FirstRand

NOTICE OF ANNUAL GENERAL MEETING AND
SUMMARY CONSOLIDATED FINANCIAL STATEMENTS **2020**

for the year ended 30 June

contents

FirstRand

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

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

integrated reporting suite

1 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, group summary consolidated statements, King IV corporate governance disclosures and notice of the annual general meeting.

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

2 ANNUAL FINANCIAL STATEMENTS

- FirstRand group audited consolidated annual financial statements
- FirstRand Limited company audited financial statements

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

3 ANALYSIS OF FINANCIAL RESULTS AND RESULTS PRESENTATION

Covers the audited summary consolidated financial results of the group based on International Financial Reporting Standards (IFRS) and provides 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/

4 BASEL PILLAR 3 DISCLOSURE

In accordance with the Basel 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/

5 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/

6 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/

NOTICE OF ANNUAL GENERAL MEETING

Invitation to shareholders by the chairman

Dear Shareholder

FIRSTRAND LIMITED 2020 NOTICE OF ANNUAL GENERAL MEETING

The spread of COVID-19 continues to have a significant impact on daily life and has influenced the manner in which traditional meetings have been held. Due to the COVID-19 pandemic and the need for social distancing and measures to combat its spread including large public gatherings, the group's primary concern is the health and safety of all stakeholders. In accordance with the memorandum of incorporation (MOI), FirstRand Limited's upcoming 24th annual general meeting (AGM or meeting) will be held by electronic meeting participation at 09:00 on Wednesday, 2 December 2020 to consider, and if deemed fit, pass with or without modification, the resolutions as set out in the notice.

The upcoming AGM will be conducted as a virtual meeting (i.e. by electronic communication), giving shareholders 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 Lumi virtual meeting platform at https://web.lumiagm.com).

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://smartagm.co.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, a username and password will be sent either via SMS or 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://web.lumiagm.com
4. A shareholders' guide is available in the *Notice of AGM* on pages 19 to 23 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 company, as approved by the board of directors of the company (directors or board), including the reports of the external auditor, audit committee and directors, for the year ended 30 June 2020 (available on the company's website, www.firstrand.co.za) and the summary annual financial statements, which are included in the 2020 annual integrated report, of which this notice forms part, 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 2020. This report can be accessed in the online version of the annual integrated report on pages 185 to 188 and is available on the company's website at www.firstrand.co.za;
- 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 (resolutions number 1.1 to 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 shareholder at the AGM following such appointment (resolution number 1.3);
- to reappoint the company's joint auditors, Deloitte & Touche and PricewaterhouseCoopers Inc. (resolution 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 (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 (resolution number 4).

The advisory endorsement 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 on pages 103 to 178 of the online version of the annual integrated report.

Invitation to shareholders by the chairman continued

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 JSE Listings Requirements (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 when applicable (special resolutions number 2.1 and 2.2); and
- to approve the non-executive director's fees with effect from 1 December 2020 in accordance with the provisions of section 66(9) of the Act (special resolution number 3).

WILLIAM ROGER JARDINE
Chairman

7 October 2020

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 24th annual general meeting of FirstRand will be held by electronic meeting participation at 09:00 on Wednesday, 2 December 2020, 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) 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://web.lumiagm.com. As part of the registration process, a unique meeting ID, username and password will be sent either via SMS or email to each shareholder who has pre-registered and entitled to participate at the meeting. A shareholders' guide is available in the *Notice of AGM* on pages 19 to 23, or on the FirstRand website at www.firstrand.co.za, to assist and provide meeting participation guidelines.

RECORD DATE AND PROXIES

Record date to be eligible to receive the notice of the annual general meeting	Friday, 23 October 2020
Posting date	Thursday, 29 October 2020
Last day to trade to be eligible to attend and vote at the annual general meeting	Tuesday, 24 November 2020
Record date to be eligible to attend and vote at the annual general meeting	Friday, 27 November 2020
Proxies due (for administrative purposes) by 09:00	Monday, 30 November 2020
Annual general meeting at 09:00*	Wednesday, 2 December 2020

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 dates and times indicated above are references to South African dates and times.

* *Results of AGM to be released on SENS by no later than Friday, 4 December 2020.*

Agenda

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The presentation of the audited annual financial statements of the 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 2020, and the summary financial statements, which are included in the 2020 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 AFS of the company are available on company's website, www.firstrand.co.za

PRESENTATION OF SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The report of the company's social, ethics and transformation committee report for the year ended 30 June 2020 is set out on pages 185 to 188 in the online version of the annual integrated report, as required in terms of regulation 43(5)(c) of the Act's Regulations, 2011.

This report is available on company's website, www.firstrand.co.za

ORDINARY RESOLUTIONS FOR CONSIDERATION AND ADOPTION

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

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

Ms AT Nzimande and Ms MS Bomela will be retiring as independent non-executive directors at the conclusion of the AGM to be held on Wednesday, 2 December 2020 and do not offer themselves for re-election. Mr RM Loubser and Ms TM Mashego, being eligible, offer themselves for re-election.

The nominations committee has considered the composition, gender diversity and balance of the board and has evaluated the independence of the directors (where applicable), taking into consideration their expertise, knowledge, performance and contribution and has recommended to the board that they these directors be proposed for re-election.

Notice of annual general meeting continued

The board has considered the proposals of the nominations committee and recommends the re-election of Mr Loubser and Ms TS Mashego.

Ordinary resolution number 1.1

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

Ordinary resolution number 1.2

Resolved that Ms TS Mashego be and is hereby elected as an independent non-executive director of the company.

Additional information in respect of ordinary resolutions number 1.1 to 1.2

Skills and experience of these directors are set out below for your information purposes.

Abridged curricula vitae of directors standing for election or re-election for ordinary resolutions number 1.1 to 1.2

1.1 RM LOUBSER – RUSSELL | 70

Independent non-executive director
South African
Appointed: September 2014
Qualifications: BCom (Hons), MCom (Statistics), CA(SA)
Expertise in audit, risk and banking

Skills and experience

Russell has received many awards, including honorary life membership from SAICA, and acquired recognition by way of a special award from the Investment Analysts Society of South Africa.

He has more than 15 years' board experience, having served as a member of the King Committee and Securities Regulation Panel for SA. He was also a board member for the World Federation of Exchanges for approximately 13 years.

Russell started his career as an executive director of financial markets at Rand Merchant Bank and is a seasoned banker with international experience. He spent the greater part of his career as the CEO of the JSE, and during his tenure conceptualised the demutualisation of the JSE. He is currently self-employed and serves as a non-executive director. Russell has widespread experience in governance, public policy and regulations.

FirstRand – committee memberships:

- Audit
- Directors' affairs and governance
- Large exposures – chair
- Remuneration
- Risk, capital management and compliance – chair
- Retail and Commercial* (formerly FNB Advisory Board)
- Corporate and Institutional* (formerly RMB Advisory Board)
- Retail and Commercial Audit
- Retail and Commercial Risk and Compliance – chair
- Corporate and Institutional Audit – chair
- Corporate and Institutional Risk and Compliance – chair
- FirstRand Investment Management Holdings Board – chair
- FirstRand Insurance Holdings Board – chair

* *Advisory board*

Other governing body and professional positions held:

- Honorary life membership with SAICA

External listed directorships:

None

1.2 TS MASHEGO – THANDIE | 42

Independent non-executive director
South African
Appointed: January 2017
Qualifications: BCom (Hons), CA(SA), MBL
Expertise in finance, insurance, asset management

Skills and experience

Thandie qualified as a chartered accountant in 2003 and has a master's in business leadership from the University of South Africa.

She has over 18 years' experience in corporate finance, investment management and risk management. Thandie has robust business and leadership skills.

She started her career at KPMG and Transnet Group Limited. Thereafter, she spent a significant part of her career at the IDC, where she led a number of debt and equity transactions and other key projects, including the management of the IDC's private equity portfolio in diverse sectors. She later pursued a career as group CFO of Vantage Capital Group where she had oversight of finance, human resources and compliance functions. She is currently the CFO of WDB Investment Holdings and is responsible for the overall financial management activities of the group, including reporting, budgeting, balance sheet management and risk management.

FirstRand – committee memberships:

- Directors' affairs and governance
- Large exposures
- Retail and Commercial* (formerly FNB Advisory Board)

* *Advisory board*

Other governing body and professional positions held:

- SAICA membership

External listed directorships:

None

2. ORDINARY RESOLUTION NUMBER 1.3: VACANCY FILLED BY DIRECTOR

> The percentage of voting rights required for ordinary resolution numbered 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. Z Roscherr 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 Ms Z Roscherr, be and is hereby elected as an independent non-executive director of the company.

Additional Information in respect of ordinary resolution number 1.3

Skills and experience of this director is set out below for your information purposes.

Abridged curriculum vitae of director standing for election for ordinary resolution number 1.3

Z ROSCHERR – ZELDA | 53

Independent non-executive
South African
Appointed: 1 April 2020
Qualifications: BSc (Mathematical Sciences), BCom Hons (Econometrics)
Expertise in financial markets, leadership development, banking risks

Skills and experience

Zelda is internationally certified as a John Maxwell leadership trainer and executive coach and is currently completing her MSc in global finance at the University of London.

She is a seasoned banker with more than 25 years' experience in financial services. Specific skills include in financial markets, balance sheet management, investment risk and leadership.

Zelda started her banking career at Deloitte Financial Institutions Group and later served in various executive positions in RMB Global Markets and FirstRand Group Treasury. She has worked both locally and internationally, coaching senior executives and mentoring females in leadership positions, and senior executives in transition. She has a passion for preparing the next generation of leaders and contributes positively towards social responsibility.

FirstRand – committee memberships:

- Risk, capital management and compliance
- Social, ethics and transformation
- FirstRand Investment Management Holdings Board
- Corporate and Institutional* (formerly RMB advisory Board)

* *Advisory board*

Other governing body and professional positions held:

- International certification by John Maxwell as a leadership trainer

External listed directorships:

None

3. ORDINARY RESOLUTION NUMBER 2.1 TO 2.2: REAPPOINTMENT OF AUDITORS

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

The audit committee has evaluated the independence, performance and skills of Deloitte & Touche and PricewaterhouseCoopers Inc. 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.

Notice of annual general meeting continued

Ordinary resolution number 2.2

Resolved that, as recommended by the audit committee of the company, PricewaterhouseCoopers Inc. be appointed 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 numbers 2.1 to 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 3.1

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 in their discretion deem fit, subject to the following:

- 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 percent) representing 84 093 726 (excluding treasury shares) of the number of the company's shares in issue as at the date of this notice; and
- the Act, the Banks Act, the MOI and the Listings Requirements of the JSE and NSX, when 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 and not to related parties;
  - 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, on a cumulative basis within the period of this authority, 5% (five per cent) or more of the number of shares in issue prior to the issue, 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 GROUP 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 annual general meeting of the company and set out in this notice.

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 annual general meeting, if any.

6. ADVISORY ENDORSEMENT 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 104 to 124 in the remuneration report of the online version of the annual integrated report.

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 125 to 178 in the remuneration report of the online version of the annual integrated report.

Additional information in respect of advisory endorsement of 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 2021 annual integrated 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 more than 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(ies) (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, provided that it will not extend beyond 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/(ies) of the company shall not exceed 10% (ten per cent) in aggregate of the number of issued shares in the company at any time;

Notice of annual general meeting continued

- 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/(ies) will repurchase securities during a prohibited period, as defined in paragraph 3.67 of the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period, as required;
- 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;
- 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 86 to 88 of the online version of the annual integrated report, 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 281 of the online version of the annual integrated report.
3. SHARE CAPITAL OF THE COMPANY
   Details of the share capital of the company are set out on page 67 of this report.
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 end of the last financial period, as detailed 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 1 to be adopted is more than 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, each as presently constituted and as amended from time to time, 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 more than 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, each as presently constituted and as amended from time to time, 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 support to one another in the normal and ordinary course of business from time to time.

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 more than 75% (seventy five per cent) of the voting rights exercised on the resolution.

The impact of the COVID-19 pandemic has had a devastating impact globally and has significantly impacted South Africa's macro-economic environment and the remuneration committee and the board of directors have unanimously agreed that in line with senior management remuneration (i.e. 0% increase in remuneration), that a 0% increase would be effective for non-executive directors' fees for the period 1 December 2020 to 30 November 2021.

Notice of annual general meeting continued

Special resolution number 3

Resolved to approve as a special resolution as recommended by the remuneration committee and the board, the remuneration of non-executive directors with 0% increase as set out in the table below:

	Note	Proposed remuneration for the 12-month period from 1 December 2020 to 30 November 2021 (excl. VAT)
Board		
Chairman	1	**6 821 802**
Director	2	**582 558**
Audit committee		
Chairman	3	**832 225**
Member		**416 113**
Risk, capital management and compliance committee		
Chairman	3	**832 225**
Member		**416 113**
Remuneration committee		
Chairman	3	**499 335**
Member		**249 667**
Directors' affairs and governance committee		
Chairman	3	**159 787**
Member		**79 893**
Large exposures committee		
Chairman	3	**587 108**
Member		**293 554**
Social, ethics and transformation committee		
Chairman	3	**451 148**
Member		**225 574**
Information technology risk and governance committee		
Chairman	3	**333 900**
Member		**166 950**
***Ad hoc* work**		
Special technical	4	**5 099**
Standard	5	**3 329**

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 for board committee chairpersons are twice that of committee members' fees.*
4. *Special technical rate payable for highly specialised ad hoc work on an hourly basis at the request of the board.*
5. *Standard ad hoc rate payable for additional work on an hourly basis at the request of the responsible executive.*

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 its 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 email at proxy@computershare.co.za by no later than 09:00 on Monday, 30 November 2020, 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 or 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 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) includes 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, and voting is also expected to be effected online [through the use of the Lumi virtual meeting platform at https://web.lumiagm.com].

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://smartagm.co.za; or b. apply to Computershare by sending an email with proof of identification to proxy@computershare.co.za
2. Once registration process has been approved, a username and password will be sent either via SMS or email to the shareholder who has pre-registered and entitled to participate in the meeting.
3. Shareholders can then access the online meeting platform at https://web.lumiagm.com
4. A shareholders' guide is available in Notice of the AGM under pages 19 to 23 or on the FirstRand website: 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.*

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 the (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

Notice of annual general meeting continued

than 09:00 on Monday, 30 November 2020 for administrative purposes although proxies will still be accepted at proxy@computershare.co.za up 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 email proxy@computershare.co.za by no later than 09:00 on Monday, 30 November 2020 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 immediately 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 a 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.

Directions for obtaining a copy of annual financial statements

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

By order of the board

C LOW
Company secretary

7 October 2020

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

Proxy form – ordinary shareholders

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**)

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 Wednesday, 2 December 2020 at 09:00 (**the annual general meeting**).

I/We

Of (address)

Email: Mobile/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 to 1.2 – Re-election of directors of the company by way of separate resolution:			
1.1 RM Loubser			
1.2 TS Mashego			
Ordinary resolution 1.3 – Vacancy filled by director during the year 1.3 Z Roscherr			
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 2020			

Signed at (place) on (date) 2020

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 email proxy@computershare.co.za, or in Namibia to Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia, Fax number +264 6124 8531, by no later than 09:00 on Monday, 30 November 2020 for administrative purposes although proxies will still be accepted up 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.

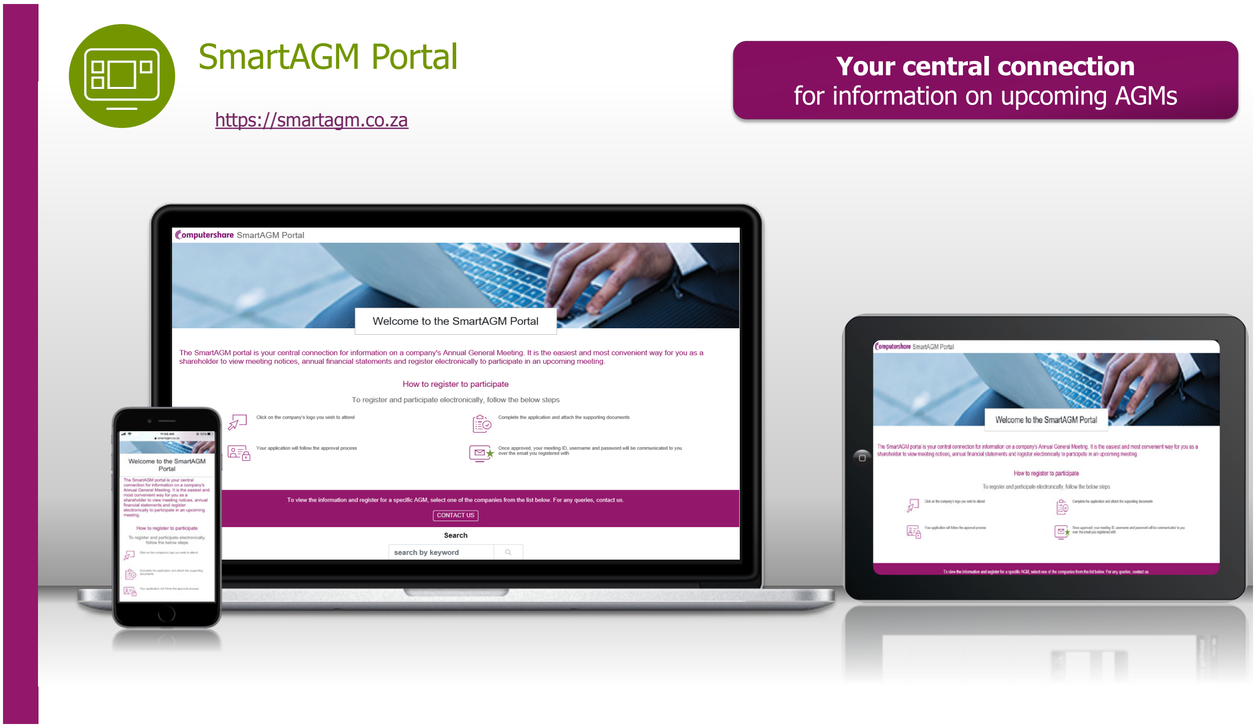
Instructions on signing and lodging the proxy form:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholders' 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 the Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132, or email proxy@computershare.co.za, or in Namibia to Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia, fax number +264 6124 8531, by no later than 09:00 on Monday, 30 November 2020 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/ies.
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 2020

Online shareholders' meeting guide 2020

Prior registration is mandatory for all shareholders to participate in the meeting.



