philosophy; and

> to provide the most optimal outcome through an economic rate cycle on a risk-adjusted basis.

This focus on the deposit franchise, combined with Group Treasury's ALM strategies, to a degree offset the muted retail advances growth trajectory in the first half and provided an underpin to the ROE. The deposit franchise and ALM strategies have also contributed to an improvement in risk-adjusted margins relative to 2019.

Balance sheet strength increased since 2019

The group's origination strategies, combined with disciplined pricing and conservative provisioning, have resulted in an even stronger balance sheet compared to before the pandemic.

Prudent management of the credit portfolios was reflected in a 16% reduction in NPLs, driven by collections, write-offs, account curing and a reduction in inflows. Coverage remained healthy, notwithstanding a year-on-year provision release, and showed improvement from pre-pandemic levels.

Liquidity buffers have been maintained and are appropriate to withstand unexpected market disruptions. The funding mix has also improved, with the bank's institutional funding at a record low of 25% of total funding compared to 36% in 2019.

The Common Equity Tier 1 (CET1) ratio increased to 13.9% (2021: 13.5%) and, given this strong capital level, the group is in a position to materially increase its payout to shareholders. The combination of a drop in cover to 1.7 times and a special dividend of 125 cents per share results in a total payout of 467 cents per share (the highest payout level in the history of the group at R26.2 billion).

Despite this high level of payout, FirstRand remains capital generative and has the necessary financial capacity to increase momentum in risk-weighted asset (RWA) growth in the 2023 financial year. The growth in advances that took place in the last quarter of the year under review is evidence of already increasing momentum.

Prospects in the short term

In South Africa the current credit cycle will continue to gather momentum, although commodity-induced cyclical tailwinds are expected to fade. As inflation subsides and economic reforms progress, these trends will support accelerated advances growth across the domestic retail, commercial and corporate portfolios.

This in turn will drive stronger lending NII in the 2023 financial year, supported by ongoing growth impetus in deposit balances. Levels of customer growth to date as well as improving activity should underpin growth in NIR.

The broader Africa portfolio is expected to show a steady improvement as inflation pressures abate and many of the countries in the portfolio continue to benefit from the commodity cycle, despite a softening trend.

The UK economy is likely to experience a period of weakness mainly related to sharply increased cost-of-living pressures. A mild, inflation-induced recession seems likely. The pressures on household income trends may affect affordability levels and credit profiles. However, despite this backdrop, the UK businesses anticipate growth (albeit muted) in advances in the 2023 financial year given Aldermore's niche approach to origination.

Given the above, FirstRand's normalised ROE will remain well positioned in the target range of 18% to 22% in the 2023 financial year. Growth in earnings is expected to revert to the group's long-term target of real GDP plus CPI plus >0% to 3%.

A changing global context

Looking more broadly and further out, there are some profound trends emerging from a changing global context and there will be a shift in the allocation of value between stakeholder groups.

The major adjustments taking place right now across the world have their roots in the global financial crisis from which three powerful themes emerged: ultra-low policy rates, ultra-low inflation and significant quantitative easing (QE) by central banks. This has seen the S&P 500 deliver a compound annual growth rate (CAGR) of close to 12% (to date, assuming dividends reinvested) over the past 10 years, which represents an outsized real return given zero inflation.

For a long time the majority of the world's "economic spoils" were captured by equity (asset price inflation), with very little real growth going to wages. This has been a massive driver of rising inequality globally, almost to untenable levels, and was happening in many markets, albeit far more nuanced than in the USA. Some regions of the world experienced very low real growth given country-specific challenges over the same period.

Then the pandemic arrived.

The path out of the pandemic saw inflation begin to rise (supply chain issues, food and energy) and for a while these were considered to be transitory. Then underlying inflation began to rise sharply across the world, driven by wage inflation, and is now no longer considered to be transitory, it has become semi-structural. The retreat from peak inflation will take time. At the same time central banks have responded, pushing through sharply higher policy rates, and withdrawing QE.

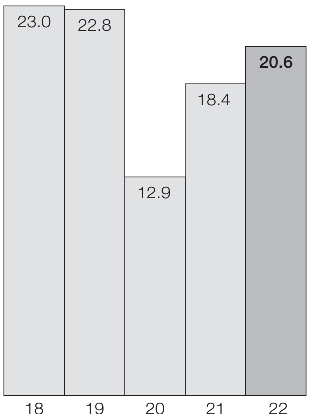
The world is likely to settle, after the current period of volatility, at structurally higher interest rates and higher inflation compared to the levels experienced in the last decade. This is not necessarily a bad outcome – there needs to be a period of reallocation between equity and wages. It will furthermore ensure risk assets are better priced. It will, however, present a new set of challenges for corporates generally as lower growth, lower margins and higher costs come at the expense of equity.

FirstRand is extremely cognizant of what this means for the jurisdictions in which it operates and the customers it serves. The group believes its purpose, its current strategies and its financial resources are well calibrated to successfully adapt to and navigate such a scenario.

ALAN PULLINGER ~ CEO

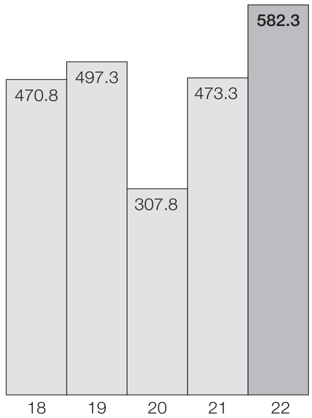
Key performance metrics

ROE
%



When the group analyses ROE, it also takes into account the relationship between ROA and gearing levels. The group's long-term ROE target range is 18% to 22% for normal economic cycles.

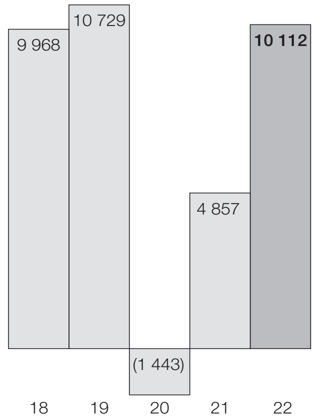
Diluted normalised EPS
cents



The group targets earnings growth of nominal GDP* growth plus >0% to 3% for normal economic cycles.

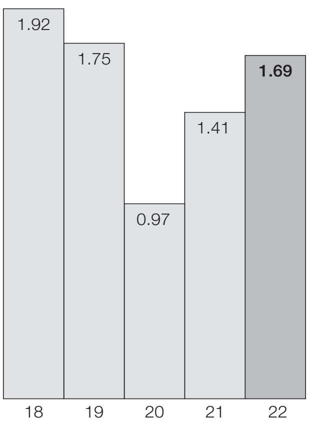
* *Defined as real GDP growth plus CPI.*

Net income after cost of capital
R million



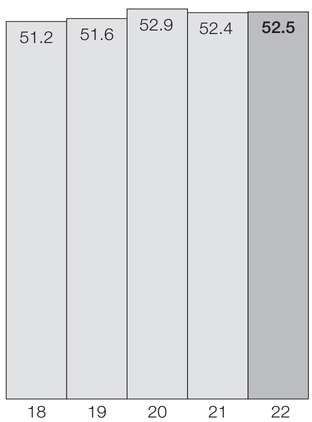
Net income after cost of capital is the group's internal benchmark for assessing performance.

ROA
%



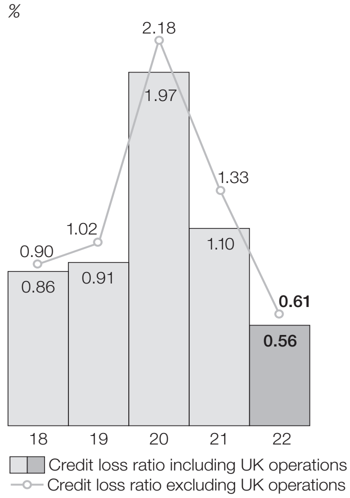
Maximising ROA is a key objective in creating shareholder returns.

Cost-to-income ratio
%



The group monitors efficiency through the cost-to-income measure. Whilst the group views the cost-to-income ratio as an outcome rather than a target, it recognises that balancing revenue growth and cost growth is key to value creation.

Credit loss ratio
%



The group believes that pricing appropriately for credit risk is a key requirement for sustainable returns.

HARRY KELLAN
Chief Financial Officer

cfo's report

The 23% increase in the group's normalised earnings was driven by the materially lower cost of credit, which reflects origination strategies and the continued post-pandemic recovery across the jurisdictions in which the group operates. Topline growth was healthy, driven in particular by the rebound in non-interest revenue (NIR), and costs were well managed.

Pleasingly, at 20.6%, the normalised ROE remains well situated in the target range of 18% to 22%. The group produced R10.1 billion of economic profit (2021: R4.9 billion), or NIACC, which is its key performance measure.

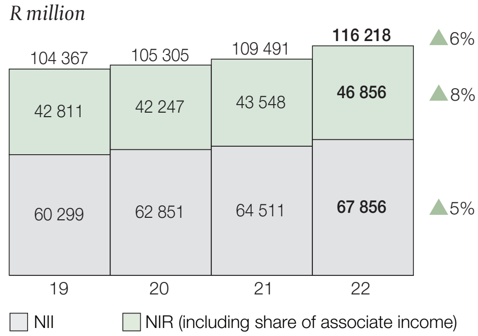
FirstRand's performance reflects the quality of its operating businesses. Importantly, both the underlying composition of earnings growth and the superior return profile directly correlate to the consistent and disciplined execution on certain key strategies as outlined in the *CEO's report*.

The following table and charts provide a high-level overview of the income statement, as well as topline and credit performance for the year under review.

R million	2022	2021	% change
Net interest income	67 856	64 511	5 ▲
Operational non-interest revenue	46 856	43 548	8 ▲
Share of associate income	1 506	1 432	5 ▲
Total revenue	116 218	109 491	6 ▲
Operating expenses	(61 024)	(57 342)	6 ▲
Indirect tax	(1 433)	(1 516)	(5) ▼
Pre-provision operating profit	53 761	50 633	6 ▲
2019: 49 188 ▲ 9%			
Impairment charge	(7 080)	(13 660)	(48) ▼
Income tax expense	(12 127)	(8 849)	37 ▲
Profit after tax	34 554	28 124	23 ▲
Other equity and non-controlling interests	(1 891)	(1 573)	20 ▲
Normalised earnings	32 663	26 551	23 ▲

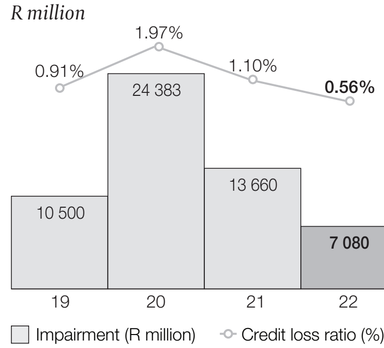
Topline

R million



Impairment charge

R million



Many of the strategic actions explained in the *CEO's report* also played out in the group's pre-provision operating profit growth of 6% year-on-year. Pre-provision operating profits now exceed the peak level reached in June 2019 by 9%.

Topline delivered same contribution to earnings growth as credit unwind

The adjacent table shows a high-level breakdown of movements in the income statement lines for the year under review. The reduction in the impairment charge was the largest component of the increase in earnings, however, the contribution from growth in topline (NII and NIR) was just as large in absolute value.

There was a significant year-on-year increase in the effective tax rate to 26.0% (2021: 23.9%). This was largely driven by a change in revenue mix due to lower private equity realisations, as well as a reduction in deferred tax assets from the 1% decline in the corporate tax rate.

	R million	Year-on-year % change
2021 normalised earnings	**26 551**	
Movement in:		
– NII	**3 345**	5 ▲
– Impairments	**6 580**	48 ▼
– NIR*	**3 382**	8 ▲
– Operating expenditure	**(3 682)**	6 ▲
– Tax** and other	**(3 513)**	29 ▲
2022 normalised earnings	**32 663**	23 ▲

* *Including income from associates and joint ventures.*
** *2022 effective tax rate: 26.0% (2021: 23.9%).*

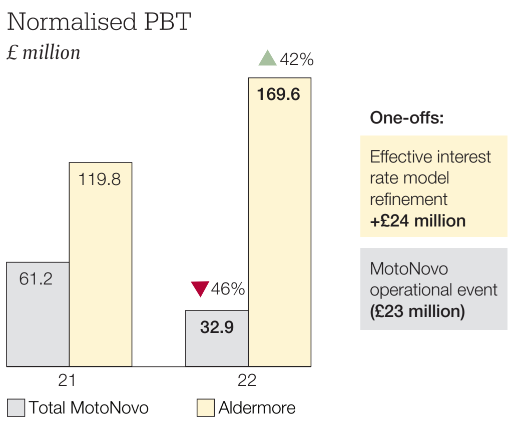
Pre-tax profits demonstrate operational performance of portfolio

The table below unpacks normalised profit before tax (PBT) growth across the portfolio, driven by strong topline, well managed costs, appropriately struck origination strategies and prudent credit management.

NORMALISED PBT

	Year ended 30 June		
R million	**2022**	2021	% change
FNB	**28 442**	23 194	23 ▲
RMB	**11 615**	9 942	17 ▲
WesBank	**2 270**	1 848	23 ▲
UK operations*	**4 081**	3 741	9 ▲
UK operations* (£ million)	**202.5**	181.0	12 ▲
Centre**	**3 726**	1 077	>100 ▲

* *Includes Aldermore and total MotoNovo (front and back books).*
** *Excludes FirstRand company and consolidation adjustments.*



The UK operations' results include two one-off events that offset each other as shown in the graph above. The UK operations' overall PBT trend is therefore an accurate reflection of the business's operational performance.

> Aldermore benefited from the refinement of the effective interest rate (EIR) models (£24 million) in its business finance portfolio.

> MotoNovo's performance was impacted by an operational event, first identified by the business during the Covid-19 pandemic period. The event relates to non-compliance with the UK Consumer Credit Act and extends back a number of years. Notices of sums in arrears (NOSIAs) were not issued, or incorrectly issued, to qualifying customers due to a system coding error. As a result, certain interest and fees amounting to £23 million are required to be refunded to customers. The group has appropriately provided for this one-off event, including the operational costs and the consequential impact to impairments.

NII growth was driven by Group Treasury's ALM strategies, continued growth in the deposit franchise and higher advances in the UK

Overall group NII increased 5% year-on-year, with some support from the return to growth in advances and continued strong deposit gathering. NII also benefited from increased capital balances.

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

R million	Year ended 30 June		
Net interest income	**2022**	2021*	% change
Lending	**23 772**	23 837	–
Transactional**	**17 450**	16 254	7
Investment deposits	**3 558**	3 614	(2)
Capital endowment	**5 751**	4 650	24
Group Treasury	**3 193**	2 584	24
FNB broader Africa	**3 969**	3 825	4
Centre and other#	**(696)**	(255)	>100
Total NII excluding UK operations	**56 997**	54 509	5
UK operations	**10 859**	10 002	9
– MotoNovo	**3 125**	3 430	(9)
– Aldermore	**7 734**	6 572	18
Total NII including UK operations	**67 856**	64 511	5

* *The 2021 numbers were restated in order to provide better attribution of NII by nature of activity.*

** *Includes NII related to credit cards, overdrafts and transactional deposit products, and deposit endowment.*

\# *Other includes non-interest rate assets and these effectively represent negative endowment, e.g. fixed assets.*

Lending NII remained flat due to a decline in margin, driven by a mix change in advances growth on the back of the origination strategies covered in the *CEO's report*.

Also, although FNB's retail franchise focused on originating lower-risk advances for a significant portion of the year, there was a measured return to appetite in the last quarter of the year under review. FNB commercial's year-on-year growth in advances was strong. RMB's corporate lending franchise delivered good growth in new business origination, also mainly in the second half of the year, but experienced ongoing competitive margin pressure. WesBank retail VAF advances contracted due to the focus on lower-risk origination in a highly competitive lending environment. Increased write-offs also had a negative impact on overall advances growth.

Transactional NII, up 7%, reflects customer growth and the benefit of endowment on the higher deposit base.

UK NII increased 9% (11% in sterling). The increase in advances in the UK was driven by MotoNovo and business finance. Growth from the latter improved significantly, due to increased support for small and medium-sized enterprise (SME) customers returning to investment following the pandemic, and a strategic pivot towards larger-sized deals. MotoNovo's growth was driven by continued high demand in the second-hand car market. Higher redemptions in an extremely competitive market resulted in a slight reduction in year-on-year growth in residential mortgages. This does, however, mark an improvement compared to the half-year position as mortgage growth returned in the fourth quarter of the financial year.

Group net interest margin (NIM) improved 5 bps to 4.40% (including Aldermore) (2021: 4.35%). The lift in NIM emanated from margin expansion in the UK operations.

Excluding UK operations, NIM remained stable at 480 bps (2021: 481 bps). This was the result of a funding benefit from the deposit franchise in SA and broader Africa as well as the positive impact of Group Treasury's ALM strategies and capital endowment. These were offset by the change in advances mix, particularly growth in lower-margin mortgages and corporate and investment banking (CIB) advances compared to muted growth in unsecured lending, and the origination tilt to medium and lower risk. The market remained highly competitive for good-quality, lower-risk customers.

The group's *Analysis of financial results for the year ended 30 June 2022* provides a detailed analysis of key margin drivers.

The strength of the deposit franchise supported lower funding costs

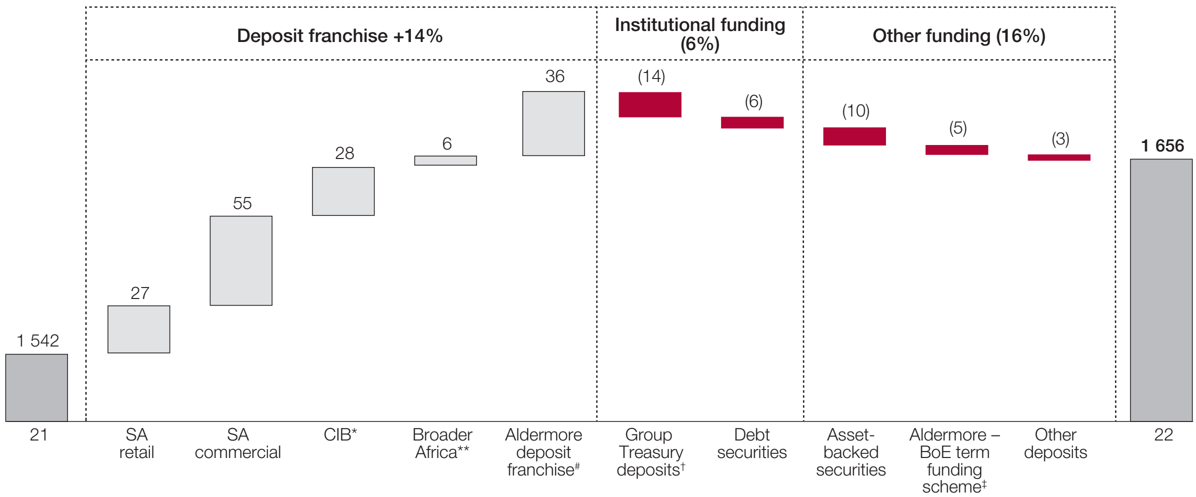
The group's overall growth in deposits of 14%, off an elevated base from the prior year, benefited from ongoing momentum in retail savings and investment products, and particularly good contributions from FNB commercial and the broader Africa portfolio. This was achieved despite individuals and businesses utilising discretionary balances post-lockdowns and reflects ongoing customer acquisition. FNB remained the top household deposit franchise in SA per the BA900 returns at 30 June 2022.

Advances growth was mostly funded through good growth across the retail, commercial and corporate deposit franchises, which resulted in a 6% reduction in institutional funding.

The MotoNovo book is now fully funded by Aldermore. Aldermore has funded almost £4 billion in MotoNovo advances since the integration of the two businesses in May 2019. Aldermore continued to pay down Bank of England (BoE) term funding over the year.

Funding growth by segment

R billion



* *Includes South Africa and the London branch.*

** *Broader Africa deposits include CIB deposits related to the broader Africa subsidiaries.*

\# *The Aldermore deposit franchise, including corporate treasury deposits, increased 14% to £14 billion.*

† *Group Treasury deposits include the funding facility related to the South African Covid-19 government-guaranteed loan scheme.*

‡ *Aldermore's utilisation of the BoE term funding scheme reduced 19% to £1.1 billion.*

Year-on-year trajectory of advances growth reflects approach to origination

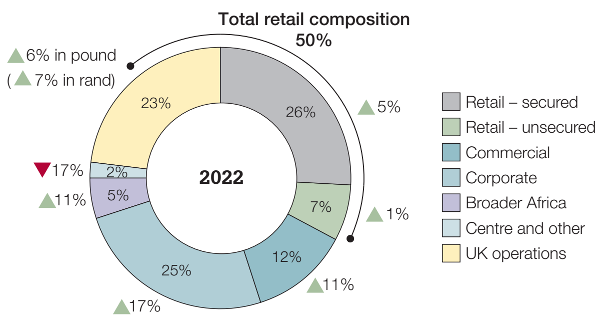
As covered earlier, retail origination focused on lower-risk customers and was also anchored to protecting the customer franchise from aggressive competitor activity, which in turn translated into a strong rebound in retail NIR.

In the commercial segment, the stronger advances growth was driven by the strategy to originate new business tactically in those sectors showing above-cycle growth and which are expected to perform well even in a high inflationary environment.

Growth in corporate advances picked up in the second half of the year, which saw much stronger new business production. Origination also leaned towards lower-volatility sectors and better-rated counterparties.

In the UK operations, advances growth was driven by MotoNovo and lending in business finance. The residential mortgages business experienced high volumes of redemptions linked to the maturity of a five-year fixed buy-to-let (BTL) portfolio, which, combined with a highly competitive market, resulted in advances slightly reducing year-on-year to £7.3 billion (2021: £7.4 billion). This, however, marks an improvement from the half-year position as growth returned in the fourth quarter of the financial year.

Core lending advances* breakdown



* *Core lending advances exclude assets under agreements to resell.*

Resilient credit performance, coverage remains prudent

The group's credit performance continues to improve, with a reduced credit loss ratio of 56 bps (2021: 110 bps) with all portfolios now at or below through-the-cycle levels. This underlying performance is in line with the group's origination strategies and was achieved despite ongoing uncertainties in the operating environment, most notably the impact of inflation and interest rate pressures that unfolded over the last quarter of the financial year. Given these uncertainties, balance sheet provision levels remained conservative against the in-force book as new origination adapts to macros dynamically. As such, management retained the stress scenario, albeit at a lower weighting of 8% (2021: 11%). Overall performing coverage on core lending advances decreased to 1.78% (2021: 2.02%), reflecting the year-on-year improvement in the macro environment, better staging of advances and measured origination.

Non-performing loans (NPLs) decreased 16% year-on-year with NPLs as a percentage of core lending advances down to 3.88% (2021: 5.02%), driven by write-offs, the curing of paying NPLs, slower inflows given conservative origination strategies, strong collections and advances growth.

As a result, the overall impairment charge reduced 48% to R7 080 million (2021: R13 660 million), reflecting the positive performance in most portfolios and the significant reduction in NPLs. The credit loss ratio was 61 bps (2021: 133 bps) excluding UK operations (56 bps for the total group (2021: 110 bps)).

The following table shows an improvement in the overall stage distribution of the book, reflecting both the tilt towards lower-risk, good-quality origination and advances growth in the second half.

STAGE DISTRIBUTION OF CORE LENDING ADVANCES

	Year ended 30 June		
R million	**2022**	2021	% change
Stage 1	**1 148**	1 036	11 ▲
Stage 2	**113**	111	1 ▲
Stage 3/NPLs	**51**	61	16 ▼
Core lending advances	**1 311**	1 208	9 ▲

Post-pandemic conservatism in origination played out in NPLs

The table below deals with the change in group NPL balances. It is pleasing to see that the reduction in operational NPLs has continued due to slower inflows and ongoing workouts and write-offs. Collection efforts remained strong.

CHANGE IN NPLs

	30 June 2022 vs 30 June 2021	
	R million	**% change**
Operational NPLs*	**(4 210)**	**(12)**
Covid-19 relief paying NPLs**	**(2 956)**	**(71)**
Other paying NPLs#	**(1 613)**	**(17)**
NPLs (excluding UK operations)	**(8 779)**	**(17)**
UK operations	**(1 040)**	**(12)**
Change in total group NPLs	**(9 819)**	**(16)**

* *Include core lending advances that received Covid-19 relief, other core lending advances and debt-review advances ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears and still subject to curing criteria.*

Include debt-review and other core lending advances <90 days in arrears and still subject to curing criteria.

Overall NPL coverage increased to 49.8%, mainly driven by a large portion of paying NPLs (with lower coverage) curing into performing and lower inflows. Additional provisions were also created to ensure adequate coverage for the uncertain environment. Decreases in the UK operations were driven by curing in the debt-relief book in retail and in business finance.

SA retail NPLs decreased 20% to R29.9 billion (2021: R37.3 billion). NPLs as a percentage of advances declined to 6.97% (2021: 9.05%) driven by the curing of paying NPLs, slower inflows, ongoing write-offs, strong collections and support from higher advances.

SA commercial NPLs declined 23% to R5.5 billion (2021: R7.2 billion) or 3.62% of advances (2021: 5.21%). The decline was due to workouts and write-offs, curing of a few counterparties and lower stage 3 inflows in various portfolios.

NPLs in the SA CIB portfolio, including high-quality liquid assets (HQLA), increased 14%, with a slight reduction in the NPL ratio to 1.26% (2021: 1.29%), given the growth in advances. NPL coverage increased to 60.2% (2021: 45.9%) due to the migration of a high-coverage, significant exposure to stage 3.

The broader Africa NPL ratio decreased to 4.93% (2021: 5.84%) driven by lower NPLs in Botswana and Zambia following high write-offs, a slowdown in new inflows and recoveries.

In the UK operations, NPLs reduced to 2.61% of advances (2021: 3.16%). This was mainly due to curing and settlement in the relief portfolio and the Aldermore commercial portfolio, supported by advances growth. MotoNovo NPLs continued to be affected by the previous ban on collateral repossessions in the UK, and the impact on collections due to the NOSIA operational event.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				June 2022 vs December 2021	December 2021 vs June 2021	June 2021 vs December 2020
	30 June	31 December	30 June	31 December			
R million	**2022**	2021	2021	2020	% change	% change	% change
Performing book provisions	**(1 357)**	627	(2 228)	663	(>100)	(>100)	(>100)
NPL provision*	**(1 112)**	(1 042)	(544)	3 347	7	92	(>100)
Credit provision (decrease)/ increase	**(2 469)**	(415)	(2 772)	4 010	>100	(85)	(>100)
Modification loss	**267**	412	348	294	(35)	18	18
Gross write-off and other**	**7 999**	7 035	9 647	7 929	14	(27)	22
Interest suspended on stage 3 advances	**(1 363)**	(1 630)	(1 707)	(1 662)	(18)	(5)	3
Post write-off recoveries	**(1 381)**	(1 375)	(1 270)	(1 157)	–	8	10
Total impairment charge	**3 053**	4 027	4 246	9 414	(24)	(5)	(55)
Credit loss ratio (%) – core lending advances#	**0.47**	0.65	0.70	1.50			
Credit loss ratio excluding UK operations (%) – core lending advances#	**0.45**	0.79	0.96	1.71			

* *Interest suspended on stage 3 core advances of R2 993 million (2021: R3 369 million) is included in the NPL provision.*

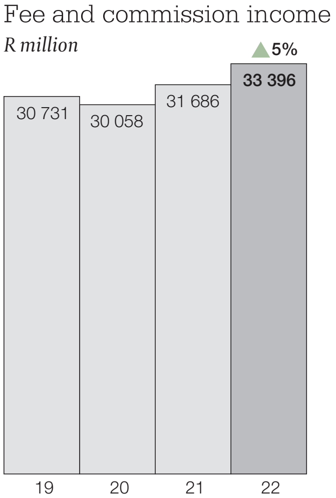
** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

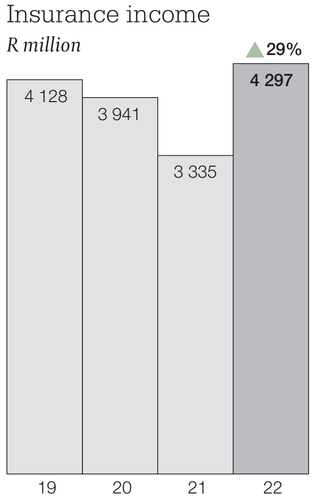
Prior periods have been restated for core lending advances, which exclude assets under agreements to resell.

