FirstRand

ANALYSIS OF FINANCIAL RESULTS

for the year ended 30 June 2024

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

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About this report

This report and the accompanying commentary cover the primary results of the group and are presented on a normalised basis, as the group believes this most accurately reflects its economic performance. Normalised results have been derived from the financial results based on IFRS® Accounting Standards (IFRS Accounting Standards) for the year ended 30 June 2024.

Normalised results include a consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of financial position and a consolidated statement of changes in equity. A detailed description of the difference between normalised and IFRS Accounting Standards results is provided on pages 146 to 148. Detailed reconciliations of normalised to IFRS Accounting Standards results are provided on pages 155 to 162. Commentary is based on normalised results, unless indicated otherwise.

The preparation of the group's consolidated financial results was supervised by Simonet Terblanche, CA(SA).

The group's audited consolidated financial statements for the year ended 30 June 2024, based on IFRS Accounting Standards, are available on its website at www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/.

Simplified group structure

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FirstRand Bank Limited (FRB)

SA banking

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

100% FirstRand EMA Holdings (Pty) Ltd (FREMA)

Broader Africa

58%	FirstRand Namibia
70%	FNB Botswana
75%	FNB Eswatini
100%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	First National Bank Ghana
100%	RMB Nigeria

100% FirstRand International Limited (Guernsey) (FRI)

UK banking and hard currency platform

100%	Aldermore Group
100%	Aldermore Bank‡
100%	MotoNovo Finance‡
100%	FirstRand Investment Holdings Guernsey
100%	FirstRand Securities
100%	RMB Securities (USA)^
100%	RMB International Mauritius
100%	RMB Capital India

100% FirstRand Insurance Holdings (Pty) Ltd

Insurance

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

100% FirstRand Investment Management Holdings Limited

Investment management

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

100% FirstRand Investment Holdings (Pty) Ltd (FRIHL)

Other activities

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

** Division*
*** Branch*
 # Trading as FNB Channel Islands.
† Representative office
DirectAxis is a business unit of FirstRand Bank Limited.

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

Notes:

Structure shows effective consolidated shareholding.

FNB Eswatini's shares were listed on the Eswatini Stock Exchange on 5 December 2023, with FREMA disposing of 20% of its shareholding in this process. The listing provides FNB Eswatini with a meaningful local shareholding component and contributes to the development and expansion of the local capital markets. A further 4.99% of shares was transferred into an employee share ownership trust (these shares will be considered treasury shares from a group reporting perspective). FREMA's effective shareholding in FNB Eswatini is now 75.01%.

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

OVERVIEW OF RESULTS

FirstRand's portfolio of integrated financial services businesses comprises FNB, WesBank, RMB, Aldermore and Ashburton. The group operates in South Africa, certain markets in sub-Saharan Africa and the UK, and offers a universal set of transactional, lending, investment and insurance products and services.

Performance highlights

Normalised earnings

R38.0bn

2023: R36.6bn ▲**4%**

Return on equity

20.1%

2023: 21.1% ▼**100 bps**

Net asset value

R195.7bn

2023: R181.5bn ▲**8%**

CET1 ratio

13.5%

2023: 13.2% ▲**30 bps**

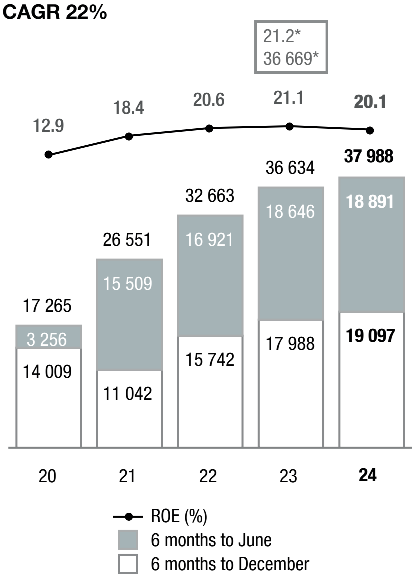
Ordinary dividend per share

415 cents

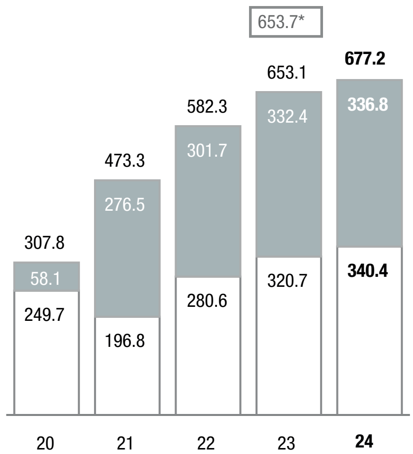
2023: 384 cents ▲**8%**

Track record

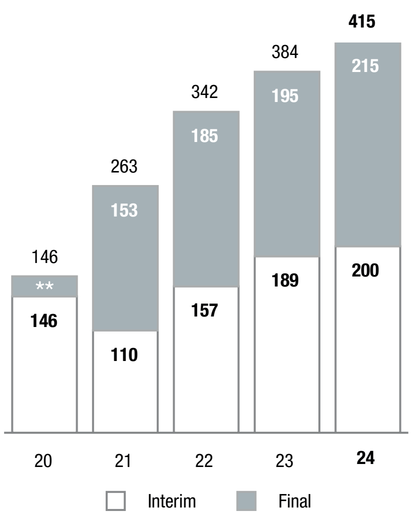
Normalised earnings (R million) and ROE (%)
CAGR 22%