ATTENDING THE AGM ELECTRONICALLY

This year the group will be conducting a virtual AGM, giving shareholders the opportunity to attend the AGM and participate online, using a smartphone, tablet or computer.

If you choose to participate online, you will be able to view a live webcast of the meeting, ask the board questions and submit your votes in real time. and you will need to either:

(a) download the Lumi AGM app from the Apple App or Google Play Stores by searching for Lumi AGM; or

(b) visit https://web.lumiagm.com on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

Meeting ID: 165-422-451

To log in users must have a username and password, which must be requested from proxy@computershare.co.za.

Using the AGM online facility:

ACCESS

Once you have either downloaded the **Lumi AGM app** or entered **web.lumiagm.com** into your web browser, you'll be prompted to enter the meeting ID.

You will then be required to enter your:

a) username; and

b) password.

You will be able to log into the site from 09:00 on 2 December 2020.

To register as a member, select **'I have a login'** and enter your username and password.

If you are a visitor, select **'I am a guest'**.

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

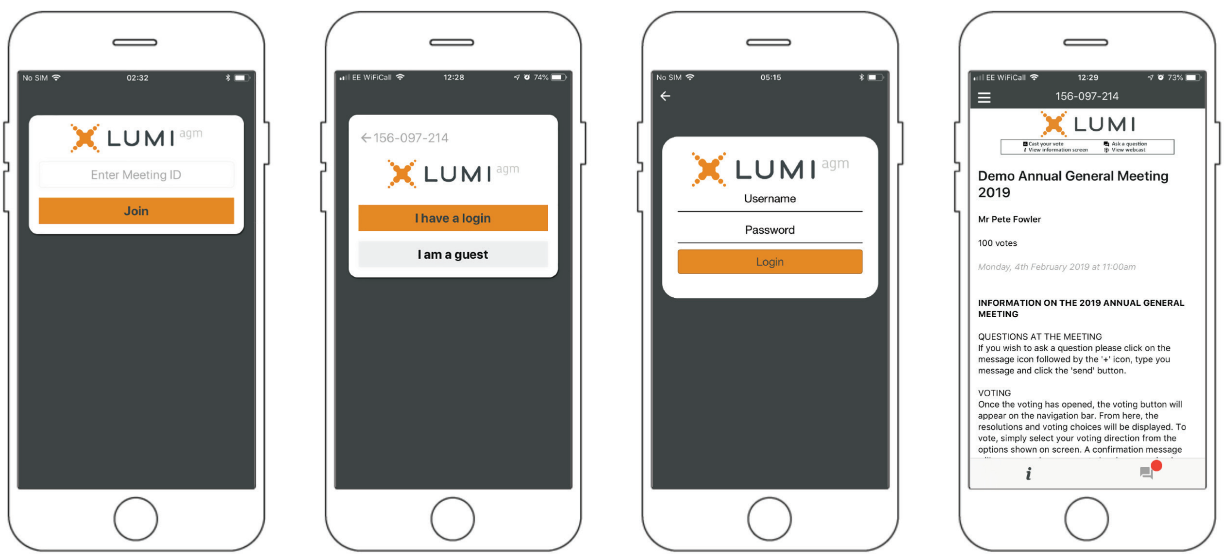
Please note: visitors will not be able to ask questions or vote at the meeting.

NAVIGATION

When successfully authenticated, the info screen *i* will be displayed. You can view company information, ask questions and watch the webcast.

If you would like to watch the **webcast,** press the broadcast icon at the bottom of the screen.

If viewing on a computer the webcast will automatically appear at the side once the meeting has started.



Online shareholders' meeting guide 2020 continued

VOTING

The chairman will open voting on all resolutions at the start of the meeting. Once the voting has opened, the polling icon will appear on the navigation bar at the bottom of the screen. From here, the resolutions and voting choices will be displayed.

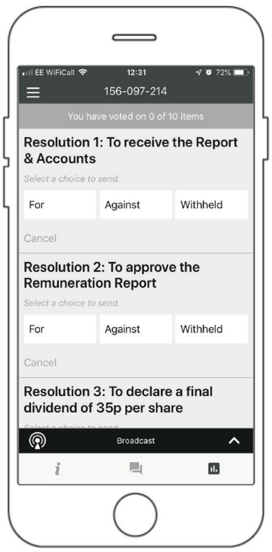
To vote, simply select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received.

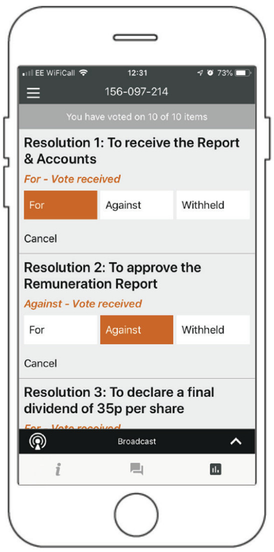
For – Vote received

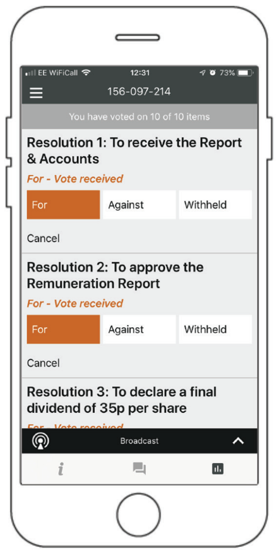
To change your vote, simply select another direction. If you wish to cancel your vote, please press Cancel.

Once the chairman has opened voting, voting can be done at any time during the meeting, until the chairman closes the voting on the resolutions. At that point your last choice will be submitted.

You will still be able to send messages and view the webcast whilst the poll is open.







QUESTIONS

Any member or appointed proxy attending the meeting is eligible to ask questions.

If you would like to ask a question, select the messaging icon .

Messages can be submitted at any time during the Q&A session up until such time as the chairman closes the session.

Type your message within the chat box at the bottom of the messaging screen.

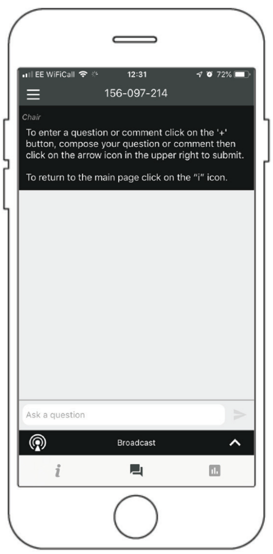
Once you are happy with your message, click the send button.

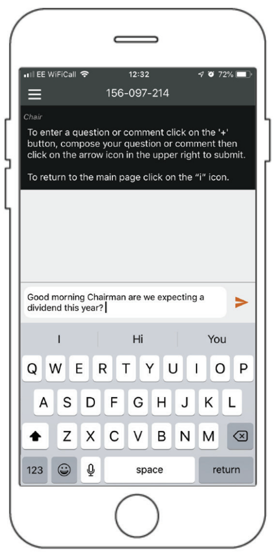
Questions sent via the Lumi AGM online platform will be moderated before being sent to the chairman. This is to avoid repetition and remove any inappropriate language.

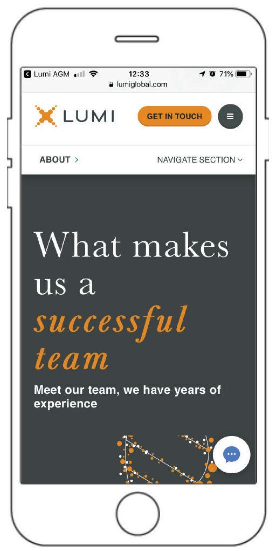
DOWNLOADS

Links are present on the info screen. When you click on a link, the selected document will open in your browser.

Data usage for streaming the annual general meeting or downloading documents via the AGM platform will vary depending on individual use, the specific device being used for streaming or downloading (Android, iPhone, etc) and the network connection (3G or 4G).







FIRSTRAND GROUP SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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

for the year ended 30 June 2020

This summary consolidated financial statements comprise a summary of the audited consolidated financial statements of the group for the year ended 30 June 2020 and have been audited by the group's external auditors, PricewaterhouseCoopers Inc. and Deloitte & Touche. Their opinion on this summary consolidated financial statements appears on page 28.

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. Their unmodified report is available for inspection at the group's registered office.

The audited consolidated financial statements are available online at www.firstrand.co.za/investors/annual-reporting/, or may be obtained from the company secretary.

BASIS OF PRESENTATION

The summary consolidated financial statements are prepared in accordance with the JSE 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 recognition and measurement requirements of International Financial Reporting Standards (IFRS);
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee;
- Financial Reporting Pronouncements as issued by 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 by applying accounting policies that are in accordance with IFRS;
- in accordance with the going concern principle;
- using 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 are consistent with those applied for the year ended 30 June 2019, except for the implementation of new and revised standards as set out below.

Management determines the critical judgemental items that require specific attention annually. In the current year these related to:

- impairment of advances whereby specific additional disclosure is contained in pages 52 to 66; and
- the valuation of complex financial instruments whereby specific additional disclosure is contained in pages 70 to 87.

Should further information be required, the full annual financial statements, including the audit opinion, are available for inspection at the group's registered office and will be published on the group's website during early October 2020.

Effective 1 July 2019, the group adopted IFRS 16, which replaces IAS 17 and various related interpretations, and introduced a single lease accounting model for lessees. In addition, the group adopted the amendment to IAS 12 relating to the recognition of the income tax consequences of dividends. The adoption of both these standards impacted the group's financial results as at 1 July 2019 and 30 June 2019 respectively, and was reported in the interim results report at www.firstrand.co.za/investors/financial-results/.

The other new or amended IFRS that became effective for the year ended 30 June 2020 had no impact on the group's reported earnings, financial position, reserves or accounting policies.

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 9 September 2020 and signed on its behalf by:

WR JARDINE Chairman	AP PULLINGER CEO

Sandton

7 October 2020

Independent auditors' report on the summary consolidated financial statements

TO THE SHAREHOLDERS OF FIRSTRAND LIMITED

Opinion

The summary consolidated financial statements of FirstRand Limited, set out on pages 33 to 91, which comprise the summary consolidated statement of financial position as at 30 June 2020, the summary consolidated income statement, the summary consolidated statements of other 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 2020.

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) Listings 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 9 September 2020. That report also includes the 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 requirements of 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*.

Deloitte & Touche

DELOITTE & TOUCHE
Registered Auditor
Per Partner: Kevin Black

5 Magwa Crescent
Waterfall City
7 October 2020

PricewaterhouseCoopers Inc.

PRICEWATERHOUSECOOPERS INC.
Registered Auditor
Director: Johannes Grosskopf

4 Lisbon Lane
Waterfall City
7 October 2020

Directors' report
for the year ended 30 June 2020

NATURE OF BUSINESS

FirstRand Limited is a public company and registered bank controlling company with a primary listing on the Johannesburg Stock Exchange Limited (JSE) (under Financial – Banks, share code: FSR) and a secondary listing on the Namibian Stock Exchange (NSX) (share code: FST). FirstRand Limited is the holding company of the FirstRand group of companies.

FirstRand's portfolio of franchises comprises FNB, RMB, WesBank, Aldermore and Ashburton Investments and provides a universal set of transactional, lending, investment and insurance products and services. The FCC franchise represents group-wide functions.

Whilst the group is predominantly South Africa-based, it has subsidiaries in the United Kingdom (being Aldermore Group plc), Namibia, Botswana, Zambia, Mozambique, Tanzania, Nigeria, Swaziland, Lesotho and Ghana. The bank has branches in India, London and Guernsey, and representative offices in Kenya, Angola and China.

Refer to page 72 of the online version of the annual integrated report for a simplified group structure of the group.

The board acknowledges its responsibilities for the integrity of this report. Guidelines as provided by the 2016 King code have been adopted in preparation of this report. The board believes that this report fairly represents the performance of the group.

DIVIDEND DECLARATIONS

In line with *Guidance Note 4 of 2020, Recommendations on the distribution of dividends on ordinary shares and payment of cash bonuses to executive officers and material risk takers, in light of the negative economic impact of the COVID-19 pandemic and the temporary regulatory capital relief provided by the Prudential Authority*, issued on 6 April 2020, the group has not declared a final dividend for the year ended 30 June 2020.

DIVIDENDS

ORDINARY SHARES

	Year ended 30 June	
Cents per share	**2020**	2019
Interim (declared 9 March 2020)	**146.0**	139.0
Final	**N/A**	152.0
	146.0	291.0

DISTRIBUTIONS ON OTHER EQUITY INSTRUMENTS

Distributions of R1 145 million were made on other equity instruments (2019: R760 million). Current tax of R222 million (2019: R93 million) relating to the AT1 instruments was recognised in the income statement.

B preference shares

Dividends on the B preference shares are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited.

DIVIDENDS DECLARED AND PAID

Cents per share	**Preference dividends**
Period:	
28 August 2018 – 25 February 2019	**381.7**
26 February 2019 – 26 August 2019	**384.2**
27 August 2019 – 24 February 2020	**374.7**
25 February 2020 – 31 August 2020	**306.0**

Other distributions on the AT1 instruments and contingent convertible securities totalled R803 million (2019: R325 million).

Directors' report continued

SHARE CAPITAL

Details of FirstRand's authorised share capital as at 30 June 2020 are shown in note 3 of the group's summary financial statements in the annual integrated report.

Ordinary share capital

There were no changes to authorised or issued ordinary share capital during the year.

Preference share capital

There were no changes to authorised or issued preference share capital during the year.

SHAREHOLDER ANALYSIS

The following shareholders have a significant beneficial interest in FirstRand's issued ordinary shares.

%	2020	2019
Public Investment Corporation	**14.1**	9.0
BEE partners	**5.2**	5.2
Royal Bafokeng Holdings	**4.1**	–
Remgro Limited	**3.1**	3.9

A further analysis of shareholders is set out on page 281 of the online version of the annual integrated report.

EVENTS AFTER REPORTING PERIOD

There were no significant events that occurred between the end of the reporting period and the issue of the annual financial statements.

DIRECTORATE

Details of the board of directors are on pages 86 to 91 of the online version of the annual integrated report.

BOARD CHANGES

The following changes to the board of directors have taken place during the 2020 financial year end up to the reporting date.

		EFFECTIVE DATE
RESIGNATIONS		
JJ Durand	Alternate non-executive director	28 November 2019
PJ Makosholo	Independent non-executive director	30 June 2020
HL Bosman	Non-executive director	30 June 2020
RETIREMENTS		
NN Gwagwa	Independent non-executive director	28 November 2019
EG Matenge-Sebesho	Independent non-executive director	28 November 2019
APPOINTMENT		
Z Roscherr	Independent non-executive director	1 April 2020

DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS IN FIRSTRAND

Closed periods commence on 1 January and 1 July and are in force until the announcement of the interim and year end results. Closed periods also include any period where the company is trading under cautionary or where participants have knowledge of price sensitive information. All directors' dealings require the prior approval of the chairman, and the company secretary retains a record of all such share dealings and approvals. Trading in securities by employees who are exposed to price sensitive information is subject to the group's personal account trading rules. It is not a requirement of the company's memorandum of incorporation or the board charter that directors own shares in the company.

ORDINARY SHARES

	Direct beneficial (thousands)	Indirect beneficial (thousands)	Held by associates (thousands)	**Total 2020 (thousands)**	Total 2019 (thousands)	Percentage holding %
Executive directors and prescribed officers						
AP Pullinger	5 048	–	108	**5 156**	4 812	0.09
HS Kellan	987	527	115	**1 629**	1 490	0.03
J Celliers	217	176	–	**393**	394	0.01
C de Kock	–	836	–	**836**	836	0.01
J Formby	711	588	–	**1 299**	1 185	0.02
Non-executive directors						
HL Bosman*	140	–	–	**140**	120	–
JP Burger	304	7 617	124	**8 045**	8 291	0.15
GG Gelink	102	–	–	**102**	102	–
NN Gwagwa**	256	–	4	**260**	251	–
WR Jardine	11	232	–	**243**	243	–
RM Loubser	–	1 810	2	**1 812**	1 868	0.04
EG Matenge-Sebesho**	–	77	–	**77**	77	–
Z Roscherr#	659	–	–	**659**	–	0.01
T Winterboer	15	–	–	**15**	15	–
LL von Zeuner	–	3	–	**3**	–	–
Total	8 450	11 866	353	**20 669**	19 684	0.36

* *Resigned June 2020.*

** *Retired November 2019.*

Appointed April 2020.