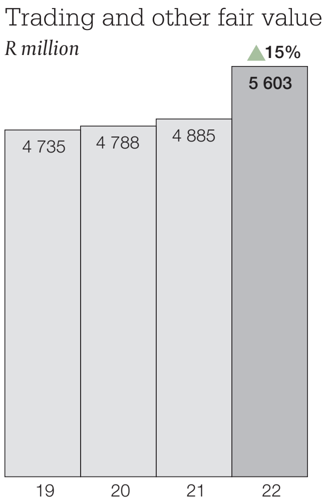
The table above demonstrates the move in impairments on a rolling six-month view, based on movements in the balance sheet. The R1.4 billion portfolio provision release reflects lower coverage as credit quality and macro assumptions improved year-on-year, despite advances growth and judgemental out-of-model provisions to cater for the uncertain operating environment. Refer to pages 198 to 204 of the online version of the *Analysis of financial results for the year ended 30 June 2022* for the updated forward-looking information (FLI) and scenario weightings. Despite largely maintaining coverage at a product level, the NPL provision releases reflect the relative improvement in performance discussed earlier.

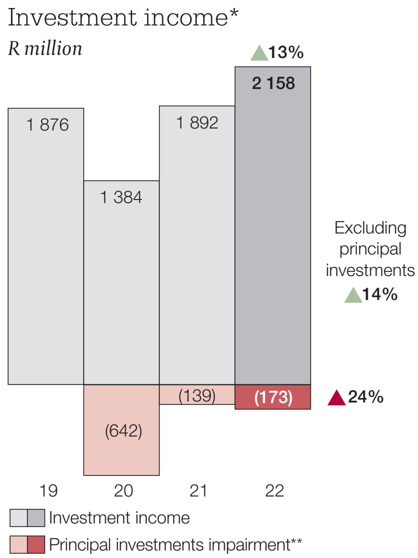
Quality and diversity of NIR key to ROE

Total group operational NIR increased 8%. This was supported by 5% growth in fee and commission income, 15% growth in trading and fair value income, and a significant rebound of 29% in insurance income.









* *Includes share of profit from associates and joint ventures.*

** *Restated to reflect the portion relating to investment income.*

Net fee and commission income was resilient, up 5%, driven by growth in customers and volumes, a particularly pleasing performance given that price increases were near zero and that there were significant reductions in certain fee categories in both retail and commercial segments in FNB.

Trading and other fair value income grew 15% off a high base. This reflected a solid performance from RMB's markets business, which was underpinned by strong client flows due to volatility in FX markets and increased commodity prices, combined with a robust performance from equities. The global foreign exchange business experienced increased client volumes on the back of the rally in commodities and higher levels of corporate FX structuring transactions.

Good insurance premium growth, and a reduction in claims and claims reserves contributed to a strong recovery in insurance income. This was partly offset by additional investment into the short-term insurance platform and costs associated with the rollout of non-life insurance products.

Investment income reflects strong growth in annuity income from RMB's private equity business, up 32%, as portfolio companies delivered improved operational performances. A moderation in impairments compared to prior year also contributed significantly. The quality of the portfolio is reflected in the 32% increase in unrealised value to R5.9 billion (2021: R4.4 billion) which reflects the improved performance of the investee companies.

Inflationary growth in operating expenses demonstrates focus on cost management

Operating expenses for the group were 6% higher, including a 5% increase in direct staff costs and higher variable remuneration given the improvement in performance.

Investment costs continue to be driven by:

> insurance and asset management growth strategies;

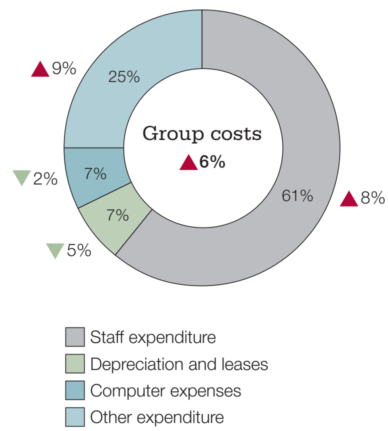
> the build-out and consolidation of the domestic enterprise platform;

> scaling the group's footprint and platform in broader Africa; and

> people, process and system investments in the UK business.

The cost-to-income ratio remained stable at 52.5% (2021: 52.4%).

Breakdown of operating expenses



The group continues to invest in technology and platform and the majority is expensed. IT cost growth of 3% benefited from accelerated write-offs in the prior year.

Staff expenditure accounts for 61% of the group's total cost base. Direct staff costs increased 5% driven by headcount growth and salary inflation. An 18% increase in variable remuneration and a 34% increase in share price-linked awards resulted in total staff costs increasing 8%.

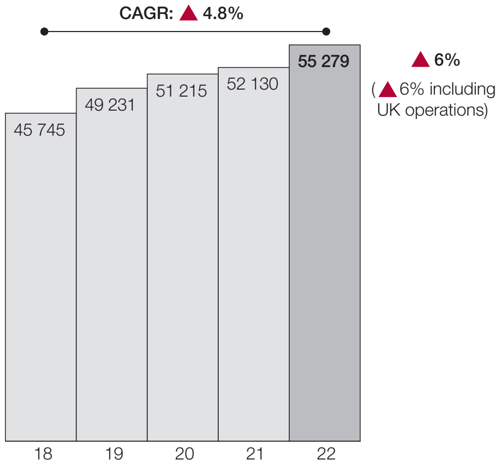
The focus on cost management and savings allows the business to continue with investments in future growth.

The following charts demonstrate that expenditure is aligned to strategy. Execution on the group's platform strategy is reflected in the IT cost trend. Excluding the UK operations' overall costs, there was a 4.8% compound annual growth rate (CAGR) in overall operating expenses since 2018. This was weighted towards IT spend, which increased 9.3% over the same period. Staff expenditure grew at a compound rate of 5.5%, reflecting salary increases and headcount growth.

With CAGRs of 5.5% in staff costs and 9.3% in IT costs since 2018, the group has extracted efficiencies in other areas to deliver an overall 4.8% CAGR in operating expenses.

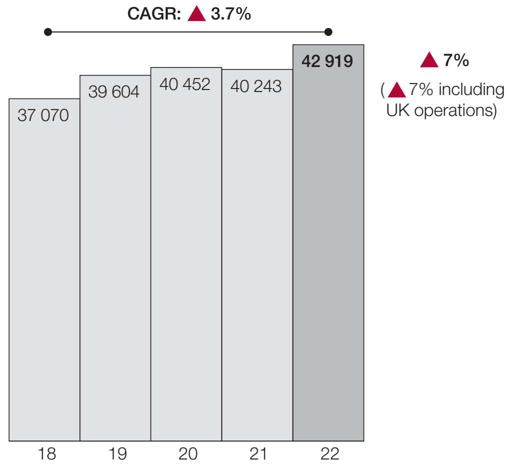
Operating expenses*

R million



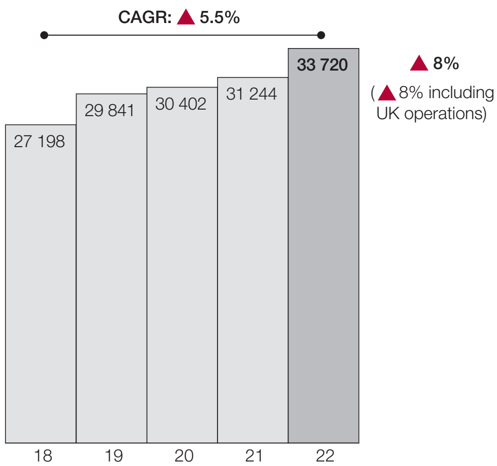
Operating expenses excluding IT costs*

R million



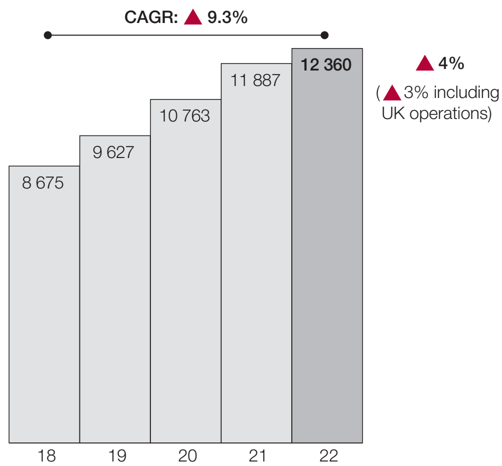
Staff costs*

R million



IT costs*

R million



* *Excluding UK operations.*

The group further strengthened the balance sheet

The structure of the balance sheet reflects the group's long-term strategy to increase resilience, diversify credit exposures across sectors and segments, increase asset marketability and optimise use of institutional funding.

FirstRand has continued to successfully enhance its risk-adjusted funding profile through optimised use of Group Treasury funding and growing its deposit franchise. The weighted average remaining term of domestic institutional funding was 39 months at June 2022 (2021: 41 months). The reduction reflects a marginal increase in money market issuances relative to the longer-dated Tier 2 capital refinancing and senior debt issuances.

The group remained strongly capitalised with a CET1 ratio of 13.9%, a Tier 1 ratio of 14.5% and a total capital adequacy ratio of 16.7%.

Gearing decreased to 12.2 times (2021: 13.0 times), driven by 9% growth in average total equity, while average total assets increased 3%.

Conclusion

FirstRand's dividend strategy is to provide its shareholders with an appropriate, sustainable payout over the long term. Given FirstRand's high return profile and ongoing capital generation, the board reduced the cover range to 1.6x to 2.0x (previously 1.8x to 2.2x) as the group has more than sufficient resources to deliver on its growth ambitions.

The dividend for the financial year was struck at 1.7x cover, which is a reversion to the pre-pandemic payout percentage. In addition, given the point-in-time capital surplus that exceeds expected demand, the board declared a special dividend of 125 cents per share.

FirstRand's normalised ROE will remain well positioned in the target range of 18% to 22% in the 2023 financial year. Growth in earnings is expected to revert to the group's long-term target of real GDP plus CPI plus >0% to 3%.

HARRY KELLAN ~ CFO

review of operations

JACQUES CELLIERS
CEO | **FNB**

FNB represents the group's activities in the retail and commercial segments in South Africa and several countries in broader Africa, with a growing retail offering in Guernsey (FNB Channel Islands). FNB's strategy is underpinned by:

> a main-banked client strategy anchored to growing and retaining customer relationships using core transactional accounts as a key lever;

> a digital platform with market-leading interfaces that enable the provision of contextual, cost-effective and innovative integrated financial services offerings to both retail and commercial customers on either an assisted (in-person) or unassisted (self-service) basis;

> using its deep customer relationships and extensive data insights to offer enhanced customer experiences and inform cross-sell opportunities across the full suite of financial services products, including banking, insurance and investment management;

> integrating WesBank's vehicle and asset finance offering on platform;

> providing innovative products to incentivise and grow customer savings and investments and, in turn, the retail deposit franchise;

> applying disciplined and integrated credit origination strategies that appropriately support customer requirements and affordability across all credit products;

> utilising eBucks to reward desired customer behaviour, drive platform adoption and enable cross-sell;

> leveraging its mobile virtual network operator (MVNO) to augment customer value propositions, as well as to provide affordable telecommunication services to customers;

> managing the physical points-of-presence network to ensure cost optimisation through right-sizing, appropriate coverage from a geographic and segment perspective and assisting customers with digital adoption; and

> leveraging traditional and alternative (agency banking – CashPlus) distribution channels in broader Africa.

FNB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2022**	2021	% change
Normalised earnings	**19 636**	16 090	22
Normalised profit before tax	**28 442**	23 194	23
– South Africa	**26 143**	21 587	21
– Broader Africa	**2 299**	1 607	43
Pre-provision operating profit	**33 380**	32 143	4
Total assets	**505 767**	469 071	8
Total liabilities	**480 169**	449 169	7
Performing advances	**459 172**	423 162	9
Stage 3/NPLs as a % of advances	**6.45**	7.99	
Credit loss ratio (%) of average advances	**1.04**	1.94	
ROE (%)	**40.6**	33.7	
ROA (%)	**4.03**	3.41	
Cost-to-income ratio (%)	**53.1**	52.3	
Advances margin (%)	**4.13**	4.25	

Overview of results

FNB delivered normalised profit before tax (PBT) growth of 23%, with its ROE improving to 40.6%. Performance drivers included a strong rebound in NIR, coupled with a significant reduction in year-on-year impairments.

FNB's impairment charge reduced 45% and the credit loss ratio reduced to 104 bps (2021: 194 bps).

Operating expenses increased 7%, driven by overall cost inflation, variable remuneration growth aligned to improved business performance, and ongoing investments in FNB's integrated financial services platform. The airport lounge (SLOW) facilities were acquired during the year and are an integral part of the strategy to reward customers with ancillary lifestyle benefits.

Pre-provision operating profits increased 4% and now exceed pre-pandemic levels.

FNB's NII growth was driven by good growth in average deposits, both domestically and in broader Africa. Furthermore, the recent interest rate hikes resulted in a gradual uplift in endowment benefit.

During the last quarter of the financial year, retail advances growth contributed more meaningfully to NII growth, and this trend is expected to continue.

FNB delivered NIR growth of 8%, driven by active customer acquisition and growth in customer activity and transactional volumes. These benefits were offset by fee reductions in both retail and commercial amounting to R333 million and R535 million, respectively. The South African transactional franchise benefited from 14% growth in volumes. In addition, good insurance premium growth, and a reduction in claims and claims reserves further contributed to NIR growth.

As demonstrated in the following table, FNB's digital channels continued to deliver volume growth, testament to the success of its platform evolution and strategy to drive customer take-up of digital interfaces and, in particular, migration to the FNB app (volumes up 24%). FNB commercial's point-of-sale footprint also continued to show solid growth in transactional activity.

CHANNEL VOLUMES

Thousands of transactions	Year ended 30 June 2022	Year ended 30 June 2021	% change
ATM/ADT	**219 158**	219 360	–
Digital*	**673 582**	593 135	14
Card acquiring	**819 682**	649 967	26
Card issuing	**992 896**	871 350	14

* *Digital includes app, online and mobile (USSD).*

Customer segment performance

FNB segments its customer base to identify appropriate and differentiated product offerings. In South Africa, the retail base is split into personal and private customer segments based on relative income. Small and medium-sized businesses are served by the commercial segment. FNB's broader Africa portfolio represents a mix of mature businesses with significant scale and market share (Namibia, Botswana and Eswatini) and growing businesses in Mozambique, Zambia, Lesotho and Ghana.

The table below unpacks growth in customers per segment, platform users and growth in vertical sales index (VSI), which captures cross-sell metrics.

ACTIVE CUSTOMERS AND PLATFORM USERS

Millions	Number of customers and platform users at 30 June 2022	Number of customers and platform users at 30 June 2021	% change
Retail	**7.86**	7.52	5
– Personal (≤ R450k)	**6.13**	5.92	4
– Private (> 450k)	**1.73**	1.60	8
Commercial	**1.20**	1.13	6
Total SA customer base	**9.06**	8.65	5
FNB broader Africa	**1.90**	1.83	4
FNB active customers	**10.96**	10.48	5
eWallets*	**5.95**	5.61	6
Total platform users	**16.91**	16.09	5
FNB SA VSI	**2.95**	2.89	2

* *Represent all eWallets without another FNB relationship/product that had at least one transaction in the past year. In addition, there are 1.65 million eWallets belonging to FNB customers. FNB customer eWallets represent 22% of the total active eWallet base of 7.60 million.*

SEGMENT RESULTS

R million	Year ended 30 June 2022	2021	% change
Normalised PBT			
Retail	**14 093**	11 362	24
Commercial	**12 050**	10 225	18
Broader Africa	**2 299**	1 607	43
Total FNB	**28 442**	23 194	23

Retail's performance benefited from a significant reduction in impairments and solid NIR growth, with NII supported by the strong performance of the deposit-gathering franchise. Growth in active customers of 5%, and an improvement in VSI to 3.04 (2021: 2.98), all contributed positively. Furthermore, retail's commissionable turnover amounted to R17.9 billion (including prepaid service providers), with active SIM cards in the MVNO up to 878k (2021: 833k).

Commercial's performance was also underpinned by good growth in active customers of 6%, strong momentum in advances and deposits, and improved impairments. The performance was further supported by the level of transactional volumes in both its foreign exchange and merchant services activities, which benefited NIR.

Profit growth in broader Africa increased 43%, driven by lower impairments and an improved NIR trend, underpinned by a 4% increase in the active customer base. NII was supported by balance sheet growth and positive endowment impacts. The portfolio's overall performance benefited from resilient results from Botswana, Namibia and Zambia, and an encouraging turnaround in Mozambique. Ghana continues to scale and its performance is tracking the business case.

FNB's lending approach is informed by internal and external data analysis of affordability indicators which suggest that lower-risk, good-quality customers still have further capacity for credit, and have a higher propensity to take up a broader range of financial services products. Levels of new business origination in FNB's retail portfolios reflect a deliberate tilt towards these customers. New business production levels normalised by the fourth quarter of the year under review and this momentum is expected to continue.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	**%**	**R million**	**%**	**R million**
Retail	9	27 331	6	17 772
– Personal (≤ R450k)	6	4 261	(3)	(1 672)
– Private (> 450k)	10	23 070	8	19 444
Commercial	18	55 367	11	10 731
Broader Africa*	12	6 023	5	2 419
Total FNB	**13**	**88 721**	**7**	**30 922**

* *On a local currency basis deposit growth in broader Africa was 7% and advances 4%.*

Retail advances increased 6% year-on-year, driven by residential mortgages (+8%), with recent payouts at record levels. The unsecured lending portfolio also grew new business volumes, particularly during the second half of the financial year, with the card and personal loans portfolios (excluding the Covid-19 relief facility) increasing 5% and 4%, respectively. The growth in card advances reflects the increase in consumer card spending post the pandemic. Customer preference for the new fusion product has resulted in lower overdraft advances. Revolving loans declined 11% as risk appetite for this product was tightened.

Commercial advances grew strongly, in line with a deliberate sector focus, specifically in the agriculture, public sector, Islamic banking and specialised finance lending portfolios.

The broader Africa advances growth was muted as lending strategies were focused on areas offering better risk-adjusted returns.

Overall deposit growth of 13% was supported by FNB's innovative product offerings across all segments.

FNB's credit impairment charge reduced 45% to R4 938 million (2021: R8 949 million), with the credit loss ratio at 104 bps (2021: 194 bps). This was driven primarily by:

> a net release of provisions due to lower modelled FLI requirements;

> good collections and better post write-off recoveries; and

> lower stage 3 inflows, good curing in all portfolios and the release of Covid-19-related provisions.

This was partly offset by additional pre-emptive provisioning by maintaining the group's stress scenario.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June 2022	2021*	% change
Performing book provisions	**(407)**	(154)	>100
NPL provision	**(2 313)**	706	(>100)
Credit provision (decrease)/increase	**(2 720)**	552	(>100)
Modification loss	**591**	464	27
Gross write-off** and other	**11 765**	12 670	(7)
Interest suspended on stage 3 advances	**(2 566)**	(2 831)	(9)
Post write-off recoveries	**(2 132)**	(1 906)	12
Total impairment charge	**4 938**	8 949	(45)

* *Restated due to the reallocation of asset-based finance customers that bank with FNB from FNB commercial to WesBank corporate.*

** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

FNB's approach to provisioning remains appropriately prudent given the anticipated economic cycle. Forward-looking economic indicators improved when compared to June 2021, resulting in a net release of previously raised FLI provisions. These indicators and weightings of the scenarios are disclosed on pages 87 to 91. However, the stress scenario introduced last year was retained for the in-force book given the recent global macro uncertainties.

FNB raised certain model adjustments to ensure adequate coverage for the current stressed environment, enhancing coverage relating to loss given default levels in FNB's secured portfolios and industry-specific stresses in the affected commercial sectors. In addition, impairment models have been further calibrated to be more sensitive to certain forward-looking macro forecasts.

Collections across all product portfolios performed well with arrears levels reducing in various portfolios. The current debt relief portfolio continues to perform better than expected and the specific debt-relief outstanding advances were R2 billion at 30 June 2022 (2021: R3.1 billion). In light of the above, performing coverage moderated downward to 2.53% (2021: 2.85%).

The NPL ratio reduced to 6.45% (2021: 7.99%). This improvement reflects the effectiveness of FNB's credit management strategies and resulted from lower NPL inflows and good customer curing due to focused collections.

NPL coverage remained conservative and was marginally up compared to June 2021.

Insurance

PBT from FNB's insurance activities increased 76%, driven by good premium income, reduced claims and claims reserves. These benefits were offset by additional investment into the short-term insurance platform and costs associated with the rollout of comprehensive non-life products.

Life's new business annual premium equivalent (APE) increased 17%, with premiums up 10%, and 6% growth in the number of policies. In-force APE grew 14% with credit life new business APE increasing 47% on the back of stronger new business origination in the retail lending portfolios.

NEW BUSINESS APE

R million	Year ended 30 June 2022	2021	% change
Core life (including funeral)	**1 090**	1 086	–
Underwritten	**276**	310	(11)
Commercial	**139**	13	>100
Standalone products	**1 505**	1 409	7
Credit life	**665**	452	47
FNB Life	**2 170**	1 861	17
FNB Short Term	**231**	83	>100

FNB continues to grow the short-term insurance business with policies increasing to c. 255k (up 7%). Gross premium income was up 38% year-on-year and new business APE grew >100%. The business has benefited from the build-out of both homeowners and comprehensive motor insurance product offerings.

Wealth and investment management

The FNB wealth and investment management (WIM) strategy focuses on cross-selling investment products and solutions to FNB's retail customers. The retirement annuity, offered on the FNB app, and the Shares Zero product were launched during the year with encouraging levels of take-up. Overall investment accounts grew 10% to 590k with penetration of the FNB customer base at 8%, mainly in the private segment.

The value of shares traded declined 6% due to the base effect of high trading volumes and equity market volatility in the prior year. The number of active share trading accounts, however, increased to 234k (2021: 224k).

Total WIM assets grew 3% year-on-year. Many of the funds are in the first and second quartile of investment performance.

WIM ASSETS

	Year ended 30 June		
R million	**2022**	2021	% change
Assets under management (AUM)	**64 837**	63 569	2
FNB Horizon series AUM	**4 550**	4 255	7
Assets under advice	**69 573**	73 102	(5)
Assets under administration	**67 645**	61 321	10
Assets under execution	**79 506**	76 453	4
Total WIM assets	**286 111**	278 700	3

Platform

FNB continues to invest in its enterprise-wide integrated financial services platform and customers can fulfil most of their financial services requirements digitally. The platform enables customers to engage via assisted interfaces (e.g. points of presence and call centres) and unassisted interfaces (mobile banking (USSD), online banking, the FNB app, ATMs and ADTs). Regardless of the interface, the platform used in all interactions is the same. The platform also offers contextual customer experiences through an ecosystem of offerings called nav». These are designed to assist customers in managing key financial and lifestyle needs. The platform also enables the purchase of non-banking services such as electricity, mobile data and digital vouchers.

Key platform highlights for the year ended 30 June 2022 are outlined below.

- Since the launch on the FNB app more than three million virtual cards have been activated and >R6.6 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.
- Device payments (using Apple or Android) accounted for 30.7 million transactions worth R11 billion.
- Approximately 7.6 million eWallet users accounted for cash withdrawals of R40.8 billion.
- nav»Money provides customers with simple, easy-to-use money management tools which help them track their spend, view credit scores and more. It had 2.9 million users at 30 June 2022, up 38% year-on-year. The money coach has had 287k unique visitors since inception.
- nav»Home has placed c. 35k families in homes and paid out R39.8 billion in loans since inception. Estate agent functionality was activated on the app in FY21 and 139 estate agents have been onboarded, with 1 282 current listings.
- nav»Car had 781k vehicles loaded in the garage at the end of June 2022, and WesBank financed R191 million in vehicle loans through this channel. CarP2P was launched recently, with 158 active listings at 30 June 2022.
- Digitally active customers grew to 6.48 million (2021: 6.09 million). Digital includes mobile banking (USSD), online banking and the app.
- The banking app active transacting base exceeded 4.7 million customers and reached new monthly records of 91.8 million logins in June 2022, 64% higher than June 2020 and 18% higher than June 2021.
- Digital logins totalled 1.6 billion, with online and mobile banking (USSD) logins of 178 million and 404 million, respectively. The app contributed 1 billion logins.
- Total transactional volumes through digital interfaces included 168 million for online banking, 474 million (+24%) for the banking app and 32 million for mobile banking (USSD), highlighting the scalability of FNB's platform.
- In broader Africa, card transactions increased 25% from 61.4 million to 76.6 million and digital penetration increased from 29.3% to 39.3%.
- Commissionable purchases and fulfilment on platform, i.e. electricity, mobile and digital vouchers sold, amounted to R17.9 billion, up 4%. Approximately three million customers use these services. eBucks travel sales increased to R594 million (2021: R225 million).

JAMES FORMBY

CEO | **RMB**

RMB represents the group's activities in the corporate and investment banking (CIB) segments of South Africa and on the broader African continent. In addition, it has certain niche offerings in the UK and India. RMB has also established a broker-dealer business in the USA in the year under review.

RMB's strategy is to ensure delivery of integrated CIB value propositions to corporate and institutional clients. These propositions span across a comprehensive portfolio of activities including a leading lending and advisory franchise, an established market-making business which is scaling its distribution product offering, a competitive transactional banking and securities services offering, a best-in-class private equity business and a growing asset management capability. This diversified business portfolio, coupled with a disciplined approach to balancing risk, return and growth, is designed to deliver sustainable high-quality earnings, balance sheet resilience and superior returns.

RMB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2022**	2021	% change
Normalised earnings	**8 196**	7 006	17
Normalised profit before tax	**11 615**	9 942	17
– South Africa	**9 065**	6 887	32
– Broader Africa*	**2 550**	3 055	(17)
Pre-provision operating profit	**11 202**	11 390	(2)
Total assets	**621 725**	591 309	5
Total liabilities	**608 635**	579 835	5
Stage 3/NPLs as a % of core lending advances	**1.20**	1.25	
– Lending	**0.82**	0.83	
– Private equity	**16.63**	16.60	
Credit loss ratio (%) – core lending advances	**(0.13)**	0.46	
ROE (%)	**22.1**	18.7	
ROA (%)	**1.35**	1.12	
Cost-to-income ratio (%)	**49.9**	47.3	

* *Includes in-country and cross-border activities.*

RMB delivered 17% growth in normalised PBT for the year ended 30 June 2022, driven by a solid underlying operational performance across the portfolio – in particular:

> investment banking delivered a strong performance, benefiting from core advances growth of 18% and resilient fee income. An impairment release, in contrast to a significant raise in the prior year, further enhanced PBT growth and reflects both a normalisation of the credit cycle and an improvement in portfolio credit quality reflected in the positive migration of counters out of stage 2;

> the performance of the transactional banking business was commendable with 9% growth in average deposits and pleasing growth in primary-banked clients in a highly competitive environment;

> the contribution from the markets business was solid in a difficult and volatile macro environment underpinned by strong client flows; and

> private equity delivered particularly strong growth in annuity income, and benefited from lower impairments.