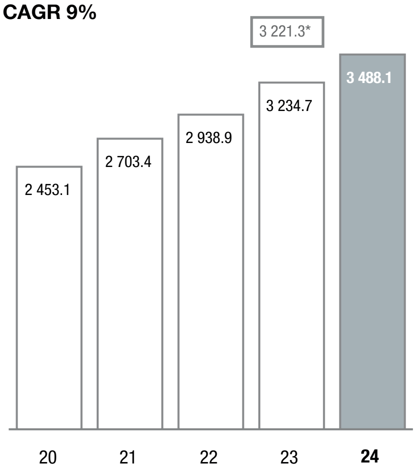
Diluted normalised earnings per share (cents)
CAGR 22%



Dividends per share (cents)



Normalised net asset value per share (cents)
CAGR 9%



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures are based on IFRS 17.

* *Amounts reported prior to the adoption and retrospective application of IFRS 17.*

** *In accordance with the Prudential Authority guideline, no final dividend was declared for June 2020.*

Key financial and operational results, ratios and statistics – normalised

for the year ended 30 June

This section is based on normalised results and includes the impact of the accounting provision related to the previously disclosed ongoing investigation by the UK Financial Conduct Authority (FCA) set out on pages 15 and 18. A detailed reconciliation between IFRS and normalised results is set out on pages 155 to 162.

R million	2024	2023*	% change
Earnings performance			
Normalised earnings per share (cents)**			
– Basic	**677.2**	653.1	4
– Diluted	**677.2**	653.1	4
Headline earnings per share (cents)**			
– Basic	**679.0**	654.7	4
– Diluted	**679.0**	654.7	4
Earnings per share (cents) – IFRS**			
– Basic	**681.4**	648.1	5
– Diluted	**681.4**	648.1	5
Attributable earnings – IFRS**	**38 191**	36 331	5
Headline earnings**	**38 054**	36 700	4
Normalised earnings**	**37 988**	36 634	4
Normalised net asset value#	**195 664**	181 451	8
Normalised net asset value per share (cents)#	**3 488.1**	3 234.7	8
Average normalised net asset value	**188 558**	173 547	9
Net income after cost of capital	**10 364**	11 904	(13)
Market capitalisation	**431 370**	384 250	12
Ordinary dividend per share (cents)	**415**	384	8
– Interim	**200**	189	6
– Final	**215**	195	10
Dividend cover (times)	**1.63**	1.70	
– Interim	**1.70**	1.70	
– Final	**1.57**	1.70	
NCNR B preference dividend – paid (cents per share)†	**–**	359.6	(100)
Ratios and key statistics			
ROE (%)#	**20.1**	21.1	
ROA (%)	**1.63**	1.71	
Cost of equity (%)	**14.65**	14.25	
Price earnings ratio (times)	**11.4**	10.5	
Price-to-book ratio (times)	**2.2**	2.1	
Diversity ratio (%)‡	**39.1**	40.0	
Credit impairment charge (R million)	**12 555**	10 949	15
Credit loss ratio (%)	**0.81**	0.78	
Stage 3/NPLs as % of core lending advances	**4.25**	3.80	
Performing book coverage ratio (%)	**1.58**	1.72	
Specific coverage ratio (%)	**44.1**	45.3	
Cost-to-income ratio (%)**	**52.6**	51.4	
Effective tax rate (%)	**22.4**	23.8	
Share price (closing – rand)	**76.90**	68.50	12

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *The adoption of IFRS 17 resulted in a R35 million decrease in earnings for the year ended 30 June 2023 (0.6 cents per share). It also resulted in a 40 bps reduction in the June 2023 cost-to-income ratio.*

\# *The adoption of IFRS 17 resulted in a R753 million increase in the 30 June 2023 net asset value (13.4 cents per share) and a subsequent 10 bps decrease in ROE.*

† *75.56% of FNB prime lending rate. Includes pro rata dividend. These non-cumulative, non-redeemable (NCNR) B preference shares were repurchased and cancelled on 27 September 2022.*

‡ *The adoption of IFRS 17 decreased the diversity ratio by 70 bps for the year ended 30 June 2023.*