Directors' interests remained unchanged from the end of the financial year to the date of this report.

WR JARDINE
Chairman

AP PULLINGER
CEO

Sandton

7 October 2020

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

7 October 2020

Summary consolidated income statement

for the year ended 30 June

R million	Notes	**2020**	2019
Interest income calculated using effective interest rate		**121 046**	119 797
Interest on other financial instruments and similar income		**841**	471
Interest and similar income		**121 887**	120 268
Interest expense and similar charges		**(58 972)**	(59 811)
Net interest income before impairment of advances		**62 915**	60 457
Impairment and fair value of credit on advances		**(24 383)**	(10 500)
– Impairment on amortised cost advances	2.1	**(23 823)**	(10 431)
– Fair value of credit on advances	2.1	**(560)**	(69)
Net interest income after impairment of advances		**38 532**	49 957
Non-interest revenue		**41 691**	45 808
– Net fee and commission income		**30 058**	30 731
– Fee and commission income		**36 244**	36 533
– Fee and commission expense		**(6 186)**	(5 802)*
– Insurance income		**3 941**	4 128
– Fair value income		**4 084**	4 587
– Fair value gains and losses		**8 869**	9 338
– Interest expense on fair value activities		**(4 785)**	(4 751)
– Gains less losses from investing activities		**561**	3 610
– Other non-interest income		**3 047**	2 752
Income from operations		**80 223**	95 765
Operating expenses		**(55 276)**	(54 043)*
Net income from operations		**24 947**	41 722
Share of profit of associates after tax		**24**	946
Share of profit of joint ventures after tax		**5**	284
Income before indirect tax		**24 976**	42 952
Indirect tax		**(1 348)**	(1 280)
Profit before tax		**23 628**	41 672
Income tax expense		**(4 848)**	(9 819)*
Profit for the year		**18 780**	31 853
Attributable to			
Ordinary equityholders		**17 021**	30 211
Other equity instrument holders		**1 145**	760*
Equityholders of the group		**18 166**	30 971
Non-controlling interests		**614**	882
Profit for the year		**18 780**	31 853
Earnings per share (cents)			
– Basic		**303.5**	538.6
– Diluted		**303.5**	538.6

* *Restated prior year following the adoption of IAS 12 amendments and reclassification of customer loyalty expenses. In the prior year R240 million relating to operating expenses incurred on SLOW lounges were reclassified from operating expenses to fee and commission expense, so as to better reflect the nature of the expense. Refer to pages 165 to 176 of the online version of the analysis of results for the six months ended 31 December 2019 for more details.*

The group elected not to restate comparative information as permitted by IFRS 16. Refer to pages 165 to 176 of the online version of the analysis of results for the six months ended 31 December 2019 for more details.

Summary consolidated statement of other comprehensive income

for the year ended 30 June

R million	**2020**	2019
Profit for the year	**18 780**	31 853*
Items that may subsequently be reclassified to profit or loss		
Cash flow hedges	**1 154**	498
Gains arising during the year	**592**	829
Reclassification adjustments for amounts included in profit or loss	**1 036**	(137)
Deferred income tax	**(474)**	(194)
FVOCI debt reserve	**(61)**	(4)
Losses arising during the year	**(91)**	(2)
Reclassification adjustments for amounts included in profit or loss	**3**	(4)
Deferred income tax	**27**	2
Exchange differences on translating foreign operations	**6 208**	(444)
Gains/(losses) arising during the year	**6 170**	(428)
Deferred income tax	**38**	(16)
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest	**33**	45
Items that may not subsequently be reclassified to profit or loss		
FVOCI equity reserve	**(157)**	(2)
Losses arising during the year	**(202)**	(2)
Deferred income tax	**45**	–
Remeasurements on defined benefit post-employment plans	**532**	(229)
Gains/(losses) arising during the year	**744**	(307)
Deferred income tax	**(212)**	78
Other comprehensive income/(loss) for the year	**7 709**	(136)
Total comprehensive income for the year	**26 489**	31 717
Attributable to		
Ordinary equityholders	**24 634**	30 068
Other equity instrument holders	**1 145**	760*
Equityholders of the group	**25 779**	30 828
Non-controlling interests	**710**	889
Total comprehensive income for the year	**26 489**	31 717

* *Restated prior year following the adoption of IAS 12 amendments. Refer to pages 165 to 176 of the online version of the analysis of results for the six months ended 31 December 2019 for more details.*

Summary consolidated statement of financial position

as at 30 June

R million	Notes	2020	2019
ASSETS			
Cash and cash equivalents		**136 002**	102 518
Derivative financial instruments		**147 515**	47 104
Commodities		**21 344**	21 176
Investment securities		**297 469**	241 726
Advances	1	**1 261 715**	1 205 752
– Advances to customers		**1 191 281**	1 142 845
– Marketable advances		**70 434**	62 907
Other assets*		**11 256**	8 578
Current tax asset		**598**	267
Non-current assets and disposal groups held for sale		**3 065**	–
Reinsurance assets		**240**	196
Investments in associates		**6 882**	6 369
Investments in joint ventures		**1 749**	1 769
Property and equipment**		**21 369**	17 800
Intangible assets		**11 638**	10 491
Investment properties		**722**	689
Defined benefit post-employment asset		**–**	6
Deferred income tax asset		**4 975**	4 621
Total assets		**1 926 539**	1 669 062
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions		**5 062**	5 374
Derivative financial instruments		**162 193**	52 597
Creditors, accruals and provisions		**21 038**	21 922
Current tax liability		**499**	1 643
Liabilities directly associated with disposal groups held for sale		**1 427**	–
Deposits		**1 535 015**	1 393 104
Employee liabilities		**8 820**	13 042
Other liabilities**		**8 203**	5 974
Policyholder liabilities		**6 430**	5 263
Tier 2 liabilities		**24 614**	24 191
Deferred income tax liability		**1 318**	1 359
Total liabilities		**1 774 619**	1 524 469
Equity			
Ordinary shares	3	**56**	56
Share premium	3	**8 008**	8 023
Reserves		**129 465**	121 594
Capital and reserves attributable to equityholders of the group		**137 529**	129 673
Other equity instruments	4	**10 245**	10 734
Non-controlling interests		**4 146**	4 186
Total equity		**151 920**	144 593
Total equity and liabilities		**1 926 539**	1 669 062

* *In the prior year these amounts were described as accounts receivable. The description other assets is more appropriate, based on the nature of the assets included in this line item and is in line with industry practice.*

** *The group elected not to restate comparative information as permitted by IFRS 16. Comparability will not be achieved, as comparative information as been prepared on an IAS 17 basis. Refer to pages 165 to 176 of the online version of the analysis of results for the six months ended 31 December 2019 for more details.*

Summary consolidated statement of changes in equity

for the year ended 30 June

R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
	Ordinary share capital and ordinary equityholders' funds				
Balance as at 1 July 2018	56	7 994	**8 050**	(723)	343
Net proceeds of issue of share capital	–	–	**–**	–	–
Acquisition 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	–	29	**29**	–	–
Total comprehensive income for the year	–	–	**–**	(229)	498
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2019	56	8 023	**8 079**	(952)	841
Adjustment for adoption of IFRS 16	–	–	**–**	–	–
Restated balance as at 1 July 2019	56	8 023	**8 079**	(952)	841
Net proceeds of issue of share capital	–	–	**–**	–	–
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Additional Tier 1 capital redeemed 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	–	(15)	**(15)**	–	–
Total comprehensive income for the year	–	–	**–**	532	1 154
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2020	56	8 008	**8 064**	(420)	1 995

* *Other reserves include the FVOCI reserve.*

** *Other equity instruments at 30 June 2020 include R4 519 million of non-cumulative, non-redeemable preference shares and R5 726 million of AT1 instruments.*

Restated following the adoption of IAS 12 amendments.

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**
4	2 832	686	104 348	**107 490**	**5 769**	**3 906**	**125 215**
–	–	–	–	**–**	**–**	**(4)**	**(4)**
–	1	–	–	**1**	**–**	**4**	**5**
–	–	–	–	**–**	**4 965**	**–**	**4 965**
3	–	109	(128)	**(16)**	**–**	**7**	**(9)**
–	–	–	(15 931)	**(15 931)**	**–**	**(584)**	**(16 515)**
–	–	–	–	**–**	**(760)#**	**–**	**(760)**
–	–	(123)	123	**–**	**–**	**–**	**–**
–	–	–	(32)	**(32)**	**–**	**(32)**	**(64)**
–	–	–	14	**14**	**–**	**–**	**43**
–	(447)	35	30 211	**30 068**	**760#**	**889**	**31 717**
(6)	–	–	6	**–**	**–**	**–**	**–**
1	2 386	707	118 611	**121 594**	**10 734**	**4 186**	**144 593**
–	(20)	–	5	**(15)**	**–**	**–**	**(15)**
1	2 366	707	118 616	**121 579**	**10 734**	**4 186**	**144 578**
–	–	–	–	**–**	**–**	**(9)**	**(9)**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**761**	**–**	**761**
–	–	–	–	**–**	**(1 250)**	**–**	**(1 250)**
26	–	278	(303)	**1**	**–**	**(9)**	**(8)**
–	–	–	(16 716)	**(16 716)**	**–**	**(736)**	**(17 452)**
–	–	–	–	**–**	**(1 145)**	**–**	**(1 145)**
–	–	(2)	2	**–**	**–**	**–**	**–**
–	–	–	(12)	**(12)**	**–**	**4**	**(8)**
–	–	–	(20)	**(20)**	**–**	**–**	**(35)**
–	6 120	(193)	17 021	**24 634**	**1 145**	**710**	**26 489**
(3)	–	–	2	**(1)**	**–**	**–**	**(1)**
24	8 486	790	118 590	**129 465**	**10 245**	**4 146**	**151 920**

Summary consolidated statement of cash flows

for the year ended 30 June

R million	2020	2019
Cash flows from operating activities		
Interest and fee commission receipts*	**153 420**	153 134
Trading and other income	**3 340**	3 033
Interest payments**	**(57 696)**	(58 428)
Other operating expenses*,**	**(45 895)**	(43 278)
Dividends received	**2 208**	3 816
Dividends paid	**(17 861)**	(16 598)
Dividends paid to non-controlling interest	**(736)**	(584)
Taxation paid	**(8 669)**	(10 621)
Cash generated from operating activities	**28 111**	30 474
Movements in operating assets and liabilities	**11 741**	(22 745)
– Liquid assets and trading securities	**(45 030)**	(30 463)
– Advances	**(17 961)**	(95 933)
– Deposits	**74 964**	120 674
– Other assets#	**(763)**	660
– Creditors#	**(1 357)**	2 263
– Employee liabilities	**(7 033)**	(5 906)
– Other liabilities**	**8 921**	(14 040)
Net cash generated from operating activities	**39 852**	7 729
Cash flows from investing activities		
Acquisition of investments in associates	**(551)**	(418)
Proceeds on disposal of investments in associates	**594**	1 278
Acquisition of investment in joint ventures	**(257)**	(45)
Proceeds on disposal of investment in joint ventures	**109**	22
Acquisition of investment in subsidiaries	**(366)**	–
Proceeds on disposal of subsidiaries	**–**	(2)
Acquisition of property and equipment	**(5 510)**	(3 503)
Proceeds on disposal of property and equipment	**752**	749
Acquisition of intangible assets and investment properties	**(454)**	(684)
Proceeds on disposal of non-current assets held for sale	**–**	331
Net cash outflow from investing activities	**(5 683)**	(2 272)
Cash flows from financing activities		
Proceeds on the issue of other liabilities	**4 583**	1 637
Redemption of other liabilities	**(5 174)**	(541)
Principal payments towards lease liabilities**	**(884)**	–
Proceeds from issue of Tier 2 liabilities	**275**	2 625
Capital repaid on Tier 2 liabilities	**(2 186)**	(7 579)
Acquisition of additional interest in subsidiaries from non-controlling interest	**(6)**	(23)
Disposal of additional interest in subsidiaries to non-controlling interest	**6**	–
Redemption of AT1 equity instruments	**(1 250)**	–
Proceeds from issue of AT1 equity instruments	**761**	4 965
Net cash inflow from financing activities	**(3 875)**	1 084
Net increase in cash and cash equivalents	**30 294**	6 541
Cash and cash equivalents at the beginning of the year	**102 518**	96 024
Effect of exchange rate changes on cash and cash equivalents	**3 604**	(47)
Transfer to non-current assets held for sale	**(414)**	–
Cash and cash equivalents at the end of the year	**136 002**	102 518

* *Reclassification in the prior year of R240 million relating to operating lease expenses incurred on SLOW lounges from other operating expenses to interest and fee commission receipts, so as to better reflect the nature of the item.*

** *The group elected not to restate comparative information, as permitted by IFRS 16. Comparability will not be achieved as comparative information has been prepared on an IAS 17 basis.*

\# *In the prior year, movement of R2 923 million in other assets and creditors were presented as a net movement. Due to the different underlying nature of these cash flows, these items have been disclosed separately in the current year and the prior year has been expanded in a similar way to achieve appropriate comparability.*

Statement of headline earnings, earnings and dividends per share

for the year ended 30 June

	Earnings attributable R million		Cents per share	
	2020	2019	**2020**	2019
Headline earnings				
– Basic	**17 326**	27 887	**308.9**	497.2
– Diluted	**17 326**	27 887	**308.9**	497.2
Earnings attributable to ordinary equityholders				
– Basic	**17 021**	30 211	**303.5**	538.6
– Diluted	**17 021**	30 211	**303.5**	538.6
Dividends – ordinary				
– Interim			**146.0**	139.0
– Final declared/paid			**–**	152.0
Dividends – preference				
– Interim			**374.7**	381.7
– Final declared/paid			**306.0**	384.2

WEIGHTED AVERAGE NUMBER OF SHARES

	2020	2019
Weighted average number of shares before treasury shares	**5 609 488 001**	5 609 488 001
Less: treasury shares	**(1 327 218)**	(445 105)
– Shares for client trading	**(1 327 218)**	(445 105)
Weighted average number of shares in issue	**5 608 160 783**	5 609 042 896
Diluted weighted average number of shares in issue	**5 608 160 783**	5 609 042 896

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.

Statement of headline earnings, earnings and dividends per share continued

for the year ended 30 June

HEADLINE EARNINGS RECONCILIATION

	2020		2019	
R million	**Gross**	**Net**	Gross	Net
Earnings attributable to ordinary equityholders	**–**	**17 021**	–	30 211
Adjusted for				
Gain on investment activities of a capital nature*	**–**	**–**	(1 928)	(1 497)
Transfer (to)/from foreign currency translation reserve	**(17)**	**(15)**	(70)	(72)
Gain on disposal of non-private equity associates*	**–**	**–**	(1 083)	(840)
Impairment of non-private equity associates	**66**	**47**	31	31
Gain on disposal of investments in joint ventures	**1**	**1**	–	–
Gain on disposal of investments in subsidiaries	**–**	**–**	(6)	(5)
Gain on disposal of property and equipment	**14**	**11**	(52)	(37)
Impairment of goodwill	**212**	**190**	–	–
Fair value movement of investment properties	**(26)**	**(19)**	–	–
Impairment of assets in terms of IAS 36	**129**	**91**	123	96
Other	**(1)**	**(1)**	–	–
Headline earnings attributable to ordinary equityholders		**17 326**		27 887

* *Includes the impact of the gain on the Discovery transaction of c. R3 billion (c. R2.3 billion after tax) in the prior year.*

COVID-19 impact

Due to the unprecedented nature of the COVID-19 pandemic, it is not possible to accurately predict the full extent and duration of its economic impact.

While the specific areas of judgement set out in the consolidated annual financial statements did not change, given the dynamic and evolving nature of COVID-19 and limited recent experience of the economic and financial impact of this pandemic, additional judgement within those areas resulted in changes to the estimates and assumptions that have been applied in the measurement of some of the group's assets and liabilities since the prior year.

Significant judgements and estimates impacted by COVID-19

The table below provides an overview of the areas where additional judgement has been applied since December 2019 and includes references to the pages where additional information is included.

DESCRIPTION	ADDITIONAL INFORMATION
Impairment provisions of advances	
Incorporating forward-looking information	
Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the group's forward-looking assumptions for the purposes of its expected credit losses (ECL) calculation, has been provided. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of the social and economic consequences of COVID-19, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.	Pages 55 to 60.
Significant increase in credit risk	
The group has not followed an overall blanket approach to the ECL impact of COVID-19 (where COVID-19 is seen as a significant increase in credit risk trigger that will result in the entire portfolio of advances moving into their respective next staging bucket). A more systematic and targeted approach to the impact of COVID-19 on the customer base is being undertaken, which is in line with the group's existing policy documented in the group credit impairment framework.	Pages 62 to 66.
Fair value measurement	
The valuation techniques for fair value measurement of financial instruments have been assessed by the respective valuation committees at a business unit and group level to determine the impact that the market volatility introduced by COVID-19 has had on the fair value measurements of these instruments. When assessing the fair value measurement of financial instruments for this period, the valuation models have been built to take into consideration inputs that are reflective of market participant input as opposed to group-specific inputs. The appropriateness of the inputs to valuations, which include the use of correlations, price volatilities, funding costs and bid-offer spreads, price earnings multiples, counterparty and own credit spreads, was also considered. Changes in valuation inputs have also been considered in terms of the impact they have on the classification of exposures in the fair value hierarchy, transfers within the fair value hierarchy and the level 3 sensitivity analysis that may be required if applicable.	Pages 70 to 87.