Total costs increased 9%, with fixed costs growing 6%, reflecting the ongoing focus on extracting efficiencies from the "run-the-bank" cost base. Investment costs increased 21% as the business continues to invest in modernising its core platforms, to enhance the unassisted digital offering to its clients, and growing its broader Africa franchise. Variable costs increased in line with the improvement in performance during the year. Overall cost growth was also driven by client acquisition.

The reduction in RMB's pre-provision operating profit is a consequence of most of the advances growth taking place in the second half of the financial year and ongoing competitive margin pressure, especially in the large corporate client segment. Lower endowment income across the portfolio further impacted NII, which was flat year-on-year. The level of investment spend and higher variable remuneration costs due to the improvement in performance and returns also affected pre-provision operating profit growth. Increased deal origination and facility extensions in the latter half of the financial year will support pre-provision operating profit growth in the next financial year.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June 2022	Year ended 30 June 2021	% change
Performing book provisions	**(1 130)**	(247)	>100
NPL provision	**829**	1 112	(25)
Credit provision (decrease)/increase	**(301)**	865	(>100)
Gross write-off* and other	**14**	614	(98)
Interest suspended on stage 3 advances	**(116)**	(25)	>100
Post write-off recoveries	**(10)**	(6)	67
Total impairment charge	**(413)**	1 448	(>100)

* *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

The credit quality of RMB's core lending portfolio continued to improve during the financial year. The surveillance and watchlists reflected notable improvements, primarily due to positive migrations and de-gearing of counters. As expected, however, a few exposures have migrated to NPLs, reflecting the lingering strain in certain sectors of the economy.

RMB believes its consistent and prudent provisioning approach remains appropriate, with a performing book coverage ratio against core lending advances (excluding repurchase agreements (repos)) of 141 bps (2021: 206 bps). RMB will, however, continue to assess provisioning levels with the normalisation of business activity in the next financial year.

RMB BROADER AFRICA STRATEGY

R million	Year ended 30 June 2022	Year ended 30 June 2021	% change
Profit before tax	**2 550**	3 055	(17)
Total advances*	**68 228**	48 570	40
Total deposits**	**25 943**	25 782	1
Credit loss ratio (%) – core ending advances	**0.14**	(0.92)	
ROA (%)	**2.84**	3.49	
Cost-to-income ratio (%)	**48.4**	49.7	

* *Up 24% in constant currency terms.*

** *Down 2% in constant currency terms.*

The broader Africa portfolio remains key to RMB's growth. Pre-provision operating profit increased 5%, reflecting primary-banked client acquisition, solid advances growth and improving margins on the back of interest rate increases. Overall pre-tax profits of R2 550 million (representing 22% of RMB's overall PBT) declined 17% year-on-year, due to ongoing investment in platform and a provision raise in the year under review, compared to a prior year release. This resulted in a swing of >R600 million. Market activity remained muted in Nigeria, reflecting investors' ongoing risk aversion. Botswana benefited from strong advances growth and increased term-lending margins as well as an improvement in the markets business. Zambia's performance was driven by book growth and improved margins as the economy recovers.

BREAKDOWN OF PBT CONTRIBUTION

R million	Year ended 30 June 2022	Year ended 30 June 2021	% change
Banking	**7 463**	6 217	20
Markets	**3 281**	2 962	11
Private equity	**1 186**	691	72
Other*	**(315)**	72	(>100)
Total RMB	**11 615**	9 942	17

* *Other includes support and head office activities.*

The banking business's PBT grew 20%, driven by a strong operational performance and an improvement in the credit portfolio resulting in a release of credit provisions of >R350 million, compared to the significant raise of >R900 million in the prior year. The portfolio remains adequately provided.

Strong new business origination underpinned investment banking's performance, especially in the latter half of the financial year, driving robust structuring and commitment fee income. The principal investment portfolio delivered strong annuity income, coupled with investment realisations, albeit at lower levels than the prior year. This was partially offset by lower advisory fee income compared to materially higher levels of fees recorded in the prior year, on the back of lower equity capital market activity.

Corporate transactional banking delivered a resilient performance in South Africa, benefiting from strong average deposit growth. This was driven by the ongoing focus on growing operational balances through increased primary banking relationships, higher levels of cross-sell and the build-out of investment deposit offerings. Margins remained constrained due to mix change (with significantly higher growth in lower-margin deposit products) and lower endowment benefit. A slight reduction in NIR reflects reduced pricing in certain products for strategic clients and higher association fees, despite increased volumes in areas such as merchant services. Electronic funds transfer (EFT) revenues drifted down on the back of lower volumes. Corporate transactional activities in broader Africa benefited from the rising rate cycle and a shift in product mix, offset by lower deposit levels in certain markets and increasing pricing pressures which impact NIR, notwithstanding solid growth in new client acquisition.

The markets business delivered solid PBT growth of 11%. The performance was driven by strong client flow volumes due to the volatility in FX markets and increased commodity prices, combined with a robust performance from equities, resilient offshore secured financing activities. The global foreign exchange business experienced increased client volumes on the back of the rally in commodities and higher levels of corporate foreign exchange structuring transactions. Earnings were impacted by difficult market conditions in fixed income and credit, reflecting inflationary risks and rising interest rates. This was offset to some extent by market-making activities and an elevated rand-dollar foreign exchange basis in the earlier part of the year.

Credit trading was impacted by rising yields and lower liquidity coupled with reduced activity following the restructure of the India operations. Strong client flows benefited equities, aided further by a rally in equities markets in the first part of the year together with an increase in corporate action activity. Activity started to normalise against the pre-pandemic baseline, specifically in Nigeria, towards the end of the financial year.

Private equity's strong gross annuity income growth of 32% was driven by portfolio companies experiencing improved operational performances which also resulted in a marginal release in credit provisions. This compares to impairments of >R500 million required against specific companies in the prior year. Pleasingly, the current financial year provided several new acquisition opportunities resulting in the business investing approximately R960 million. The quality of the portfolio is reflected in the 32% increase in unrealised value to R5.9 billion (2021: R4.4 billion) which reflects the improved performance of the investee companies.

Ashburton Investments was incorporated into RMB in the previous financial year to enable distribution of asset management product offerings to corporate and institutional clients. This strategy is gaining traction and the business has become profitable in the year under review. It has benefited from increased inflows as a result of leveraging RMB's distribution capabilities and an improved investment performance. AUM in SA grew 14% to R84 billion, driven by growth in fixed income, liability-driven investment (LDI) and indexation products. Overall AUM, however, increased 5%, reflecting outflows in Jersey and Namibia. Jersey is undergoing a strategic repositioning to enhance its competitiveness and product offering. Namibia was negatively affected by fixed income outflows whilst in the process of expanding its offering to multi-asset equity to reflect changing market demands.

WesBank

GHANA MSIBI

CEO | **WesBank**

WesBank represents the group's asset-based finance (ABF) activities in the retail, commercial and corporate segments in South Africa. It is one of the leading providers of vehicle finance and fleet management in South Africa.

WesBank's strategy is underpinned by:

> leveraging its long-standing model of partnering with motor manufacturers, suppliers and large dealer groups and fulfilling motor financing requirements at point of sale;

> leveraging and integrating into the FNB platform to offer vehicle and asset-based finance solutions to existing FNB retail and commercial customers, further entrenching main-banked relationships;

> applying disciplined credit origination strategies that appropriately support customer requirements and affordability across asset-backed credit products; and

> utilising FNB's loyalty programme, eBucks, to reward desired customer behaviours and drive platform adoption.

The South African new vehicle market continued its recovery in the second half of the financial year, with a 9% increase in domestic new car sales to 489 596 units for the year to 30 June 2022 (2021: 447 542 units). This was, however, off a low base as new car sales in the prior year had been significantly affected by vehicle shortages. The market remains highly competitive, and margins were under pressure in the lower-risk segments with customer demand and competition driving product risk towards higher loan-to-value levels and balloon structures.

Overall, there was a good recovery in WesBank's new business production, up 11% year-on-year. Its origination strategy has tilted towards a gradual increase in credit risk appetite, balanced with a continued focus on both lower-risk and FNB main-banked customers (banked customers). This shift resulted in growth of 14% in the second half, compared to 6% growth in the first half of the financial year. WesBank expects this recent growth trend to continue.

Banked customers now represent 65% of the overall retail lending portfolio and 77% of the commercial and corporate lending portfolios. New business volumes in WesBank's associates, Volkswagen Financial Services (VWFS) and Toyota Financial Services (TFS), increased 12%, despite the production slowdown in the last quarter as a result of the closure of the Toyota factory following flood damage. Overall advances in associates remained under pressure, but growth was supported by new competitive vehicle models and innovative product offerings.

Notwithstanding the strong increase in production, total advances were up only 2% year-on-year, impacted by the strong run-off of the in-force book, driven by amortisation due to good collections, early terminations and ongoing write-offs.

WESBANK FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2022**	2021	% change
Normalised earnings	**1 604**	1 306	23
Normalised profit before tax	**2 270**	1 848	23
Pre-provision operating profit	**3 672**	4 052	(9)
Total assets	**145 798**	142 671	2
Stage 3/NPLs as a % of advances	**4.92**	8.01	
Credit loss ratio (%) of average advances	**0.98**	1.55	
ROE (%)	**18.6**	14.4	
ROA (%)	**1.11**	0.91	
Cost-to-income ratio (%)	**57.5**	54.0	
Net interest margin (%)	**2.99**	3.27	

WesBank's normalised earnings and PBT increased 23%. The key driver was the significant reduction in impairments.

BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT*

	Year ended 30 June		
R million	**2022**	2021	% change
Normalised PBT			
Retail VAF**	**1 768**	1 477	20
Corporate and commercial	**502**	371	35
Total WesBank	**2 270**	1 848	23

* *Refer to additional segmental disclosure on page 50 of the FirstRand Analysis of financial results booklet for the year ended 30 June 2022.*

** *Includes MotoVantage.*

Pre-provision operating profit declined 9% year-on-year, driven by:

> stronger growth in corporate and commercial advances relative to retail VAF, and the origination tilt to lower-risk, lower-margin customers, which reduced NIMs and resulted in a 7% decline in NIM;

> increased deal acquisition costs, driven by competition for lower-risk customers; and

> costs associated with growth in the managed maintenance business and investments in digitisation.

NIR grew 4%, driven by an increase in commissions and administration fees earned in the fleet management and leasing business due to growth in the number of managed maintenance units, and higher levels of early termination fees earned. This was partly offset by slower growth in insurance income.

Operating expenses remain well managed with a below-inflation increase of 4% year-on-year. This was despite inflationary staff cost increases and additional headcount growth for the managed maintenance business. WesBank continued to invest in integrating with FNB's digital platform.

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		
R million	**2022**	2021*	% change
Performing book provisions	**278**	34	>100
NPL provision	**(918)**	154	(>100)
Credit provision (decrease)/ increase	**(640)**	188	(>100)
Modification loss	**88**	138	(36)
Gross write-off** and other	**2 619**	2 529	4
Interest suspended on stage 3 advances	**(293)**	(387)	(24)
Post write-off recoveries	**(372)**	(264)	41
Total impairment charge	**1 402**	2 204	(36)

* *Restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

WesBank's credit impairment charge reduced by R802 million to R1 402 million (2021: R2 204 million), with the credit loss ratio reducing to 98 bps (2021: 155 bps). This was driven by:

> a net release of provisions due to lower modelled FLI requirements;

> good curing in WesBank's debt relief portfolios and subsequent release of the related provisions;

> improved collections, repossessions and higher portfolio write-offs in the year under review; and

> a strong payment performance, especially in the corporate portfolio.

Proactive management of NPLs led to larger write-offs in the year – a trend which is expected to continue. NPL inflows reduced and there was also a significant curing of advances to performing during the year under review, resulting in a decline in NPLs as a percentage of advances to 4.92% (2021: 8.01%).

Overall, collections performed well with new inflows reducing. Performing coverage increased from 1.77% to 1.87%, due to a large number of accounts curing from NPL into the performing advances. NPL coverage remained conservative at 51.6% (2021: 40.5%).

Aldermore

STEVEN COOPER

CEO | **Aldermore**

The UK operations include Aldermore and the MotoNovo front and back books. Aldermore is a multi-product specialist lender, with a focus on providing straightforward lending and savings products to SMEs, homeowners, landlords and individuals. It seeks to meet the needs of people who are underserved by mainstream providers. MotoNovo is recognised as a market leader in motor finance.

The UK operations are funded primarily by retail deposits from UK savers. With no branch network, Aldermore serves customers and intermediary partners online and by phone.

Aldermore has completed a strategic review process, including:

- focusing on property finance, structured and specialised finance, auto loans and savings – these all represent deep profit pools in the UK market and currently Aldermore's market share in most of these asset classes (other than auto loans) remains small;
- exiting certain subscale business lines;
- modernising technology/platforms;
- continuing to further embed group FRM disciplines; and
- significantly strengthening the Aldermore leadership over the past 12 months.

These changes are starting to impact the business positively, as can be seen in the performance in the year under review.

UK OPERATIONS FINANCIAL HIGHLIGHTS

£ million	Year ended 30 June 2022	Year ended 30 June 2021	% change
Normalised earnings	**149**	132	13
Normalised profit before tax	**203**	181	12
Pre-provision operating profit	**260**	231	13
Total assets	**18 818**	17 238	9
Total liabilities	**17 146**	15 968	7
Stage 3/NPLs as a % of advances	**2.61**	3.16	
Credit loss ratio (%) of average advances	**0.39**	0.35	
ROE (%)	**11.8**	11.1	
ROA (%)	**0.82**	0.76	
Cost-to-income ratio (%)	**50.6**	51.1	

The UK operations delivered solid loan book growth supporting profitability and ROE. Normalised pre-tax profit growth of 12% was supported by 6% growth in advances to £15.2 billion (2021: £14.4 billion) and 14% growth in customer deposits to £14.1 billion (2021: £12.4 billion).

Overall profits were impacted by an operational event in MotoNovo, first identified by the business during the Covid-19 pandemic period. The event relates to non-compliance with the UK Consumer Credit Act and extends back a number of years. Notices of sums in arrears (NOSIAs) were not issued, or incorrectly issued, to qualifying customers as a result of a system coding error. As a result, certain interest and fees amounting to £23 million are required to be refunded to customers.

The group has appropriately provided for this one-off event, including the operational costs and the consequential impact to impairments.

Notwithstanding the impact of the MotoNovo event, UK operations' PBT grew 12% to £203 million (2021: £181 million) as loan balances and NIM increased and due to the benefit from the refinement of the effective interest rate (EIR) models (£24 million) in Aldermore.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

£ million	Year ended 30 June 2022	2021	% change
Normalised PBT			
Asset finance	**89.4**	55.8	60
Invoice finance	**22.2**	14.5	53
SME commercial mortgages	**47.2**	39.3	20
Buy-to-let mortgages	**89.7**	89.5	–
Residential mortgages	**40.8**	48.9	(17)
Central functions	**119.7**	128.2	(7)
Aldermore PBT	**169.6**	119.8	42
MotoNovo PBT	**32.9**	61.2	(46)
Total UK operations PBT*	**202.5**	181.0	12

* *Adjusted for the fair value hedge portfolio profit of £7.9 million (2021: £0.5 million loss).*

The impairment charge increased 14% to £57 million (2021: £50 million). This was driven by the impact of the deterioration in the UK macro environment during the second half, compared to impairment releases in the prior year, as well as growth in new advances. NPLs as a percentage of advances reduced to 2.61% (2021: 3.16%) as customers migrated out of stage 3 following Covid-19 payment break curing periods. The NPL coverage ratio increased to 37.3% (2021: 30.2%), reflecting a combination of customers migrating out of stage 3 and management maintaining a prudent level of coverage due to the uncertain economic outlook.

The credit loss ratio increased slightly to 39 bps (2021: 35 bps) driven by growth in loans.

Advances growth was driven by MotoNovo and lending in business finance, which improved strongly as a result of increased support for SME customers returning to investment following the pandemic, and a strategic pivot towards larger-sized deals.

As a result, business finance advances grew 16%, or £0.5 billion, to £3.6 billion. MotoNovo's front book advances increased 31% (or £1.0 billion) to £4.1 billion (2021: £3.1 billion), reflecting continued high demand in the second-hand car market. This was partly offset by the £0.5 billion run-off in the back book which has reduced significantly to £0.3 billion, resulting in MotoNovo's overall advances growing £0.5 billion. The residential mortgages business experienced high volumes of redemptions linked to the maturity of a five-year fixed buy-to-let (BTL) portfolio, which, combined with a highly competitive market, resulted in advances slightly reducing year-on-year to £7.3 billion (2021: £7.4 billion). This, however, marks an improvement from the half-year position as growth returned in the fourth quarter of the financial year.

Funding for the UK operations continues to come primarily via the Aldermore savings business, complemented by wholesale funding to diversify the funding base and carefully manage liquidity requirements.

Customer savings deposits grew 14% to £14.1 billion (2021: £12.4 billion) with growth across personal savings, business savings and corporate treasury deposits. Customer savings deposits now represent 83% of total liabilities (2021: 81%), reducing the loan-to-deposit ratio to 106% (2021: 114%).

Wholesale funding increased 1% to £2.7 billion (2021: £2.6 billion). Aldermore holds £1.3 billion of funding from the Term Funding Scheme for SME (TFSME). During the course of the year, its entire remaining TFS holding of £0.8 billion was repaid. Secured funding increased 8% to £1.2 billion (2021: £1.1 billion).

Interest income increased 6%, reflecting current and prior year loan growth, and was achieved despite the decline at MotoNovo. NII also benefited from the one-off EIR model refinement in the asset finance book.

Interest expense decreased 7% despite 14% growth in customer deposits. Aldermore actively responded to market demand for deposits/savings with carefully priced offerings, in addition to the full-year impact of lower-rate accounts opened in the prior year.

As a result, NII grew 11% to £537 million (2021: £484 million) and the net interest margin has improved to 3.70% (2021: 3.43%).

Operating expenses increased 13% to £285 million (2021: £253 million) due to significant investment in reshaping management headcount and structures to support the future growth ambitions of the UK business. This included a number of executive committee changes as Aldermore looked to bring in talent and expertise to upskill key teams.

Material expenditure was also incurred on key projects. Despite these pressures, the good growth in income offset the increase in expenses and as such, the cost-to-income ratio remained stable at 51.0% (2021: 51.1%).

Business unit performance highlights

Retail mortgages

> New business origination was up 36% to £1.1 billion (2021: £0.8 billion).

> Advances to customers decreased slightly to £7.2 billion (2021: £7.3 billion).

> Going into the new financial year, the pipeline is stronger than at the same point last year.

> PBT declined to £130.3 million (2021: £138.4 million).

MotoNovo

> New business origination increased 18% to £2.3 billion (2021: £2.0 billion), marking a new lending record for MotoNovo.

> Advances to customers grew 10% to £4.3 billion (2021: £3.9 billion).

> PBT declined significantly to £32.9 million (2021: £61.2 million), impacted by the NOSIA operational event.

Business finance

> New business origination was up 40% to £1.8 billion (2021: £1.3 billion).

> Strong growth in advances to customers, which was up 16% to £3.6 billion (2021: £3.1 billion).

> PBT increased to £158.8 million (2021: £109.6 million).

Savings

> Personal savings remains the largest deposit portfolio, with 7% growth year-on-year to £9.7 billion (2021: £9.0 billion).

> Strategic action to diversify and optimise the portfolio has resulted in a change in mix, with individual savings accounts (ISAs) now representing 23% of balances, up from 20% in the prior year, as Aldermore positioned itself well in this market during "ISA season".

> Non-maturing deposits continue to be popular with customers requiring access in uncertain times, with the proportion growing from 38% to 39%.

> Fixed-rate bonds fell to 38% (2021: 42%) reflecting market sentiment for much of the year.

> Business savings increased 10% to £2.5 billion, with particularly strong momentum in the second half of the year.

> Most of the business savings balances remain in easy access accounts.

> SMEs took a prudent approach to savings given prevailing macro uncertainty.

> Growth of 68% in corporate treasury deposits to £1.9 billion (2021: £1.2 billion) was achieved, driven by the launch of a new 95-day notice product in December 2021.

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		
£ million	**2022**	2021*	% change
Performing book provisions	**25.5**	(42.8)	(>100)
NPL provision	**10.9**	58.3	(81)
Credit provision increase	**36.4**	15.5	>100
Modification	**–**	1.9	(100)
Gross write-off** and other	**33.9**	50.7	(33)
Interest suspended on stage 3 advances	**(0.9)**	(6.1)	(85)
Post write-off recoveries	**(12.0)**	(12.2)	(2)
Total impairment charge	**57.4**	49.8	15

* *June 2021 figures were restated as a result of methodology refinements.*

** *Write-off of gross balances excluding prior year provisions held. The gross amount written off has been recognised in the income statement over various reporting periods.*

Simplified group structure

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FirstRand Bank Limited (FRB) — *SA banking*

- First National Bank*
- Rand Merchant Bank*
- WesBank*
- FirstRand Bank India**
- FirstRand Bank London**
- FirstRand Bank Guernsey**,†
- FirstRand Bank Kenya#
- FirstRand Bank Angola#
- FirstRand Bank Shanghai#

100% FirstRand EMA Holdings (Pty) Ltd (FREMA) — *Broader Africa*

58%	FirstRand Namibia
70%	FNB Botswana
100%	FNB Eswatini
100%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	First National Bank Ghana
100%	RMB Nigeria

100% FirstRand International Limited (Guernsey) (FRI) — *UK banking and hard currency platform*

100%	Aldermore Group
100%	Aldermore Bank‡
100%	MotoNovo Finance‡
100%	RMB International Mauritius
100%	FirstRand Securities
100%	RMB Securities (USA)^

100% FirstRand Insurance Holdings (Pty) Ltd — *Insurance*

100%	FirstRand Life Assurance
100%	FirstRand Short Term Insurance (STI)
100%	FirstRand Insurance Services Company (FRISCOL)

100% FirstRand Investment Management Holdings Limited — *Investment management*

100%	Ashburton Fund Managers
100%	Ashburton Management Company (RF)
100%	Ashburton Jersey
100%	FNB International Trustees
100%	FNB Investor Services
100%	FNB CIS Management Company (RF)
100%	Various general partners◊

100% FirstRand Investment Holdings (Pty) Ltd (FRIHL) — *Other activities*

100%	RMB Private Equity Holdings
100%	RMB Private Equity
100%	RMB Securities
50%	RMB Morgan Stanley
100%	RMB Investments and Advisory
100%	FNB Stockbroking and Portfolio Management
81%	MotoVantage
100%	Hyphen Technology
100%	FNB Fiduciary

** Division*
*** Branch*
 # Representative office
DirectAxis is a business unit of FirstRand Bank Limited.

† Trading as FNB Channel Islands.
‡ Wholly owned subsidiary of Aldermore Group.
^ Wholly owned subsidiary of FirstRand Securities.
◊ Ashburton Investments has a number of general partners for fund seeding purposes. All of these entities fall under FirstRand Investment Management Holdings Limited.

Note:
The operations of FNB Tanzania were taken over by Exim Bank on 7 July 2022.

Structure shows effective consolidated shareholding

For segmental analysis purposes entities included in FRIHL, FREMA, FRI, FirstRand Investment Management Holdings Limited and FirstRand Insurance Holdings (Pty) Ltd are reported as part of the results of the managing business (i.e. FNB, RMB, WesBank or the Centre). The group's securitisations and other special purpose vehicles (SPVs) are in FRIHL, FRI and FRB.

Five-year review – normalised

R million	2018	2019	2020	2021	2022	Compound growth %
Statement of financial position						
Total assets*	1 527 188**	1 665 359	1 894 697	1 870 043	**2 004 478**	7
Gross advances before impairments	1 142 476**	1 239 914	1 311 095	1 274 052	**1 382 058**	5
Total impairments	29 078**	34 162	49 380	50 618	**47 734**	13
Advances (net of impairments)	1 113 398**	1 205 752	1 261 715	1 223 434	**1 334 324**	5
Core lending advances	1 109 412**	1 194 599	1 284 131	1 208 468	**1 311 441**	4
Stage 3/NPLs	33 514**	41 349	57 281	60 705	**50 886**	11
Deposits	1 268 244**	1 393 104	1 535 015	1 542 078	**1 655 972**	7
Capital and reserves attributable to ordinary equityholders of the group	115 561**	129 650	137 606	151 647	**164 857**	9
Income statement						
Net interest income before impairment of advances	51 254	60 299	62 851	64 511	**67 856**	7
Impairment charge	(8 567)	(10 500)	(24 383)	(13 660)	**(7 080)**	(5)
Operational non-interest revenue	41 012	42 811#	42 247	43 548	**46 856**	3
Share of profits of associates and joint ventures after tax	914	1 257	207	1 432	**1 506**	13
Operating expenses	(47 664)	(53 899)#	(55 656)	(57 342)	**(61 024)**	6
Earnings attributable to ordinary equityholders of the group	26 411	27 894	17 265	26 551	**32 663**	5
Key ratios						
ROE (%)	23.0	22.8	12.9	18.4	**20.6**	
ROA (%)*	1.92	1.75	0.97	1.41	**1.69**	
Cost-to-income ratio (%)	51.2	51.6#	52.9	52.4	**52.5**	
Credit loss ratio (%) – core lending advances†	0.86	0.91	1.97	1.10	**0.56**	
Stage 3/NPLs as a % of core lending advances†	3.02**	3.46	4.46	5.02	**3.88**	
Diversity ratio (%)	45.0	42.2#	40.3	41.1	**41.6**	
Share statistics						
Price earnings ratio (times)	13.6	13.8	12.4	11.3	**10.7**	
Price-to-book ratio (times)	3.1**	3.0	1.6	2.0	**2.1**	
Market capitalisation	358 390	384 530	213 497	300 612	**349 864**	(1)
Closing share price (cents)	6 389	6 855	3 806	5 359	**6 237**	(1)

* *Restated. Refer to pages 57 and 58.*

** *1 July 2018 IFRS 9.*

\# *Restated following the adoption of IAS 12 and reclassification of customer loyalty expenses from operating expenses to fee and commission expense.*

† *Restated to exclude assets under agreements to resell.*

Note: 2018 income statement figures are based on IAS 39 and 2019 to 2022 figures on IFRS 9.