	2024	2023	% change
Balance sheet			
Normalised total assets* (R million)	**2 366 815**	2 295 274	3
Advances (net of credit impairment) (R million)	**1 611 541**	1 539 375	5
Average gross loan-to-deposit ratio (%)	**82.9**	83.1	
Deposits (R million)	**2 003 151**	1 923 103	4
Capital adequacy – IFRS**			
Capital adequacy ratio (%)	**16.1**	15.6	
Tier 1 ratio (%)	**14.4**	13.8	
Common Equity Tier 1 ratio (%)	**13.5**	13.2	
Leverage – IFRS**			
Leverage ratio (%)	**8.2**	7.8	
Liquidity – IFRS			
Liquidity coverage ratio (%)	**118**	124	
Net stable funding ratio (%)	**120**	121	
Operational statistics			
Number of ATMs (including ADTs)	**5 716**	5 727	–
– South Africa	**4 750**	4 789	(1)
– Broader Africa	**966**	938	3
Number of branches	**757**	748	1
– South Africa	**623**	614	1
– Broader Africa	**134**	134	–
Number of FNB CashPlus/Agency Plus agents#	**4 350**	3 581	21
– South Africa	**25**	–	–
– Broader Africa	**4 325**	3 581	21
Number of employees	**49 250**	50 493	(2)
– South Africa	**39 157**	40 610	(4)
– Broader Africa	**6 381**	6 238	2
– UK operations	**2 088**	2 166	(4)
– Other	**694**	683	2
– FirstJob youth employment programme	**930**	796	17
FNB active customers (millions)	**12.07**	11.49	5
– South Africa	**9.87**	9.46	4
– Retail	**8.60**	8.25	4
– Commercial	**1.27**	1.21	5
– Broader Africa	**2.20**	2.03	8
FNB channel volumes (thousands of transactions)			
– ATM/ADT	**292 324**	285 132	3
– Digital	**800 924**	737 469	9
– Card acquiring	**1 059 275**	968 928	9
– Card issuing	**1 221 794**	1 132 203	8
Gross written premiums on group licences (R million)	**7 548**	6 507	16

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Including unappropriated profits.*

Provide an alternative channel for customers to deposit or withdraw cash.

Consolidated income statement – normalised

for the year ended 30 June

R million	2024	2023*	% change
Net interest income before impairment of advances	**86 105**	78 615	10
Impairment charge**	**(12 555)**	(10 949)	15
Net interest income after impairment of advances	**73 550**	67 666	9
Total non-interest revenue	**55 295**	52 393	6
– Operational non-interest revenue	**52 873**	51 900	2
– Fee and commission income	**38 131**	36 153	5
– Net insurance income	**4 420**	4 012	10
– Trading and other fair value income	**5 806**	6 522	(11)
– Investment income**	**476**	1 579	(70)
– Other non-interest revenue	**4 040**	3 634	11
– Share of profit of associates and joint ventures after tax**	**2 422**	493	>100
Income from operations	**128 845**	120 059	7
Operating expenses#	**(74 405)**	(67 320)	11
Income before indirect tax	**54 440**	52 739	3
Indirect tax	**(1 655)**	(1 540)	7
Profit before tax	**52 785**	51 199	3
Income tax expense	**(11 810)**	(12 169)	(3)
Profit for the year	**40 975**	39 030	5
Other equity instrument holders	**(1 518)**	(1 119)	36
Non-controlling interests	**(1 469)**	(1 277)	15
Normalised earnings attributable to ordinary equityholders of the group	**37 988**	36 634	4

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Impacted by a debt-to-equity restructure in the prior year resulting in a gross-up of these items with no impact on earnings. Refer to note on page 85.*

Includes R3 299 million relating to the UK motor commission matter.

Consolidated statement of other comprehensive income – normalised

for the year ended 30 June

R million	2024	2023*	% change
Profit for the year	**40 975**	39 030	5
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**2 370**	(738)	(>100)
Gains arising during the year	**2 548**	282	>100
Reclassification adjustments for amounts included in profit or loss	**688**	(1 333)	(>100)
Deferred income tax	**(866)**	313	(>100)
FVOCI debt reserve	**(244)**	33	(>100)
(Losses)/gains arising during the year	**(241)**	35	(>100)
Reclassification adjustments for amounts included in profit or loss	**(90)**	11	(>100)
Deferred income tax	**87**	(13)	(>100)
Exchange differences on translating foreign operations**	**(4 148)**	8 081	(>100)
(Losses)/gains arising during the year including the effect of hyperinflation	**(4 119)**	7 974	(>100)
Deferred income tax	**(29)**	107	(>100)
Insurance and reinsurance finance reserve	**124**	3	>100
Gains arising during the year on insurance contracts issued	**173**	3	>100
Losses arising during the year on reinsurance contracts held	**(5)**	–	–
Deferred income tax	**(44)**	–	–
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**16**	(3)	(>100)
Items that may not subsequently be reclassified to profit or loss			
FVOCI equity reserve	**(3)**	33	(>100)
(Losses)/gains arising during the year	**(4)**	38	(>100)
Deferred income tax	**1**	(5)	(>100)
Remeasurements on defined benefit post-employment plans	**43**	108	(60)
Gains arising during the year	**63**	154	(59)
Deferred income tax	**(20)**	(46)	(57)
Other comprehensive (loss)/income for the year	**(1 842)**	7 517	(>100)
Total comprehensive income for the year	**39 133**	46 547	(16)
Attributable to			
Ordinary equityholders	**36 209**	44 074	(18)
Other equity instrument holders	**1 518**	1 119	36
Equityholders of the group	**37 727**	45 193	(17)
Non-controlling interests	**1 406**	1 354	4
Total comprehensive income for the year	**39 133**	46 547	(16)

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Refer to page 166 for the exchange rates used.*