COVID-19 impact continued

Assessment of the going concern principle

The impact of COVID-19 has been incorporated into the going concern assessment made by the directors.

DESCRIPTION	ADDITIONAL INFORMATION
Overall application of the going concern principle	
The directors reviewed the group's budgets and flow of funds forecasts for the next three years and considered the group's ability to continue as a going concern in light of current and anticipated economic conditions. These budgets and flow of funds forecasts took the impact of the COVID-19 pandemic into consideration, including projections of the impact on the group's capital, funding and liquidity requirements, all of which have remained within internal targets and above regulatory requirements. As part of this assessment, the directors considered the sufficiency of the group's financial resources throughout the pandemic. The management of the group's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the group's stated growth and return targets and is driven by the group's overall risk appetite. Forecast growth in earnings and balance sheet risk weighted assets (RWA) is based on the group's macroeconomic outlook and is evaluated against available financial resources, considering the requirements of capital providers, regulators and rating agencies. The expected outcomes and constraints are then stress tested, and the group sets targets through different business cycles and scenarios. On the basis of this review, and in light of the current financial position and profitable trading history, the directors are satisfied that the group has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.	Additional information is included in the group's annual financial statements.

Selected notes to the summary consolidated financial statements

for the year ended 30 June

1. ADVANCES

R million	Notes	2020	2019
Category analysis			
Overdrafts and cash management accounts		**81 129**	82 642
Term loans		**73 658**	67 926
Card loans		**33 106**	35 516
Instalment sales, hire purchase agreements and lease payments receivable		**246 989**	232 103
Property finance		**461 876**	408 078
Personal loans		**56 658**	53 569
Preference share agreements		**48 739**	49 576
Assets under agreement to resell		**26 964**	45 315
Investment bank term loans		**164 792**	155 780
Long-term loans to group associates and joint ventures		**2 975**	2 473
Other		**43 775**	44 029
Total customer advances		**1 240 661**	1 177 007
Marketable advances		**70 434**	62 907
Gross value of advances		**1 311 095**	1 239 914
Impairment and fair value of credit of advances	2.1	**(49 380)**	(34 162)
Net advances		**1 261 715**	1 205 752

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1. ADVANCES continued

1.1 Analysis of advances per class

R million	2020 Total	2020 Amortised cost	2020 Fair value through profit or loss	2020 Loss allowance
Residential mortgages	220 488	224 404	–	(3 916)
WesBank VAF	98 153	104 014	–	(5 861)
Total retail secured	**318 641**	**328 418**	**–**	**(9 777)**
FNB card	26 009	30 210	–	(4 201)
Personal loans	33 177	41 874	–	(8 697)
Retail other	13 593	16 732	–	(3 139)
Total retail unsecured	**72 779**	**88 816**	**–**	**(16 037)**
FNB commercial	101 888	107 889	27	(6 028)
– FNB commercial excluding scheme	101 591	107 544	27	(5 980)
– Government guaranteed scheme	297	345	–	(48)
WesBank corporate	26 608	27 114	–	(506)
RMB corporate banking	67 242	68 318	127	(1 203)
RMB investment banking	275 445	211 763	68 984	(5 302)
Total corporate and commercial	**471 183**	**415 084**	**69 138**	**(13 039)**
Rest of Africa	61 747	66 070	310	(4 633)
Group Treasury and other	36 114	36 025	988	(899)
UK operations	301 251	306 246	–	(4 995)
– Retail*	231 076	234 529	–	(3 453)
– Commercial	70 175	71 717	–	(1 542)
Total advances	**1 261 715**	**1 240 659**	**70 436**	**(49 380)**

* *In order to provide a full strategic overview of the total UK operations of Aldermore and MotoNovo, the above reflects the total operational MotoNovo, which includes the new book written since 1 May 2019 with Aldermore Group and the back book reported in FCC. The 2019 information has been reclassified accordingly. The table below shows the changes. Includes total MotoNovo of R76 843 million (£3 586 million). June 2019: R61 778 million (£3 435 million).*

At 30 June 2020, the group reclassified the following advances between classes and voluntarily elected to reclassify the comparative information.

	2019			2019		
	Gross advances			Loss allowance		
R million	*As previously reported*	*Movement*	*Updated amount*	*As previously reported*	*Movement*	*Updated amount*
*WesBank VAF**	*160 703*	*(54 561)*	*106 142*	*5 443*	*(1 087)*	*4 356*
*FNB card***	*32 443*	*(4 328)*	*28 115*	*2 883*	*(233)*	*2 650*
*Personal loans**	*39 947*	*(578)*	*39 369*	*6 853*	*(38)*	*6 815*
Rest of Africa#	*65 610*	*(1 053)*	*64 557*	*3 963*	*–*	*3 963*
*Group Treasury and other**,#*	*37 743*	*5 381*	*43 124*	*715*	*233*	*948*
*UK operations – retail**	*129 072*	*55 139*	*184 211*	*386*	*1 125*	*1 511*
Total movement		*–*			*–*	

* *All advances previously originated by MotoNovo which had been classed as retail secured and retail unsecured have been reclassified to the UK operations.*

** *Advances within the Discovery card were reclassified to non-current assets held for sale and disposal groups.*

\# *Advances related to Group Treasury activities included in rest of Africa.*

2019			
Total	Amortised cost	Fair value through profit or loss	Loss allowance
214 623	217 164	–	(2 541)
101 786	106 142	–	(4 356)
316 409	323 306	–	(6 897)
25 465	28 115	–	(2 650)
32 554	39 369	–	(6 815)
15 183	17 908	–	(2 725)
73 202	85 392	–	(12 190)
101 319	105 057	74	(3 812)
101 319	105 057	74	(3 812)
–	–	–	–
27 607	27 945	–	(338)
57 244	57 827	105	(688)
282 665	206 751	79 147	(3 233)
468 835	397 580	79 326	(8 071)
60 594	64 188	369	(3 963)
42 176	42 547	577	(948)
244 536	246 629	–	(2 093)
182 700	184 211	–	(1 511)
61 836	62 418	–	(582)
1 205 752	1 159 642	80 272	(34 162)

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1. ADVANCES continued

1.2 Reconciliation of the gross advances and loss allowance on total advances

	2020*		
	Gross advances (GCA)		
R million	Total	Stage 1	Stage 2
Amortised cost	1 159 642	1 033 119	85 547
Fair value	80 272	79 100	799
Amount as at 1 July 2019	1 239 914	1 112 219	86 346
Current year movement in the back book**			
Stage 1	(238 154)	(214 475)	(22 832)
Transfer from stage 2 to stage 1	–	22 832	(22 832)
Transfer from stage 3 to stage 1	–	847	–
Current year changes in exposure and net movement on GCA and ECL provided/(released)#	(238 154)	(238 154)	–
Stage 2	(18 804)	(60 473)	44 303
Transfer from stage 1 to stage 2	–	(60 473)	60 473
Transfer from stage 3 to stage 2	–	–	2 634
Current year changes in exposure and net movement on GCA and ECL provided/(released)#	(18 804)	–	(18 804)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(1 434)	–	(1 434)
– Other changes in stage 2 exposures and ECL	(17 370)	–	(17 370)
Stage 3	(2 409)	(16 267)	(13 063)
Transfer from stage 1 to stage 3	–	(16 267)	–
Transfer from stage 2 to stage 3	–	–	(13 063)
Current year changes in exposure and net movement on GCA and ECL provided/(released)#	(2 409)	–	–
Purchased or originated credit-impaired	22	–	–
Current year changes in exposure and net movement on GCA and ECL provided/(released)#	22	–	–
New business†	292 001	264 750	20 640
Current year changes in exposure and net movement on GCA and ECL provided/(released)#	292 001	264 750	20 640
Other movements applicable to new business and back book			
Acquisition/(disposal) of advances‡	(2 832)	(2 586)	–
Acquisition/(disposal) of subsidiaries	1 608	1 608	–
Transfer (to)/from non-current assets or disposals groups held for sale	(2 646)	(2 150)	(259)
Modifications that did not give rise to derecognition	(1 007)	(189)	(121)
Exchange rate differences	57 764	49 076	7 287
Bad debts written off^	(14 362)	–	–
Amount as at 30 June 2020	1 311 095	1 131 513	122 301
Amortised cost	1 240 659	1 065 670	117 896
Fair value	70 436	65 843	4 405

	2020*		2020				
	Gross advances (GCA)		Loss allowance				
	Stage 3	Purchased or originated credit impairment	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impairment
	40 976	–	33 614	7 614	7 702	18 298	–
	268	105	548	302	49	197	–
	41 244	105	34 162	7 916	7 751	18 495	–
	(847)	–	(391)	1 193	(1 422)	(162)	–
	–	–	–	1 422	(1 422)	–	–
	(847)	–	–	162	–	(162)	–
	–	–	(391)	(391)	–	–	–
	(2 634)	–	5 433	(615)	6 720	(672)	–
	–	–	–	(615)	615	–	–
	(2 634)	–	–	–	672	(672)	–
	–	–	5 433	–	5 433	–	–
	–	–	1 990	–	1 990	–	–
	–	–	3 443	–	3 443	–	–
	26 921	–	15 277	(470)	(2 103)	17 850	–
	16 267	–	–	(470)	–	470	–
	13 063	–	–	–	(2 103)	2 103	–
	(2 409)	–	15 277	–	–	15 277	–
	–	22	120	–	–	–	120
	–	22	120	–	–	–	120
	5 710	901	8 436	3 052	2 210	3 174	–
	5 710	901	8 436	3 052	2 210	3 174	–
	(246)	–	(100)	(10)	–	(90)	–
	–	–	–	–	–	–	–
	(237)	–	(265)	(36)	(54)	(175)	–
	(697)	–	–	–	–	–	–
	1 401	–	1 070	305	270	495	–
	(14 362)	–	(14 362)	–	–	(14 362)	–
	56 253	1 028	49 380	11 335	13 372	24 553	120
	56 192	901	48 447	10 943	12 961	24 543	–
	61	127	933	392	411	10	120

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1. ADVANCES continued

1.2 Reconciliation of the gross advances and loss allowance on total advances continued

* *The reconciliation for the year ended 30 June 2020 has been prepared using a year-to-date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. This is consistent with the prior year, except for Aldermore. The disclosure for Aldermore is now aligned with the rest of the group. In the current year it was concluded that providing disclosure which distinguished between the back book and new business provided more meaningful information to the user in gaining an understanding of the performance of advances overall. The current year movement is therefore split between new business and back book. In the prior year, this was presented as a single line. However, comparative information could not be restated without undue cost due to the nature of the underlying systems which collate the ECL information at a point in time, and as such the information presented in the loss allowance and gross carrying amount reconciliations will not be comparable to the information presented for 30 June 2019 except on a total level.*

** *The group transfers opening balances (the back book), at the value as at 1 July, based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balances as at 1 July are transferred to the impairment stage at 30 June in the transfers section and the current year movements in the back book (changes in exposure and net movement on GCA and ECL provided/(released) are reflected separately in the reconciliation. The current year movement for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and changes in other risk parameters.*

\# *The movement of GCA is the net amount of:*

- *additional amounts advanced on the back book and any settlements;*
- *transfers on the back book is reflected separately; and*
- *new business originated during the financial year, the transfers between stages of the new origination and any settlements.*

Current year ECL provided/(released) relates to:

- *an increase/(decrease) in the carrying amount of the back book during the current year, as well as the increase/(decrease) in the risk associated with the opening balance of the back book; and*
- *includes interest on stage 3 advances for stage 3 exposures in the back book and new business. In the prior year it was separately presented.*

† *New business is broadly defined as any new product issued to a new or existing customer during the current financial year, including any increase or decrease during the current financial year. All new business is included in the change in exposure due to new business in the current year based on the exposures' impairment stage at the end of the reporting period. Therefore, exposures in the new business lines can be reported in stage 3 at the end of the reporting date.*

‡ *In the prior year, this line included disposals by RMB related to loan syndications whereby the full exposure was recognised in new business and changes in exposure and the sell-down to other external parties recognised as disposals. During the current year the net amount of the syndication is included in the "change in exposure due to new business in the current year" section. Management believes this provides a more accurate view of the new business originated in the current year.*

^ *Decrease in the advance as a result of write-off is equal to the decrease in ECL, as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is R12 935 million.*

1. ADVANCES continued

1.2 Reconciliation of the gross advances and loss allowance on total advances continued

MODIFICATION – COVID-19 RELIEF

The group offered financial relief to its customers through various mechanisms in response to COVID-19. These relief measures were granted to eligible customers whose accounts were up to date as at 29 February 2020 and included the following:

- additional facilities or new loans being granted, in particular the cash flow relief account;
- restructure of instalment products (payment relief) including extension of contractual terms;
- payment and interest relief; and
- extension of balloon repayment terms.

The cash flow relief account was offered to eligible FNB retail customers, where instead of offering customers a payment holiday with a term extension, customers were offered a cash flow relief loan, whereby payments due by the customer to the group on a variety of the group's products could be drawn from the cash flow relief account for a period of three months. The cash flow relief account bears interest at prime, has a flexible repayment period as negotiated and the customer has the ability to settle the amount earlier without incurring penalties and repayment only commenced once the three-month relief period was over. In some instances, the relief period has been extended by a further three months. Amounts advanced to customers under the cash flow relief scheme is included in the retail unsecured class of advances. As the cash flow relief account is treated as a new advance to the customer, no modification loss was recognised on the underlying advances as the payments due were settled from the cash flow relief account.

WesBank customers that bank with FNB were able to utilise the cash flow relief loan to make payment under their credit agreements. Customers with balloon payments due could elect to convert their balloon payment into an extended repayment term agreement, on terms similar to those in the original credit agreement.

Other financial relief mechanisms employed by the group included customers being offered payment holidays of between three and six months. During the payment holiday interest accrued at the contractual rate and at the end of the relief period, customers had the option to adjust their instalment, extend the term of the facilities or elect to repay the full amount at the end of the deferral period.

Relief granted by RMB was in the form of short-term debt repayment moratoriums, increase in credit limits, short-term bridge financing and covenant waivers.

The debt relief measures discussed above, resulted in the group not suffering a modification loss as the present value of the original cash flows and the present value of the revised cash flows were equivalent.

Within Aldermore, financial relief mechanisms included in addition to those described above, payment holidays with no interest charged to the customer during the payment holiday. The customer's instalments were unaltered, but the term of the credit agreement was extended by the payment holiday period, or the credit agreement was not extended, and the final three instalments of the agreement were increased.

Other financial relief mechanisms employed by the group included reducing the interest charged during the payment holiday period, or in some instances suspending penalty interest during the payment holiday period.

Other debt relief measures resulted in the group suffering a modification loss as the present value of the original cash flows and the present value of the revised cash flows were not equivalent.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

1. ADVANCES continued

1.2 Reconciliation of the gross advances and loss allowance on total advances continued

	2019		
	Gross advances		
R million	Total	Stage 1	Stage 2
Amortised cost	1 088 679	970 895	84 685
Fair value	53 797	51 544	1 838
Amount as at 1 July 2018	1 142 476	1 022 439	86 523
Transfer between stages**	–	(25 342)	7 137
Stage 1	–	54 424	(52 510)
Stage 2	–	(68 546)	71 765
Stage 3	–	(11 220)	(12 118)
Disposal of advances#	(4 285)	(4 285)	–
Exchange rate differences	(3 060)	(2 408)	(418)
Bad debts written off†	(8 922)	–	–
Changes due to modification that did not result in derecognition	(633)	–	(33)
Current period provision created/(released)	–	–	–
Net changes in exposure‡	114 338	121 815	(6 863)
Interest on stage 3 advances	–	–	–
Amount as at 30 June 2019	1 239 914	1 112 219	86 346
Amortised cost	1 159 642	1 033 119	85 547
Fair value	80 272	79 100	799

* *The total gross carrying amount of undiscounted expected credit losses at initial recognition on purchased or originated credit impaired financial assets recognised during the reporting period is Rnil.*

** *Transfers between stages reflect opening balances based on the advances stage at the end of the financial year for all businesses other than Aldermore. Exposures can be transferred directly from stage 3 to stage 1 if the curing requirements are satisfied at the end of the financial year. The new exposures originated during the financial year (which are not included in the opening balance) and any other change in the advance balance not addressed in one of the specific reconciliation lines, are included in net new business and changes in exposure based on the stage at the end of the financial year.*

The majority of disposals relates to RMB and are due to loan syndications whereby the full exposure is recognised in new business and changes in exposure and the sell down to other external parties are recognised as disposals.