Five-year review – normalised continued

	2018	2019	2020	2021	**2022**	Compound growth %
Exchange rates						
$/R						
– Closing	13.80	14.13	17.36	14.26	**16.41**	
– Average	12.82	14.17	15.51	15.33	**15.19**	
£/R						
– Closing	18.18	17.98	21.43	19.72	**19.95**	
– Average	17.27	18.33	19.57	20.66	**20.21**	
Statement of financial position ($ million)*						
Total assets**	110 666#	117 860	109 142	131 139	**122 150**	2
Gross advances before impairments	82 788#	87 750	75 524	89 344	**84 220**	–
Total impairments	2 107#	2 418	2 844	3 550	**2 909**	8
Advances (net of impairments)	80 681#	85 332	72 680	85 794	**81 311**	–
Core lending advances	80 392#	84 543	73 971	84 745	**79 917**	–
Stage 3/NPLs	2 429#	2 926	3 300	4 257	**3 101**	6
Deposits	91 902#	98 592	88 423	108 140	**100 912**	2
Capital and reserves attributable to ordinary equityholders of the group	8 374#	9 176	7 927	10 634	**10 046**	5
Income statement ($ million)†						
Net interest income before impairment of advances	3 998	4 255	4 052	4 208	**4 467**	3
Impairment charge	(668)	(741)	(1 572)	(891)	**(466)**	(9)
Operational non-interest revenue	3 199	3 021‡	2 724	2 841	**3 085**	(1)
Share of profits of associates and joint ventures after tax	71	89	13	93	**99**	9
Operating expenses	(3 718)	(3 804)‡	(3 588)	(3 741)	**(4 017)**	2
Earnings attributable to ordinary equityholders of the group	2 060	1 969	1 113	1 732	**2 150**	1
Statement of financial position (£ million)*						
Total assets**	84 004#	92 623	88 413	94 830	**100 475**	5
Gross advances before impairments	62 842#	68 961	61 180	64 607	**69 276**	2
Total impairments	1 599#	1 900	2 304	2 567	**2 393**	11
Advances (net of impairments)	61 243#	67 061	58 876	62 040	**66 883**	2
Core lending advances	61 024#	66 440	59 922	61 281	**65 736**	2
Stage 3/NPLs	1 843#	2 300	2 673	3 078	**2 551**	8
Deposits	69 760#	77 481	71 629	78 199	**83 006**	4
Capital and reserves attributable to ordinary equityholders of the group	6 356#	7 211	6 421	7 690	**8 264**	7
Income statement (£ million)†						
Net interest income before impairment of advances	2 968	3 290	3 212	3 123	**3 358**	3
Impairment charge	(496)	(573)	(1 246)	(661)	**(350)**	(8)
Operational non-interest revenue	2 375	2 336‡	2 159	2 108	**2 318**	(1)
Share of profits of associates and joint ventures after tax	53	69	11	69	**75**	9
Operating expenses	(2 760)	(2 940)‡	(2 844)	(2 776)	**(3 019)**	2
Earnings attributable to ordinary equityholders of the group	1 529	1 522	882	1 285	**1 616**	1

* *The statement of financial position is converted using the closing rates as disclosed for each reporting year.*

** *Restated. Refer to pages 57 and 58.*

\# *1 July 2018 IFRS 9.*

† *The income statement is converted using the average rate as disclosed for each reporting year.*

‡ *Restated following the reclassification of customer loyalty expenses.*

Note: 2018 income statement figures are based on IAS 39 and 2019 to 2022 figures on IFRS 9.

FirstRand group summary consolidated financial statements

Directors' responsibility statement and approval of the summary consolidated financial statements

for the year ended 30 June 2022

These summary consolidated financial statements comprise a summary of the audited consolidated financial statements of the group for the year ended 30 June 2022 and have been audited by the group's external auditors, PricewaterhouseCoopers Inc. and Deloitte & Touche, who expressed an unmodified opinion thereon. Their opinion on this summary consolidated financial statements appears on page 55.

The summary consolidated financial statements are not the group's statutory financial statements and do not contain all the disclosures required by IFRS. Reading the summary consolidated financial statements is not a substitute for reading the audited consolidated financial statements of the group, as it does not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group. The consolidated financial statements have been audited by the group's external auditors.

The audited consolidated financial statements, including the full audit opinion and any key audit matters, are available online at www.firstrand.co.za/investors/annual-reporting/.

Basis of presentation

The summary consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa as applicable to summary financial statements. FirstRand prepares its summary consolidated financial statements in accordance with:

> framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS);

> SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;

> Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; and

> as a minimum contain the information required by IAS 34.

The consolidated financial statements, from which these summary consolidated financial statements are extracted, are prepared in accordance with the going concern principle under the historical cost basis as modified by fair value accounting of certain assets and liabilities where required or permitted by IFRS, and presented in South African rand, which is the group's presentation currency.

The accounting policies and other methods of computation applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated financial statements.

There were no new or amended IFRS standards that became effective for the year ended 30 June 2022.

The board acknowledges its responsibility to ensure the integrity of the summary consolidated financial statements. The board has applied its mind to the summary consolidated financial statements and believes that this document addresses all material issues and fairly presents the group's integrated performance and impacts.

Simonet Terblanche, CA(SA), supervised the preparation of the consolidated financial statements from which these summary consolidated financial statements were extracted. The consolidated annual financial statements were approved by the board of directors on 14 September 2022 and signed on its behalf by:

WR JARDINE ~ Chairman

AP PULLINGER ~ CEO

H KELLAN ~ CFO

Sandton

12 October 2022

Independent auditors’ report on the summary consolidated financial statements

for the year ended 30 June 2022

To the Shareholders of FirstRand Limited

Opinion

The summary consolidated financial statements of FirstRand Limited, set out on pages 57 to 104 of the annual integrated report, which comprise the summary consolidated statement of financial position as at 30 June 2022, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of FirstRand Limited for the year ended 30 June 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited’s (JSE) requirements for summary financial statements, as set out in the basis of presentation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditors’ report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditors’ report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 14 September 2022. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors’ Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE’s requirements for summary financial statements, set out in the basis of presentation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditors’ Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

DocuSigned by:
Deloitte & Touche
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DELOITTE & TOUCHE

Registered Auditor
Per Partner: Kevin Black

Johannesburg, South Africa

12 October 2022

PricewaterhouseCoopers Inc.

PRICEWATERHOUSECOOPERS INC.

Registered Auditor
Director: Johannes Grosskopf

Johannesburg, South Africa

12 October 2022

Company secretary's certification

Declaration by the company secretary in respect of section 88(2)(e) of the Companies Act

I declare that, to the best of my knowledge, the company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

C LOW ~ Company secretary

Sandton

12 October 2022

Presentation

Normalised results

Certain financial commentary included in this report refers to normalised results. A description of the normalisation instances and reconciliation of normalised to IFRS can be found on pages 173 to 180 of the groups *Analysis of results for the year ended 30 June 2022* which is available at www.firstrand.co.za/investors/financial-results/.

Headline earnings adjustments

All adjustments required by *Circular 01/2021 – Headline Earnings* in calculating headline earnings are included in normalised earnings on a line-by-line basis based on the nature of the adjustment.

The description and the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 67.

Restatement of prior year numbers

The group has made the following changes to the presentation of derivative assets and derivative liabilities.

Description of restatements

During the financial year, the group obtained a legal opinion which confirmed the group's legal right to set off positions held with the London Clearing House (LCH), of which FirstRand Securities, a subsidiary of FirstRand International, is a clearing member. The group restated its financial statements to appropriately reflect the net presentation of derivative assets and derivative liabilities with the LCH in the comparative information.

The change in presentation has no impact on the profit or loss or net asset value of the group and only affects the presentation of derivative assets and derivative liabilities on the statement of financial position.

Restated consolidated statement of financial position

as at 30 June

R million	As previously reported 2020	Offsetting	Restated 2020	As previously reported 2021	Offsetting	Restated 2021
ASSETS						
Cash and cash equivalents	136 002	–	136 002	135 059	–	135 059
Derivative financial instruments	147 515	(31 919)	115 596	82 728	(16 267)	66 461
Commodities	21 344	–	21 344	18 641	–	18 641
Investment securities	297 469	–	297 469	368 187	–	368 187
Advances	1 261 715	–	1 261 715	1 223 434	–	1 223 434
– Advances to customers*	1 191 281	–	1 191 281	1 152 956	–	1 152 956
– Marketable advances	70 434	–	70 434	70 478	–	70 478
Other assets	11 256	–	11 256	9 216	–	9 216
Current tax asset	598	–	598	409	–	409
Non-current assets and disposal groups held for sale	3 065	–	3 065	565	–	565
Reinsurance assets	240	–	240	387	–	387
Investments in associates	6 882	–	6 882	8 644	–	8 644
Investments in joint ventures	1 749	–	1 749	2 116	–	2 116
Property and equipment	21 369	–	21 369	20 190	–	20 190
Intangible assets	11 638	–	11 638	9 932	–	9 932
Investment properties	722	–	722	659	–	659
Defined benefit post-employment asset	–	–	–	9	–	9
Deferred income tax asset	4 975	–	4 975	6 104	–	6 104
Total assets	1 926 539	(31 919)	1 894 620	1 886 280	(16 267)	1 870 013
EQUITY AND LIABILITIES						
Liabilities						
Short trading positions	5 062	–	5 062	18 945	–	18 945
Derivative financial instruments	162 193	(31 919)	130 274	84 436	(16 267)	68 169
Creditors, accruals and provisions	21 038	–	21 038	22 765	–	22 765
Current tax liability	499	–	499	1 280	–	1 280
Liabilities directly associated with disposal groups held for sale	1 427	–	1 427	613	–	613
Deposits	1 535 015	–	1 535 015	1 542 078	–	1 542 078
Employee liabilities	8 820	–	8 820	11 319	–	11 319
Other liabilities	8 203	–	8 203	7 741	–	7 741
Policyholder liabilities	6 430	–	6 430	7 389	–	7 389
Tier 2 liabilities	24 614	–	24 614	20 940	–	20 940
Deferred income tax liability	1 318	–	1 318	887	–	887
Total liabilities	1 774 619	(31 919)	1 742 700	1 718 393	(16 267)	1 702 126
Equity						
Ordinary shares	56	–	56	56	–	56
Share premium	8 008	–	8 008	7 973	–	7 973
Reserves	129 465	–	129 465	143 588	–	143 588
Capital and reserves attributable to equityholders of the group	137 529	–	137 529	151 617	–	151 617
Other equity instruments	10 245	–	10 245	11 645	–	11 645
Non-controlling interests	4 146	–	4 146	4 625	–	4 625
Total equity	151 920	–	151 920	167 887	–	167 887
Total equity and liabilities	1 926 539	(31 919)	1 894 620	1 886 280	(16 267)	1 870 013

* *Included in advances to customers are assets under agreements to resell of R70 617 million (2021: R65 584 million; 2020: R26 964 million).*

Summary consolidated income statement

for the year ended 30 June

R million	Notes	2022	2021
Interest income calculated using effective interest rate		107 515	103 912
Interest on other financial instruments and similar income		1 452	2 023
Interest and similar income		108 967	105 935
Interest expense and similar charges		(42 592)	(42 645)
Net interest income before impairment of advances		66 375	63 290
Impairment and fair value of credit on advances		(7 080)	(13 660)
– Impairment on amortised cost advances	1.2	(6 539)	(13 400)
– Fair value of credit on advances	1.2	(541)	(260)
Net interest income after impairment of advances		59 295	49 630
Non-interest revenue		48 248	45 195
– Net fee and commission income		33 396	31 686
– Fee and commission income		39 967	37 462
– Fee and commission expense		(6 571)	(5 776)
– Insurance income		4 297	3 335
– Fair value income		6 835	6 574
– Fair value gains or losses		12 790	10 900
– Interest expense on fair value activities		(5 955)	(4 326)
– Gains less losses from investing activities		515	271
– Other non-interest revenue		3 205	3 329
Income from operations		107 543	94 825
Operating expenses		(60 769)	(57 556)
Net income from operations		46 774	37 269
Share of profit of associates after tax		895	1 133
Share of profit of joint ventures after tax		596	405
Income before indirect tax		48 265	38 807
Indirect tax		(1 433)	(1 516)
Profit before tax		46 832	37 291
Income tax expense		(12 193)	(8 981)
Profit for the year		34 639	28 310
Attributable to			
Ordinary equityholders		32 761	26 743
Other equity instrument holders		838	777
Equityholders of the group		33 599	27 520
Non-controlling interests		1 040	790
Profit for the year		34 639	28 310
Earnings per share (cents)			
– Basic		584.3	476.9
– Diluted		584.3	476.9
Headline earnings per share (cents)			
– Basic		585.3	480.5
– Diluted		585.3	480.5

Summary consolidated statement of other comprehensive income

for the year ended 30 June

R million	2022	2021
Profit for the year	**34 639**	28 310
Items that may subsequently be reclassified to profit or loss		
Cash flow hedges	**(3 712)**	(640)
(Losses)/gains arising during the year	**(2 138)**	968
Reclassification adjustments for amounts included in profit or loss	**(2 972)**	(1 891)
Deferred income tax	**1 398**	283
FVOCI debt reserve	**(50)**	392
(Losses)/gains arising during the year	**(65)**	584
Reclassification adjustments for amounts included in profit or loss	**(15)**	(34)
Deferred income tax	**30**	(158)
Exchange differences on translating foreign operations	**2 007**	(5 872)
Gains/(losses) arising during the year	**1 997**	(5 830)
Deferred income tax	**10**	(42)
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest	**13**	90
Items that may not subsequently be reclassified to profit or loss		
FVOCI equity reserve	**4**	(271)
Gains/(losses) arising during the year	**10**	(351)
Deferred income tax	**(6)**	80
Remeasurements on defined benefit post-employment plans	**41**	(177)
Gains/(losses) arising during the year	**59**	(252)
Deferred income tax	**(18)**	75
Other comprehensive loss for the year	**(1 697)**	(6 478)
Total comprehensive income for the year	**32 942**	21 832
Attributable to		
Ordinary equityholders	**31 037**	20 408
Other equity instrument holders	**838**	777
Equityholders of the group	**31 875**	21 185
Non-controlling interests	**1 067**	647
Total comprehensive income for the year	**32 942**	21 832

Summary consolidated statement of financial position

as at 30 June

R million	Notes	2022	2021*	2020*
ASSETS				
Cash and cash equivalents		**143 636**	135 059	136 002
Derivative financial instruments		**65 667**	66 461	115 596
Commodities		**17 580**	18 641	21 344
Investment securities		**382 149**	368 187	297 469
Advances	1	**1 334 324**	1 223 434	1 261 715
– Advances to customers**		**1 262 083**	1 152 956	1 191 281
– Marketable advances		**72 241**	70 478	70 434
Other assets		**9 597**	9 216	11 256
Current tax asset		**624**	409	598
Non-current assets and disposal groups held for sale		**1 501**	565	3 065
Reinsurance assets		**583**	387	240
Investments in associates		**8 178**	8 644	6 882
Investments in joint ventures		**2 618**	2 116	1 749
Property and equipment		**19 725**	20 190	21 369
Intangible assets#		**9 459**	9 932	11 638
Investment properties		**698**	659	722
Defined benefit post-employment asset		**35**	9	–
Deferred income tax asset		**8 028**	6 104	4 975
Total assets		**2 004 402**	1 870 013	1 894 620
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions		**14 623**	18 945	5 062
Derivative financial instruments		**64 547**	68 169	130 274
Creditors, accruals and provisions		**35 761**	22 765	21 038
Current tax liability		**803**	1 280	499
Liabilities directly associated with disposal groups held for sale		**824**	613	1 427
Deposits		**1 655 972**	1 542 078	1 535 015
Employee liabilities		**13 862**	11 319	8 820
Other liabilities		**8 248**	7 741	8 203
Policyholder liabilities		**7 424**	7 389	6 430
Tier 2 liabilities		**20 937**	20 940	24 614
Deferred income tax liability		**692**	887	1 318
Total liabilities		**1 823 693**	1 702 126	1 742 700
Equity				
Ordinary shares	3	**56**	56	56
Share premium	3	**7 905**	7 973	8 008
Reserves		**156 820**	143 588	129 465
Capital and reserves attributable to equityholders of the group		**164 781**	151 617	137 529
Other equity instruments		**11 645**	11 645	10 245
Non-controlling interests		**4 283**	4 625	4 146
Total equity		**180 709**	167 887	151 920
Total equities and liabilities		**2 004 402**	1 870 013	1 894 620

* *Restated, refer to pages 57 and 58 for details.*

** *Included in advances to customers are assets under agreements to resell of R70 617 million (2021: R65 584 million; 2020: R26 964 million).*

Include net goodwill of R7 722 million (2021: R7 726 million).

Summary consolidated statement of changes in equity

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2020	56	8 008	**8 064**	(420)	1 995
Net proceeds of issue of share capital	–	–	**–**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer to/(from) general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(35)	**(35)**	–	–
Total comprehensive income for the year	–	–	**–**	(177)	(640)
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	(177)	(640)
Balance as at 30 June 2021	56	7 973	**8 029**	(597)	1 355
Net proceeds of issue of share capital	–	–	**–**	–	–
Disposal of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer (from)/to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(68)	**(68)**	–	–
Total comprehensive income for the year	–	–	**–**	41	(3 712)
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	41	(3 712)
Balance as at 30 June 2022	56	7 905	**7 961**	(556)	(2 357)

* *Other reserves include the FVOCI reserve.*

** *Other equity instruments at 30 June 2022 include R4 519 million (2021: R4 519 million) of non-cumulative, non-refundable preference shares and R7 126 million (2021: R7 126 million) of AT1 instruments.*

Ordinary share capital and ordinary equityholders' funds								
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments****	**Non-controlling interests**	**Total equity**
24	8 486	790	118 590	**129 465**	**10 245**	**4 146**	**151 920**
–	–	–	–	**–**	**–**	**(2)**	**(2)**
–	–	–	–	**–**	**–**	**376**	**376**
–	–	–	–	**–**	**1 400**	**–**	**1 400**
20	–	131	(148)	**3**	**–**	**3**	**6**
–	–	–	(6 170)	**(6 170)**	**–**	**(489)**	**(6 659)**
–	–	–	–	**–**	**(777)**	**–**	**(777)**
–	–	60	(60)	**–**	**–**	**–**	**–**
–	–	–	(134)	**(134)**	**–**	**(56)**	**(190)**
–	–	–	16	**16**	**–**	**–**	**(19)**
–	(5 713)	195	26 743	**20 408**	**777**	**647**	**21 832**
–	–	–	26 743	**26 743**	**777**	**790**	**28 310**
–	(5 713)	195	–	**(6 335)**	**–**	**(143)**	**(6 478)**
44	2 773	1 176	138 837	**143 588**	**11 645**	**4 625**	**167 887**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	203	(278)	**(75)**	**–**	**29**	**(46)**
–	–	–	(17 390)	**(17 390)**	**–**	**(1 026)**	**(18 416)**
–	–	–	–	**–**	**(838)**	**–**	**(838)**
–	–	(55)	55	**–**	**–**	**–**	**–**
–	–	–	(364)	**(364)**	**–**	**(412)**	**(776)**
–	–	–	24	**24**	**–**	**–**	**(44)**
–	1 993	(46)	32 761	**31 037**	**838**	**1 067**	**32 942**
–	–	–	32 761	**32 761**	**838**	**1 040**	**34 639**
–	1 993	(46)	–	**(1 724)**	**–**	**27**	**(1 697)**
44	4 766	1 278	153 645	**156 820**	**11 645**	**4 283**	**180 709**

Summary consolidated statement of cash flows

for the year ended 30 June

R million	2022	2021
Cash flows from operating activities		
Interest and fee commission receipts	150 467	131 715
– Interest received	113 464	97 326
– Fee and commission received	39 967	37 462
– Insurance income received	3 607	2 703
– Fee and commission paid	(6 571)	(5 776)
Trading and other income	3 539	3 238
Interest payments	(37 778)	(36 499)
Other operating expenses	(45 355)	(43 677)
Dividends received	3 065	2 929
Dividends paid	(18 228)	(6 947)
Dividends paid to non-controlling interest	(1 026)	(489)
Taxation paid	(14 984)	(10 698)
Cash generated from operating activities	39 700	39 572
Movement in operating assets and liabilities	(29 899)	(30 434)
– Liquid assets and trading securities	(200)	(75 198)
– Advances	(92 260)	(44 458)
– Deposits	61 655	82 663
– Other assets	(194)	2 472
– Creditors	6 930	864
– Employee liabilities	(5 241)	(4 079)
– Total other liabilities	(589)	7 302
– Other operating liabilities*	(428)	6 490
– Reinsurance assets	(196)	(147)
– Policyholder liabilities	35	959
Net cash generated from operating activities	9 801	9 138

* *Other operating liabilities consist of various operating liabilities. The most significant balances include short trading positions, derivative financial instruments and deferred tax balance provisions.*

R million	2022	2021
Cash flows from investing activities		
Acquisition of investments in associates	(236)	(93)
Proceeds on disposal of investments in associates	1	37
Acquisition of investments in joint ventures	(92)	(45)
Proceeds on disposal of investments in joint ventures	40	–
Acquisition of investments in subsidiaries	21	(31)
Proceeds on disposal of subsidiaries	–	(2)
Acquisition of property and equipment	(3 265)	(3 160)
Proceeds on disposal of property and equipment	617	539
Acquisition of intangible assets and investment properties	(409)	(257)
Proceeds on disposal of non-current assets held for sale	25	–
Net cash outflow from investing activities	(3 298)	(3 012)
Cash flows from financing activities		
Proceeds on the issue of other financial liabilities	1 067	1 306
Redemption of other financial liabilities	(842)	(1 110)
Principal payments towards lease liabilities	(1 030)	(1 053)
Proceeds from issue of Tier 2 liabilities	2 742	3 111
Capital repaid on Tier 2 liabilities	(3 577)	(4 903)
Acquisition of additional interest in subsidiaries from non-controlling interest	(866)	(139)
Proceeds from issue of AT1 equity instruments	–	1 400
Net cash outflow from financing activities	(2 506)	(1 388)
Net increase in cash and cash equivalents	3 997	4 738
Cash and cash equivalents at the beginning of the year	135 059	136 002
Effect of exchange rate changes on cash and cash equivalents	4 631	(5 594)
Transfer to non-current assets held for sale	(51)	(87)
Cash and cash equivalents at the end of the year	143 636	135 059
Mandatory reserve balances included above*	34 521	39 627

* *Banks are required to deposit a minimum average balance, calculated monthly with the central bank, which is available for use by the group subject to certain restrictions and limitations levelled by the central banks within the countries of operation. The deposit bears no or low interest. Money at short notice constitutes amounts withdrawable in 32 days or less.*

Headline earnings, earnings and dividends per share

for the year ended 30 June

	Earnings attributable R million		Cents per share	
	2022	2021	**2022**	2021
Headline earnings				
– Basic	**32 817**	26 950	**585.3**	480.5
– Diluted	**32 817**	26 950	**585.3**	480.5
Earnings attributable to ordinary equityholders				
– Basic	**32 761**	26 743	**584.3**	476.9
– Diluted	**32 761**	26 743	**584.3**	476.9
Dividends – ordinary				
– Interim paid			**157.0**	110.0
– Final declared/paid			**185.0**	153.0
Special dividend			**125.0**	–
Dividends – preference				
– Interim paid			**270.7**	253.6
– Final declared/paid			**307.4**	273.9

WEIGHTED AVERAGE NUMBER OF SHARES

	2022	2021
Weighted average number of shares before treasury shares	**5 609 488 001**	5 609 488 001
Less: treasury shares	**(2 751 213)**	(1 249 055)
– Shares for client trading	**(2 751 213)**	(1 249 055)
Weighted average number of shares in issue	**5 606 736 788**	5 608 238 946
Diluted weighted average number of shares in issue	**5 606 736 788**	5 608 238 946

The same weighted average number of shares was used for the basic and diluted headline earnings per share (HEPS) and basic and diluted earnings per share (EPS) as there are no potential dilutive ordinary shares in issue.

HEADLINE EARNINGS RECONCILIATION

	2022		2021	
R million	Gross	Net	Gross	Net
Earnings attributable to ordinary equityholders		32 761		26 743
Adjusted for:				
Transfer from foreign currency translation reserve	–	–	8	8
Gains on disposal of non-private equity associates	–	–	(40)	(40)
Impairment of non-private equity associates	25	25	1	1
Loss on disposal of investments in joint ventures	–	–	7	7
(Gain)/loss on disposal of investments in subsidiaries	(56)	(56)	3	3
(Gain)/loss on disposal of property and equipment	(8)	(8)	17	11
Compensation from third parties for impaired/lost property and equipment	(109)	(78)	–	–
Impairment of goodwill	60	49	112	112
Fair value movement on investment properties	19	15	89	76
Impairment of assets in terms of IAS 36	136	112	43	34
Gain on bargain purchase	–	–	(1)	(1)
Other	(3)	(3)	(4)	(4)
Headline earnings attributable to ordinary equityholders		32 817		26 950

Selected notes to the summary consolidated financial statements

for the year ended 30 June

1 Advances and impairment of advances

1.1 Category analysis of advances

R million	2022	2021
Overdrafts and cash management accounts	**80 514**	67 798
Term loans	**76 436**	66 714
Card loans	**37 348**	35 025
Instalment sales, hire purchase agreements and lease payments receivable	**245 904**	233 533
Property finance	**473 300**	449 012
Personal loans	**53 068**	53 281
Preference share agreements	**40 407**	48 097
Investment bank term loans	**168 008**	143 230
Long-term loans to group associates and joint ventures	**2 841**	2 508
Other	**61 374**	38 792
Total customer advances	**1 239 200**	1 137 990
Marketable advances	**72 241**	70 478
Assets under agreements to resell	**70 617**	65 584
Gross value of advances	**1 382 058**	1 274 052
Impairment and credit of fair value advances	**(47 734)**	(50 618)
Net advances	**1 334 324**	1 223 434
Gross advances – amortised cost	**1 284 777**	1 177 722
Impairment of advances – amortised cost	**(46 136)**	(49 612)
Net advances – amortised cost	**1 238 641**	1 128 110
Gross advances – fair value	**97 281**	96 330
Impairment of advances – fair value	**(1 598)**	(1 006)
Net advances – fair value	**95 683**	95 324
Net advances	**1 334 324**	1 223 434

1.2 Breakdown of ECL created in the reporting period

	2022				
R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
Current year ECL provided	**12 150**	**(740)**	**416**	**12 481**	**(7)**
Interest suspended on stage 3 advances	**(2 993)**	**–**	**–**	**(2 993)**	**–**
Current year change in ECL provided after interest on stage 3 advances	**9 157**	**(740)**	**416**	**9 488**	**(7)**
Post write-off recoveries	**(2 756)**	**–**	**–**	**(2 756)**	**–**
Modification losses	**679**	**–**	**118**	**561**	**–**
Impairment recognised in the income statement at 30 June 2022	**7 080**	**(740)**	**534**	**7 293**	**(7)**
Amortised cost	**6 539**	**(843)**	**555**	**6 834**	**(7)**
Fair value	**541**	**103**	**(21)**	**459**	**–**
	2021				
Current year ECL provided	18 814	(1 565)	3 906	16 421	52
Interest suspended on stage 3 advances	(3 369)	–	–	(3 369)	–
Current year change in ECL provided after interest on stage 3 advances	15 445	(1 565)	3 906	13 052	52
Post write-off recoveries	(2 427)	–	–	(2 427)	–
Modification losses	642	18	76	548	–
Impairment recognised in the income statement at 30 June 2021	13 660	(1 547)	3 982	11 173	52
Amortised cost	13 400	(1 558)	3 706	11 162	90
Fair value	260	11	276	11	(38)

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.3 Reconciliation of the gross carrying amount and loss allowance on total advances per class

Basis of preparation of the reconciliation of gross carrying amount and loss allowance on total advances per class

The basis of presentation of this reconciliation can be found in *Note 11 – Advances* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Basis for determination of classes

In determining classes of advances, the type of client is used as a primary indicator, and then the type of loans provided to that type of client is reflected as subclasses.

Voluntary changes in presentation

Asset-based finance book

During the year the ABF advances with customers that bank with FNB were moved from FNB commercial to WesBank corporate. This change was implemented to create consistency of process and to effect business efficiencies by managing the ABF book as a single portfolio within WesBank. The group has voluntarily updated the comparative information. Details of the comparative information that has been restated are included in *Note 1.4 – Voluntary changes to the classes at 30 June 2021*.

Core lending advances

During the year the group updated the presentation of total advances to reflect core lending advances and assets under agreements to resell separately. The group's core lending advances consist of customer advances and marketable advances. Assets under agreements to resell are fully collateralised and are included in stage 1. All tables relating to the gross carrying amount of advances is presented for total advances and the total advances are split between core lending advances and assets under agreements to resell.

Temporary stress scenario

Given the unprecedented event-driven uncertainty in the global and South African economy and the forecasting risks of economic assumptions in existing statistical models, the additional stress scenario introduced last year was retained and updated for these uncertainties. In the prior year, the stress scenario was largely due to the uncertainty regarding the impact of future waves of the Covid-19 pandemic and increasing levels of social and political unrest in South Africa, and the resultant impact on retail and commercial customers. In the year under review, these were less relevant as Covid-19 transitioned from pandemic to endemic.