Consolidated statement of financial position – normalised

as at 30 June

R million	2024	2023*	2022*
ASSETS			
Cash and cash equivalents	**158 477**	147 671	107 569
Derivative financial instruments	**55 284**	85 956	65 667
Commodities	**15 109**	17 252	17 580
Investment securities	**431 044**	416 423	382 280
Advances	**1 611 541**	1 539 375	1 334 324
– Advances to customers**	**1 532 589**	1 455 422	1 262 083
– Marketable advances	**78 952**	83 953	72 241
Collateral, settlement balances and other assets	**36 052**	31 188	40 692
Current tax asset	**451**	925	624
Non-current assets and disposal groups held for sale	**1 498**	1 359	1 501
Insurance contract assets	**760**	555	306
Reinsurance contract assets	**509**	610	549
Investments in associates	**10 332**	10 400	8 178
Investments in joint ventures	**3 458**	3 057	2 564
Property and equipment	**23 326**	21 155	19 725
Intangible assets	**9 701**	10 277	9 457
Investment properties	**704**	353	698
Defined benefit post-employment asset	**7**	25	35
Deferred income tax asset	**8 562**	8 693	8 051
Total assets	**2 366 815**	2 295 274	1 999 800
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**10 273**	12 753	14 623
Derivative financial instruments	**44 645**	70 354	64 547
Creditors, accruals and provisions	**42 447**	43 263	30 677
Current tax liability	**719**	471	803
Liabilities directly associated with disposal groups held for sale	**1 126**	–	824
Deposits	**2 003 151**	1 923 103	1 655 972
Employee liabilities	**16 572**	17 074	13 862
Other liabilities	**5 806**	7 033	8 248
Insurance contract liabilities	**968**	1 392	1 344
Reinsurance contract liabilities	**48**	24	–
Policyholder liabilities under investment contracts	**7 669**	6 236	5 396
Tier 2 liabilities	**17 268**	16 869	20 937
Deferred income tax liability	**843**	1 033	997
Total liabilities	**2 151 535**	2 099 605	1 818 230
Equity			
Ordinary shares	**56**	56	56
Share premium	**8 056**	8 056	8 056
Reserves	**187 552**	173 339	157 530
Capital and reserves attributable to equityholders of the group	**195 664**	181 451	165 642
Other equity instruments and reserves	**14 755**	9 930	11 645
Non-controlling interests	**4 861**	4 288	4 283
Total equity	**215 280**	195 669	181 570
Total equities and liabilities	**2 366 815**	2 295 274	1 999 800

* *Restated – refer to page 150 for more detail.*

** *Included in advances to customers are assets under agreements to resell of R67 808 million (2023: R79 410 million).*

Flow of funds analysis – normalised

R million	**June 2024 vs June 2023**	June 2023 vs June 2022*
Sources of funds		
Capital account movement (including profit and reserves)	**19 611**	14 099
Working capital movement	**(4 726)**	23 078
Short trading positions and derivative financial instruments	**2 483**	(16 352)
Deposits and long-term liabilities	**80 447**	263 063
Total	**97 815**	283 888
Outflow in deployment of funds		
Advances	**(72 166)**	(205 051)
Investments	**(222)**	(4 592)
Cash and cash equivalents	**(10 806)**	(40 102)
Investment securities (e.g. liquid asset portfolio)	**(14 621)**	(34 143)
Total	**(97 815)**	(283 888)

* *Restated due to the adoption and retrospective application of IFRS 17.*

Consolidated statement of changes in equity – normalised

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2022 (previously reported)	56	8 056	**8 112**	514	(2 357)
Adoption of IFRS 17	–	–	**–**	–	–
Restated balance as at 1 July 2022	56	8 056	**8 112**	514	(2 357)
Disposal of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Preference shares 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	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	108	(738)
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	108	(738)
Vesting of share-based payments	–	–	**–**	–	–
Restated balance as at 1 July 2023	56	8 056	**8 112**	622	(3 095)
Disposal 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	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	43	2 370
– Profit for the year	–	–	**–**	–	–
– Other comprehensive income for the year	–	–	**–**	43	2 370
Vesting of share-based payments	–	–	**–**	–	–
Balance as at 30 June 2024	56	8 056	**8 112**	665	(725)

* *Other reserves include fair value through other comprehensive income (FVOCI) and the insurance contract finance reserve.*

** *Other equity instruments and reserves at 30 June 2024 include R14 755 million (2023: R9 930 million) of AT1 instruments.*

Headline and normalised earnings adjustments are reflected in the movement in other reserves.