† *Decrease in the advance as a result of write-off is equal to the decrease ECL as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is R6 936 million.*

‡ *Net changes in exposure reflect the net of the following items:*

– *Net settlements and other changes in exposures of advances included in the opening balance, which occurred during the financial year.*

– *New business originated during the financial year and the transfers between stages of the new origination.*

	2019		2019				
	Gross advances		Loss allowance				
	Stage 3	Purchased or originated credit impairment*	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impairment
	33 099	–	28 589	6 719	7 732	14 138	–
	415	–	489	269	15	205	–
	33 514	–	29 078	6 988	7 747	14 343	–
	18 205	–	–	1 422	(3 020)	1 598	–
	(1 914)	–	–	2 485	(2 189)	(296)	–
	(3 219)	–	–	(701)	1 466	(765)	–
	23 338	–	–	(362)	(2 297)	2 659	–
	–	–	(3)	(3)	–	–	–
	(234)	–	(171)	6	(144)	(33)	–
	(8 922)	–	(8 922)	–	–	(8 922)	–
	(600)	–	–	–	–	–	–
	–	–	12 415	(497)	3 168	9 744	–
	(719)	105	–	–	–	–	–
	–	–	1 765	–	–	1 765	–
	41 244	105	34 162	7 916	7 751	18 495	–
	40 976	–	33 614	7 614	7 702	18 298	–
	268	105	548	302	49	197	–

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2. IMPAIRMENT OF ADVANCES

2.1 Reconciliation of the loss allowance on total advances per class

Amortised cost

R million	Retail secured		Retail unsecured		
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other
Amount as at 1 July 2018	2 362	4 120	1 569	4 598	2 023
Stage 1	269	677	458	1 221	637
Stage 2	378	1 240	241	961	546
Stage 3	1 715	2 203	870	2 416	840
Acquisition/(disposal) of advances	–	–	–	–	–
Exchange rate differences	120	–	–	–	(120)
Bad debts written off	(362)	(2 201)	(437)	(1 495)	(885)
Current period provision created/(released)*	318	2 110	1 371	3 392	1 455
– Stage 1	(95)	(288)	31	198	20
– Stage 2	322	571	296	448	273
– Stage 3	91	1 827	1 044	2 746	1 162
Interest on stage 3 advances	103	327	147	320	252
Amount as at 30 June 2019	2 541	4 356	2 650	6 815	2 725
Stage 1	360	632	555	1 415	724
Stage 2	510	1 307	347	971	464
Stage 3	1 671	2 417	1 748	4 429	1 537
Acquisition/(disposal) of advances	**–**	**–**	**–**	**(90)**	**–**
Transfers from/(to) non-current assets or disposal groups held for sale	**–**	**–**	**–**	**–**	**–**
Exchange rate differences	**–**	**–**	**–**	**–**	**–**
Bad debts written off	**(259)**	**(1 907)**	**(1 114)**	**(4 351)**	**(1 754)**
Current period provision created/(released)*	**1 634**	**3 412**	**2 665**	**6 323**	**2 168**
– Stage 1	**275**	**(265)**	**349**	**627**	**(13)**
– Stage 2	**423**	**564**	**458**	**966**	**415**
– Stage 3	**936**	**3 113**	**1 858**	**4 730**	**1 766**
Amount as at 30 June 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**

* *Current period provision created/(released) reflects the net of the following items:*

- *Flow on ECL impact of net settlements and changes in exposures of advances included in the opening balance, including changes in ECL on amended off-balance sheet facilities.*
- *The increase or decrease of the opening balance ECL due to transfers between the stages, for example the release of ECL on transfer from stage 2 to stage 1 or the increase in ECL on transfer from stage 1 to stage 2.*
- *ECL on new business originated during the financial year and the transfers between stages of the new origination.*
- *Impact of changes in models and risk parameters, including forward looking macroeconomic information.*

Corporate and commercial						UK operations		
FNB commercial	WesBank corporate	RMB corporate banking	RMB investment banking	Rest of Africa	Group Treasury and other	Retail	Commercial	Total amortised cost
3 457	333	945	2 876	3 598	712	1 544	452	28 589
680	93	163	570	726	403	629	193	6 719
879	91	723	1 330	685	183	372	103	7 732
1 898	149	59	976	2 187	126	543	156	14 138
–	–	–	(3)	–	–	–	–	(3)
(7)	1	2	4	(155)	6	(15)	(7)	(171)
(751)	(104)	(322)	(358)	(638)	(174)	(974)	(211)	(8 912)
836	99	25	317	959	222	901	341	12 346
(214)	(36)	(51)	69	(62)	(27)	(62)	160	(357)
448	4	(77)	54	363	31	40	186	2 959
602	131	153	194	658	218	923	(5)	9 744
277	9	38	29	197	4	55	7	1 765
3 812	338	688	2 865	3 961	770	1 511	582	33 614
733	92	231	924	805	398	532	213	7 614
776	67	364	1 419	804	186	378	109	7 702
2 303	179	93	522	2 352	186	601	260	18 298
–	**–**	**–**	**(10)**	**–**	**–**	**–**	**–**	**(100)**
–	**–**	**–**	**–**	**(223)**	**(42)**	**–**	**–**	**(265)**
–	**–**	**10**	**113**	**208**	**–**	**504**	**216**	**1 051**
(1 286)	**(114)**	**(141)**	**(572)**	**(1 282)**	**(196)**	**(842)**	**(350)**	**(14 168)**
3 502	**282**	**526**	**2 338**	**1 969**	**122**	**2 280**	**1 094**	**28 315**
489	**10**	**71**	**151**	**212**	**(58)**	**453**	**249**	**2 550**
1 070	**64**	**347**	**1 803**	**182**	**(14)**	**699**	**346**	**7 323**
1 943	**208**	**108**	**384**	**1 575**	**194**	**1 128**	**499**	**18 442**
6 028	**506**	**1 083**	**4 734**	**4 633**	**654**	**3 453**	**1 542**	**48 447**
1 394	**114**	**323**	**1 288**	**1 007**	**320**	**1 116**	**564**	**10 943**
1 339	**111**	**647**	**3 111**	**981**	**152**	**1 148**	**471**	**12 961**
3 295	**281**	**113**	**335**	**2 645**	**182**	**1 189**	**507**	**24 543**

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2. IMPAIRMENT OF ADVANCES continued

2.1 Reconciliation of the loss allowance on total advances per class continued

Fair value *R million*	Corporate and commercial RMB corporate banking	 RMB investment banking	Rest of Africa	Group Treasury and other	Total fair value
Amount as at 1 July 2018	–	312	4	173	489
Stage 1	–	92	4	173	269
Stage 2	–	15	–	–	15
Stage 3	–	205	–	–	205
Bad debts written off	–	(10)	–	–	(10)
Current period provision created/(released)	–	66	(2)	5	69
– Stage 1	–	(120)	(2)	(18)	(140)
– Stage 2	–	186	–	23	209
– Stage 3	–	–	–	–	–
Amount as at 30 June 2019	–	368	2	178	548
Stage 1	–	124	2	176	302
Stage 2	–	47	–	2	49
Stage 3	–	197	–	–	197
Exchange rate differences	**–**	**19**	**–**	**–**	**19**
Bad debts written off	**–**	**(194)**	**–**	**–**	**(194)**
Current period provision created/(released)	**120**	**375**	**(2)**	**67**	**560**
– Stage 1	**–**	**46**	**(2)**	**67**	**111**
– Stage 2	**–**	**320**	**–**	**–**	**320**
– Stage 3	**120**	**9**	**–**	**–**	**129**
Amount as at 30 June 2020	**120**	**568**	**–**	**245**	**933**
Stage 1	**–**	**147**	**–**	**245**	**392**
Stage 2	**–**	**411**	**–**	**–**	**411**
Stage 3	**120**	**10**	**–**	**–**	**130**

2.2 Breakdown of impairment charge recognised in the income statement

	2020			2019		
R million	Total	Amortised cost	Fair value	Total	Amortised cost	Fair value
Increase in loss allowance	**(25 750)**	**(25 190)**	**(560)**	(12 415)	(12 346)	(69)
Recoveries of bad debts	**2 374**	**2 374**	**–**	2 548	2 548	–
Modification loss	**(1 007)**	**(1 007)**	**–**	(633)	(633)	–
Impairment of advances recognised in the income statement	**(24 383)**	**(23 823)**	**(560)**	(10 500)	(10 431)	(69)

2. IMPAIRMENT OF ADVANCES continued

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

IMPAIRMENT OF ADVANCES

In determining whether an impairment loss should be recognised, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans. The objective of the measurement of an impairment loss is to produce a quantitative measure of the group's credit risk exposure.

The group adopted the PD/LGD approach to calculate ECL for advances. The ECL is based on an average of three macroeconomic scenarios incorporating a base scenario, an upside scenario and a downside scenario, weighted by the probability of occurrence.

Regression modelling techniques are used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the group of accounts to which the model will be applied. This results in the production of models that are used to predict impairment parameters (PD, LGD and EAD) based on the predictive characteristics identified through the regression process.

Forward-looking information

Forward-looking macroeconomic information has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. Both quantitative models and expert judgement-based adjustments consider a range of forecasted macroeconomic scenarios as inputs.

Macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for baseline, downside, upside and stress scenarios. The baseline, downside and upside scenarios are used in the ECL calculations. Development of these scenarios is overseen by the FirstRand Macro Forum, which is responsible for oversight and is independent from credit and modelling functions.

To arrive at the macroeconomic forecasts, teams of economists both locally and within the various subsidiaries assess the micro and macroeconomic developments to formulate the macroeconomic forecasts. A number of internal and external economists are then requested to assign a probability to each scenario. The rationale for the probabilities assigned by each of the economists requested to respond is noted and explained.

ECL results are calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process.

Quantitative techniques applied estimate the impact of forecasted macroeconomic factors on expected credit losses using various techniques dependent on the portfolio within which models will be applied.

Within the RMB corporate banking and IBD portfolios, macroeconomic stress testing models are applied to estimate the impact of forward-looking information on expected credit losses. These stress testing models are industry-specific and make use of regression techniques, observed macroeconomic correlations and expert judgement, depending on the extent of data available in each industry. The outputs from these models are used to determine the level of stress that a particular industry is expected to experience, and through-the-cycle (TTC) impairment parameters are scaled accordingly, with scaling factors based on historic S&P default data.

Within the commercial portfolio, the economic capital model is used to determine credit loss curves per portfolio under various scenarios, taking into account the industries represented in each portfolio. Judgement is applied to select appropriate loss curves for determining forward-looking ECL estimates commensurate with the current economic environment and forward-looking expectations.

Within retail portfolios, forward-looking ECL is modelled using regression-based techniques that determine the relationship between key macroeconomic factors and credit risk parameters based on historically observed correlations. Modelled correlations and macroeconomic variable weightings are adjusted on the basis of expert judgement to ensure that the relationships between macroeconomic forecasts and risk parameters are intuitive and that ECL is reflective of forward-looking expectations of credit performance.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2. IMPAIRMENT OF ADVANCES continued

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

Forward-looking information continued

The approach applied within Aldermore is aligned with the approach applied within domestic retail portfolios, with FLI-adjusted ECL estimates determined on the basis of a combination of regression-based modelling and expert judgement. The forward-looking macroeconomic information applied within Aldermore includes six probability-weighted macroeconomic scenarios, ranging from an upside scenario to a severe downside scenario.

Where the impact of forward-looking macroeconomic information on ECL is determined based on historical relationships between macroeconomic movements and default rates, and it is not expected for these relationships to hold under current macroeconomic conditions, judgemental post-model adjustments have been applied to ensure that relationships between macroeconomic forecasts and ECL estimates are intuitive, with ECL increasing where macroeconomic conditions are expected to worsen, and reflecting additional relevant information not catered for in models. This approach is followed across all portfolios.

The table sets out the scenarios and the probabilities assigned to each scenario at 30 June 2020 for the group's South African and Africa operations.

SCENARIO	PROBABILITY	DESCRIPTION
Baseline regime	56% (2019: 59%)	Assumes that global growth experiences a significant contraction in 2020 before normalising in 2021. Developed market (DM) inflation remains benign and global interest rates remain extremely accommodative. The South African domestic economy experiences a significant contraction in economic activity and inflation remains low. The outlook is characterised by ongoing income weakness and policy uncertainty.
Upside regime	12% (2019: 23%)	Assumes that global growth experiences a significant contraction in 2020 before recovering strongly towards the end of 2020. DM inflation falls lower, and global interest rates remain extremely accommodative. The South African domestic economy experiences a significant short-term contraction in economic activity and inflation remains low. After the initial shock, policy certainty is restored and confidence-boosting economic reforms are implemented.
Downside regime	32% (2019: 18%)	Assumes that global growth experiences a significant contraction in 2020, which results in long-term damage to global supply chains and weaker long-term global economic activity. DM inflation falls and global interest rates remain extremely accommodative. The South African domestic economy experiences a significant short-term contraction in economic activity, which is compounded by policy mistakes and extremely low confidence, which prevent the economy from recovering from the COVID-19 induced shock.

There has been a significant change in the assumptions used in each of the scenarios and the probability assigned to upside and downside scenarios when compared to the prior year. There are a number of factors, including the COVID-19 pandemic, that have contributed to this change. These are discussed in more detail below and have resulted in increases in the provisions recognised in the current year.

2. IMPAIRMENT OF ADVANCES continued

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

Aldermore, including MotoNovo, uses an external firm specialising in economic forecasting to provide forward-looking macroeconomic information. The table sets out the scenarios and the probabilities assigned to each scenario at 30 June 2020, which represents the group's UK operations:

Scenarios	**Probability**
Severe downside	**15%** (2019: 10%)
Downside	**10%** (2019: 10%)
Stagnation	**10%** (2019: 10%)
Base	**45%** (2019: 50%)
Mild upside	**10%** (2019: 10%)
Upside	**10%** (2019: 10%)

Overview of forward-looking information included in the 30 June 2020 provisions

The forward-looking assumptions set out above were used as inputs on the date that the ECL provisions for 30 June 2020 were finalised.

Following the initial COVID-19 induced economic shocks the global economy is expected to suffer a significant contraction in GDP in 2020 followed by a weak recovery in 2021. This shock is expected to result in low inflation in 2020 with a slight pick-up in 2021. The large and coordinated fiscal and monetary policy support that has been provided by global central banks and governments has stabilised financial conditions and has resulted in low global interest rates. At the same time, the social distancing and lockdown regulations have helped a broad base of countries to control and contain the spread of COVID-19 through their populations which is expected to abate towards the end of 2020. This has allowed more people to return to work and is lifting both supply and demand in the global economy. High-frequency manufacturing and services sector GDP measures have started to rise across both developed and emerging market economies. However, it remains clear that the battle against COVID-19 is far from over. The global economy does not yet benefit from a synchronised upswing in GDP or inflation, given how the virus and policy responses thereto are playing out across the world. As such, although more stable, risk appetite remains subdued and demand for commodities remains low. A vast number of economies have been forced to lift their debt levels considerably in order to combat the virus, which is going to leave the global economy with a long-term debt overhang. Such an environment remains supportive of safe-haven assets which should continue to support the US dollar in the near term.

South Africa

After an initial and severe contraction in GDP in the first half of 2020, the gradual recovery in global demand should support South Africa's export sectors which will help the economy to marginally lift GDP. Already weak domestic demand and income growth have been amplified by the COVID-19 crisis, which has resulted in lower core and headline inflation. With inflation contained and global interest rates low the SARB has been able to reduce the short-term interest rate considerably in order to support to the economy.

The impact of COVID-19 remains extremely deep, with ongoing uncertainty about the risk of second waves of infection. At 30 June 2020 the view was that the government will continue to implement a more focused approach to lockdown and social distancing measures at a regional and industry level, where restrictions will be tightened within specific industries, individual businesses or geographic areas depending on the spread of the virus. These assumptions have been introduced into the forward-looking macroeconomic information and tie directly into the group's GDP growth forecast. It is increasingly clear that the loss of economic activity, tax revenue, household and corporate income as a result of the virus has left the economy substantially weakened and more vulnerable.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2. IMPAIRMENT OF ADVANCES continued

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

United Kingdom

Following the initial global and domestic shock induced by the COVID-19 pandemic, the outlook for the United Kingdom (UK) remains weak. High-frequency indicators of the UK economy show that activity should lift into the second half of 2020, but their relative weakness also suggest that the recovery will be protracted. The loosening of lockdown restrictions increases the risk of further waves of infection and introduces the likelihood of an even more protracted recovery if further rounds of lockdown and social distancing are ultimately required. This leaves the UK economy in an abnormally stagnant state, which is placing significant strain on household and corporate incomes. Lower GDP, higher unemployment and lower household incomes will leave a gap in UK income statements and balance sheets, which increases the likelihood of further government spending and quantitative easing with interest rates likely to remain lower for longer until GDP and inflation begin to lift.

Other Africa

General

The outlook for the rest of Africa portfolio has come under particular pressure, most notably the SACU countries which all are heavily reliant on activity in South Africa. Without exception, the real economies in these countries are extremely weak with increased fiscal risk becoming an important driver of their medium-term outlook.

A second important theme to note for the rest of Africa portfolio is the negative implications that the fall in the oil price will have for the oil and gas producing economies of Nigeria, Ghana and Mozambique. This will add a further measure of fiscal and foreign exchange weakness to the domestic economic outlook, although the oil price is expected to recover in 2021.