Uncertainty relating to inflation and interest rate forecasts was the main reason for retaining the stress scenario in the 2022 financial year. Russia's invasion of Ukraine poses further risk to inflation and interest rates, which will impact global and local growth. In addition, domestic constraints on electricity supply and the associated extent of loadshedding contributes to additional uncertainty of domestic economic growth.

Due to the temporary nature of this stress scenario, and consistent with 2021, the impact on the staging of the gross carrying amount and the additional ECL attributable to this scenario have been separately presented in all tables with information per class, and are shown in the line *Temporary stress scenario*.

Voluntary changes in general presentation of the advances note

The group made voluntary changes to the presentation of the reconciliations within this note. To allow the user to compare the amended comparatives to the information previously presented in this report and the 2021 annual financial statements, the information previously presented has been included in *Note 39 – Change in presentation of advances* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.3 Reconciliation of the gross carrying amount and loss allowance on total advances per class continued

1.3.1 Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other
GCA reported as at 1 July 2021	225 666	100 102	31 249	39 709	15 712
– Stage 1	196 375	77 514	24 553	25 176	11 680
– Stage 2	15 935	12 677	2 662	6 987	1 540
– Stage 3	13 356	9 911	4 034	7 546	2 492
– Purchased or originated credit impaired	–	–	–	–	–
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	(2 445)	(1 188)	(628)	(1 783)	(277)
Transfers into stage 1	7 678	4 421	1 171	2 005	496
Transfers out of stage 1	(10 123)	(5 609)	(1 799)	(3 788)	(773)
– Transfers to/(from) stage 2	1 711	603	(853)	(912)	(192)
Transfers into stage 2	10 563	5 958	860	2 735	481
Transfers out of stage 2	(8 852)	(5 355)	(1 713)	(3 647)	(673)
– Transfers to/(from) stage 3	734	585	1 481	2 695	469
Transfers into stage 3	3 905	2 726	1 713	3 665	699
Transfers out of stage 3	(3 171)	(2 141)	(232)	(970)	(230)
Current period movement	17 617	1 752	3 618	5 575	1 064
New business – changes in exposure	44 607	36 304	3 239	19 345	4 363
Back book – current year movement	(26 990)	(34 552)	379	(13 770)	(3 299)
– Exposures with a change in measurement basis from 12 months to LECL	(1 486)	(3 122)	74	(1 393)	(12)
– Other current year change in exposure net movement on GCA	(25 504)	(31 430)	305	(12 377)	(3 287)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Bad debts written off	(469)	(2 412)	(1 970)	(4 743)	(2 324)
Modifications that did not give rise to derecognition	(48)	(88)	(76)	(368)	(104)
GCA as at 30 June 2022	242 757	99 354	32 821	40 173	14 357
– Stage 1	211 306	82 088	26 914	27 342	11 213
– Stage 2	19 649	11 063	2 229	6 557	1 178
– Stage 3	11 802	6 203	3 678	6 274	1 966
– Purchased or originated credit impaired	–	–	–	–	–
Core lending advances	242 757	99 354	32 821	40 173	14 357
Assets under agreements to resell	–	–	–	–	–
Total GCA of advances at 30 June 2022	242 757	99 354	32 821	40 173	14 357

Retail secured and unsecured	Corporate and commercial						UK operations		
Temporary stress scenario	FNB commercial	Temporary scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
–	97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722
(1 212)	83 139	(99)	35 561	219 427	49 929	35 428	198 513	53 163	1 009 147
1 212	8 064	99	4 060	25 170	6 677	–	15 803	7 169	108 055
–	5 798	–	1 394	2 678	3 527	–	6 872	2 096	59 704
–	–	–	–	816	–	–	–	–	816
–	–	–	–	–	–	–	–	–	–
–	(1 222)	–	89	(515)	(138)	–	(4 107)	434	(11 780)
–	5 103	–	2 728	2 480	1 879	–	7 252	4 193	39 406
–	(6 325)	–	(2 639)	(2 995)	(2 017)	–	(11 359)	(3 759)	(51 186)
–	(564)	–	(198)	(248)	(92)	–	2 781	139	2 175
–	5 515	–	2 505	3 433	1 879	–	10 480	3 781	48 190
–	(6 079)	–	(2 703)	(3 681)	(1 971)	–	(7 699)	(3 642)	(46 015)
–	1 786	–	109	763	230	–	1 326	(573)	9 605
–	1 900	–	418	1 300	464	–	2 104	377	19 271
–	(114)	–	(309)	(537)	(234)	–	(778)	(950)	(9 666)
–	12 245	–	4 319	33 807	6 513	11 819	8 179	9 551	116 059
–	18 177	–	25 287	84 372	16 657	1 863	82 631	29 610	366 455
–	(5 932)	–	(20 968)	(50 482)	(10 144)	9 956	(74 452)	(20 059)	(250 313)
–	(544)	–	(1 291)	(4 577)	37	–	(5 205)	(2 828)	(20 347)
–	(5 388)	–	(19 677)	(45 905)	(10 181)	9 956	(69 247)	(17 231)	(229 966)
–	–	–	–	(83)	–	–	–	–	(83)
–	–	–	–	(1 614)	–	–	(93)	–	(1 707)
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	115	–	–	–	115
–	–	–	–	3 983	1 370	24	2 457	602	8 436
–	(1 540)	–	(206)	(126)	(913)	–	(294)	(172)	(15 169)
–	5	–	–	–	–	–	–	–	(679)
–	107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
(2 688)	95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
2 688	7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
–	4 627	–	903	2 572	3 318	–	6 965	963	49 271
–	–	–	–	733	–	–	–	–	733
–	107 711	–	45 128	283 472	67 218	23 871	231 437	72 409	1 260 708
–	–	–	–	669	–	23 400	–	–	24 069
–	107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.3 Reconciliation of the gross carrying amount and loss allowance on total advances per class continued

1.3.2 Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other
ECL reported as at 1 July 2021	4 304	5 850	4 683	8 630	3 119
– Stage 1	646	743	861	1 611	718
– Stage 2	841	1 081	654	1 722	575
– Stage 3	2 817	4 026	3 168	5 297	1 826
– Purchased or originated credit impaired	–	–	–	–	–
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	192	238	130	(9)	21
Transfers into stage 1	235	292	209	272	76
Transfers out of stage 1	(43)	(54)	(79)	(281)	(55)
– Transfers to/(from) stage 2	(67)	(187)	(292)	(633)	(61)
Transfers into stage 2	228	216	64	347	89
Transfers out of stage 2	(295)	(403)	(356)	(980)	(150)
– Transfers to/(from) stage 3	(125)	(51)	162	642	40
Transfers into stage 3	160	203	283	954	126
Transfers out of stage 3	(285)	(254)	(121)	(312)	(86)
Current period provision created/(released)	249	1 958	1 648	3 921	1 663
New business – impairment charge/(release)	347	748	194	2 262	375
Back book – impairment charge/(release)	(98)	1 210	1 454	1 659	1 288
– Exposures with a change in measurement basis from 12 months to LECL	21	(257)	231	(73)	29
– Other current year impairment charge/(release)	(119)	1 467	1 223	1 732	1 259
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Bad debts written off	(469)	(2 412)	(1 970)	(4 743)	(2 324)
ECL as at 30 June 2022	4 084	5 396	4 361	7 808	2 458
– Stage 1	609	802	1 130	1 785	665
– Stage 2	939	1 344	620	1 544	330
– Stage 3	2 536	3 250	2 611	4 479	1 463
– Purchased or originated credit impaired	–	–	–	–	–
Current period provision created/(released) per impairment stage	249	1 958	1 648	3 921	1 663
– Stage 1	(230)	(177)	140	183	(75)
– Stage 2	166	451	257	454	(184)
– Stage 3	313	1 684	1 251	3 284	1 922
– Purchased or originated credit impaired	–	–	–	–	–

Retail secured and unsecured	Corporate and commercial						UK operations		
Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
335	5 761	148	956	6 510	3 901	512	3 571	1 332	49 612
131	944	124	197	1 636	992	360	805	415	10 183
160	1 438	24	208	3 285	941	152	685	288	12 054
44	3 379	–	551	1 499	1 968	–	2 081	629	27 285
–	–	–	–	90	–	–	–	–	90
–	–	–	–	–	–	–	–	–	–
–	192	–	149	94	41	–	57	241	1 346
–	332	–	169	128	110	–	117	260	2 200
–	(140)	–	(20)	(34)	(69)	–	(60)	(19)	(854)
–	(359)	–	(97)	(180)	(16)	–	(87)	(14)	(1 993)
–	127	–	38	31	104	–	87	83	1 414
–	(486)	–	(135)	(211)	(120)	–	(174)	(97)	(3 407)
–	167	–	(52)	86	(25)	–	30	(227)	647
–	255	–	21	128	40	–	109	11	2 290
–	(88)	–	(73)	(42)	(65)	–	(79)	(238)	(1 643)
(18)	1 016	(93)	45	(837)	641	(2)	1 475	(57)	11 609
–	187	–	234	695	307	(3)	1 072	263	6 681
(18)	829	(93)	(189)	(1 525)	334	1	403	(320)	4 935
–	230	–	(105)	(166)	6	1	(96)	(58)	(237)
(18)	599	(93)	(84)	(1 359)	328	–	499	(262)	5 172
–	–	–	–	(7)	–	–	–	–	(7)
–	(3)	–	–	(39)	–	–	(212)	–	(254)
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	9	–	–	–	9
–	–	–	–	68	218	–	25	18	329
–	(1 540)	–	(206)	(126)	(913)	–	(294)	(172)	(15 169)
317	5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
156	1 030	23	186	1 200	1 035	361	1 271	529	10 782
161	1 059	32	193	2 420	876	149	746	182	10 595
–	3 145	–	416	1 873	1 945	–	2 548	410	24 676
–	–	–	–	83	–	–	–	–	83
(18)	1 016	(93)	45	(837)	641	(2)	1 475	(57)	11 609
25	(103)	(101)	(161)	(546)	(65)	(2)	406	(138)	(844)
1	(21)	8	82	(694)	(129)	–	143	(97)	437
(44)	1 140	–	124	410	835	–	926	178	12 023
–	–	–	–	(7)	–	–	–	–	(7)

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.3 Reconciliation of the gross carrying amount and loss allowance on total advances per class continued

1.3.3 Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2021	91	95 217	220	802	96 330
– Stage 1	91	91 912	47	751	92 801
– Stage 2	–	3 119	173	51	3 343
– Stage 3	–	104	–	–	104
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	–	–	–	8	8
Transfers into stage 1	–	–	–	8	8
Transfers out of stage 1	–	–	–	–	–
– Transfers to/(from) stage 2	–	–	–	(8)	(8)
Transfers into stage 2	–	–	–	–	–
Transfers out of stage 2	–	–	–	(8)	(8)
– Transfers to/(from) stage 3	–	–	–	–	–
Transfers into stage 3	–	–	–	–	–
Transfers out of stage 3	–	–	–	–	–
Current period movement	21	557	(191)	(775)	(388)
New business – changes in exposure	–	17 428	–	(520)	16 908
Back book – current year movement	21	(16 872)	(191)	(255)	(17 297)
– Exposures with a change in measurement basis from 12 months to LECL	–	(361)	(173)	–	(534)
– Other current year change in exposure/ net movement on GCA	21	(16 511)	(18)	(255)	(16 763)
Purchased or originated credit impaired	–	1	–	–	1
Acquisition/(disposal) of advances	–	–	–	458	458
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	881	–	–	881
Bad debts written off	–	–	–	–	–
GCA as at 30 June 2022	112	96 655	29	485	97 281
– Stage 1	112	93 082	29	442	93 665
– Stage 2	–	2 691	–	43	2 734
– Stage 3	–	799	–	–	799
– Purchased or originated credit impaired	–	83	–	–	83
Core lending advances	112	50 107	29	485	50 733
Assets under agreements to resell	–	46 548	–	–	46 548
Total GCA of advances at 30 June 2022	112	96 655	29	485	97 281

1.3.4 Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2021	–	895	–	111	1 006
– Stage 1	–	164	–	104	268
– Stage 2	–	630	–	7	637
– Stage 3	–	19	–	–	19
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
— Transfers to/(from) stage 1	–	–	–	3	3
Transfers into stage 1	–	–	–	3	3
Transfers out of stage 1	–	–	–	–	–
— Transfers to/(from) stage 2	–	–	–	(6)	(6)
Transfers into stage 2	–	–	–	–	–
Transfers out of stage 2	–	–	–	(6)	(6)
— Transfers to/(from) stage 3	–	–	–	3	3
Transfers into stage 3	–	–	–	3	3
Transfers out of stage 3	–	–	–	–	–
Current period movement	3	545	–	(7)	541
New business – changes in exposure	–	716	–	–	716
Back book – current year movement	3	(171)	–	(7)	(175)
– Exposures with a change in measurement basis from 12 months to LECL	–	(31)	–	–	(31)
– Other current year impairment charge/(release)	3	(140)	–	(7)	(144)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	3	3
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	48	–	–	48
Bad debts written off	–	–	–	–	–
ECL as at 30 June 2022	3	1 488	–	107	1 598
– Stage 1	3	276	–	102	381
– Stage 2	–	649	–	5	654
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Current period provision created/(released) per impairment stage	3	545	–	(7)	541
– Stage 1	3	105	–	(5)	103
– Stage 2	–	(21)	–	(2)	(23)
– Stage 3	–	461	–	–	461
– Purchased or originated credit impaired	–	–	–	–	–

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.3 Reconciliation of the gross carrying amount and loss allowance on total advances per class continued

1.3.5 Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 30 JUNE 2021

	Retail secured		Retail unsecured		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other
GCA reported as at 1 July 2020	224 404	104 014	30 210	41 874	16 732
– Stage 1	197 845	82 179	24 352	28 371	12 879
– Stage 2	14 897	11 581	2 183	6 079	1 646
– Stage 3	11 662	10 254	3 675	7 424	2 207
– Purchased or originated credit impaired	–	–	–	–	–
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	(5 410)	(6 824)	(1 980)	(5 663)	(1 291)
Transfers into stage 1	7 283	2 364	1 486	1 218	565
Transfers out of stage 1	(12 693)	(9 188)	(3 466)	(6 881)	(1 856)
– Transfers to/(from) stage 2	1 792	2 594	6	1 467	254
Transfers into stage 2	10 988	7 616	1 960	4 277	1 104
Transfers out of stage 2	(9 196)	(5 022)	(1 954)	(2 810)	(850)
– Transfers to/(from) stage 3	3 618	4 230	1 974	4 196	1 037
Transfers into stage 3	5 050	5 136	2 032	4 798	1 138
Transfers out of stage 3	(1 432)	(906)	(58)	(602)	(101)
Current period movement	1 665	(1 401)	2 736	3 486	1 068
New business – changes in exposure	31 889	35 344	2 443	15 485	1 757
Back book – current year movement	(30 224)	(36 745)	293	(11 999)	(689)
– Exposures with a change in measurement basis from 12 months to LECL	(1 269)	(2 451)	110	(1 286)	10
– Other current year change in exposure net movement on GCA	(28 955)	(34 294)	183	(10 713)	(699)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	(283)
Transfers from/(to) other divisions	(6)	–	143	–	6
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Bad debts written off	(366)	(2 373)	(1 790)	(5 293)	(1 778)
Modifications that did not give rise to derecognition	(31)	(138)	(50)	(358)	(33)
GCA as at 30 June 2021	225 666	100 102	31 249	39 709	15 712
– Stage 1	196 375	77 514	24 553	25 176	11 680
– Stage 2	15 935	12 677	2 662	6 987	1 540
– Stage 3	13 356	9 911	4 034	7 546	2 492
– Purchased or originated credit impaired	–	–	–	–	–
Core lending advances	225 666	100 102	31 249	39 709	15 712
Assets under agreements to resell	–	–	–	–	–
Total GCA of advances at 30 June 2021	225 666	100 102	31 249	39 709	15 712

* *Restated for the ABF advances. Customers that bank with FNB that were moved from FNB commercial to WesBank corporate.*

Retail secured and unsecured	Corporate and commercial						UK operations		
Temporary stress scenario	FNB commercial*	Temporary stress scenario	WesBank corporate*	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
–	95 083	–	39 920	280 204	66 070	35 902	234 529	71 717	1 240 659
–	80 879	–	36 119	245 240	56 900	35 759	206 982	58 165	1 065 670
–	7 631	–	2 470	32 017	4 973	–	22 429	11 990	117 896
–	6 573	–	1 331	2 046	4 197	143	5 118	1 562	56 192
–	–	–	–	901	–	–	–	–	901
–	–	–	–	–	–	–	–	–	–
–	(101)	–	(3 124)	948	(2 725)	1	266	(967)	(26 870)
–	4 664	–	625	8 283	1 080	1	11 380	4 618	43 567
–	(4 765)	–	(3 749)	(7 335)	(3 805)	–	(11 114)	(5 585)	(70 437)
–	(1 493)	–	2 506	(2 260)	2 042	(1)	(3 653)	(697)	2 557
–	4 144	–	3 358	7 335	3 323	–	9 029	4 402	57 536
–	(5 637)	–	(852)	(9 595)	(1 281)	(1)	(12 682)	(5 099)	(54 979)
–	1 594	–	618	1 312	683	–	3 387	1 664	24 313
–	2 201	–	823	1 312	824	–	3 752	1 915	28 981
–	(607)	–	(205)	–	(141)	–	(365)	(251)	(4 668)
–	3 525	–	1 249	(23 625)	(380)	(245)	6 216	(3 327)	(9 035)
–	15 459	–	12 051	68 905	13 647	(135)	62 316	21 958	281 119
–	(11 934)	–	(10 802)	(92 356)	(14 027)	(110)	(56 100)	(25 285)	(289 978)
–	1 329	–	(1 352)	2 520	(264)	–	(5 182)	(4 919)	(12 754)
–	(13 263)	–	(9 450)	(94 876)	(13 763)	(110)	(50 918)	(20 366)	(277 224)
–	–	–	–	(176)	–	–	–	–	(176)
–	–	–	1	(1 664)	–	–	–	–	(1 946)
–	–	–	–	–	–	(143)	–	–	–
–	–	–	–	–	464	(35)	–	–	429
–	–	–	–	(6 516)	(4 652)	(51)	(18 926)	(5 550)	(35 695)
–	(1 615)	–	(155)	(306)	(1 369)	–	(591)	(412)	(16 048)
–	8	–	–	–	–	–	(40)	–	(642)
–	97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722
(1 212)	83 139	(99)	35 561	219 427	49 929	35 428	198 513	53 163	1 009 147
1 212	8 064	99	4 060	25 170	6 677	–	15 803	7 169	108 055
–	5 798	–	1 394	2 678	3 527	–	6 872	2 096	59 704
–	–	–	–	816	–	–	–	–	816
–	97 001	–	41 015	247 792	60 133	28 521	221 188	62 428	1 170 516
–	–	–	–	299	–	6 907	–	–	7 206
–	97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.3 Reconciliation of the gross carrying amount and loss allowance on total advances per class continued

1.3.6 Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 30 JUNE 2021

	Retail secured		Retail unsecured		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other
ECL reported as at 1 July 2020	3 916	5 861	4 201	8 697	3 139
– Stage 1	731	575	917	1 812	782
– Stage 2	777	1 308	562	1 653	701
– Stage 3	2 408	3 978	2 722	5 232	1 656
– Purchased or originated credit impaired	–	–	–	–	–
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	249	87	34	(399)	–
Transfers into stage 1	345	187	295	251	133
Transfers out of stage 1	(96)	(100)	(261)	(650)	(133)
– Transfers to/(from) stage 2	(324)	(320)	(384)	(631)	(142)
Transfers into stage 2	128	173	127	402	89
Transfers out of stage 2	(452)	(493)	(511)	(1 033)	(231)
– Transfers to/(from) stage 3	75	233	350	1 030	142
Transfers into stage 3	232	345	377	1 199	190
Transfers out of stage 3	(157)	(112)	(27)	(169)	(48)
Current period provision created/(released)	754	2 362	2 090	5 226	1 865
New business – impairment charge/(release)	116	943	148	1 448	150
Back book – impairment charge/(release)	638	1 419	1 942	3 778	1 715
– Exposures with a change in measurement basis from 12 months to LECL	26	(205)	174	(315)	64
– Other current year impairment charge/(release)	612	1 624	1 768	4 093	1 651
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	(41)
Transfers from/(to) other divisions	–	–	182	–	(66)
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Bad debts written off	(366)	(2 373)	(1 790)	(5 293)	(1 778)
ECL as at 30 June 2021	4 304	5 850	4 683	8 630	3 119
– Stage 1	646	743	861	1 611	718
– Stage 2	841	1 081	654	1 722	575
– Stage 3	2 817	4 026	3 168	5 297	1 826
– Purchased or originated credit impaired	–	–	–	–	–
Current period provision created/(released) per impairment stage	754	2 362	2 090	5 226	1 865
– Stage 1	(335)	80	(137)	197	6
– Stage 2	389	92	477	700	19
– Stage 3	700	2 190	1 750	4 329	1 840
– Purchased or originated credit impaired	–	–	–	–	–

* *Restated for the ABF advances. Customers that bank with FNB that were moved from FNB commercial to WesBank corporate.*

Retail secured and unsecured	Corporate and commercial						UK operations		
Temporary stress scenario	FNB commercial*	Temporary stress scenario	WesBank corporate*	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
–	5 706	–	828	5 817	4 633	654	3 453	1 542	48 447
–	1 290	–	218	1 611	1 007	320	1 116	564	10 943
–	1 291	–	159	3 758	981	152	1 148	471	12 961
–	3 125	–	451	448	2 645	182	1 189	507	24 543
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	556	–	16	387	(28)	–	125	103	1 130
–	622	–	56	511	136	–	248	140	2 924
–	(66)	–	(40)	(124)	(164)	–	(123)	(37)	(1 794)
–	(790)	–	(20)	(1 161)	(228)	–	(213)	(88)	(4 301)
–	74	–	49	124	22	–	149	54	1 391
–	(864)	–	(69)	(1 285)	(250)	–	(362)	(142)	(5 692)
–	234	–	4	774	256	–	88	(15)	3 171
–	372	–	47	774	258	–	180	37	4 011
–	(138)	–	(43)	–	(2)	–	(92)	(52)	(840)
335	1 670	148	282	1 213	1 227	14	1 028	340	18 554
–	224	–	217	443	284	79	570	137	4 759
335	1 446	148	65	683	943	(65)	458	203	13 708
–	393	–	(58)	147	72	–	(193)	(38)	67
335	1 053	148	123	536	871	(65)	651	241	13 641
–	–	–	–	87	–	–	–	–	87
–	–	–	1	(4)	–	–	–	–	(44)
–	–	–	–	–	–	(116)	–	–	–
–	–	–	–	–	(9)	(35)	–	–	(44)
–	–	–	–	(210)	(581)	(5)	(319)	(138)	(1 253)
–	(1 615)	–	(155)	(306)	(1 369)	–	(591)	(412)	(16 048)
335	5 761	148	956	6 510	3 901	512	3 571	1 332	49 612
131	944	124	197	1 636	992	360	805	415	10 183
160	1 438	24	208	3 285	941	152	685	288	12 054
44	3 379	–	551	1 499	1 968	–	2 081	629	27 285
–	–	–	–	90	–	–	–	–	90
335	1 670	148	282	1 213	1 227	14	1 028	340	18 554
131	(927)	124	(38)	(271)	86	44	(352)	(209)	(1 601)
160	961	24	69	729	286	–	(186)	(66)	3 654
44	1 636	–	251	665	855	(30)	1 566	615	16 411
–	–	–	–	90	–	–	–	–	90

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.3 Reconciliation of the gross carrying amount and loss allowance on total advances per class continued

1.3.7 Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 30 JUNE 2021

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2020	27	69 111	310	988	70 436
– Stage 1	27	64 561	310	945	65 843
– Stage 2	–	4 362	–	43	4 405
– Stage 3	–	61	–	–	61
– Purchased or originated credit impaired	–	127	–	–	127
Transfers between stages	–	–	–	–	–
– Transfers to/(from) stage 1	–	963	(173)	(149)	641
Transfers into stage 1	–	1 213	–	–	1 213
Transfers out of stage 1	–	(250)	(173)	(149)	(572)
– Transfers to/(from) stage 2	–	(983)	173	–	(810)
Transfers into stage 2	–	230	173	–	403
Transfers out of stage 2	–	(1 213)	–	–	(1 213)
– Transfers to/(from) stage 3	–	20	–	149	169
Transfers into stage 3	–	20	–	149	169
Transfers out of stage 3	–	–	–	–	–
Current period movement	64	27 112	(90)	1 124	28 210
New business – changes in exposure	–	5 636	–	1 230	6 866
Back book – current year movement	64	21 521	(90)	(106)	21 389
– Exposures with a change in measurement basis from 12 months to LECL	–	508	–	–	508
– Other current year change in exposure/ net movement on GCA	64	21 013	(90)	(106)	20 881
Purchased or originated credit impaired	–	(45)	–	–	(45)
Acquisition/(disposal) of advances	–	–	–	(1 162)	(1 162)
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	– –
Exchange rate differences	–	(1 006)	–	–	(1 006)
Bad debts written off	–	–	–	(148)	(148)
GCA as at 30 June 2021	91	95 217	220	802	96 330
– Stage 1	91	91 912	47	751	92 801
– Stage 2	–	3 119	173	51	3 343
– Stage 3	–	104	–	–	104
– Purchased or originated credit impaired	–	82	–	–	82
Core lending advances	91	36 839	220	802	37 952
Assets under agreements to resell	–	58 378	–	–	58 378
Total GCA of advances at 30 June 2021	91	95 217	220	802	96 330

1.3.8 Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 30 JUNE 2021

R million	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2020	688	–	245	933
– Stage 1	147	–	245	392
– Stage 2	411	–	–	411
– Stage 3	10	–	–	10
– Purchased or originated credit impaired	120	–	–	120
Transfers between stages	–	–	–	–
– Transfers to/(from) stage 1	17	–	(149)	(132)
Transfers into stage 1	18	–	–	18
Transfers out of stage 1	(1)	–	(149)	(150)
– Transfers to/(from) stage 2	(17)	–	–	(17)
Transfers into stage 2	1	–	–	1
Transfers out of stage 2	(18)	–	–	(18)
– Transfers to/(from) stage 3	–	–	149	149
Transfers into stage 3	–	–	149	149
Transfers out of stage 3	–	–	–	–
Current period movement	246	–	14	260
New business – changes in exposure	29	–	11	40
Back book – current year movement	255	–	3	258
– Exposures with a change in measurement basis from 12 months to LECL	(2)	–	–	(2)
– Other current year impairment charge/(release)	257	–	3	260
Purchased or originated credit impaired	(38)	–	–	(38)
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	(39)	–	–	(39)
Bad debts written off	–	–	(148)	(148)
ECL as at 30 June 2021	895	–	111	1 006
– Stage 1	164	–	104	268
– Stage 2	630	–	7	637
– Stage 3	19	–	–	19
– Purchased or originated credit impaired	82	–	–	82
Current period provision created/(released) per impairment stage	246	–	14	260
– Stage 1	6	–	7	13
– Stage 2	268	–	7	275
– Stage 3	10	–	–	10
– Purchased or originated credit impaired	(38)	–	–	(38)

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1 Advances and impairment of advances continued

1.4 Voluntary changes to the classes previously reported at 30 June 2021

TOTAL ADVANCES AND LOSS ALLOWANCE PER CLASS

	Gross advances			Loss allowance		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Residential mortgages	225 666	–	225 666	4 304	–	4 304
WesBank VAF	100 102	–	100 102	5 850	–	5 850
Total retail secured	325 768	–	325 768	10 154	–	10 154
FNB card	31 249	–	31 249	4 683	–	4 683
Personal loans	39 709	–	39 709	8 630	–	8 630
Retail other	15 712	–	15 712	3 119	–	3 119
Total retail unsecured	86 670	–	86 670	16 432	–	16 432
Temporary stress scenario	–	–	–	335	–	335
Total retail secured and unsecured	412 438	–	412 438	26 921	–	26 921
FNB commercial	111 121	(14 029)	97 092	6 310	(401)	5 909
– Amortised cost	111 030	(14 029)	97 001	6 162	(401)	5 761
– Fair value	91	–	91	–	–	–
– Temporary stress scenario	–	–	–	148	–	148
WesBank corporate	26 986	14 029	41 015	555	401	956
RMB corporate and investment banking	343 308	–	343 308	7 405	–	7 405
Total corporate and commercial	481 415	–	481 415	14 270	–	14 270
Broader Africa	60 353	–	60 353	3 901	–	3 901
Group Treasury and other	36 230	–	36 230	623	–	623
UK operations	283 616	–	283 616	4 903	–	4 903
Retail	221 188	–	221 188	3 571	–	3 571
Commercial	62 428	–	62 428	1 332	–	1 332
Total advances at 30 June 2021	1 274 052	–	1 274 052	50 618	–	50 618

ANALYSIS OF ADVANCES AND ECL PER CLASS – AMORTISED COST

	Gross advances			Loss allowance		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Stage 1						
FNB commercial	94 617	(11 387)	83 230	1 033	(89)	944
WesBank corporate	24 174	11 387	35 561	108	89	197
Stage 2						
FNB commercial	10 126	(2 062)	8 064	1 524	(86)	1 438
WesBank corporate	1 998	2 062	4 060	122	86	208
Stage 3						
FNB commercial	6 378	(580)	5 798	3 605	(226)	3 379
WesBank corporate	814	580	1 394	325	226	551
Total						
FNB commercial	111 121	(14 029)	97 092	6 162	(401)	5 761
WesBank corporate	26 986	14 029	41 015	555	401	956

RECONCILIATION OF THE ECL ON ADVANCES PER CLASS – AMORTISED COST

	FNB commercial			WesBank corporate		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Reported as at 1 July 2020	6 028	(322)	5 706	506	322	828
– Stage 1	1 394	(104)	1 290	114	104	218
– Stage 2	1 339	(48)	1 291	111	48	159
– Stage 3	3 295	(170)	3 125	281	170	451
Acquisition/(disposal) of advances	–	–	–	1	–	1
Transfers from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(1 686)	71	(1 615)	(84)	(71)	(155)
Current period provision created/ (released)	1 820	(150)	1 670	132	150	282
– Stage 1	(947)	20	(927)	(18)	(20)	(38)
– Stage 2	1 003	(42)	961	27	42	69
– Stage 3	1 764	(128)	1 636	123	128	251
Amount as at 30 June 2021	6 162	(401)	5 761	555	401	956
– Stage 1	1 033	(89)	944	108	89	197
– Stage 2	1 524	(86)	1 438	122	86	208
– Stage 3	3 605	(226)	3 379	325	226	551

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2 Significant estimates, judgements and assumptions relating to the impairment of advances

Overview of forward-looking information included in the 30 June 2022 impairment of advances

During the year ended 30 June 2022 global economic growth continued to moderate with the sectoral composition of activity shifting from goods towards services. The invasion of Ukraine exacerbated the already elevated cost of living pressures in both developed and emerging economies. Central banks embarked on a course of interest rate hikes to stem inflation with plans to reduce fiscal stimulus, but this needs to be balanced with shielding consumers from the impacts of slowing growth and higher inflation. The complexity of these policy actions, combined with a significant increase in geopolitical risk, resulted in ongoing market volatility.