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 and reserves****	**Non-controlling interests**	**Total equity**
44	4 766	1 278	152 500	**156 745**	**11 645**	**4 283**	**180 785**
–	–	63	722	**785**	**–**	**–**	**785**
44	4 766	1 341	153 222	**157 530**	**11 645**	**4 283**	**181 570**
–	–	–	–	**–**	**–**	**1**	**1**
–	–	–	–	**–**	**2 804**	**–**	**2 804**
–	–	–	–	**–**	**(4 519)**	**–**	**(4 519)**
12	–	295	(554)#	**(247)**	**–**	**(48)** #	**(295)**
–	–	–	(27 991)	**(27 991)**	**–**	**(1 240)**	**(29 231)**
–	–	–	–	**–**	**(1 119)**	**–**	**(1 119)**
–	–	6	(6)	**–**	**–**	**–**	**—**
–	–	–	2	**2**	**–**	**(62)**	**(60)**
–	8 003	67	36 634	**44 074**	**1 119**	**1 354**	**46 547**
–	–	–	36 634	**36 634**	**1 119**	**1 277**	**39 030**
–	8 003	67	–	**7 440**	**–**	**77**	**7 517**
(29)	–	–	–	**(29)**	**–**	**–**	**(29)**
27	12 769	1 709	161 307	**173 339**	**9 930**	**4 288**	**195 669**
–	–	–	–	**–**	**–**	**–**	**—**
–	–	–	–	**–**	**7 090**	**–**	**7 090**
–	–	–	–	**–**	**(2 265)**	**–**	**(2 265)**
26	–	152	(112)#	**66**	**–**	**3** #	**69**
–	–	–	(22 158)	**(22 158)**	**–**	**(1 093)**	**(23 251)**
–	–	–	–	**–**	**(1 518)**	**–**	**(1 518)**
–	–	5	(5)	**–**	**–**	**–**	**—**
–	–	–	137	**137**	**–**	**257**	**394**
–	(4 084)	(108)	37 988	**36 209**	**1 518**	**1 406**	**39 133**
–	–	–	37 988	**37 988**	**1 518**	**1 469**	**40 975**
–	(4 084)	(108)	–	**(1 779)**	**–**	**(63)**	**(1 842)**
(41)	–	–	–	**(41)**	**–**	**–**	**(41)**
12	8 685	1 758	177 157	**187 552**	**14 755**	**4 861**	**215 280**

"Despite a tough macro environment, a standout feature of these results is the operational outperformance delivered by FirstRand's portfolio in the second half of the year.

This allowed the group to absorb an accounting provision raised for the UK motor commission review, and still produce robust growth in normalised earnings of 4% and an ROE of 20.1%, which is well within its target range.

Excluding this provision, normalised earnings grew 10% and the ROE of 21.3% moved to the top of the stated range. This is testament to the quality of the group's operating franchises, FNB, RMB, WesBank and Aldermore, and its disciplined approach to allocating financial resources to deliver superior shareholder value.

Pleasingly the group's high ROE and ongoing capital generation provided the capacity to grow its dividend 8%, which is significantly higher than earnings growth."

Mary Vilakazi – CEO

Introduction and group strategy

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

The group's long track record of delivering growth and superior returns is reflective of consistent execution on its core strategies. It also reflects the disciplined allocation of financial resources.

FirstRand's earnings remain tilted towards South Africa, mainly generated by its large lending, transactional and deposit franchises, which have resulted in deep and loyal customer bases. These domestic banking operations are mature and systemically important. Against the prevailing backdrop of weak macroeconomic growth and given the group's size, any aspiration to outperform requires strategic distinction combined with sound execution. The key growth imperatives in the domestic businesses are to grow franchises profitably and efficiently.

The relative size and quality of its transactional and insurance franchises in South Africa allows the group to achieve high levels of capital-light earnings growth, translating into superior returns for shareholders. At the same time, FirstRand continues to employ a discerning and tactical approach to lending, supporting its customer franchises whilst protecting the balance sheet and return profile. This remains a necessary balancing act given an operating environment of high inflation and interest rates, combined with sluggish system growth and increased competition.

In the broader Africa portfolio, FirstRand's strategy is to grow its on-the-ground presence in certain key markets where it believes it can build competitive advantage and scale over time. There has been good momentum in growing the in-country customer franchises, in particular deposit gathering and transactional. In addition, the group's corporate and investment banking (CIB) business has a long and successful track record of cross-border transactions across the continent.

The group's UK operations represent long-term growth opportunities decoupled from South Africa and broader Africa, with the UK market offering diversification to the risk-adjusted returns of the group.

As a specialist lender, Aldermore's business model targets the credit needs of individuals and entities which are underserved by mainstream providers. These customer pools in the UK market are large and growing. They also represent quality risk that is not catered for by the large incumbent players as it requires a bespoke approach to structuring and underwriting.

Aldermore is executing on a strategy anchored to supporting FirstRand's commitments to its shareholders. A key focus area is improving the return profile, with specific attention on incremental adoption of the group's financial resource management (FRM) framework, targeted capital stack optimisation (including returning dividends to the shareholder), risk reward optimisation for enhanced margins and unlocking additional returns from the motor business.

Operating environment

During the year under review, global inflation pressures continued to reduce, which combined with expectations of slowing economic growth, allowed central banks to signal future interest rate cuts. This supported risk sentiment towards emerging market economies and other risk assets.

In South Africa the positive outcome of the national election is likely to mean continuity in policy. The inclusive Government of National Unity is expected to focus on structural reform and service delivery. This has had a positive effect on markets, reflected in the pricing of the currency, government debt securities and other domestic risk assets including equities.