Namibia

The Namibian economy has been in a recessionary environment since 2016, with GDP growth lagging far behind population growth. The COVID-19 pandemic and associated lockdown measures are expected to exacerbate this existing contraction in GDP growth. Namibia went into a 21-day lockdown on 28 March 2020, which was further extended to 38 days ending 4 May 2020. The government subsequently embarked on a gradual reopening of the economy where most economic activities have been allowed to resume with some social distancing precautions. While domestic economic activities have been allowed to resume, the economy still faces a number of COVID-19-related pressures. Firstly, a global slowdown and falling external demand will weigh on exports and export-dependent industries. This is further worsened by restrictions on the movement of goods and people, which will disrupt supply chains in various industries such as wholesale and retail trade, manufacturing and construction. Secondly, domestic demand is unlikely to rebound to significantly higher levels as consumer and investor confidence remains low due to the uncertainties surrounding COVID-19 in an already weak economic environment. Finally, the government faces significant funding constraints and is unable to provide enough fiscal support to lift activity meaningfully.

This backdrop is expected to result in a significant contraction in GDP growth in 2020 followed by an extremely weak recovery after the initial shock. Inflation is expected to remain low due to low domestic demand, with some upward pressure arising in 2021 through expected higher global oil prices. Similar to South Africa, interest rates are expected to remain low given the low global interest rate environment, low inflation and the interest rate cuts implemented by the SARB.

Botswana

Botswana is expected to experience a significant contraction in GDP in 2020 followed by a weak recovery in 2021. Weaker global demand has resulted in lower global diamond prices and weaker local production. At the same time the tourism sector will continue to be severely affected by the pandemic, with travel bans limiting anticipated growth within the local hospitality and aviation industries. Botswana's trade sector, which has been a key driver of growth in recent years, is also expected to contract significantly as a result of disruptions in global trade patterns due to lockdown measures implemented globally. The spill-over effect of these disruptions will be evident in manufacturing and construction, as local businesses continue to face difficulties procuring critical inputs for their production processes.

2. IMPAIRMENT OF ADVANCES continued

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

In order to mitigate the impact of COVID-19 on the economy, the government has drafted an economic recovery and transformation plan aimed at supporting businesses and the economy through this pandemic. The fiscal package proposes several interventions and projects that span most industries with the hope of transforming Botswana from a mineral-led, public-sector dominated economy to a more diversified, export-oriented economy. Although Botswana has the fiscal resources to embark on such a plan, there have been challenges with the implementation of development plans in the past. Given the expected weakness in consumer demand and GDP growth, inflation is expected to remain low. This, together with lower global oil prices, low global inflation and low global interest rates is expected to allow the central bank to maintain low interest rates, through the forecast horizon.

Significant macroeconomic factors for 30 June 2020

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

SIGNIFICANT MACROECONOMIC FACTORS FOR 30 JUNE 2020*

South Africa (%)	Upside scenario			Baseline expectation			Downside scenario		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Applicable across all portfolios									
Real GDP growth	(0.60)	4.20	4.00	(0.60)	2.40	0.90	(2.00)	0.00	0.00
CPI inflation	3.30	3.00	3.00	3.00	3.80	4.50	4.70	5.90	7.60
Repo rate	2.75	2.75	2.75	3.25	3.25	3.25	6.00	6.25	6.50
Retail									
Real income growth	1.00	4.20	4.9	(1.8)	1.60	0.40	(0.90)	(0.20)	(0.30)
House price index growth**	6.30	17.90	17.8	(1.0)	6.40	3.80	(12.50)	(8.30)	(10.10)
Household debt income ratio	71.50	71.50	71.50	71.50	71.50	71.50	71.50	71.50	71.50
Employment growth	(0.2)	1.30	1.2	(0.20)	0.70	0.30	(2.2)	(1.3)	(1.7)
Wholesale									
Fixed capital formation	1.80	9.10	12.00	(12.30)	1.00	(1.00)	(2.10)	(1.90)	(1.60)
Foreign exchange rate ($/R)	12.30	11.80	12.00	15.40	15.90	16.70	17.30	19.7	22.00

* *The comparative period information has not been updated in line with the information presented for 30 June 2020. As IFRS 9 is refined and embedded in the group's reporting process, additional disclosure is included.*

** *Applicable to the secured portfolio.*

UK (%)	Upside scenario			Baseline expectation			Downside scenario		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Real GDP growth	5.52	7.06	3.00	1.04	7.31	2.35	(11.73)	10.95	3.17
CPI inflation	2.23	2.27	1.94	0.49	1.65	1.76	(1.78)	(0.26)	2.24
House price index growth*	0.16	5.03	13.95	(4.99)	(0.26)	6.03	(14.7)	(13.68)	(7.09)
Employment growth	2.60	0.80	(1.96)	1.87	0.51	(6.04)	2.08	1.34	(1.45)

* *Applicable to the secured portfolio.*

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2. IMPAIRMENT OF ADVANCES continued

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

Other Africa

Namibia (%)	Upside scenario			Baseline expectation			Downside scenario		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Real GDP growth	0.00	1.50	2.50	(3.70)	1.20	1.70	(6.50)	(3.00)	(1.50)
CPI inflation	2.75	3.00	3.00	3.00	3.50	4.00	4.90	5.92	6.75
Repo rate	3.00	2.75	2.75	3.50	3.50	3.50	6.00	6.25	6.50

Botswana (%)	Upside scenario			Baseline expectation			Downside scenario		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Real GDP growth	(0.30)	4.90	6.00	(2.10)	3.30	3.50	(6.91)	0.25	0.85
CPI inflation	2.00	2.20	2.20	2.20	3.10	3.20	3.35	4.78	5.63
Repo rate	3.25	3.25	3.00	3.50	3.50	3.50	4.50	5.25	6.00

Significant macroeconomic factors for 30 June 2019

South Africa	Upside scenario	Baseline expectation	Downside scenario
Real GDP growth (%)	2.83	1.05	0.31
CPI Inflation (%)	3.99	4.89	6.89
Policy interest rate (%)	6.19	6.75	8.19
Foreign exchange rate ($/R)	12.60	14.50	16.45

Sensitivity analysis of forward-looking information on impairment provisions

The following table reflects the impact on the performing (stage 1 and stage 2) impairment provisions on advances, if the probability weighting assigned to each of the scenarios were increased to 100%.

	2020	
	R million	% change on total IFRS 9 provision
Impairment provision on performing advances	23 903	
Scenarios		
Baseline	23 766	(1)
Upside	21 626	(10)
Downside	26 505	11

The analysis only reflects the impact of changing the probability assigned to each scenario to a 100% and does not include any changes to post-model adjustments, including those needed to cater for the impact of COVID-19.

2. IMPAIRMENT OF ADVANCES continued

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

Post-model adjustments

In addition to forward-looking macroeconomic information, other types of forward-looking information, such as specific event risk, is taken into account in ECL estimates when required. Furthermore, where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates and macroeconomic events, additional provisions via post-model adjustments are made. The following table summarises the reasons for the material post-model adjustments made.

POST-MODEL ADJUSTMENT	DESCRIPTION	PORTFOLIOS IMPACTED
COVID-19 macroeconomic adjustment	Post-model adjustment made on the basis of constrained expert judgement to allow for macroeconomic impacts not adequately captured by existing statistical models. Adjustment calculated through application of expert judgement-based weightings to macroeconomic factors within the existing FLI methodology.	Retail and commercial credit portfolios across all geographies.
Adjustment for COVID-19 relief	Adjustments made to coverage held for COVID-19 relief to allow for the impact of delayed arrears recognition, which results from an inability to observe normal arrears behaviour and to provide accordingly where payment relief is offered.	Retail and commercial credit portfolios across all geographies.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2. IMPAIRMENT OF ADVANCES continued

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

<table>
<tr><th>JUDGEMENT</th><th>RETAIL AND RETAIL SME</th><th>WHOLESALE AND COMMERCIAL SME</th></tr>
<tr><td rowspan="2">Measurement of the 12-month and lifetime ECL</td><td>Parameters are determined on a pooled basis, with exposures pooled on a portfolio level at a minimum. Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour, as well as behavioural and demographic information related to individual exposures currently on book.

PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates.

EAD parameter estimates are based on product characteristics and historical draw-down and payment behaviour.

LGDs are determined by estimating expected future cash flows and are adjusted for forward-looking information such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes.

The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within the historical data will continue to be relevant in the future.</td><td>Parameters are determined based on the application of statistical models that produce estimates based on counterparty-specific financial information and transaction characteristics. These characteristics include the nature of available collateral.

Due to the specialised nature of these exposures, parameters produced by models are taken through a robust review and challenge process before being applied to calculate expected credit losses, and are required to be signed off by a committee of wholesale and commercial credit experts who can motivate adjustments to modelled parameters.</td></tr>
<tr><td colspan="2">Parameters are calibrated for the calculation of 12-month and lifetime ECL using term structures that consider borrower risk, account age, historical behaviour, transaction characteristics and correlations between parameters.

Term structures have been developed over the entire remaining contractual lifetime of an instrument. The remaining lifetime is limited to the contractual term of instruments in the portfolio, except for instruments with an undrawn commitment such as credit cards, where there is no contractual expiry date. In such instances the remaining term is determined with reference to the change in client requirements that would trigger a review of the contractual terms, for example an increase in credit limit.

Expected credit losses on open accounts are discounted from the expected date of default to the reporting date using the asset's original effective interest rate or a reasonable approximation thereof.</td></tr>
</table>

2. IMPAIRMENT OF ADVANCES continued

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

JUDGEMENT	RETAIL AND RETAIL SME	WHOLESALE AND COMMERCIAL SME
Determination of whether the credit risk of financial instruments have increased significantly since initial recognition	Although COVID-19 has had a negative impact on the economies in which the group operates, in isolation COVID-19 initially reflected a liquidity constraint more than an inherent increase in credit risk for the entire portfolio of advances held by the group. As such the group did not impose a blanket downgrade on all ECL stages. A more systematic and targeted approach to the impact of COVID-19 on the group's customer base was undertaken, following the group's existing credit framework, which allowed for well-balanced and consistent decision-making that considered not only the impact of COVID-19, but existing economic trends as well. As such, the group did not view requests for payment deferrals and liquidity assistance as the sole indicator that a significant increase in credit risk (SICR) had occurred for performance advances. IFRS 9 contains a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. This means that where payments are 30 days past due, the financial asset needs to migrate from stage 1 to stage 2. Instead of rebutting this presumption, the group views that where the customer and the group have agreed to a deferral of payment for a specified period, that such an extension will not trigger the counting of days past due.	
SICR assessment of COVID-19 relief exposures	In accordance with IFRS 9, all exposures are assessed to determine whether there has been a SICR at each reporting date (monthly), in which case the expected credit loss is calculated on a lifetime basis. SICR triggers are based on client behaviour, client-based behaviour scores and judgemental factors. These triggers are portfolio specific and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk with reference to historic default rates within that portfolio. The group uses a relative movement in probability of default between reporting date and origination date to determine if there was a significant increase in credit risk. These levels are monitored and validated on a continuous basis. Management also considers other judgemental triggers, for example behaviour on other products. Additional judgemental triggers, such as employment in industries in distress, have also been considered in the context of COVID-19 and its financial impacts.	In accordance with IFRS 9, all exposures are assessed to determine whether there has been a significant increase in credit risk at each reporting date (monthly), in which case the expected credit loss is calculated on a lifetime basis. SICR triggers are determined based on client behaviour, client internal FirstRand rating or risk score, as well as judgemental factors which may result in the client being added to the watch list through the group's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk. Additional judgemental triggers, such as belonging to an industry in distress, are considered in the context of the financial impact of COVID-19. The group uses a relative movement in probability of default between reporting date and origination date to determine if there was a significant increase in credit risk, and the client's watch list status at a point in time. These levels are monitored and validated on a continuous basis.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

2. IMPAIRMENT OF ADVANCES continued

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

JUDGEMENT	DESCRIPTION
Staging sensitivity	As outlined above, when there is a SICR since initial recognition, the exposure is moved from stage 1 to stage 2 and the ECL is calculated based on lifetime expected credit losses. The move from 12-month expected credit loss to lifetime expected credit loss can result in a substantial increase in ECL. The sensitivity information provided in the table below details the additional ECL charge to the income statement that the group would need to recognise if 5% of the gross carrying amount of advances suffered a SICR and were moved from stage 1 to stage 2 as at 30 June 2020. A 5% increase in advances categorised as stage 2 can be viewed as a reasonably possible alternative based on the current economic conditions.

	30 June 2020*	
R million	**5% increase in gross carrying amount of exposure**	**Increase in the loss allowance**
Retail	**30 010**	**2 529**
Wholesale, commercial and other (including Group Treasury)	**26 565**	**3 069**
Total increase in stage 2 advances and ECL	**56 575**	**5 598**

* *Comparative information has not been provided. As IFRS 9 is refined and embedded in the group's reporting process, additional disclosure is included. This information was not produced in the prior year.*

2. IMPAIRMENT OF ADVANCES continued

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

JUDGEMENT	DESCRIPTION
Treatment of financial relief offered in response to the impacts of COVID-19 – retail and commercial exposures (excluding SME Loan Guarantee Scheme)	The group has offered financial relief through various mechanisms in response to COVID-19. These included the following: ● additional facilities or new loans being granted; ● restructure of existing exposures with no change in the present value of the estimated future cash flows; and ● restructure of existing exposures with a change in the present value of the estimated future cash flows. Prior to COVID-19 relief being granted to an applying customer, the customer was assessed against eligibility for relief criteria. In doing so, the group was able to identify customers who were in good standing but were facing financial distress due to the impact of COVID-19 directly or indirectly. The COVID-19 relief provided to these customers were deemed to be temporary and cash flow in nature. Where a customer was already experiencing financial distress and was in arrears prior to 29 February 2020, any restructuring of the customer's facilities was deemed to be permanent in nature. Where the relief is expected to be temporary in nature and as such qualifies as a non-distressed restructure, the staging of the exposure as at 29 February 2020 has been maintained, and adjustments have been made to coverage to allow for incremental credit risk and potential masking of normal arrears. Where the relief is expected to be permanent in nature, the exposure has been treated as a distressed restructure, and staging and coverage have been adjusted in line with the group's normal practice. Where the relief has been enacted through the issuance of a new loan as part of non-distressed restructure, the loan has been treated at initial recognition as a new exposure and coverage has been calculated on the basis of historical behaviour in similar products, including a post-model adjustment to allow for incremental credit risk attributable to COVID-19 relief provided. The terms of the new loan are distinct from other facilities granted to the customer previously, as the new loan is unsecured and its repayment terms differ from the terms of the customer's other facilities with the group. Where the relief provided as an emergency facility (as defined under the National Credit Act) is part of a distressed restructure, the staging of the emergency facility has been aligned to the staging of the underlying exposures. Where there are multiple underlying exposures with different stages, the worst of these stages has been applied. The ECL for all exposures on which relief has been offered and for all emergency facilities has been adjusted to reflect the impact of forward-looking macroeconomic information in line with the rest of the portfolio.
Treatment of financial relief offered in response to the impacts of COVID-19 – wholesale exposures	Debt relief measures for wholesale clients have been undertaken on a case-by-case basis within the boundaries of existing credit risk management processes. Treatment of financial relief offered to wholesale customers remains the same as for other wholesale restructures.

Selected notes to the summary consolidated financial statements continued
for the year ended 30 June

2. IMPAIRMENT OF ADVANCES continued

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

JUDGEMENT	DESCRIPTION
Treatment of SME Loan Guarantee Scheme	An arrangement facilitated by BASA, between the SARB and participating banks in South Africa was concluded during the current year. In terms of the arrangement, the SARB committed to provide dedicated funding at the repo rate to the banks who elected to participate in the SME Loan Guarantee Scheme (the scheme). The group is a participant in the scheme. In terms of the scheme, the group will utilise the dedicated funding obtained from the SARB to on lend to qualifying SME customers who would be charged the prime interest rate on the advance (ring-fenced portfolio). The loans are repayable up to a maximum of seven years, with no early settlement penalties applicable. As part of the scheme, the group would share up to a maximum loss of 6% suffered if the advances in the portfolio were to default. The SARB would compensate the group for all other credit losses suffered (limited guarantee) on the ring-fenced portfolio. The SARB is compensated for accepting such credit risk exposure by receiving a credit loss protection premium from the group, the terms of which are identical for all participants in the scheme. The group is acting as principal in the overall structure and as such has recognised loans advanced to customers (note 11). The limited guarantee arrangement entered into with the SARB is viewed as a credit enhancement integral to the loans advanced, and the cost of the limited guarantee is adjusted to the effective interest rate of the loans advanced under the scheme. The group considers credit enhancements that are obtained from a third party at approximately the same time as the loan agreement is entered into with the customer, so as to mitigate the credit risk associated specifically with the customer as integral to the loan agreement. The ECL on the loans advanced under this scheme factor in the maximum credit loss.
Determination of whether a financial asset is credit impaired	Exposures are classified as stage 3 if there are qualitative indicators that the obligor is unlikely to repay their credit obligations in full without any recourse action by the group, such as the realisation of security. Distressed restructures of accounts in stage 2 are also considered to be default events. For a retail account to cure from stage 3 to either stage 2 or stage 1, the account needs to meet a stringent cure definition. Cure definitions are determined on a portfolio level with reference to suitable analysis and are set such that the probability of a previously cured account re-defaulting is equivalent to the probability of default for an account that has not defaulted in the past. In most retail portfolios curing is set at 12 consecutive payments. For wholesale exposures, cures are assessed on a case-by-case basis, subsequent to an analysis by the relevant debt restructuring credit committee. A default event is a separate default event only if an account has met the portfolio-specific cure definition prior to the second or subsequent default. Default events that are not separate are treated as a single default event when developing LGD models and the associated term structures.