South Africa

South Africa's inflation rate lifted towards the top of the central bank's target range, resulting in an interest rate hiking cycle to lower longer-term inflation expectations. Real economic activity continued to slow – domestic household consumption in particular was impacted by the higher headline inflation. Despite the slowdown in overall activity, household data indicates that income levels among the employed have improved, following the deep contractions experienced in 2020, and retail confidence is returning. This, combined with a reduction in precautionary savings rates, underpinned household credit growth and provides some support to house prices.

With confidence slowly improving, credit demand in the corporate sector increased. Signs of positive structural reform developments included the liberalisation of energy production, confirmed private sector involvement in Transnet and the ports, and the successful completion of the 5G spectrum auction in March 2022.

United Kingdom

By the financial year end, the UK macroeconomic environment was characterised by falling consumer confidence and surging inflation. Energy and food prices continued to drive inflation higher while declining real incomes and lower confidence began to push economic activity lower. The BoE raised interest rates to control inflation. Although house prices remained elevated, signals suggested that house price growth will begin to slow given weaker economic activity and higher interest rates.

Broader Africa

General

The operating environment in the countries in broader Africa where the group operates was largely characterised by the recovery in commodity prices. Structural weaknesses in most of the countries pre-date the pandemic and will continue to constrain the recovery in the medium term – in particular Ghana and Zambia, given their distressed debt positions and further fiscal pressures in Southern African Customs Union (SACU) countries.

Namibia

Growth in Namibia began to lift gradually from its pandemic lows driven by base effects, increased mining output and an improvement in SACU revenues. These factors pose an upside to growth alongside expected investments in renewable energy infrastructure. Despite these improvements, rising inflation remained a constraint to economic activity overall. Due to the currency peg with the South African rand, Namibia's monetary policy flexibility is constrained during hiking cycles as interest rates must be on par with or above those of South Africa's in line with Namibia's official monetary policy framework. Monetary policy therefore poses further constraints on growth expectations given the country's weak consumption fundamentals, particularly as households are already highly indebted.

Botswana

During the year Botswana's economy rebounded due to a significant recovery in the mining sector. Growth in the 12 months to March 2022 expanded by 13.0% year-on-year (compared to -8.8% year-on-year at the same time last year) primarily led by improved diamond mining activities as global demand continued to recover. In the medium term, the mining sector should also be supported by the resumption of local copper mining activity. However, the disruptions caused by the war between Russia and Ukraine, along with the sanctions imposed on Russia, pose upside risks to inflation. Inflation in Botswana increased considerably during the year, due to these factors as well as higher administered prices, while a new policy rate, termed the Monetary Policy Rate, was implemented. Persistently high inflation and monetary policy risk may limit the upside to economic activity gains.

Forward-looking information

Forward-looking information has been incorporated into the expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. The process of incorporating the forward-looking information into the expected loss estimates has not changed since 30 June 2021, but there have been changes to the probabilities assigned to the scenarios and the inputs used.

For the group's South African and broader Africa operations, three macroeconomic scenarios are utilised, namely a base scenario, an upside scenario and a downside scenario. However, given the unprecedented event-driven uncertainty in the global and South African economy and the inability of economic forecasts and existing statistical models to adequately capture these shocks, an additional stress scenario was added to the macroeconomic scenarios applied to the retail and commercial portfolios specifically as at 30 June 2021 and again at 30 June 2022. Refer to page 71 for more details. The inclusion of this forward-looking scenario is a temporary measure to capture this uncertainty. The reason for limiting the temporary stress scenario to only these portfolios is that the RMB corporate and investment portfolio already incorporates stressed scenarios for high-risk industries and the impact within broader Africa was not found to be material.

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years, per major economic region that the group operates in.

Scenario	Probability	Description
Baseline	54% (2021: 58%)	> Global economic growth slows towards trend level and developed market (DM) inflation remains high but does not spiral out of control. > South Africa struggles to lift the potential growth rate meaningfully over the forecast horizon. > Confidence normalises from depressed levels inducing a normalisation in credit and savings growth. > Social unrest remains elevated but does not significantly impair confidence or operating conditions. > The climate transition progresses slowly and negotiations on the detail of the climate change deal at the United Nations Climate Change conference (COP26 deal) takes a long time with lack of meaningful implementation progress. > Russia's invasion of Ukraine contributes to higher headline inflation which limits the potential upside to real disposable income growth.
Upside	14% (2021: 13%)	> Global growth remains elevated keeping commodity prices elevated through the forecast horizon. > The South African government manages the carbon transition effectively and negotiations on the detail of the COP26 deal make meaningful progress. > Social unrest abates and the inflationary impact of Russia's invasion of Ukraine moderates significantly. > Broader fiscal and economic reforms lift the potential growth rate meaningfully over the forecast horizon. > Private sector confidence and related investment lift, resulting in higher credit extension and a drawdown in precautionary savings.
Downside	32% (2021: 29%)	> The South African government experiences significant setbacks in its efforts to manage the energy transition and decarbonisation process. > The country fails to implement growth-enhancing economic reforms. > The Covid-19 epidemic resurges resulting in increased economic restrictions. > Real credit extension falls and savings lift. > Global inflation lifts above central banks' comfort levels, resulting in significant policy tightening with negative knock-on consequences for global financial conditions and risk appetite. > Russia's invasion of Ukraine drives headline inflation significantly higher and real disposable income growth significantly lower.
Temporary stress scenario		The ECL impact of the temporary stress scenario as well as its impact on staging of the GCA has been tracked separately for classes of advances within the retail and commercial portfolios, where the temporary stress scenario had a material impact. Therefore, for the retail and commercial portfolios a weighting of 8% (2021: 11%) has been attributed to the temporary scenario, 13% (2021: 11%) to the upside scenario, 29% (2021: 26%) attributed to the downside and 50% (2021: 52%) to the baseline scenario.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2 Significant estimates, judgements and assumptions relating to the impairment of advances continued

The following table sets out the scenarios and the probabilities assigned to each scenario at 30 June 2022, for the UK operations:

Scenario	Probability	Description
Baseline	45% (2021: 50%)	> The macroeconomic environment remains very delicate with consumer confidence collapsing and growth slowing in the face of surging inflation. > Inflation lifts considerably while energy prices present significant uncertainty to the inflation outlook. > Economic activity slows and underlying growth weakens. > Real incomes decline and noisy idiosyncrasies (e.g. additional June bank holiday) result in pockets of negative growth. > Despite the weakness, labour market conditions remain tight and inflation pressures induce the BoE to increase the bank rate in response.
Upside	5% (2021: 10%)	> A range of global and domestic headwinds such as geopolitical tensions, Covid-19-related restrictions, and supply chain and inflationary pressures abate significantly quicker than currently expected. > Inflation expectations settle at a higher level in a frictionless manner, allowing for a period of higher wage growth, confidence, household spending and business investment.
Downside	35% (2021: 25%)	> Geopolitical tensions and supply chain disruptions intensify further, triggering substantial further upside pressure in commodity, agricultural and energy prices. > Inflation and other forward-looking expectations surge, causing central banks to react aggressively to contain "second round" effects. > This causes the BoE via the monetary policy committee (MPC) to raise the bank rate to 3.5%. > Coupled with an additional substantial squeeze on household and business finances and falling confidence levels, the UK falls into a mild recession with higher unemployment (7.8% peak) and falling house prices (-14% peak to trough). > The MPC then eases policy once the recovery takes hold, to support economic activity.
Severe downside	15% (2021: 15%)	> Geopolitical tensions and supply chain disruptions intensify further, triggering substantial further upside pressure in commodity, agricultural and energy prices. > Inflation and other forward-looking expectations surge, causing central banks to react aggressively to contain "second round" effects. > The UK economy experiences a deep recession due to, for example, the emergence of a vaccine-resistant strain of Covid-19 or a severe synchronised global trade/demand shock, resulting in large permanent scarring of the UK economy. > The MPC lowers the bank rate into negative territory and the UK enters a "lower for longer" interest rates environment to support economic activity. > There is a record 24% fall in house prices and a sharp rise in unemployment comparable to the financial crisis. > Economic indicators struggle to recover, with a number of variables (GDP, wage growth, productivity, inflation, asset growth) growing at a rate below trend.

Significant macroeconomic factors for 30 June 2022

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years per major economic region that the group operates in. The information below reflects the group's forecasts for each period at 30 June.

South Africa (%)	Upside scenario			Baseline scenario			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Applicable across all portfolios									
Real GDP growth	3.50	3.20	3.10	2.00	1.60	1.60	(2.70)	(0.90)	(0.90)
CPI inflation	5.60	4.40	4.40	6.40	4.60	4.60	9.90	9.30	5.80
Repo rate	5.75	5.25	5.25	5.75	5.75	5.75	10.00	10.00	7.50
Retail-specific									
Retail real growth	2.30	2.40	2.80	1.30	1.20	1.50	(1.70)	(0.70)	(0.90)
House price index growth*	5.90	6.40	7.00	3.40	3.20	3.60	(4.50)	(1.70)	(2.10)
Household debt to income	67.40	68.20	68.60	66.40	66.60	66.70	65.40	64.90	64.60
Employment growth	0.80	0.60	0.90	0.50	0.30	0.50	(0.60)	(0.20)	(0.30)
Wholesale-specific									
Fixed capital formation	2.10	7.20	6.80	1.20	3.60	3.50	(1.60)	(1.90)	(2.00)
Foreign exchange rate (USD/ZAR)	13.30	13.9	14.50	15.70	16.40	17.10	23.60	23.00	20.50

* *Applicable to the secured portfolio.*

(%)	South Africa – significant macroeconomic factors relevant to the temporary stress scenario						
	Real GDP growth	CPI inflation	Repo rate	Retail real income growth	House price index growth*	Household debt to income	Employment growth
2023	(4.10)	13.10	12.50	(2.60)	(6.80)	64.80	(1.00)
2024	(2.10)	13.80	14.00	(1.60)	(4.10)	63.90	(0.40)
2025	(2.10)	11.00	12.00	(2.00)	(4.90)	63.20	(0.60)

* *Applicable to the secured portfolio.*

UK (%)	Upside scenario			Baseline scenario			Downside scenario			Severe scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	4.00	2.70	2.20	0.60	1.70	1.80	(3.00)	0.90	1.50	(3.10)	0.50	1.10
CPI inflation	4.70	2.60	2.30	4.90	1.80	1.80	7.10	1.50	2.00	2.30	0.80	1.20
BoE rate	2.00	2.00	2.00	1.50	1.50	1.50	3.00	2.25	1.75	(0.50)	(0.50)	(0.50)
Household disposable income growth	3.80	2.50	2.20	1.90	3.30	2.60	(2.00)	3.80	4.00	1.50	2.80	2.30
House price index growth*	3.10	3.00	3.00	1.10	2.00	2.20	(6.80)	1.70	2.40	(6.70)	1.10	1.60
Unemployment rate	3.40	3.40	3.40	3.90	3.90	3.90	7.80	7.20	6.80	8.80	8.50	8.20

* *Applicable to the secured portfolio.*

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2 Significant estimates, judgements and assumptions relating to the impairment of advances continued

Broader Africa

Namibia (%)	Upside scenario			Baseline scenario			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	4.75	5.50	5.50	2.90	3.10	3.50	(0.85)	(0.50)	(0.50)
CPI inflation	4.80	4.40	4.20	5.00	4.90	4.70	7.30	7.20	7.20
Repo rate	5.75	5.25	5.25	5.50	5.75	5.75	10.00	8.00	7.00

Botswana (%)	Upside scenario			Baseline scenario			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	5.25	5.45	5.50	3.70	3.90	4.00	0.90	0.55	0.40
CPI inflation	9.30	5.83	4.50	10.65	6.88	4.90	12.89	9.49	8.22
Repo rate	2.65	2.90	2.90	3.65	3.90	3.90	4.03	4.40	4.40

30 June 2021

South Africa (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
					Applicable across all portfolios				
Real GDP growth	4.20	4.70	4.20	3.10	1.70	1.20	(1.90)	(5.00)	(2.90)
CPI inflation	3.10	3.60	4.10	4.10	4.60	5.00	7.20	7.60	8.10
Repo rate	3.25	2.75	2.50	3.50	3.75	3.75	6.35	6.50	6.50
					Retail-specific				
Retail real growth	4.20	4.70	4.20	1.10	1.30	0.80	(1.90)	(5.00)	(2.90)
House price index growth*	3.50	7.50	10.90	2.60	2.80	3.10	(1.60)	(8.00)	(7.50)
Household debt to income	75.90	76.00	76.00	75.80	75.80	75.80	76.20	76.50	76.70
Employment growth	0.60	1.00	1.30	0.45	0.39	0.36	(0.30)	(1.10)	(0.90)
					Wholesale-specific				
Fixed capital formation	0.90	7.10	10.90	0.70	2.60	3.10	(0.40)	(7.50)	(7.50)
Foreign exchange rate (USD/ZAR)	12.00	11.90	12.00	15.20	15.90	16.60	19.70	22.00	23.00

* *Applicable to the secured portfolio.*

(%)	South Africa – significant macroeconomic factors relevant to the temporary stress scenario						
	Real GDP growth	CPI inflation	Repo rate	Retail real income growth	House price index growth*	Household debt to income	Employment growth
2022	(1.20)	7.60	3.50	(0.40)	(1.00)	75.90	(0.20)
2023	(5.10)	10.30	6.00	(3.80)	(8.20)	76.00	(1.90)
2024	(6.20)	11.80	8.50	(4.10)	(16.00)	76.00	(1.10)

* *Applicable to the secured portfolio.*

UK (%)	Upside scenario			Baseline scenario			Downside scenario			Severe scenario		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Real GDP growth	10.78	4.18	3.29	7.73	2.08	1.46	3.09	0.75	2.37	(6.13)	(1.53)	1.06
CPI inflation*	3.70	2.60	1.30	1.80	1.70	1.70	0.70	1.10	1.90	0.10	0.80	2.00
BoE rate*	0.90	1.13	1.25	0.10	0.10	0.10	(0.50)	0.00	0.00	(0.50)	(0.50)	(0.50)
Household disposable income growth	2.63	1.60	2.07	(0.81)	1.94	1.18	(3.69)	0.04	0.95	(1.03)	0.09	(1.18)
House price index growth**	3.38	2.30	8.64	(0.57)	(2.25)	0.54	(2.75)	(7.50)	(2.43)	(8.12)	(17.76)	(11.75)
Employment growth#	1.63	2.21	0.45	(0.26)	0.30	0.51	0.06	(0.20)	0.44	(2.54)	0.49	1.06

* *Comparative CPI inflation and BoE rate has been disclosed in the current year.*
** *Applicable to the secured portfolio.*
# *In the prior year employment growth was used while in the current year the unemployment rate was forecast.*

Broader Africa

Namibia (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Real GDP growth	3.25	3.75	4.50	1.40	2.30	2.00	(3.00)	(1.50)	(1.00)
CPI inflation	3.00	3.00	3.00	3.80	4.00	4.10	5.92	6.75	7.00
Repo rate	2.75	2.50	2.50	3.75	3.75	3.75	6.25	6.50	6.50

Botswana (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Real GDP growth	8.00	7.00	6.30	5.10	4.10	3.70	2.34	2.30	2.20
CPI inflation	3.90	2.80	2.60	5.50	4.00	3.60	6.40	5.50	5.30
Repo rate	3.25	3.00	3.00	3.75	3.75	3.75	5.50	5.50	5.50

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3 Share capital and share premium

AUTHORISED SHARES

	2022	2021
Ordinary shares	**6 001 688 450**	6 001 688 450

Issued shares

	2022			2021		
	Number of shares	**Ordinary share capital R million**	**Share premium R million**	Number of shares	Ordinary share capital R million	Share premium R million
Opening balance	**5 609 488 001**	**56**	**7 973**	5 609 488 001	56	8 008
Shares issued	**–**	**–**	**–**	–	–	–
Total issued ordinary share capital and share premium	**5 609 488 001**	**56**	**7 973**	5 609 488 001	56	8 008
Treasury shares	**(2 101 326)**	**–**	**(68)**	(1 391 191)	–	(35)
Total issued share capital attributable to ordinary equityholders	**5 607 386 675**	**56**	**7 905**	5 608 096 810	56	7 973

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

The shareholding of subsidiaries in FirstRand Limited was 0.04% (2021: 0.02%) of total issued ordinary shares and these shares have been treated as treasury shares.

4 Contingencies and commitments
as at 30 June

		Restated
R million	**2022**	2021
Contingencies and commitments		
Guarantees (endorsements and performance guarantees)*	**59 118**	53 270
Letters of credit	**14 120**	10 059
Total contingencies	**73 238**	63 329
Irrevocable commitments	**172 795**	155 154
Committed capital expenditure*	**5 315**	4 529
Legal proceedings**	**219**	316
Other	**72**	54
Contingencies and commitments	**251 639**	223 382

* *Commitments in respect of capital expenditure and long-term investments approved by the directors.*

** *There is a small number of potential legal claims against the group, the outcome of which is uncertain at present. These claims are not regarded as material, either on an individual or a total basis, and arise during the normal course of business. On-balance sheet provisions are only raised for claims that are expected to materialise.*

The prior year balances have been restated. The impact and rationale of the restatement are disclosed below.

R million	Previously reported	Reclassified	Adjusted	Restated
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)#	49 943	3 327	–	53 270
Letters of credit	10 059	–	–	10 059
Total contingencies	60 002	3 327	–	63 329
Irrevocable commitments#	166 397	(11 243)	–	155 154
Committed capital expenditure†	3 633	–	896	4 529
Legal proceedings‡	–	316	–	316
Other	54	–	–	54
Contingencies and commitments	230 086	(7 600)	896	223 382
Legal proceedings	316	(316)	–	–

During the current year, the methodology and business rules for classification of off-balance sheet items in the retail secured lending business were reviewed and streamlined. This resulted in the re-presentation of balances from irrevocable commitments to guarantees and revocable commitments of R7 600 million that do not form part of contingencies and commitments. The related release of ECL on this restatement is not material.

† *Committed capital approved by the directors has been restated, following the identification of amounts that should have been included and which became apparent as a result of improved reporting tools implemented in the current year, offset by an amount that was incorrectly included in the prior year.*

‡ *Legal proceedings were previously shown in a separate section of the note. They have now been included as part of contingencies and commitments.*

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

5 Fair value measurements

Fair value hierarchy

The following table presents the fair value hierarchy and applicable measurement basis of assets and liabilities of the group which are recognised at fair value.

	2022			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	476	64 545	646	65 667
Advances	–	48 384	47 299	95 683
Investment securities	109 998	99 613	3 040	212 651
Non-recourse investments	822	6 191	–	7 013
Commodities	17 580	–	–	17 580
Investment properties	–	–	698	698
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	–	–
Total fair value assets	128 876	218 733	51 683	399 292
Liabilities				
Recurring fair value measurements				
Short trading positions	14 614	–	9	14 623
Derivative financial instruments	208	62 132	2 207	64 547
Deposits	1 103	39 821	5 621	46 545
Non-recourse deposits	–	7 013	–	7 013
Other liabilities	–	68	3	71
Policyholder liabilities under investment contracts	–	5 396	–	5 396
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	15 925	114 430	7 840	138 195

	2021			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments (restated)*	41	65 214	1 206	66 461
Advances	–	61 106	34 218	95 324
Investment securities	118 080	100 310	3 165	221 555
Non-recourse investments	329	8 688	–	9 017
Commodities	18 641	–	–	18 641
Investment properties	–	–	659	659
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	19	19
Total fair value assets	137 091	235 318	39 267	411 676
Liabilities				
Recurring fair value measurements				
Short trading positions	18 945	–	–	18 945
Derivative financial instruments (restated)*	41	66 533	1 595	68 169
Deposits	1 046	39 989	4 471	45 506
Non-recourse deposits	–	9 017	–	9 017
Other liabilities	–	50	2	52
Policyholder liabilities under investment contracts	–	5 378	–	5 378
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	1	–	1
Total fair value liabilities	20 032	120 968	6 068	147 068

* *Restated, refer to pages 57 and 58 for details.*

Non-recurring fair value measurements

A disposal group and investment in associate was classified as a disposal group held for sale at 30 June 2022. The entirety of the disposal group and investment in associate is subject to IFRS 5 measurement criteria. The disposal group was measured at fair value less costs to sell and categorised as level 3 fair value hierarchy.

Valuation techniques and significant inputs used to determine fair values

The valuation techniques applied by the group for recurring and non-recurring fair value measurement of assets and liabilities categorised as level 2 and level 3 can be found in *Note 34 – Fair value measurement* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

5 Fair value measurements continued

	2021 – Restatement of derivative asset and derivative liabilities (level 2)	
R million	Assets Derivative financial instruments	Liabilities Derivative financial instruments
Previously reported	81 481	82 800
Adjustment	(16 267)	(16 267)
Restated*	65 214	66 533

* *Restated, refer to pages 57 and 58 for details.*

Additional disclosures for level 3 financial instruments

Transfers between fair value hierarchy levels

The following represents the significant transfers into levels 1, 2 and 3 and the reasons for these transfers. Transfers between levels of the fair value hierarchy are deemed to occur at the beginning of the reporting period.

	2022		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	**689**	**(41)**	The market for certain investment securities has become liquid in the current year which resulted in transfers from level 3 into level 1.
Level 2	**607**	**(1 405)**	Increased liquidity in the market for certain investment securities, as well as equity-linked deposits that are approaching maturity, resulted in transfers from level 3 to level 2 due to the significant inputs becoming more observable during the current period.
Level 3	**1 446**	**(1 296)**	Investment securities and equity-linked deposits, whose fair value have been observable in a traded market, no longer met the criteria for level 1 and 2, as the market has become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	**2 742**	**(2 742)**	
	2021		
Level 1	945	(24)	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 and level 2 into level 1.
Level 2	210	(1 025)	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2.
Level 3	607	(713)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1 and level 2, as active trading ceased during the period and the fair value was determined using significant unobservable inputs.
Total transfers	1 762	(1 762)	

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

5 Fair value measurements continued

Changes in level 3 instruments with recurring fair value measurements

The following table shows a reconciliation of the opening and closing balances for assets and liabilities measured at fair value on a recurring basis classified as level 3 in terms of the fair value hierarchy.

R million	Derivative financial assets	Advances	Investment securities	Investment properties
Balance as at 30 June 2020	925	48 633	3 886	722
Gains or losses recognised in profit or loss	816	669	280	(89)
Losses recognised in other comprehensive income	–	–	(356)	–
Purchases, sales, issue and settlements	(535)	(14 146)	(509)	26
Acquisitions/disposals of subsidiaries	–	–	2	–
Net transfer to level 3	–	–	(106)	–
Exchange rate differences	–	(938)	(32)	–
Balance as at 30 June 2021	**1 206**	**34 218**	**3 165**	**659**
Gains or losses recognised in profit or loss	**(30)**	**1 971**	**256**	**(19)**
Gains recognised in other comprehensive income	**–**	**–**	**8**	**–**
Purchases, sales, issue and settlements	**(517)**	**10 394**	**340**	**–**
Acquisitions/disposals of subsidiaries	**–**	**–**	**(15)**	**58**
Net transfer to level 3	**(13)**	**–**	**(702)**	**–**
Exchange rate differences	**–**	**716**	**(12)**	**–**
Balance as at 30 June 2022	**646**	**47 299**	**3 040**	**698**

Decreases in level 3 assets and liabilities are included in brackets. Decreases in the value of assets are the result of losses, sales and settlements or the disposal of subsidiaries. Decreases in the value of liabilities are the result of gains, settlements or the disposal of subsidiaries.

Gains or losses on advances classified as level 3 of the hierarchy comprise gross interest income on advances, fair value of credit adjustments and adjustments due to changes in currency and base rates. These instruments are funded by liabilities whereby the inherent risk is hedged by interest rate or foreign currency swaps. The corresponding gross interest expense is not disclosed in the fair value note as these items are typically measured at amortised cost.