Real economic activity in South Africa however remained weak in the financial year to June 2024, with consumers' disposable income constrained by elevated interest rates and sticky inflation. This resulted in a further slowdown in credit demand and supply (bank sector asset growth) across most of the major categories other than corporate lending growth, which remained supported by private sector investment into energy generation. House price growth remained subdued, albeit with notable differences across provinces.

In the UK, the ongoing reduction in inflation pressures further eased the cost-of-living crisis. However, demand for credit remained soft. Post the financial year end a 25 bps cut was implemented by the Bank of England (BoE).

In the group's broader Africa operations, the most noteworthy macroeconomic developments included the conclusion of Ghana's and Zambia's engagements with sovereign debt holders. International Monetary Fund (IMF) programmes provided a degree of stability to both economies. In Nigeria, the economic and financial market reform process continued, resulting in significant macroeconomic and financial market adjustments.

In Namibia foreign direct investment remained strong due to continued investor optimism around the outlook for natural resources. Despite a weak consumer sector, ongoing oil and gas exploration coupled with green hydrogen projects are expected to result in increased economic activity.

Financial performance

Despite these challenging macroeconomic backdrops in the jurisdictions where the group operates, given the quality of the group's customer-facing franchises, the consistent approach to new business origination and ongoing discipline in the allocation of financial resources, FirstRand delivered a strong operational performance. This was particularly evident in the second six months of the financial year.

Relative to FirstRand's expectations at the first half of the year, the group's portfolio has outperformed. This reflects execution on strategies designed to maximise shareholder value, tightly managed through the group's FRM process. The material completion of the UK notice of sums in arrears (NOSIA) remediation process also made a meaningful contribution. This performance enabled the group to absorb the impact of a R3.0 billion (£127.4 million) pre-tax accounting provision relating to the previously disclosed ongoing investigation by the UK's FCA with regards to dealer commissions in the motor finance sector. In addition c. R300 million (£12.7 million) of legal and professional fees were incurred in relation to the investigation. The total pre-tax impact of these two items relating to the UK motor commission matter is R3.3 billion (£140.1 million).

Despite this impact, normalised earnings increased 4%, the group delivered a normalised ROE of 20.1% (which remains well within the group's stated range of 18% to 22%), R10 billion of net income after cost of capital (NIACC) and NAV growth of 8%. The group is pleased to deliver 8% growth in dividend per share, despite absorbing the impact of the UK motor commission matter. The capacity to grow the dividend significantly above normalised earnings is mainly an outcome of the group's strong operational performance, high ROE and ongoing capital generation.

The overall credit performance continued to trend slightly better than FirstRand's initial through-the-cycle (TTC) expectations and is a direct outcome of the group's origination approach in SA and broader Africa. Additional benefit emanated from the improving credit experience in the UK operations, including the completion of the NOSIA remediation, which resulted in a R1.08 billion (£46 million) release of credit provisions. This provided a 7 bps benefit to the group credit loss ratio, which remains at the bottom of the group's TTC range.

Given its high return profile, the group remained capital generative, with the Common Equity Tier 1 (CET1) ratio at 13.5% (2023: 13.2%). Taking this strong capital position into account, the board is comfortable to increase the total dividend 8% to 415 cents, which translated into a dividend cover of 1.63 times.

The following table provides an overview of the group's performance including the impact of the UK motor commission matter.

FIRSTRAND GROUP FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2024**	2023	% change
NII	**86 105**	78 615	10
NIR*	**55 295**	52 393	6
Operating expenses**	**(74 405)**	(67 320)	11
Impairment charge	**(12 555)**	(10 949)	15
Normalised earnings	**37 988**	36 634	4
NIACC	**10 364**	11 904	(13)
ROE (%)	**20.1**	21.1	
Cost-to-income ratio (%)	**52.6**	51.4	
Gross written insurance premium on group licences	**7 548**	6 507	16
Deposit franchise	**1 551 376**	1 442 610	8
Core lending advances	**1 597 898**	1 511 037	6
Credit loss ratio (%) – core lending advances	**0.81**	0.78	
Stage 3/NPLs as a % of core lending advances	**4.25**	3.80	

* *Includes share of profit of associates and joint ventures after tax.*
** *Include R3 299 million relating to the UK motor commission matter.*

The group's segment and geographic diversification played its part in delivering the operational outperformance relative to expectations. The corporate and commercial franchises mitigated some of the strain emanating from the retail portfolios due to the prevailing high interest rate cycle and inflation pressures facing South African households. The broader Africa portfolio delivered a strong performance, with FNB's broader Africa franchise increasing profit before tax (PBT) 20% and RMB's broader Africa PBT growing 16%. The UK operations produced 18% growth in PBT (in pound terms).

The Centre, comprising Group Treasury and support functions, produced normalised earnings of R3.5 billion, excluding the impact of the motor commission matter. The main contribution to growth in normalised earnings came from Group Treasury PBT growth of 40%, reflecting strong net interest income (NII) growth, which was positively impacted by active funding and liquidity management outcomes in both rand and hard currency, driven by liability management and franchise asset growth. Capital endowment NII benefited from rate increases, partially offset by a decline in NII from asset-liability management (ALM) investment activities.