3. SHARE CAPITAL AND SHARE PREMIUM

Ordinary share capital and share premium

Authorised shares

	2020	2019
Ordinary shares	**6 001 688 450**	6 001 688 450

Issued shares

	2020			2019		
	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**	**8 023**	5 609 488 001	56	8 056
Shares issued	**–**	**–**	**–**	–	–	–
Total issued ordinary share capital and share premium	**5 609 488 001**	**56**	**8 023**	5 609 488 001	56	8 056
Treasury shares	**(3 239 594)**	**–**	**(15)**	(385 962)	–	(33)
Total issued share capital attributable to ordinary equityholders	**5 606 248 407**	**56**	**8 008**	5 609 102 039	56	8 023

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 0.06% (2019: 0.01%) of total issued ordinary shares and these shares have been treated as treasury shares.

4. OTHER EQUITY INSTRUMENTS

Preference share capital

Authorised preference shares

	2020	2019
A preference shares – unlisted variable rate cumulative convertible redeemable*	**198 311 550**	198 311 550
B preference shares – listed variable rate non-cumulative non-redeemable	**100 000 000**	100 000 000
C preference shares – unlisted variable rate convertible non-cumulative redeemable*	**100 000 000**	100 000 000
D preference shares – unlisted variable rate cumulative redeemable*	**100 000 000**	100 000 000

* *Unissued.*

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4. OTHER EQUITY INSTRUMENTS continued

Issued shares

	2020		2019	
	Number of shares	**Ordinary equity instruments R million**	Number of shares	Ordinary equity instruments R million
B preference shares	**45 000 000**	**4 519**	45 000 000	4 519
Total issued share capital attributable to preference shareholders of the group	**45 000 000**	**4 519**	45 000 000	4 519

Dividends on the B preference shares are calculated at a rate of 75.5% of the prime lending rate of FNB, a division of FirstRand Bank Limited.

Additional Tier 1 capital

R million	Rate	**2020**	2019
FRB24	3-month JIBAR plus 440 basis points	**2 265**	2 265
FRB25*	3-month JIBAR plus 440 basis points	**3 461**	2 700
Contingent convertible securities	11.875% per annum	**–**	1 250
Total additional Tier 1 capital		**5 726**	6 215
Total other equity instruments		**10 245**	10 734

* *Includes a tap issuance of R761 million in the current year.*

FRB 24 and FRB 25

To date, FirstRand Bank, a wholly owned subsidiary of FirstRand Limited, issued Basel III compliant Additional Tier 1 (AT1) instruments which are perpetual and pay non-cumulative, discretionary coupons on a quarterly basis. The terms and conditions provide for an issuer call option after five years, and at every coupon payment date that follows.

In addition, at the discretion of the PA, FRB may write off the notes, in whole or in part, with no obligation to pay compensation to the noteholders upon the earlier of:

- the PA giving notice that a write-off is required without which the bank will become non-viable; or
- a decision being made to inject public sector capital, or equivalent support, without which the bank will become non-viable.

The AT1 notes have been classified as equity, as the terms and conditions do not contain a contractual obligation to pay cash to the noteholders.

The total coupon paid during the financial year was R629 million (2019: R255 million). Current tax of R176 million (2019: R58 million) relating to the AT1 capital note was recognised in the income statement.

4. OTHER EQUITY INSTRUMENTS continued

Contingent convertible securities

On 9 December 2014, the group's subsidiary Aldermore Group plc issued R1 250 million (£75 million) fixed-rate Additional Tier 1 perpetual subordinated contingent convertible securities.

The securities were perpetual and had no fixed redemption date. Redemption of the securities was at the discretion of Aldermore on 30 April 2020 and annually thereafter. The securities bore interest at an initial rate of 11.875% per annum until 30 April 2020 and thereafter at the relevant reset interest rate as provided in the information memorandum. Interest was payable, annually, in arrears on each interest payment date commencing 30 April 2015, and is non-cumulative. The borrower had the full discretion to cancel any interest scheduled to be paid on the securities. The contingent convertible securities were redeemed on 30 April 2020.

These securities were convertible into ordinary shares of Aldermore in the event of Aldermore's common equity ratio falling below 7%. Although there are a number of additional terms relating to events such as acquisition and wind-up, there are no circumstances in which Aldermore had an unavoidable obligation to issue a variable number of its own shares.

5. CONTINGENCIES AND COMMITMENTS

R million	**2020**	2019
Contingencies and commitments		
Guarantees (endorsements and performance guarantees)	**33 609**	38 273
Letters of credit	**8 511**	8 733
Total contingencies	**42 120**	47 006
Irrevocable commitments*	**127 658**	129 186
Committed capital expenditure	**3 584**	4 034
Operating lease commitments**	**–**	3 390
Other	**50**	136
Contingencies and commitments	**173 412**	183 752
Legal proceedings		
There are a number of legal or potential claims against the group, the outcome of which cannot at present be foreseen. 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 taken for claims that are expected to materialise.	**426**	192
Commitments		
Commitments in respect of capital expenditure and long-term investments approved by the directors.	**3 584**	4 034

* *Irrevocable commitments have been restated following an investigation which identified an amount of R7 394 million that had been included in irrevocable commitments in 2019 relating to contracts that provide the group with sole discretion to grant to the respective facilities. The ECL on these commitments are immaterial.*

** *The group elected not to restate comparative information, as permitted by IFRS 16. Comparability will not be achieved as comparative information has been prepared on an IAS 17 basis. Refer to pages 165 to 176 of the online version of the analysis of results for the six months ended 31 December 2019 for details.*

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS

6.1 Valuation methodology

In terms of IFRS, the group is required to or elects to measure certain assets and liabilities at fair value. The group has established control frameworks and processes at an operating business level to independently validate its valuation techniques and inputs used to determine its fair value measurements. At an operating business level, valuation specialists are responsible for the selection and implementation and any changes to the valuation techniques used to determine fair value measurements. Valuation committees comprising representatives from key management have been established within each operating business and at an overall group level. They are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval at operating business level by the required valuation specialists, valuation committees and relevant risk committees annually, or more frequently if considered appropriate.

Fair value measurements are determined by the group on both a recurring and non-recurring basis.

Non-recurring fair value measurements

Non-recurring fair value measurements are those triggered by particular circumstances and include:

- the classification of assets and liabilities as non-current assets or disposal groups held for sale under IFRS 5 where the standard requires that the asset be held at the lower of its carrying amount and its fair value less costs to sell; and
- IAS 36 where the recoverable amount is based on the fair value less costs to sell.

These fair value measurements are determined on a case-by-case basis as they occur within each reporting period.

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price (e.g. in a dealer market), the group uses a price within the bid-ask spread that is most representative of fair value in the circumstances.

Where the group has a financial liability with a demand feature, such as demand deposits, the fair value is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid where the time value of money is significant.

Financial instruments not measured at fair value

This category includes assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS, e.g. financial instruments at amortised cost. Except for the amounts included under the heading "financial instruments not measured at fair value", for all other financial instruments at amortised cost, the carrying value is equal to or a reasonable approximation of the fair value.

6.2 Fair value hierarchy and measurements

The group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. Fair value may be determined using unadjusted quoted prices in active markets for identical assets or liabilities, where this is readily available, and the price represents actual and regularly occurring market transactions. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Where a valuation model is applied and the group cannot mark-to-market, it applies a mark-to-model approach, subject to valuation adjustments. Mark-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. In assessing whether a mark-to-model valuation is appropriate, the group will consider whether:

- as far as possible, market inputs are sourced in line with market prices;
- generally accepted valuation methodologies are consistently used for particular products unless deemed inappropriate by the relevant governance forums;
- an in-house-developed model is based on appropriate assumptions which have been assessed and challenged by suitably qualified parties independent of the development process;
- formal change control procedures are in place;
- awareness exists of the weaknesses of the models used, which is appropriately reflected in the valuation output;
- the model is subject to periodic review to determine the accuracy of its performance; and
- valuation adjustments are only made when appropriate, for example, to cover the uncertainty of the model valuation. The group considers factors such as counterparty and own credit risk when making appropriate valuation adjustments.

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 2.

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	OBSERVABLE INPUTS
DERIVATIVE FINANCIAL INSTRUMENTS			
Forward rate agreements	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rate curves and credit spreads
Swaps	Discounted cash flows	Future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date of each cash flow is determined in terms of legal documents.	Market interest rate curves, credit and currency basis curves
Options	Option pricing model	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option, market-related discount rate, spot or forward rate and the volatility of the underlying
Forwards	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market-projected forward value.	Spot price of underlying instrument, market interest rate curves and dividend yield
Equity derivatives	Industry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Market interest rate curves, volatilities, dividends and share prices
ADVANCES TO CUSTOMERS			
Other advances	Discounted cash flows	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period. In the event that credit spreads for a counterparty are observable or are an insignificant input, advances to customers are classified as level 2 of the fair value hierarchy.	Market interest rate curves

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 continued

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	OBSERVABLE INPUTS
INVESTMENT SECURITIES			
Equities listed in an inactive market	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using a market-related interest rate. Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate.	Market interest rate curves
Unlisted equities	Price earnings (P/E) model and discounted cash flows	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings, depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place, in which case level 2 classifications are used.	Market transactions
Unlisted bonds or bonds listed in an inactive market	Discounted cash flows	Unlisted bonds or bonds listed in an inactive market are valued similarly to advances measured at fair value. Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period. Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate.	Market interest rate curves
Negotiable certificates of deposit	Discounted cash flows	Future cash flows are discounted using market-related interest rates. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rate curves
Treasury bills and other government and government-guaranteed stock	JSE debt market bond pricing model	The JSE debt market bond pricing model uses the JSE debt market mark-to-market bond yield.	Market interest rate curves

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 continued

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	OBSERVABLE INPUTS
INVESTMENT SECURITIES continued			
Non-recourse investments	Discounted cash flows	Future cash flows are discounted using a discount rate which is determined as a base rate plus a spread. The base rate is determined by legal agreements as either a bond or swap curve. The spread approximates the level of risk attached to the cash flows. When there is a change in the base rate of the market, the valuation is adjusted accordingly. The valuation model is calibrated to reflect transaction price at initial recognition.	Market interest rate curves
Investments in funds and unit trusts	Third-party valuations	For certain investments in funds (such as hedge funds) or unit trusts, where an internal valuation technique is not applied, the group places reliance on valuations from third parties, such as broker quotes or valuations from asset managers. Where considered necessary, the group applies minority and marketability or liquidity discount adjustments to these third-party valuations. Third-party valuations are reviewed by the relevant operating business's investment committee on a regular basis. Where these underlying investments are listed, third-party valuations can be corroborated with reference to listed share prices and other market data and are thus classified as level 2 of the fair value hierarchy.	Market transactions (listed)
DEPOSITS			
Call and non-term deposits	None – the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short-term nature of the instruments. These deposits are financial liabilities with a demand feature. The fair value is not less than the amount payable on demand, i.e. the undiscounted amount of the deposit.	None – the undiscounted amount approximates fair value and no valuation is performed
Non-recourse deposits	Discounted cash flows	Fair value for interest rate and foreign exchange risk with no valuation adjustment for own credit risk. Valuation adjustments are affected by changes in the applicable credit ratings of the assets.	Market interest rate curves and foreign exchange rates
Other deposits	Discounted cash flows	The forward curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rate curves
Other liabilities	Discounted cash flows	Future cash flows are discounted using market-related interest rates. Where the value of a liability is linked to the performance of an underlying and the underlying is observable, these liabilities are classified as level 2.	Market interest rate curves or performance of underlying

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 continued

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	OBSERVABLE INPUTS
POLICYHOLDER LIABILITIES UNDER INVESTMENT CONTRACTS			
Unit-linked contracts or contracts without fixed benefits	Adjusted value of underlying assets	The underlying assets related to the contracts are recognised by the group. The investment contracts require the group to use these assets to settle the liabilities. The fair value of investment contract liabilities, therefore, is determined with reference to the fair value of the underlying assets. The fair value is determined using the current unit price of the underlying unitised assets linked to the liability and multiplied by the number of units attributed to the policyholders at reporting date. The fair value of the liability is never less than the amount payable on surrender, discounted for the required notice period where applicable.	Spot price of the underlying
Contracts with fixed and guaranteed terms	Discounted cash flows	The liability fair value is the present value of future payments, adjusted using appropriate market-related yield curves to maturity.	Market interest rate curves
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	Future cash flows are discounted using market-related interest rates and curves adjusted for credit inputs.	Market interest rate curves

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 3

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 3.

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	SIGNIFICANT UNOBSERVABLE INPUTS OF LEVEL 3 ITEMS
DERIVATIVE FINANCIAL INSTRUMENTS			
Option	Option pricing model	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Volatilities
Equity derivatives	Industry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and applying extrapolation techniques to match the appropriate risk profile.	Volatilities and unlisted share prices
ADVANCES TO CUSTOMERS			
Investment banking book	Discounted cash flows	Certain of the group's investment banking advances do not meet the requirements to be carried at amortised cost and are at fair value through profit or loss. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. As such, these advances are classified as level 3 on the fair value hierarchy. Future cash flows are discounted using a market-related interest rate, adjusted for credit inputs.	Credit inputs

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 3 continued

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	SIGNIFICANT UNOBSERVABLE INPUTS OF LEVEL 3 ITEMS
ADVANCES TO CUSTOMERS continued			
Other advances	Discounted cash flows	Future cash flows are discounted using market-related interest rates adjusted for credit inputs, over the contractual period. In the case where the fair value of the credit is not significant year-on-year but may become significant in future and where the South African counterparties do not have actively traded or observable credit spreads, the group classifies other loans and advances to customers as level 3 in the fair value hierarchy.	Credit inputs
Advances under repurchase agreements	Discounted cash flow	The valuation entails accounting for the default of the counterparty and the sovereign entity. The effect of these defaults on the exchange rate is also included. Wrong-way risk is incorporated by factoring in the correlation between the FX rate and the default risk of the counterparty, as well as the default risk of the sovereign entity.	Credit input and market risk correlation factors
INVESTMENT SECURITIES			
Equities listed in an inactive market	Discounted cash flows	For listed equities, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using market-related interest rates.	Unobservable P/E ratios
Unlisted equities	P/E model and discounted cash flows	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings, depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount rate for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Growth rates and P/E ratios

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 3 continued

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	SIGNIFICANT UNOBSERVABLE INPUTS OF LEVEL 3 ITEMS
INVESTMENT SECURITIES **continued**			
Unlisted bonds or bonds listed in an inactive market	Discounted cash flows	Unlisted bonds or bonds in an inactive market are valued similarly to advances measured at fair value. Future cash flows are discounted using market-related interest rates adjusted for credit inputs over the contractual period. Where the valuation technique incorporates unobservable inputs for credit risk, level 3 of the fair value hierarchy is deemed appropriate.	Credit inputs
Investments in funds and unit trusts	Third-party valuations	In the case of certain investments in funds (such as hedge funds) or unit trusts where an internal valuation technique is not applied, the group places reliance on valuations from third parties, such as broker quotes or valuations from asset managers. Where considered necessary, the group applies minority and marketability or liquidity discount adjustments to these third-party valuations. Third-party valuations are reviewed by the relevant operating business's investment committee on a regular basis. Where these underlying investments are unlisted, the group has classified them as level 3 of the fair value hierarchy, as there is no observable market data to which to compare the third-party valuations to.	Third-party valuations used, minority and marketability adjustments
Investment properties	Discounted cash flow	The fair value of investment properties is determined by obtaining a valuation from an independent professional valuer not related to the group. This fair value is based on a discounted cash flow model which is the sum of the present values of a stream of cash flows into the future with an appropriate exit or terminal value. Considerations related to above and below market rentals, fluctuating expenses and general property risk are factored into the model. Variables are obtained through surveys and comparable recent market transactions not publicly quoted. Professional valuations are performed every two years and are reviewed internally by management. The latest valuation was performed during the current year. The fair value is based on unobservable income capitalisation rate inputs. These rates are impacted predominantly by expected market rental growth, contract tenure, occupancy rates and vacant periods that arise on expiry of existing contracts. The fair value of these properties will change favourably with increases in the expected market rental growth, contract tenure and occupancy rates and decreases in the average vacant period; and unfavourably if the inverse occurs.	Expected rentals, capitalisation and exit/ terminal rates.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 3 continued

INSTRUMENT	VALUATION TECHNIQUE	DESCRIPTION OF VALUATION TECHNIQUE AND MAIN ASSUMPTIONS	SIGNIFICANT UNOBSERVABLE INPUTS OF LEVEL 3 ITEMS
DEPOSITS			
Deposits that represent collateral on credit-linked notes	Discounted cash flows	These deposits represent the collateral leg of credit-linked notes. The forward curve adjusted for liquidity premiums and business unit margins is used. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Credit inputs on related advances
Other deposits	Discounted cash flows	The forward curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Credit inputs, market inputs and correlation factors
Other liabilities	Discounted cash flows	For preference shares which require the group to share a portion of profits of underlying contracts with a third party, the value of the liability is linked to the performance of the underlying. Where the underlying is not observable, these liabilities are classified as level 3. Future cash flows are discounted using market-related interest rates, adjusted for the performance of the underlying contracts.	Performance of underlying contracts
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	Future cash flows are discounted using market-related interest rates and curves adjusted for credit inputs.	Credit inputs

Non-recurring fair value measurements

For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required, as listed in the table above, the technique applied and the inputs into the models would be in line with those as set out in the table.