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	Short-term trading positions	Derivative financial liabilities	Other liabilities	Deposits
	–	1 856	300	5 063
	–	319	(47)	(215)
	–	–	–	–
	–	(580)	(251)	(351)
	–	–	–	–
	–	–	–	–
	–	–	–	(26)
	–	**1 595**	**2**	**4 471**
	–	**1 341**	**1**	**122**
	–	**–**	**–**	**–**
	9	**(328)**	**–**	**(241)**
	–	**–**	**–**	**–**
	–	**(401)**	**–**	**1 266**
	–	**–**	**–**	**3**
	9	**2 207**	**3**	**5 621**

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

5 Fair value measurements continued

Unrealised gains or losses on level 3 instruments with recurring fair value measurements

The valuation models for level 3 assets or liabilities typically rely on a number of inputs that are not readily observable, either directly or indirectly. Thus, the gains or losses presented below include changes in the fair value related to both observable and unobservable inputs.

The table below presents the total gains or losses relating to the remeasurement of assets and liabilities carried at fair value on a recurring basis classified as level 3 that are still held at reporting date. With the exception of interest on funding instruments designated at FVTPL and FVOCI debt instruments, all gains or losses are recognised in NIR.

	2022		2021	
R million	**Gains/(losses) recognised in the income statement**	**Gains/(losses) recognised in other comprehensive income**	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income
Assets				
Derivative financial instruments	**117**	**–**	782	–
Advances*	**1 525**	**–**	799	–
Investment securities	**515**	**–**	287	(300)
Investment properties	**(19)**	**–**	(89)	–
Total	**2 138**	**–**	1 779	(300)
Liabilities				
Derivative financial instruments	**(1 268)**	**–**	(288)	–
Deposits	**(109)**	**–**	86	–
Other liabilities	**1**	**–**	–	–
Short trading positions	**(1)**	**–**	–	–
Total	**(1 377)**	**–**	(202)	–

* *Mainly accrued interest on fair value advances and movements in interest rates and foreign currency that have been economically hedged. These advances are primarily classified as level 3, as credit spreads could be a significant input and are not observable for loans and advances in most of RMB's key markets. Inputs relating to interest rates and foreign currencies are regarded as observable.*

Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives

	2022			2021		
		Reasonably possible alternative fair value			Reasonably possible alternative fair value	
R million	Fair value	Using more positive assump-tions	Using more negative assump-tions	Fair value	Using more positive assump-tions	Using more negative assump-tions
Assets						
Derivative financial instruments	**646**	**703**	**589**	1 206	1 344	1 067
Advances	**47 299**	**47 366**	**47 231**	34 218	34 295	34 152
Investment securities	**3 040**	**3 186**	**2 908**	3 165	3 290	2 921
Investment properties	**698**	**703**	**520**	659	724	593
Total financial assets measured at fair value in level 3	**51 683**	**51 958**	**51 248**	39 248	39 653	38 733
Liabilities						
Derivative financial instruments	**2 207**	**2 114**	**2 305**	1 595	1 508	1 680
Deposits	**5 621**	**5 593**	**5 648**	4 471	4 441	4 501
Short trading positions	**9**	**9**	**9**	–	–	–
Other liabilities	**3**	**3**	**3**	2	2	2
Total financial liabilities measured at fair value in level 3	**7 840**	**7 719**	**7 965**	6 068	5 951	6 183

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

5 Fair value measurements continued

Financial instruments not measured at fair value

The following represents the fair values of financial instruments not carried at fair value in the statement of financial position, but for which fair value is required to be disclosed. For all other financial instruments, the carrying value is equal to or a reasonable approximation of the fair value.

	2022				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	**1 238 641**	**1 246 930**	**–**	**148 282**	**1 098 648**
Investment securities	**162 485**	**156 639**	**107 835**	**38 550**	**10 254**
Total financial assets at amortised cost	**1 401 126**	**1 403 569**	**107 835**	**186 832**	**1 108 902**
Liabilities					
Deposits	**1 602 414**	**1 603 572**	**567**	**1 259 157**	**343 848**
Other liabilities	**5 343**	**5 352**	**–**	**4 303**	**1 049**
Tier 2 liabilities	**20 937**	**21 111**	**–**	**21 111**	**–**
Total financial liabilities at amortised cost	**1 628 694**	**1 630 035**	**567**	**1 284 571**	**344 897**
	2021				
Assets					
Advances	1 128 110	1 147 500	–	120 714	1 026 786
Investment securities	137 615	137 071	110 822	19 969	6 280
Total financial assets at amortised cost	1 265 725	1 284 571	110 822	140 683	1 033 066
Liabilities					
Deposits	1 487 555	1 491 024	513	1 179 295	311 216
Other liabilities	4 808	4 823	–	4 248	575
Tier 2 liabilities	20 940	21 397	–	21 397	–
Total financial liabilities at amortised cost	1 513 303	1 517 244	513	1 204 940	311 791

Day 1 profit or loss

The following table represents the aggregate difference between transaction price and fair value based on a valuation technique yet to be recognised in profit or loss.

R million	2022	2021
Opening balance	**108**	197
Day 1 profits or losses not initially recognised on financial instruments in the current year	**369**	281
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(134)**	(370)
Closing balance	**343**	108

6 Summary segment report

6.1 Reportable segments

	Year ended 30 June 2022										
	Retail and commercial										
	FNB										
R million	FNB SA	FNB broader Africa	Total FNB	WesBank	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Profit before tax	26 143	2 299	28 442	2 270	30 712	11 615	4 134	220	46 681	151	46 832
Total assets	449 722	56 045	505 767	145 798	651 565	621 725	370 600	360 588	2 004 478	(76)	2 004 402
Total liabilities*	426 894	53 275	480 169	144 442	624 611	608 635	343 083	247 364	1 823 693	–	1 823 693

* *Total liabilities are net of interdivisional balances.*

	Year ended 30 June 2021										
	Retail and commercial										
	FNB										
R million	FNB SA**	FNB broader Africa	Total FNB	WesBank**	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Profit before tax	21 587	1 607	23 194	1 848	25 042	9 942	3 272	(1 283)	36 973	318	37 291
Total assets	415 887	53 184	469 071	142 671	611 742	591 309	325 195	341 797	1 870 043	(30)	1 870 013
Total liabilities*	397 586	51 583	449 169	141 135	590 304	579 835	300 915	231 072	1 702 126	–	1 702 126

* *Total liabilities are net of interdivisional balances.*

** *Restated.*

6.2 Geographical segments

	Year ended 30 June 2022				
R million	South Africa	Other Africa	United Kingdom	Other	Total
Non-interest revenue	41 854	6 532	1 159	194	49 739
– Non-interest revenue from contracts with customers	37 060	5 323	447	45	42 875
– Other non-interest revenue	3 322	1 209	691	151	5 373
– Share of profits of associated and joint ventures after tax	1 472	–	21	(2)	1 491
	Year ended 30 June 2021				
Non-interest revenue	39 890	6 030	748	65	46 733
– Non-interest revenue from contracts with customers	34 902	4 871	451	53	40 277
– Other non-interest revenue	3 464	1 159	283	12	4 918
– Share of profits of associated and joint ventures after tax	1 524	–	14	–	1 538

7 Events after reporting period

The disposal of non-current assets held for sale in FNB Tanzania was completed on 7 July 2022 (refer to *Note 14 – Non-current assets and disposal groups held for sale* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting).

On 8 July 2022, FirstRand offered to acquire the non-cumulative non-redeemable B preference shares (preference shares) at par value from preference shareholders. This will result in a change in the classification of these preference shares from equity to liabilities in the 2023 financial year. On 25 August 2022, preference and ordinary shareholders approved the repurchase of FirstRand's preference shares at par.

The realisation of RMB's private equity investment in Studio 88 closed on 3 October 2022.

definitions, abbreviations and supplementary information

Definitions

Additional Tier 1 (AT1) capital	AT1 capital instruments and qualifying capital instruments issued out of fully consolidated subsidiaries to third parties less specified regulatory deductions
Age distribution	The number of months between the loan completion and the end of the reporting period plus one (in line with the banding requirements). Percentage for each age band is based on the current exposure
Arrears	A percentage that expresses the current exposure of the loans with one or more months in arrears to the total current book exposure for the reporting period
Balance-to-market value	The current exposure divided by the indexed valuation (indexing model uses Nationwide and IPD indices). Percentage for each balance-to-market value band is based on the current exposure
Balance-to-original value	The current exposure divided by the original valuation. Percentage for each balance-to-original value band is based on the current exposure
Capital adequacy ratio (CAR)	Total qualifying capital and reserves divided by RWA
Common Equity Tier 1 (CET1) capital	Share capital and premium, qualifying reserves and third-party capital, less specified regulatory deductions
Core lending advances	Total advances excluding assets under agreements to resell
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average core lending advances (average between the opening and closing balance for the year)
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures
Dividend cover	Normalised earnings per share divided by dividend per share
Effective tax rate	Tax per the income statement divided by the profit before tax per the income statement
Impairment charge	Amortised cost impairment charge and credit fair value adjustments
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits
Loss given default (LGD)	Economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default
Net income after capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves
Normalised earnings	The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares, including treasury shares
Normalised net asset value	Normalised equity attributable to ordinary equityholders
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares
Price earnings ratio (times)	Closing price at end of period divided by basic normalised earnings per share
Price-to-book (times)	Closing share price at end of period divided by normalised net asset value per share
Return on assets (ROA)	Normalised earnings divided by average assets
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity
Risk-weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable
Shares in issue	Number of ordinary shares listed on the JSE
Technical cures	Performing accounts that are classified as stage 3/NPL because they have defaulted in the past and do not meet the stringent cure definition of performance for several consecutive months
Tier 1 ratio	Tier 1 capital divided by RWA
Tier 1 capital	CET1 capital plus AT1 capital
Tier 2 capital	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties, and qualifying provisions less specified regulatory deductions
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE

Abbreviations

ABF	Asset-based finance
ACI	African, Coloured and Indian
ALM	Asset-liability management
APE	Annual premium equivalent
AT1	Additional Tier 1
AUM	Assets under management
BCBS	Basel Committee on Banking Supervision
BoE	Bank of England
CAGR	Compound annual growth rate
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
COP26	26th United Nations Climate Change Conference
Covid-19	Coronavirus disease
CPI	Consumer price inflation
CSI	Corporate social investment
DM	Developed market
ECL	Expected credit loss
EIR	Effective interest rate
EPS	Earnings per share
ESG	Environmental, social and governance
EY	Ernst & Young
FLI	Forward-looking information
FRB	FirstRand Bank Limited
FREMA	FirstRand EMA Holdings (Pty) Ltd
FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FRISCOL	FirstRand Insurance Services Company
FRM	Financial resource management
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
G3	Major central banks
GCA	Gross carrying amount
GTSY	FirstRand Group Treasury
HEPS	Headline earnings per share
HQLA	High-quality liquid assets
IFRS	International Financial Reporting Standards
ITRGC	Information technology risk and governance committee
JSE	Johannesburg Stock Exchange
LECL	Lifetime expected credit losses
MOI	Memorandum of incorporation
MPC	Monetary Policy Committee
MVNO	Mobile virtual network operator

Abbreviations continued

NAV	Net asset value
NIACC	Net income after cost of capital
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NOSIA	Notice of sums in arrears
NPLs	Non-performing loans
NSX	Namibian Stock Exchange
P2P	Private-to-private
PBT	Profit before tax
PPP	Public-private partnership
PwC	PricewaterhouseCoopers Inc.
QE	Quantitative easing
ROA	Return on assets
ROE	Return on equity
RWA	Risk-weighted assets
SACU	Southern African Customs Union
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SENS	Stock Exchange News Service
SME	Small and medium-sized enterprise
SPV	Special purpose vehicles
TCFD	Task Force on Climate-related Financial Disclosures
TFS	Toyota Financial Services (Pty) Ltd
UK	United Kingdom
VAF	Vehicle asset finance
VAT	Value-added tax
VSI	Vertical sales index
VWFS	Volkswagen Financial Services (Pty) Ltd
WIM	Wealth and investment management

Abbreviations of financial reporting standards

International Financial Reporting Standards

IFRS 1	IFRS 1 – First-time Adoption of International Financial Reporting Standards
IFRS 2	IFRS 2 – Share-based Payment
IFRS 3	IFRS 3 – Business Combinations
IFRS 4	IFRS 4 – Insurance Contracts
IFRS 5	IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	IFRS 7 – Financial Instruments – Disclosures
IFRS 8	IFRS 8 – Operating Segments
IFRS 9	IFRS 9 – Financial Instruments
IFRS 13	IFRS 13 – Fair Value Measurement
IFRS 15	IFRS 15 – Revenue
IFRS 16	IFRS 16 – Leases
IFRS 17	IFRS 17 – Insurance Contracts

International Accounting Standards

IAS 1	IAS 1 – Presentation of Financial Statements
IAS 2	IAS 2 – Inventories
IAS 7	IAS 7 – Statement of Cash Flows
IAS 8	IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	IAS 10 – Events After the Reporting Period
IAS 12	IAS 12 – Income Taxes
IAS 16	IAS 16 – Property, Plant and Equipment
IAS 17	IAS 17 – Leases
IAS 18	IAS 18 – Revenue
IAS 19	IAS 19 – Employee Benefits
IAS 20	IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	IAS 21 – The Effects of Changes in Foreign Exchange Rates
IAS 23	IAS 23 – Borrowing Costs
IAS 24	IAS 24 – Related Party Disclosures
IAS 27	IAS 27 – Consolidated and Separate Financial Statements
IAS 28	IAS 28 – Investments in Associates and Joint Ventures
IAS 29	IAS 29 – Financial Reporting in Hyperinflationary Economies
IAS 32	IAS 32 – Financial Instruments – Presentation
IAS 33	IAS 33 – Earnings Per Share
IAS 34	IAS 34 – Interim Financial Reporting
IAS 36	IAS 36 – Impairment of Assets
IAS 37	IAS 37 – Provisions, Contingent Liabilities and Contingent Assets
IAS 38	IAS 38 – Intangible Assets
IAS 39	IAS 39 – Financial Instruments – Recognition and Measurement
IAS 40	IAS 40 – Investment Property

IFRS Interpretations Committee Interpretations

IFRIC 17	IFRIC 17 – Distributions of Non-cash Assets to Owners
IFRIC 22	IFRIC 22 – Foreign Currency Transactions and Advance Consideration
IFRIC 23	IFRIC 23 – Uncertainty over Income Tax Treatments

shareholders' information

Analysis of ordinary shareholders

as at 30 June 2022

	Number of shareholders	Shares held (thousands)	%
Major shareholders			
Public Investment Corporation		900 343	16.1
Royal Bafokeng Holdings		166 826	3.0
Remgro Limited (Remgro)		137 281	2.4
BEE partners*		292 894	5.2
Subtotal		1 497 344	26.7
Other		4 112 144	73.3
Total		5 609 488	100.0
Shareholder type			
Corporates (Royal Bafokeng Holdings and Remgro)		304 107	5.4
Pension funds		1 362 685	24.3
Insurance companies and banks		318 295	5.7
Unit trusts		1 887 607	33.7
Individuals		190 748	3.4
BEE partners*		292 894	5.2
Other		1 253 152	22.3
Total		5 609 488	100.0
Public and non-public shareholders			
Public	96 618	5 003 799	89.2
Non-public			
– Corporates (Royal Bafokeng Holdings and Remgro)**	4	304 107	5.4
– Directors and prescribed officers#	11	8 688	0.2
– BEE partners*	7	292 894	5.2
Total	96 640	5 609 488	100.0
Geographic ownership			
South Africa		2 917 819	52.0
International		2 036 231	36.3
Unknown/unanalysed		655 438	11.7
Total		5 609 488	100.0

* *BEE partners include FirstRand Empowerment Trust, FirstRand Staff Assistance Trust, MIC Investment Holdings, Mineworkers Investment Trust, Kagiso Charitable Trust, WDB Trust No 2 and WDB Investment Holdings.*

** *The group has two corporate shareholders (Royal Bafokeng Holdings and Remgro), which hold their FirstRand shares in multiple accounts (four in total).*

Reflects direct beneficial ownership.

Analysis of B preference shareholders

	Number of shareholders	Shares held (thousands)	%
Public and non-public shareholders			
Public	5 674	45 000	100.0
Non-public			
– Directors	–	–	–
Total	5 674	45 000	100.0

Company information

Directors

WR Jardine (chairman), AP Pullinger (chief executive officer), HS Kellan (financial director), M Vilakazi (chief operating officer), JP Burger, GG Gelink, RM Loubser, TS Mashego, PD Naidoo, Z Roscherr, SP Sibisi, LL von Zeuner, T Winterboer

Company secretary and registered office

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JSE sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
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Sandton 2196
Tel: +27 11 282 8000

Namibian sponsor

Simonis Storm Securities (Pty) Ltd

4 Koch Street
Klein Windhoek
Namibia

Transfer secretaries – South Africa

Computershare Investor Services (Pty) Ltd

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Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132
Tel: +27 11 370 5000
Fax: +27 11 688 5248

Transfer secretaries – Namibia

Transfer Secretaries (Pty) Ltd

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Deloitte & Touche

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notice of annual general meeting

invitation to shareholders by the chairman

ROGER JARDINE
Chairman

2022 Notice of annual general meeting

In accordance with the memorandum of incorporation (MOI), FirstRand Limited's upcoming 26th annual general meeting (AGM or meeting) will be held by electronic meeting participation at 09:00 on Thursday, 1 December 2022 to consider, and if deemed fit, pass with or without modification, the resolutions as set out in the *Notice of AGM*.

The upcoming AGM will be conducted as a virtual meeting (i.e. by electronic communication and teleconference), providing shareholders with the opportunity to attend the AGM and participate online using a smartphone, tablet or computer. Voting is also expected to be effected online (through the use of the Summit virtual meeting platform at https://meetnow.global/za).

Steps to follow in order to participate in the AGM:

1. Prior registration is mandatory in order to be able to participate in the meeting. Registration can take place by:
   a. registering online using the online registration portal at https://meetnow.global/za; or
   b. applying to Computershare by sending an email with proof of identification to proxy@computershare.co.za.
2. Once the registration process has been approved, an invitation code and teleconference details will be sent via email to shareholders who have pre-registered and are entitled to participate in the meeting.
3. Shareholders can then access the online meeting platform at https://meetnow.global/za
4. A shareholders' guide is available in the *Notice of AGM* on page 131 or on the FirstRand website at www.firstrand.co.za to assist and provide meeting participation guidelines.

* *Kindly note that registrations will still be accepted up until commencement of the meeting, but will be subject to a vetting and verification process which may delay the receipt of login credentials.*

Summary of resolutions to be tabled at the AGM

The following will be dealt with as the ordinary business of the AGM and the ordinary resolutions below will be tabled for consideration at the AGM:

> present the audited annual financial statements of the group and company, as approved by the board of directors of the group and company (directors or board), including the reports of the external auditor, audit committee and directors, for the year ended 30 June 2022 (available on the company's website at https://www.firstrand.co.za/investors/annual-reporting/) and the summary consolidated annual financial statements, which are included in the 2022 annual integrated report, of which this notice forms part and has been distributed to shareholders, as required by the Companies Act 71 of 2008 (the Act) and the JSE Limited Listings Requirements (Listings Requirements);

> present the report of the social, ethics and transformation committee of the company for the financial year ended 30 June 2022. This report can be accessed on pages 32 to 35 in the *Corporate governance report*, which is available on the company's website at https://www.firstrand.co.za/investors/annual-reporting/;

> in terms of the provisions of the company's MOI on director rotation, the directors who retire offer themselves for re-election and their abridged *curricula vitae* have been included in the *Notice of AGM* (ordinary resolutions number 1.1 and 1.2);

> in terms of the provisions of the company's MOI, the vacancy filled on the board by any person as a director during the year subsequent to the last AGM requires election by the shareholders at the AGM following such appointment and the *curriculum vitae* has been included in the *Notice of AGM* (ordinary resolution number 1.3);

> to reappoint the company's joint auditors, Deloitte & Touche and PricewaterhouseCoopers Inc. (ordinary resolutions number 2.1 and 2.2);

> a general authority to issue authorised but unissued ordinary shares for cash up to a maximum of 1.5% (excluding treasury shares) of the ordinary shares in issue as at date of this notice (ordinary resolution number 3); and

> to provide signing authority to the directors and/or company secretary of the company to sign documents as deemed necessary for the implementation of resolutions passed at the AGM (ordinary resolution number 4).

The advisory endorsements will be tabled for consideration at the AGM:

> To consider and, if deemed fit, to endorse, by way of separate, non-binding advisory votes, the company's remuneration policy and remuneration implementation report. The full remuneration report is available at https://www.firstrand.co.za/media/investors/annual-reporting/.

The following special resolutions will be tabled for consideration at the AGM:

> a renewal of the authority given by shareholders at the previous AGM that will allow the repurchase of the company's shares by the company or any subsidiary during the period of the authority, should the directors deem the circumstances to be appropriate. Any repurchases will be made in accordance with the provisions of the Act and the Listings Requirements of the JSE and Namibia Stock Exchange (NSX), where applicable (special resolution number 1);

> to provide financial assistance to directors and prescribed officers as employee share scheme beneficiaries and to provide financial assistance to related and interrelated entities. This is subject to compliance with the requirements of the MOI, the Act and any other relevant legislation and the Listings Requirements of the JSE and NSX, where applicable (special resolutions number 2.1 and 2.2); and

> to approve the non-executive directors' fee increase of 6% with effect from 1 December 2022 in accordance with the provisions of section 66(9) of the Act (special resolution number 3).

WILLIAM RODGER JARDINE ~ Chairman

12 October 2022

Notice of annual general meeting

FirstRand Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1966/010753/06)
JSE ordinary share code: FSR ISIN: ZAE000066304
NSX ordinary share code: FST
LEI: 529900XYOP8CUZU7R671
(FirstRand or the company)

Notice is hereby given to all holders of ordinary shares in the company (shareholders) that the 26th annual general meeting of FirstRand will be held by electronic meeting participation at 09:00 on Thursday, 1 December 2022, to deal with such business as may lawfully be dealt with at the meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary resolutions, endorsements and special resolutions set out hereunder in the manner required by the Companies Act 71 of 2008, as amended (the Act), as read with the JSE Limited Listings Requirements (Listings Requirements), the Namibia Stock Exchange (NSX) where applicable and the Banks Act 94 of 1990 (the Banks Act).

Electronic participation by shareholders

This meeting will be conducted by electronic communication as contemplated in section 63(2)(b) of the Act and shareholders can access the meeting platform at https://meetnow.global/za. A shareholders' guide is available in the *Notice of AGM* on page 131, or on the FirstRand website at https://www.firstrand.co.za/investors/annual-reporting/, to assist and provide meeting participation guidelines.

Record date and proxies

Record date to determine eligible shareholders to receive the Notice of AGM	Friday, 21 October 2022
Posting date	Monday, 31 October 2022
Last day to trade that determines eligible shareholders that may attend, speak and vote at the AGM	Tuesday, 22 November 2022
Record date in order to be eligible to attend and vote at the AGM	Friday, 25 November 2022
Proxies due no later than 09:00 (for administration purposes or alternatively handed to the chairman of the AGM prior to commencement of the meeting)	Tuesday, 29 November 2022
Meeting date of AGM to be held at 09:00	Thursday, 1 December 2022
Publication of meeting results must be announced on SENS within 48 hours from meeting date/time	By no later than 09:00 on Monday, 5 December 2022

Notes: The above dates and times are subject to amendment, provided that in the event of an amendment an announcement will be released on the Stock Exchange News Service (SENS).

All times indicated above are South African times.

Agenda

Presentation of audited annual financial statements

The presentation of the audited annual financial statements of the group and company as approved by the board of directors of the company (directors or board), including the reports of the external auditors, audit committee and directors' report for the year ended 30 June 2022, and the summary consolidated financial statements for the year ended 30 June 2022, which are included in the 2022 annual integrated report, of which this notice forms part, will be presented to the shareholders as required in terms of section 30(3)(d) of the Act.

The audited annual financial statements of the group and company are available on company's website at https://www.firstrand.co.za/investors/annual-reporting/.

Presentation of social, ethics and transformation committee

The report of the company's social, ethics and transformation committee for the year ended 30 June 2022 is set out on pages 32 to 35 in the *Corporate governance report*, which is available on FIrstRand's website at https://www.firstrand.co.za/investors/annual-reporting/, as required in terms of regulation 43(5)(c) of the Act's Regulations, 2011.

Ordinary resolutions for consideration and adoption

1. ORDINARY RESOLUTIONS NUMBER 1.1 AND 1.2: RE-ELECTION OF DIRECTORS

The percentage of voting rights required for ordinary resolutions number 1.1 and 1.2 to be adopted is more than 50% (fifty per cent) of the voting rights exercised on each resolution.

Mr GG Gelink and Mr LL von Zeuner, being eligible, offer themselves for re-election.

The nominations committee has considered the appropriate demographics and broader diversity (which applies to, *inter alia*, academic qualifications, technical expertise, relevant industry knowledge, nationality, age, culture, race and gender) together with the balance between non-executive and executive directors and the need for majority independent non-executive directors. Furthermore, the committee has considered balance of the board and evaluated the independence of the directors (where applicable), taking into consideration their expertise, performance and contribution, and has recommended to the board that these directors be proposed for re-election.

Mr Gelink has served on the board for a period longer than nine years. Taking into consideration the provisions of King IV code and the critical transition of the first set of incoming joint auditors for the 2024 financial year end, the SARB Prudential Authority has granted an exemption from the effects of Directive 4/2018 to continue to serve as an independent non-executive director until the 2024 annual general meeting. Following a rigorous annual review, the board concluded that Mr Gelink continues to be independent in character and exercises objective judgement in board deliberations by always acting in the best interests of the company.

The board has considered the proposals of the nominations committee and recommends the re-election of Mr GG Gelink and Mr LL von Zeuner.

Ordinary resolution number 1.1

Resolved that Mr GG Gelink be and is hereby elected as an independent non-executive director of the company.

Ordinary resolution number 1.2

Resolved that Mr LL von Zeuner be and is hereby elected as an independent non-executive director of the company.

The abridged *curricula vitae* of directors standing for re-election for ordinary resolutions number 1.1 and 1.2 are set out on page 124 of this *Notice of AGM*.

2. ORDINARY RESOLUTION NUMBER 1.3: VACANCY FILLED BY DIRECTOR

The percentage of voting rights required for ordinary resolution number 1.3 to be adopted is more than 50% (fifty per cent) of the voting rights exercised on each resolution.

Vacancies on the board are filled by the appointment of directors during the year, upon the recommendation of the nominations committee and the board. Mrs PD Naidoo was appointed by the board to fill a vacancy in accordance with the Act and the company's MOI and is now recommended by the board for election by shareholders by way of separate resolution.

Ordinary resolution number 1.3

Resolved that Mrs PD Naidoo be and is hereby elected as an independent non-executive director of the company.

The abridged *curriculum vitae* of the director standing for election for ordinary resolution number 1.3 is set out on page 125 of this *Notice of AGM*.

3. ORDINARY RESOLUTIONS NUMBER 2.1 AND 2.2: REAPPOINTMENT OF AUDITORS

The percentage of voting rights required for ordinary resolutions number 2.1 and 2.2 to be adopted is more than 50% (fifty per cent) of the voting rights exercised on each resolution.

Deloitte and PwC have both been the group's external auditors for 12 years. As communicated on SENS, it is the group's intention to appoint Ernst & Young Incorporated (EY) as one of the joint auditors of FirstRand for the financial year ending 30 June 2024, and to appoint KPMG Incorporated (KPMG) as the other joint auditor for the financial year ending 30 June 2026. These appointments are in accordance with the mandatory audit firm rotation rule issued by IRBA. Both these appointments will be subject to further assessments to evaluate the skills and expertise and/or any significant changes that could potentially impact FirstRand closer to the commencement of the formal appointment process. The group's intention is to first replace Deloitte following the completion of the 30 June 2023 financial year audit and then replace PwC following the completion of the 30 June 2025 financial year audit.