Sources of normalised earnings are unpacked in the table below:

SOURCES OF NORMALISED EARNINGS

	Year ended 30 June				
R million	**2024**	**% composition**	2023	% composition	% change
FNB	**21 968**	**58**	21 700	59	1
WesBank	**1 981**	**5**	1 850	5	7
RMB	**9 744**	**26**	9 116	25	7
UK operations*	**4 170**	**11**	3 345	9	25
– UK operations excluding UK motor commission matter	**4 490**		3 345		34
– UK motor commission matter	**(320)**		–		–
Centre*,**,#	**1 439**	**4**	1 559	4	(10)
– Centre operations excluding UK motor commission matter	**3 537**		1 559		>100
– UK motor commission matter	**(2 098)**		–		–
Other equity instrument holders	**(1 314)**	**(4)**	(936)	(2)	40
Normalised earnings	**37 988**	**100**	36 634	100	4

* *In the UK operations management view shown in the table above and on pages 42 to 46, MotoNovo's front and back books were included in the June 2023 figures. As MotoNovo's back book has significantly run down and is immaterial to the group and the UK operations, the back book is reported in the Centre effective 1 July 2023, with the management reporting view of the UK operations now aligned to the segment report on pages 50 to 57 and the statutory view for Aldermore Group.*

** *Including Group Treasury – includes capital endowment, the impact of accounting mismatches, and interest rate, foreign currency and liquidity management.*

Includes FirstRand Limited (company). Several variables shaped the Centre's performance, including the non-repeat of the R498 million provision relating to Ghana's sovereign debt restructure in the prior year, the net endowment benefit, and the impact of accounting mismatches.

Notwithstanding the impact of the UK motor commission matter the group produced a strong underlying operational performance. Excluding the impact, normalised earnings increased 10% for the year to 30 June 2024, with a normalised ROE of 21.3%. Furthermore, the benefit of the NOSIA provision release accounts for 2% of the normalised earnings growth.

On the same basis the group produced R12.6 billion of economic profit or NIACC, which is its key performance measure (2023: R11.9 billion).

Below is an unpack of performance highlights excluding the impact of the UK motor commission matter.

	Year ended 30 June		
R million	**2024**	2023	% change
Operating expenses	**(71 106)**	(67 320)	6
Normalised earnings	**40 406**	36 634	10
NIACC	**12 605**	11 904	6
Normalised net asset value	**198 082**	181 451	9
ROE (%)	**21.3**	21.1	
Cost-to-income ratio (%)	**50.3**	51.4	

The detailed reconciliation between earnings pre and post the impact of the UK motor commission matter is in the table below.

	Year ended 30 June			GBP million		
R million	2024	2023	% change	2024	2023	% change
Profit before tax	**52 785**	51 199	3			
UK motor commission matter	**3 299**	–	–	**140.1***	–	–
– UK operations	**426**	–	–	**18.1**	–	–
– Centre	**2 873**	–	–	**122.0**	–	–
Profit before tax – excluding UK motor commission matter	**56 084**	51 199	10			
Income tax expense – excluding UK motor commission matter	**(12 691)**	(12 169)	4			
Other equity instrument holders	**(1 518)**	(1 119)	36			
Non-controlling interests	**(1 469)**	(1 277)	15			
Normalised earnings – excluding UK motor commission matter	**40 406**	36 634	10			

* *Post-tax impact to headline earnings of the UK motor commission matter is £102.7 million.*

It is important to note that the R3.0 billion provision has been raised mainly due to prevailing uncertainty as the regulatory and legal processes in the UK run their course. In addition, the FCA has published the following statement:

"We have observed firms taking different approaches to account for the potential impact of previous use of DCAs [discretionary commission arrangements] on their financial resources. So, we are writing to firms to remind them they must maintain adequate financial resources at all times."

The group continues to believe it did not operate outside legislation in the UK. However, given the uncertainty and the FCA statement, it took the decision to raise an accounting provision based on probability-weighted scenario principles constructed from own data analysis, and which includes potential legal and redress costs. The amount provided is a best estimate of what can be raised as a conservatively struck accounting provision. Furthermore, most of the vehicle loans originated within the scope of the FCA process reside in FirstRand Bank's London branch in the form of the MotoNovo back book.

Revenue and cost overview

The revenue and cost overview is presented excluding the impact of the UK motor commission matter to demonstrate the true operational performance delivered by the portfolio.

Overall group NII increased 10%, driven by core lending advances growth (+6%), continued deposit gathering (+8%) and the capital endowment benefit (+13%), which includes the outcomes from the ALM strategy, unpacked in more detail later. NII also benefited from the weakening rand.

Absolute levels of year-on-year advances growth in the secured SA and UK retail portfolios softened relative to 2023 given customer affordability pressures and low demand. The previous momentum in SA residential mortgages has slowed, with healthy growth in unsecured lending origination anchored to low- and medium-risk customer cohorts. As expected, there was continued growth in commercial and corporate advances.

Advances increased 6% at both FNB retail and WesBank. The solid growth in advances from FNB commercial (+12%); RMB core, including broader Africa (+11%); and FNB broader Africa (+7%) remains an outcome of focused origination in sectors showing above-cycle growth and which are expected to perform well even in an inflationary and high interest rate environment.