There were no assets or liabilities measured at fair value on a non-recurring basis in the prior year. However, there were non-recurring fair value transactions in the current year.

An investment in a subsidiary was classified as a disposal group held for sale at 30 June 2020. Assets and liabilities in the disposal group which are subject to the IFRS 5 measurement criteria were measured at fair value less costs to sell and classified as level 2 on the fair value hierarchy, depending on the nature of the specific underlying asset and liability.

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

6.2.1 Fair value hierarchy

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

	2020			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	50	146 540	925	147 515
Advances	–	20 871	48 633	69 504
Investment securities	106 433	43 618	3 886	153 937
Non-recourse investments	–	8 611	–	8 611
Commodities	21 344	–	–	21 344
Investment properties	–	–	722	722
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	58	–	58
Total fair value assets	127 827	219 698	54 166	401 691
Liabilities				
Recurring fair value measurements				
Short trading positions	5 062	–	–	5 062
Derivative financial instruments	292	160 045	1 856	162 193
Deposits	1 299	39 918	5 063	46 280
Non-recourse deposits	–	8 611	–	8 611
Other liabilities	–	2	300	302
Policyholder liabilities under investment contracts	–	4 960	–	4 960
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	2	–	2
Total fair value liabilities	6 653	213 538	7 219	227 410

Selected notes to the summary consolidated financial statements continued
for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.2 Fair value hierarchy and measurements continued

6.2.1 Fair value hierarchy continued

	2019			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	140	46 162	802	47 104
Advances	–	43 583	36 141	79 724
Investment securities	66 826	40 005	3 692	110 523
Non-recourse investments	–	12 253	–	12 253
Commodities	21 176	–	–	21 176
Investment properties	–	–	689	689
Total fair value assets – recurring	88 142	142 003	41 324	271 469
Liabilities				
Recurring fair value measurements				
Short trading positions	5 352	22	–	5 374
Derivative financial instruments	91	51 664	842	52 597
Deposits	1 378	53 809	1 238	56 425
Non-recourse deposits	–	12 253	–	12 253
Other liabilities	–	189	387	576
Policyholder liabilities under investment contracts*	–	4 415	–	4 415
Total fair value liabilities – recurring	6 821	122 352	2 467	131 640

* *The policyholder liabilities under investment contracts were incorrectly classified as level 1 in the prior year and were restated to reflect as a level 2 instrument.*

6. FAIR VALUE MEASUREMENTS continued

6.3 Additional disclosures for level 3 financial instruments

6.3.1 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.

	2020		
R million	**Transfers in**	**Transfers out**	**Reasons for significant transfer in**
Level 1	**–**	**–**	There were no transfers into level 1.
Level 2	**–**	**(911)**	There were no transfers into level 2.
Level 3	**911**	**–**	Due to market disruption as a result of COVID-19, the market for certain investment securities became illiquid with the assets transferred from level 2 to level 3. In addition, certain inputs used in valuing derivative instruments are no longer observable, resulting in their transfer from level 2 to level 3.
Total transfers	**911**	**(911)**	

	2019		
R million	Transfers in	Transfers out	Reasons for significant transfer in
Level 1	–	–	There were no transfers into level 1.
Level 2	128	(151)	During the year, the inputs into the yield curves used to fair value derivative trades became observable warranting a transfer from level 3 to level 2 for these instruments.
Level 3	151	(128)	Derivatives linked to the Botswana pula were valued on an internally created curve, whose inputs are no longer observable. These changes in inputs resulted in a transfer out of level 2 to level 3.
Total transfers	279	(279)	

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.3 Additional disclosures for level 3 financial instruments continued

6.3.2 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	Derivative financial liabilities	Other liabilities	Deposits
Balance as at 30 June 2018	563	51 318	2 159	754	630	1 586	514
Gains/(losses) recognised in profit or loss	226	2 323	1 477	–	65	(1 769)	3
Gains/(losses) recognised in other comprehensive income	–	–	1	–	–	–	–
Purchases, sales, issue and settlements	(49)	(17 558)	72	59	159	570	720
Acquisitions/(disposals) of subsidiaries	–	–	–	(124)	–	–	–
Net transfer to level 3	62	–	(27)	–	(12)	–	–
Exchange rate differences	–	58	10	–	–	–	1
Balance as at 30 June 2019	**802**	**36 141**	**3 692**	**689**	**842**	**387**	**1 238**
Gains/(losses) recognised in profit or loss	**142**	**4 458**	**(407)**	**26**	**1 418**	**154**	**76**
Losses recognised in other comprehensive income	**–**	**–**	**(203)**	**–**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**(86)**	**7 186**	**(55)**	**7**	**(434)**	**(241)**	**3 729**
Acquisitions/(disposals) of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net transfer to level 3	**67**	**–**	**814**	**–**	**30**	**–**	**–**
Exchange rate differences	**–**	**848**	**45**	**–**	**–**	**–**	**20**
Balance as at 30 June 2020	**925**	**48 633**	**3 886**	**722**	**1 856**	**300**	**5 063**

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

6. FAIR VALUE MEASUREMENTS continued

6.3 Additional disclosures for level 3 financial instruments continued

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

The valuation model for level 3 assets or liabilities typically relies 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 held at fair value through profit or loss and fair value through other comprehensive income debt instruments, all gains or losses are recognised in NIR.

	2020		2019	
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	**83**	**–**	162	–
Advances*	**4 291**	**–**	2 183	–
Investment securities	**(575)**	**(211)**	1 340	1
Investment properties	**91**	**–**	–	–
Total	**3 890**	**(211)**	3 685	1
Liabilities				
Derivative financial instruments	**(978)**	**–**	37	–
Deposits	**(41)**	**–**	12	–
Other liabilities	**(40)**	**–**	144	–
Total	**(1 059)**	**–**	193	–

* *Amount is mainly accrued interest on fair value advances and movements in interest rates and foreign currency that has been economically hedged. These advances are classified as level 3 primarily, 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.*

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.3 Additional disclosures for level 3 financial instruments continued

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

The table below illustrates the sensitivity of the significant inputs when changed to reasonable possible alternative inputs.

ASSET/LIABILITY	SIGNIFICANT UNOBSERVABLE INPUTS	UNOBSERVABLE INPUT TO WHICH REASONABLE POSSIBLE CHANGES ARE APPLIED	REASONABLE POSSIBLE CHANGES APPLIED
Derivative financial instruments	Volatilities	Volatilities	Increased and decreased by between 5% and 10%, depending on the nature of the instrument.
Advances	Credit	Credit migration matrix	A range of scenarios are run as part of the group's credit risk management process for advances measured at fair value through profit or loss to determine credit losses and change in credit spreads in various economic conditions. The probability of default is adjusted either upwards or downwards versus the base case.
Investment securities	Credit, growth rates and P/E ratios of unlisted investments	Credit, growth rates or P/E ratios of unlisted investments	Increased and decreased by between 7% and 10%, depending on the nature of the instrument.
Investment properties	Expected rentals, capitalisation and exit/terminal rates	Escalation rates applied to rentals and discount rates	Expected rentals are adjusted for comparable rentals. A range of capitalisation rates were used to assess reasonability of the rate(s) used.
Deposits	Credit inputs and market correlation factors	Credit inputs, correlation and devaluation parameters	The deposits included in level 3 of the hierarchy represent the collateral leg of credit-linked notes and deposits under repurchase agreements. The most significant unobservable input in determining the fair value is the credit risk component. The sensitivity to credit risk has been assessed in the same way as for advances, using the credit migration matrix, with the deposit representing the cash collateral component thereof.
Other liabilities	Performance of underlying contracts	Profits on the underlying contracts	Increased and decreased by 1%.

6. FAIR VALUE MEASUREMENTS continued

6.3 Additional disclosures for level 3 financial instruments continued

6.3.4 Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonable possible alternatives continued

	Reasonable possible alternative fair value					
	2020			2019		
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	**925**	**983**	**872**	802	815	792
Advances	**48 633**	**48 828**	**48 442**	36 141	36 350	35 935
Investment securities	**3 886**	**4 044**	**3 660**	3 692	3 848	3 492
Investment properties	**722**	**794**	**649**	689	758	620
Total financial assets measured at fair value in level 3	**54 166**	**54 649**	**53 623**	41 324	41 771	40 839
Liabilities						
Derivative financial instruments	**1 856**	**1 762**	**1 934**	842	836	846
Deposits	**5 063**	**5 010**	**5 132**	1 238	1 221	1 256
Other liabilities	**300**	**297**	**303**	387	377	397
Total financial liabilities measured at fair value in level 3	**7 219**	**7 069**	**7 369**	2 467	2 434	2 499

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

6. FAIR VALUE MEASUREMENTS continued

6.4 Financial instruments not measured at fair value

The following represents the fair values of financial instruments not carried at fair value on 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.

	2020				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	1 192 211	1 202 775	–	141 944	1 060 831
Investment securities	134 921	133 464	104 689	25 846	2 929
Total financial assets at amortised cost	1 327 132	1 336 239	104 689	167 790	1 063 760
Liabilities					
Deposits	1 480 124	1 483 457	9 951	1 170 985	302 521
Other liabilities	4 735	4 778	–	3 118	1 660
Tier 2 liabilities	24 614	24 987	–	24 987	–
Total financial liabilities at amortised cost	1 509 473	1 513 222	9 951	1 199 090	304 181

	2019				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	1 126 028	1 136 277	–	110 953	1 025 324
Investment securities	118 950	118 668	88 102	24 572	5 994
Total financial assets at amortised cost	1 244 978	1 254 945	88 102	135 525	1 031 318
Liabilities					
Deposits	1 324 426	1 318 847	4 768	1 102 313	211 766
Other liabilities	5 398	5 388	–	3 015	2 373
Tier 2 liabilities	24 191	24 752	–	24 752	–
Total financial liabilities at amortised cost	1 354 015	1 348 987	4 768	1 130 080	214 139

6. FAIR VALUE MEASUREMENTS continued

6.5 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	**2020**	2019
Opening balance	**50**	54
Day 1 profits or losses not recognised on financial instruments initially recognised in the current year*	**329**	31
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(182)**	(35)
Closing balance	**197**	50

* *Impacted by refinements to the cash flow hedge accounting model following the adoption of IFRS 9.*

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

7. SUMMARY SEGMENT INFORMATION

Year ended 30 June 2020

R million	FNB					RMB							
	FNB SA	FNB rest of Africa	**Total FNB**	**WesBank**	**Retail and commercial**	Investment banking	Corporate banking	**Total RMB**	**Aldermore**	FCC (including Group Treasury and other)	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
Profit before tax	16 712	1 146	**17 858**	1 226	**19 084**	6 459	1 856	**8 315**	**956**	(4 437)	**23 918**	(290)	**23 628**
Total assets	427 948	59 265	**487 213**	133 372	**620 585**	558 360	74 395	**632 755**	**328 301**	344 975	**1 926 616**	(77)	**1 926 539**
Total liabilities*	416 679	58 417	**475 096**	131 323	**606 419**	548 835	73 454	**622 289**	**304 550**	241 361	**1 774 619**	–	**1 774 619**

* *Total liabilities are net of interdivisional balances.*

Year ended 30 June 2019

R million	FNB					RMB							
	FNB SA	FNB rest of Africa	**Total FNB**	**WesBank**	**Retail and commercial**	Investment banking	Corporate banking	**Total RMB**	**Aldermore**	FCC (including Group Treasury and other)	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
Profit before tax	23 847	1 681	**25 528**	2 580	**28 108**	7 851	2 008	**9 859**	**2 389**	(1 668)	**38 688**	2 984	**41 672**
Total assets	419 082	57 552	**476 634**	138 254	**614 888**	459 295	64 681	**523 976**	**225 323**	304 852	**1 669 039**	23	**1 669 062**
Total liabilities*	401 763	57 608	**459 371**	135 146	**594 517**	449 127	63 214	**512 341**	**205 626**	211 985	**1 524 469**	–	**1 524 469**

* *Total liabilities are net of interdivisional balances.*

8. EVENTS AFTER REPORTING PERIOD

The directors are not aware of any material events that have occurred between the date of the statement of financial position and the date of this report.

9. SUBSIDIARIES AND NON-CONTROLLING INTERESTS

The group has a portfolio of integrated financial services businesses comprising FNB, RMB, WesBank, Aldermore and Ashburton Investments. The group operates in South Africa, certain markets in sub-Saharan Africa, the United Kingdom and India, and offers a universal set of transactional, lending, investment and insurance products and services.

The group's operations are conducted through its six significant wholly-owned subsidiaries:

SUBSIDIARY	OPERATION
FirstRand Bank Limited	SA banking activities and foreign branches in London, Guernsey and India
FirstRand EMA Holdings Proprietary Limited	Rest of Africa subsidiaries
FirstRand Investment Management Holdings Limited	Investment management
FirstRand Investment Holdings Proprietary Limited	Other activities
FirstRand International Limited (Guernsey)	UK banking and hard currency platform
FirstRand Insurance Holdings Proprietary Limited	Insurance

There are no significant restrictions on the ability to transfer cash or other assets to or from entities within the group. Refer to page 72 of the online version of the annual integrated report for a simplified group structure.

9.1 Significant acquisition of subsidiaries

The group regards Ghana as an attractive market with long-term potential. On 4 May 2020, the group acquired the entire issued share capital of GHL Bank through First National Bank Ghana Limited. GHL Bank is a Ghana-based bank that primarily provides mortgages to customers. The acquisition of GHL Bank provides First National Bank Ghana with the foundation for a broader retail strategy going forward.

GHL Bank and First National Bank Ghana are included in the FNB Africa reportable segment of the group. On 30 June 2020, GHL Bank was merged with First National Bank Ghana and ceased to exist as a separate legal entity.

The accounting for the GHL Bank business combination is provisional at 30 June 2020 due to the inherent complexity and judgement associated with identifying intangible assets and determining the fair value of identifiable intangible assets and certain on-balance sheet items.

The acquired receivables consisted of advances, accounts receivable and debt investment securities. The fair value of these receivables was R1 878 million, the gross carrying value was R1 871 million and the ECL was R68 million at the acquisition date. Acquisition-related expenditure of R4 million has been disclosed as operating expenditure in the consolidated income statement.

From the date of acquisition, GHL Bank contributed R27 million of revenue (NII and NIR) and R3 million to profit before tax of the group. If the acquisition had taken place at the beginning of the current period, group revenue and profit before tax would not have been materially impacted.

Selected notes to the summary consolidated financial statements continued

for the year ended 30 June

9. SUBSIDIARIES AND NON-CONTROLLING INTERESTS continued

9.1 Significant acquisition of subsidiaries continued

Identifiable assets acquired and liabilities assumed at the acquisition date fair value are set out as listed below.

	GHL Bank
R million	2020
ASSETS	
Cash and cash equivalents	143
Other assets	26
Current tax asset	8
Advances	1 611
Investment securities	193
Property and equipment	111
Intangible assets	39
Total assets acquired	**2 131**
LIABILITIES	
Creditors and accruals	263
Deposits	268
Employee liabilities	2
Other liabilities	1 309
Deferred income tax liability	18
Total liabilities acquired	**1 860**
Net asset value as at date of acquisition	**271**
Total goodwill is calculated as follows:	
Total cash consideration transferred	509
Less: net identifiable asset value at date of acquisition	(271)
Goodwill on acquisition	**238**

9. SUBSIDIARIES AND NON-CONTROLLING INTERESTS continued

9.2 Non-controlling interests

The only subsidiaries that give rise to a significant non-controlling interest are First National Bank of Namibia Holdings Limited and First National Bank of Botswana Holdings Limited.

The group holds 100% of the shares in First National Bank of Botswana Holdings Limited. The non-controlling interests recognised by the group results from First National Bank Holdings Botswana Limited's shareholding in First National Bank Botswana Limited. The non-controlling interests own 30.5% of First National Bank Botswana Limited.

In addition to the above the group owns less than 100% of the issued share capital of a number of private equity subsidiaries and other investments in the RMBIA Proprietary Limited sub-consolidation. The non-controlling interests recognised by the group result from RMBIA's shareholding in these subsidiaries. There is no individually significant non-controlling interest.

	First National Bank of Namibia Holdings Limited	First National Bank of Botswana Limited
Country of incorporation	Namibia	Botswana
% ownership held by non-controlling interests	40.1	30.5
% voting rights by non-controlling interests	40.1	30.5

R million	**2020**	2019	**2020**	2019
Balances included in the consolidated statement of financial position				
Total assets	**45 893**	44 180	**44 150**	34 773
Balances with central banks*	**409**	431	**676**	1 123
Total liabilities	**40 893**	38 766	**38 923**	30 395
Balances included in the consolidated statement of comprehensive income				
Interest and similar income	**3 857**	3 865	**2 296**	2 133
Non-interest revenue	**2 002**	1 913	**1 777**	1 533
Profit or loss before tax	**1 210**	1 585	**1 260**	1 259
Total comprehensive income	**833**	1 086	**1 420**	989
Amounts attributable to non-controlling interests				
Dividends paid to non-controlling interests	**508**	239	**181**	153
Profit or loss attributable to non-controlling interests	**423**	445	**291**	293
Accumulated balance of non-controlling interests	**2 039**	2 202	**1 541**	1 290

* *These balances are not available to the group for day-to-day operational use.*

Company information

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