The audit committee has evaluated the independence, performance and skills of Deloitte & Touche and PricewaterhouseCoopers Inc. (PwC) and recommend their reappointment as joint auditors of the company.

Ordinary resolution number 2.1

Resolved that, as recommended by the audit committee of the company, Deloitte & Touche be and is hereby reappointed auditors of the company in terms of section 90(1A)(b) of the Act until the next annual general meeting.

Ordinary resolution number 2.2

Resolved that, as recommended by the audit committee of the company, PricewaterhouseCoopers Inc. be reappointed auditors of the company in terms of section 90(1A)(b) of the Act until the next annual general meeting.

Additional information in respect of ordinary resolutions number 2.1 and 2.2

The company's audit committee has recommended, and the directors have endorsed, the proposed appointments. It is proposed that the appointments be made on a joint basis. If one of the two resolutions proposed above (being resolutions 2.1 and 2.2) is not passed, the approved resolution passed shall be effective.

The remuneration of the company's auditors and the auditors' terms of engagement are determined by the audit committee pursuant to the Act.

4. ORDINARY RESOLUTION NUMBER 3: GENERAL AUTHORITY TO ISSUE AUTHORISED BUT UNISSUED ORDINARY SHARES FOR CASH

The percentage of voting rights required for ordinary resolution number 3 to be adopted is at least 75% (seventy-five per cent) of the voting rights exercised on the resolution.

Ordinary resolution number 3

Resolved that the directors be and are hereby authorised, by way of a renewable general authority, to issue all or any of the authorised but unissued ordinary shares in the capital of the company for cash (including the issue of any options/convertible shares that are convertible into an existing class of ordinary shares) as and when they at their discretion deem fit, subject to the following:

Notice of annual general meeting continued

> the aggregate number of shares to be allotted and issued in terms of this resolution shall be limited to 1.5% (one and a half per cent) representing 84 086 648 (excluding treasury shares) of the number of the company's shares in issue as at date of this notice; and

> the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX, where applicable, on the basis that:

- this authority shall be valid until the company's next annual general meeting or for 15 months from the date that this resolution is passed, whichever period is shorter;
- the ordinary shares which are the subject of the issue for cash under this authority must be of a class already in issue or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- the ordinary shares which are the subject of the issue for cash under this authority must be issued to public shareholders. Related parties may participate in a general issue for cash through a bookbuild process provided that:
  - (i) they may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and that the book closes at a higher price the relevant related party will be "out of the book" and not be allocated shares; and
  - (ii) equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;
- any such general issues are subject to exchange control regulations and approval at that point in time;
- an announcement giving full details will be published at the time of any issue representing the authority of 1.5% (one and a half per cent) in accordance with the Listings Requirements;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the shares; and
- in respect of shares which are the subject of the general issue of shares for cash:
  - any ordinary shares issued under this authority during the period contemplated must be deducted from the aggregate number of shares to be allotted and issued in terms of this resolution;
  - in the event of a subdivision or consolidation of issued ordinary shares during the period contemplated above, the existing authority in terms of this resolution must be adjusted accordingly to represent the same allocation ratio; and
  - the calculation of the listed ordinary shares is a factual assessment of the listed ordinary shares as at the date of the notice of the annual general meeting, excluding treasury shares.

Reason and effect of ordinary resolution number 3

This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required.

5. ORDINARY RESOLUTION NUMBER 4: SIGNING AUTHORITY TO AUTHORISE DIRECTOR AND/OR COMPANY SECRETARY

The percentage of voting rights required for ordinary resolution number 4 to be adopted is more than 50% (fifty per cent) of the voting rights exercised on the resolution.

Ordinary resolution number 4

Resolved that each director and/or the company secretary of the company, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the resolutions passed at the AGM of the company and set out in this *Notice of AGM*.

Additional information in respect of ordinary resolution number 4

For the sake of practicality, the directors and/or the company secretary of the company must be empowered to enforce the resolutions so passed by the shareholders at this AGM, if any.

6. ADVISORY ENDORSEMENTS OF THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

6.1 Endorsement of remuneration policy

To endorse, through a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees), as set out on pages 7 to 25 in the remuneration report on the group's website at https://www.firstrand.co.za/investors/annual-reporting/.

6.2 Endorsement of remuneration implementation report

To endorse, through a non-binding advisory vote, the company's remuneration implementation report, as set out on pages 26 to 78 in the remuneration report available on the group's website at https://www.firstrand.co.za/investors/annual-reporting/.

Additional information in respect of advisory endorsement of the remuneration policy and implementation report

The endorsement of the remuneration policy and implementation report is tabled as a non-binding advisory vote; however, the outcome of each vote will be acknowledged when considering the remuneration policy and the implementation thereof. If either the remuneration policy or the implementation report, or both, are voted against by 25% (twenty-five per cent) or more of the voting rights exercised, the board will, as recommended by King IV and required by the Listings Requirements 3.84(j), implement certain measures to initiate engagement with the relevant shareholders. The outcome thereof will be disclosed in the 2023 remuneration report.

7. SPECIAL RESOLUTION NUMBER 1: GENERAL AUTHORITY TO REPURCHASE ORDINARY SHARES

The percentage of voting rights required for special resolution number 1 to be adopted is at least 75% (seventy-five per cent) of the voting rights exercised on the resolution.

Special resolution number 1

Resolved that the company and/or its subsidiary/subsidiaries (the group) be and are hereby authorised, in terms of a general authority, to acquire, as contemplated in section 48 of the Act, read with section 46, as amended, the company's issued shares from time to time on such terms and conditions and in such amounts as the directors may from time to time decide, but always subject to the approval, to the extent required, of the CEO of the Prudential Authority, the provisions of the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX, and subject to the following conditions:

> this general authority will be valid only until the company's next annual general meeting or 15 months from the date of the passing of this special resolution, whichever is shorter;

> the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

> repurchases may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the repurchase of such securities by the company is effected;

> the acquisitions of ordinary shares shall in the aggregate in any one financial year, not exceed 10% (ten per cent) of the company's issued ordinary share capital as at the beginning of the financial year, provided that the number of shares purchased and held by a subsidiary/subsidiaries of the company shall not exceed 10% (ten per cent) in aggregate of the number of issued shares in the company at any time;

> any such general repurchase will be subject to the applicable provisions of the Act, including sections 114 and 115 to the extent that section 48(8)(b) is applicable in relation to that particular repurchase;

> neither the company nor its subsidiary/subsidiaries will repurchase securities during a prohibited period, as defined in paragraph 3.69 of the Listings Requirements, unless they have in place a repurchase programme and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period and must include the following details:
(i) the name of the independent agent;
(ii) the date the independent agent was appointed by the company;
(iii) the commencement and termination date of the repurchase programme; and
(iv) where the quantities of securities to be traded during the relevant period are fixed (not subject to any variation);

> a resolution having been passed by the board of directors confirming that the board has authorised the repurchase, that the company and the group passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group;

> any such general repurchases are subject to exchange control regulations and approval at that time;

> when the company has cumulatively repurchased 3% (three per cent) of the initial number of the relevant class of securities, and for each 3% (three per cent) in aggregate of the initial number of that class acquired thereafter, an announcement shall be published on SENS in accordance with the Listings Requirements; and

> at any time, the company shall appoint only one agent to effect any repurchase(s) on its behalf.

Reason and effects of special resolution number 1

The reason for special resolution number 1 is to grant the company's directors a general authority, up to and including the date of the following annual general meeting of the company, to approve the company's repurchase of its shares or to permit a subsidiary of the company to purchase shares in the company.

The directors have no immediate intention to use this authority to repurchase company shares. The directors are, however, of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future.

The directors undertake that the company will not commence a general repurchase of shares as contemplated above unless:

> the company and the group will be in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of the general repurchase of shares in the open market;

> the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the general repurchase of shares in the open market, for which purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Act;

Notice of annual general meeting continued

> the ordinary share capital and reserves of the company and the group will be adequate for ordinary business purposes for the 12 months after the general repurchase of shares in the open market;

> the available working capital will be adequate to continue the operations of the company and the group for a period of 12 months after the repurchase of shares in the open market; and

> a resolution has been passed by the board of directors authorising the repurchase and confirming that the company and the group have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the company and the group.

Additional information in respect of special resolution number 1

Further information regarding special resolution number 1, as required by the Listings Requirements, is set out below.

For the purposes of considering special resolution number 1 and in compliance with paragraph 11.26 of the Listings Requirements, shareholders are referred to the additional information below.

1. *DIRECTORS' RESPONSIBILITY STATEMENT*
   The directors, whose names are given on pages 9 and 10 of the *Corporate governance report*, which is available at https://www-firstrand.co.za/investors/annual-reporting, collectively and individually accept full responsibility for the accuracy of the information contained in special resolution number 1, as well as the explanatory notes, and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard, and that this resolution contains all information required by law and the Listings Requirements.

2. *MAJOR SHAREHOLDERS*
   Details of major shareholders of the company are set out on page 112 of the annual integrated report.

3. *SHARE CAPITAL OF THE COMPANY*
   Details of the share capital of the company are set out on page 92.

4. *MATERIAL CHANGES*
   There have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred since the publication of the annual financial statements and summary thereof included in the annual integrated report to which this notice is attached.

8. SPECIAL RESOLUTION NUMBER 2.1: FINANCIAL ASSISTANCE TO DIRECTORS AND PRESCRIBED OFFICERS AS EMPLOYEE SHARE SCHEME BENEFICIARIES

The percentage of voting rights required for special resolution number 2.1 to be adopted is at least 75% (seventy-five per cent) of the voting rights exercised on the resolution.

Special resolution number 2.1

Resolved that the directors may, subject to compliance with the requirements of the MOI, the Act and any other relevant legislation, the Listings Requirements of the JSE and NSX, when applicable, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and/or 45 of the Act) to, *inter alia*, any director or prescribed officer of the company or of a related or interrelated company on such terms and conditions as the directors may determine from time to time in order to facilitate the participation by such director or prescribed officer in any employee share incentive scheme, provided that nothing in this authority will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and/or 45 of the Act, or falls within the exemptions contained in those sections.

Additional information in respect of special resolution 2.1

The company may elect to fund the long-term incentive schemes in which executive directors, prescribed officers and identified staff of the company, and related and interrelated companies, participate.

9. SPECIAL RESOLUTION NUMBER 2.2: FINANCIAL ASSISTANCE TO RELATED AND INTERRELATED ENTITIES

The percentage of voting rights required for special resolution number 2.2 to be adopted is at least 75% (seventy-five per cent) of the voting rights exercised on the resolution.

Special resolution number 2.2

Resolved that the directors may, subject to compliance with the requirements of the MOI, the Act and any other relevant legislation, the Listings Requirements of the JSE and NSX, when applicable, authorise the company to provide direct or indirect financial assistance (as contemplated in sections 44 and/or 45 of the Act) to, *inter alia*, any related or interrelated company, trust or other entity on such terms and conditions as the directors may determine from time to time, provided that nothing in this approval will limit the provision by the company of financial assistance that does not require approval by way of a special resolution of the shareholders in terms of sections 44 and/or 45 of the Act, or falls within the exemptions contained in those sections.

Additional information in respect of special resolution number 2.2

Companies within the group receive and provide loan financing and other direct and indirect financial assistance as contemplated in terms of the Act.

10. SPECIAL RESOLUTION NUMBER 3: REMUNERATION OF NON-EXECUTIVE DIRECTORS

The percentage of voting rights required for special resolution number 3 to be adopted is at least 75% (seventy five per cent) of the voting rights exercised on the resolution.

Special resolution number 3

Resolved that the proposed remuneration (plus value-added tax (VAT) thereon, when applicable, be and is hereby approved to be payable to non-executive directors for their services as directors of the company for the period 1 December 2022 to 30 November 2023 as set out in the table below. The proposed increase represents a 6% increase for all committees and chairs (3% increase in the prior year).

	Notes	Proposed remuneration for the 12-month period from 1 December 2022 to 30 November 2023 (R excl. VAT)	Current remuneration for the 12-month period from 1 December 2021 to 30 November 2022 (R excl. VAT)
Board			
Chairman	1	7 448 043	7 026 456
Director	2,3	636 037	600 035
Audit committee			
Chairman		908 624	857 193
Member		454 312	428 596
Risk, capital management and compliance committee			
Chairman		908 624	857 193
Member		454 312	428 596
Remuneration committee			
Chairman		545 173	514 314
Member		272 586	257 157
Directors' affairs and governance committee			
Chairman		174 454	164 580
Member		87 227	82 290
Large exposures committee			
Chairman		641 005	604 721
Member		320 502	302 361
Social, ethics and transformation committee			
Chairman		492 563	464 682
Member		246 282	232 341
Information technology risk and governance committee (ITRGC)	4		
Chairman		–	343 917
Member		–	171 959
Ad hoc committee	5	25 000	–

1. *The group chairman's fees cover chairmanship and membership of all board committees.*
2. *Executive directors of the company do not receive fees as members of the board.*
3. *Fees include AGMs and meeting with the SARB.*
4. *ITRGC has been dissolved effective 30 June 2022. An operational and IT risk committee has been formed and is a subcommittee of the risk, capital management and compliance committee.*
5. *For the prior year ad hoc fees were payable for additional work on an hourly basis, at a rate of R3 429 (at the request of the responsible executive). It has been agreed that for the current year, hourly ad hoc fees will no longer be payable. Fixed fees for additional board or board committees will be paid per meeting attendance.*

Notice of annual general meeting continued

Summary of abridged *curricula vitae* of directors who are eligible for re-election and election at the annual general meeting

Grant Glenn Gelink: 72
Independent non-executive director
Appointed: January 2013

BCom (Hons), BCompt (Hons), CA(SA)

Grant is a qualified chartered accountant (CA) and also holds a HDip in Education and a Dip Public Administration (Peninsula Technical College).

He has more than 26 years' experience from Deloitte and Touche LLP South Africa, where he was the CEO from 2006 to 2012.

Prior to joining Deloitte, Grant was a high school teacher in Durban for six years. Thereafter, he pursued a career at Deloitte & Touche South Africa where he held various senior executive positions ranging from partnership, consulting and advisory and CEO: human capital corporation.

He presently serves as an independent non-executive director on the boards of Allied Electronics Corporation Limited (ALTRON), Grindrod Limited and MTN Zakhele Futhi (RF) Limited.

FirstRand – board committee memberships:

> Audit
> Risk, capital management and compliance
> Directors' affairs and governance
> Information technology risk and governance (dissolved 30 June 2022)
> Remuneration

External listed directorships:

> Allied Electronics Corporation Limited (ALTRON)
> Grindrod Limited
> MTN Zakhele Futhi (RF)

Louis Leon von Zeuner: 61
Independent non-executive director
Appointed: February 2019

BEcon, Chartered Director (SA)

Louis has a bachelor's degree in Economics from the University of Stellenbosch and is a Chartered Director (SA).

In a career spanning 32 years, he has gained experience in the financial sector as well as a wide variety of other business sectors ranging from industrial, telecommunications, agriculture, sport and non-profit organisations. Louis's areas of expertise include banking, insurance, finance, auditing and risk management.

He served as the Deputy Group Chief Executive of ABSA Group Limited from 2009 to 2012 and served in various management and executive management roles. Louis served as chair of African Bank (post curatorship) from 2015 to 2018 and as chair of Tongaat Hulett from 2019 to 2022. He previously served on the boards of Afgri Limited, MMI Group Limited, enX Group (previously Eqstra), Paycorp Pty Ltd, Cricket South Africa and SA Rugby.

He presently serves as a non-executive director on the boards of Transnet SOC (state-owned) Limited, Telkom SA SOC Limited, Sappi Limited and is also a board member for some private companies and serves on the Council of the University of the Free State.

FirstRand – board committee memberships:

> Audit
> Risk, capital management and compliance
> Large exposures
> Directors' affairs and governance
> Remuneration

External listed directorships:

> Telkom SA SOC
> Transnet SOC
> Sappi (1 September 2022)

Premilla Devi (Shireen) Naidoo: 60
Independent non-executive director
Appointed: April 2022

BSc

Shireen studied chemistry and mathematics and obtained a BSc from the University of South Africa in 1986.

She has more than 30 years' extensive international and multi-sectoral experience in the fields of sustainability, and health, safety and environmental (HSE) management, supporting various key business initiatives and projects in more than 15 countries. Shireen has presented sustainability reporting papers at various international conferences including the Global Reporting Initiative (GRI) conference in Amsterdam in 2006, where the G3 version of the GRI guidelines was launched.

She started her career in analytical chemistry research and development at an international chemical company before taking on the role of HSE manager. Thereafter, she spent the greater part of her career at KPMG, where she held the position of a partner in the climate change and sustainability unit, which she was instrumental in setting up in 1998.

She has been an independent sustainability and environment, social and governance (ESG) advisor since May 2019 and the sole director of PDN Sustainability and ESG Advisors since May 2021. In addition, she is a board member and member of the remuneration committee of the National Business Initiative (NBI) (South Africa). She is also a member of the social and ethics committee forum for the Institute of Directors (South Africa).

FirstRand – board committee memberships:

- Directors' affairs and governance
- Social, ethics and transformation (3 October 2022)

External listed directorships:

- None

Notice of annual general meeting continued

Important notes regarding attendance at the annual general meeting

General

Shareholders wishing to attend the meeting should ensure beforehand with Computershare Investor Services (Proprietary) Limited that their shares are in fact registered in their name.

A shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as his/her proxy to attend, speak and vote in their stead. A proxy need not be a shareholder. Shareholders are referred to the attached form of proxy in this regard.

If you are a certificated shareholder or a dematerialised shareholder with own-name registration and are unable to attend the annual general meeting and wish to be represented thereat, you must complete and return the attached form of proxy in accordance with the instructions contained therein to be received, for the orderly arrangement of matters on the day of the annual general meeting, by Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132 or on email at proxy@computershare.co.za by no later than 09:00 on Tuesday, 29 November 2022, for administrative purposes.

If you are a dematerialised shareholder, other than with own-name registration, you must arrange with your broker or CSDP to provide you with the necessary letter of representation to attend the annual general meeting. Alternatively, you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into, between you and the broker or CSDP, in the manner and within the cut-off time stipulated therein.

Registration process and participation in the annual general meeting

Shareholders have the right to participate in the annual general meeting by way of electronic communication. All references in this notice to shareholders “attending” the annual general meeting (or cognate expressions) include a reference to attendance by way of electronic communication.

The upcoming AGM will be conducted as a virtual meeting (i.e. by electronic communication), giving you the opportunity to attend the AGM and participate online, using your smartphone, tablet or computer. Voting is also expected to be effected online (through the use of the Computershare Summit virtual meeting platform at https://meetnow.global/za).

Steps to follow to participate in the annual general meeting:

1. Prior registration is mandatory in order to be able to participate in the meeting. Registration can take place by (a) registering online using the online registration portal at https://meetnow.global/za; or (b) applying to Computershare by sending an email with proof of identification to proxy@computershare.co.za.
2. Once the registration process has been approved, an invitation code and teleconference details will be sent via email to the shareholder who has pre-registered and is entitled to participate in the meeting.
3. Shareholders can then access the online meeting platform at https://meetnow.global/za.
4. A shareholders’ guide is available in the *Notice of AGM* on page 131 or on the FirstRand website: www.firstrand.co.za to assist and provide meeting participation guidelines.

* *Kindly note that registrations will still be accepted until commencement of the meeting, but will be subject to a vetting and verification process which may delay the receipt of login credentials.*

The company will bear the cost of establishing the electronic communication whilst the cost of the shareholder dialling in will be for his/her account.

Dematerialised shareholders without own-name registration

Voting at the annual general meeting

> Your broker or CSDP should contact you to ascertain how you wish to cast your vote at the annual general meeting and thereafter cast your vote in accordance with your instructions.

> If you have not been contacted by your broker or CSDP, it is advisable for you to contact your broker or CSDP and furnish them with your voting instructions.

> If your broker or CSDP does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your broker or CSDP.

> You must not complete the attached proxy form.

Attendance and representation at the annual general meeting

> In accordance with the mandate between you and your broker or CSDP, you must advise your broker or CSDP if you wish to attend the annual general meeting and your broker or CSDP will issue the necessary letter of representation to you to attend the annual general meeting.

Dematerialised shareholders with own-name registration

Voting and attendance at the annual general meeting

> You may attend the annual general meeting and may vote at the annual general meeting.

> Alternatively, you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy in relation to the annual general meeting in accordance with the instructions it contains, and returning it to Computershare Investor Services (Proprietary) Limited to be received at Rosebank Towers,15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132, or email proxy@computershare.co.za by no later than 09:00 on Tuesday, 29 November 2022 for administrative purposes, although proxies will still be accepted at proxy@computershare.co.za until commencement of the meeting.

Certificated shareholders

Voting and attendance at the annual general meeting

> You may attend the annual general and may vote at the annual general meeting.

> Alternatively, you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy in relation to the annual general meeting in accordance with the instructions it contains and returning it to Computershare Investor Services (Proprietary) Limited to be received at Rosebank Towers,15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132, or emailing proxy@computershare.co.za by no later than 09:00 on Tuesday, 29 November 2022 for administrative purposes, although proxies will still be accepted at proxy@computershare.co.za up until commencement of the meeting.

Voting requirements

Voting will be by way of a poll and every shareholder of the company present or represented by proxy shall have one vote for every share held in the company by such shareholder.

Proof of identification required

In compliance with section 63 of the Act, note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Acceptable forms of identification include valid identity documents, drivers' licences and passports.

Summary of shareholder rights

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out below:

> A shareholder entitled to attend and vote at the meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.

> A proxy appointment must be in writing, dated and signed by the shareholder appointing the proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the meeting.

> A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

> The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the notes to the proxy form.

Notice of annual general meeting continued

Important notes regarding attendance at the annual general meeting continued

Directions for obtaining a copy of annual financial statements

The complete annual financial statements are available for inspection at the registered office and/or on the company's website at www.firstrand.co.za/investors/annual-reporting/. Alternatively, a copy thereof can be requested in writing from the company secretary at 4 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196.

By order of the board

C LOW ~ Company Secretary

12 October 2022

Transfer secretaries

Computershare Investor Services (Pty) Ltd
1st Floor Rosebank Towers
15 Biermann Avenue
Rosebank
2196

Registered office address

4 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196

FirstRand Limited

(Incorporated in the Republic of South Africa) (Registration number: 1966/010753/06)
Share code: (JSE): FSR ISIN: ZAE000066304
NSX ordinary share code: FST (FirstRand or the company)

FirstRand

Only for use by shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration.

All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the annual general meeting.

For completion by the aforesaid registered shareholders who hold ordinary shares of the company and who are unable to attend the annual general meeting of the company, to be held electronically, on Thursday, 1 December 2022 at 09:00 (the annual general meeting).

I/We

Of (address)

Email/mobile number/other contact number

Being the holder(s) of (number of ordinary shares) shares in the company, appoint (see notes overleaf)

1. Or, failing him/her

2. Or, failing him/her

3. The chair of the annual general meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general meeting that will be held for the purpose of considering and, if deemed fit, passing with or without modification the ordinary and special resolutions to be proposed thereat and to vote for and/or against such ordinary and special resolutions and/or to abstain from voting in respect of the shares registered in my/our names, and at any adjournment thereof, in accordance with the following instructions (see notes overleaf):

	For	Against	Abstain
Ordinary resolutions			
Ordinary resolutions 1.1 and 1.2 – Re-election of directors of the company by way of separate resolution			
1.1 GG Gelink			
1.2 LL von Zeuner			
Ordinary resolution 1.3 – Vacancy filled by director during the year			
1.3 PD Naidoo			
Ordinary resolution 2 – Appointment of external auditors			
2.1 Appointment of Deloitte & Touche as external auditor			
2.2 Appointment of PricewaterhouseCoopers Inc. as external auditor			
Ordinary resolution 3 – General authority to issue authorised but unissued ordinary shares for cash			
Ordinary resolution 4 – Signing authority to director and/or group company secretary			
Advisory endorsement	**For**	**Against**	**Abstain**
Advisory endorsement on a non-binding basis for the remuneration policy			
Advisory endorsement on a non-binding basis for the remuneration implementation report			
Special resolutions	**For**	**Against**	**Abstain**
Special resolution 1 – General authority to repurchase ordinary shares Special resolution 2.1 – Financial assistance to directors and prescribed officers as employee share scheme beneficiaries			
Special resolution 2.2 – Financial assistance to related and interrelated entities			
Special resolution 3 – Remuneration of non-executive directors with effect from 1 December 2022			

Signed at (place) on (date) 2022

Signature

Assisted by me
(where applicable)

Forms of proxy should (but are not required to) be received by Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132 or by email at proxy@computershare.co.za, or in Namibia by Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia, Fax number +264 6124 8531, by no later than 09:00 on Tuesday, 29 November 2022 for administrative purposes although proxies will still be accepted until commencement of the meeting.

Forms of proxy may only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration.

PLEASE SEE NOTES ON REVERSE SIDE OF THE FORM

Notes to proxy form

Use of proxies

A shareholder who holds ordinary shares (shareholder) is entitled to attend and vote at the annual general meeting and to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company.

Instructions on signing and lodging the proxy form:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the chairman of the annual general meeting will exercise the proxy. The person whose name appears first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy and participate in the electronic meeting to the exclusion of those whose names follow.

2. A shareholder's voting instructions to the proxy must be indicated by the insertion of the number of votes exercisable by that shareholder in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the shareholder's exercisable votes.
   A shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder of his/her proxy.

3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

4. To be valid the completed proxy forms should (but are not required to) be received by Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132, or by email at proxy@computershare.co.za, or in Namibia by Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia,
   fax number +264 6124 8531, by no later than 09:00 on Tuesday, 29 November 2022 for administrative purposes. Proxy forms may only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration.

5. Documentary evidence establishing the authority of a person signing a proxy form in a representative capacity must be attached to the proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.

6. The completion and lodging of this proxy form shall not preclude the relevant shareholder from attending the annual general meeting and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/signatories.

8. The chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

9. A proxy may not delegate his/her authority to any other person.

Online shareholders' meeting guide 2022: Electronic participation in the annual general meeting via Computershare summit virtual meeting platform

Visit: https://meetnow.global/za

You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure that your browser is compatible.

Access

Access the online meeting at https://meetnow.global/za, select the applicable meeting from the drop-down option.
Click 'JOIN MEETING NOW'

> If you are a shareholder:

Select 'invitation' on the login screen and enter the applicable information as per your invitation. Accept the terms and conditions and click 'continue'.

> If you are a guest:

Select 'guest' on the login screen. As a guest, you will be prompted to complete all the relevant fields, including title, first name, last name and email address.

Please note: Guests will not be able to ask questions or vote at the meeting.

> *Guests will not be required to register prior to the meeting and will be able to join 30 minutes before the start of the meeting at https://meetnow.global/za.*

If you are a proxy holder:

You will receive an email invitation the day before the meeting to access the meeting. Click on the link in the invitation to access the meeting.

Navigation

When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions and view meeting materials in the documents folder. The image highlighted in blue indicates the page you have active. The webcast will appear and begin automatically once the meeting has started.

Voting

Resolutions will be put forward once voting is declared open by the chairman. Once the voting has opened, the resolution and voting options will appear. To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or per resolution. Your vote has been cast when the green tick appears. To change your vote, select 'change your vote'.

Q&A

Any eligible shareholder/proxy attending the meeting remotely is eligible to ask a question. Select the Q&A tab and type your question into the box at the bottom of the screen and press 'send'. Alternatively, dial the teleconference number provided upon registration to ask a question.

Contact

If you have any issues accessing the website please email proxy@computershare.co.za.

STUDIO ⑤

FirstRand

WWW.FIRSTRAND.CO.ZA