The UK operations advances growth of 1% (in pound terms) reflects the prevailing muted lending markets given the challenging inflationary and interest rate environment during the year under review. Nevertheless, property lending remained resilient. In rand terms, UK operations' advances decreased 3% year on year due to the stronger rand at year end.

Targeted origination strategies, consistent strong growth in the deposit franchise and appropriate provisioning have resulted in a well-struck balance sheet. This is a direct outcome of the group's FRM strategy and demonstrates the group's commitment to balancing growth with returns.

FirstRand's focus on growing liability-related NII played out strongly through all deposit franchises and remains a key underpin to its superior return profile. Year-on-year movements in advances and deposits are unpacked by operating business and segment in the following table.

	Growth in advances %	Growth in deposits %
FNB	7	10
– Retail	6	9
– Commercial	12	10
– Broader Africa	7	10
WesBank	6	n/a
RMB*	11	5
UK operations**	1	8

* *Advances growth for RMB is based on core advances, which exclude assets under agreements to resell, and core deposits, which exclude deposits under repurchase agreement and collateral deposits.*

** *In pound terms. Growth in deposits refers to customer savings deposits.*

Total transactional NII increased 4%, driven by growth in transactional credit product volumes and retail and commercial customer deposits.

FirstRand's approach to managing the endowment profile (the ALM strategy) is designed to optimise through-the-cycle returns to shareholders and is a cornerstone of the group's FRM process.

Rather than take a passive position (i.e. overnight) with regard to the impact of the rate cycle on its endowment profile, the group actively manages the profile to protect and enhance earnings through the cycle, and earns the structural term premium for shareholders by investing along the yield curve over and above the repo rate.

This active ALM strategy is managed by Group Treasury in line with the following underlying principles:

- do not add to the natural risk profile in aggregate;
- consistently apply investment philosophy;
- be countercyclical to operating businesses;
- reduce the natural earnings volatility introduced by the interest rate cycle;
- optimise for capital allocation and risk-adjusted return; and
- take cognizance of accounting and regulatory requirements.

Whilst the absolute year-on-year rate of growth in the group's endowment NII for the current financial year declined, the converse was true in previous periods when rates were lower. The outcomes of this approach for shareholders should be assessed on a TTC basis. The table below shows the cumulative additional endowment NII of R16 billion (2023: R17.5 billion) earned in excess of an overnight (repo) investment profile since the 2018 financial year, when the ALM strategies were introduced.

ALM STRATEGY NII OUTCOMES

R billion	Year ended 30 June 2024	2023	% change	Cumulative additional endowment NII*
Capital endowment	**0.4**	0.9	(56)	**10.2**
Deposit endowment	**(1.9)**	0.2	(>100)	**5.8**
Total	**(1.5)**	1.1	(>100)	**16.0**

* *Includes additional endowment NII from 1 July 2017 to 30 June 2024 (measured against repo).*

Financial years 2021 and 2022 delivered R12.3 billion of additional NII when interest rates were low. The group expects, on a TTC basis, that this cumulative outperformance will offset the lower trend in endowment NII growth in the current year, which is characterised by higher rates. When the rate cycle turns, the strategy by design will again outperform.

In the year under review, there was an effective opportunity cost of R1.5 billion, compared to the R1.1 billion benefit in the prior year. This R2.6 billion swing had a negative impact of c. 3.3% on the group's absolute NII growth rate.

Group net interest margin (NIM) excluding UK operations increased 5 bps, whilst lending and deposit margins in SA continued to come under pressure due to competitive pricing that was mitigated by the endowment uplift and improved margins from broader Africa. Including UK operations, group NIM was flat year on year.

Total group non-interest revenue (NIR) growth (+6%) includes the base effect of the partial unwind of the UK operations' interest rate risk hedge, which resulted in a loss of £20.7 million in the current year, compared to a profit of £25.8 million in the comparative year.

FNB's total NIR increased 5%, driven by customer acquisition (+5%), and good growth in activity levels and transactional volumes across all channels.

Fee and commission income growth of 5% in the year under review was achieved despite sub-inflation fee increases across both retail and commercial accounts and R985 million in fee reductions. With the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and took the decision to reduce all related fees. Despite the impact on fee and commission income in the current year, FNB believes this is the correct outcome for customers, and is already seeing an increase in volumes in both commercial and retail.

FNB's insurance activities continued to contribute to NIR and new business sales focused on quality and persistency resilience. This supported overall insurance income growth, with premiums from group licences up 16%.

WesBank NIR (+9%) continued to benefit from strong contributions from the Toyota Financial Services (TFS) and Volkswagen Financial Services (VWFS) joint ventures (JVs) and growth in rental and fleet related income.

RMB delivered excellent growth in NIR (+16%) despite the base effect of an outsized private equity realisation in the comparative year. Trading income was up 9% and structuring and advisory mandates delivered a 44% increase in knowledge-based fees. In addition, there was ongoing healthy growth in private equity annuity income which was further supported by realisations, totalling R760 million. The investment banking client-led principal investing business also produced net realisations and one-off income of R624 million.

Whilst Group Treasury NIR growth benefited from the non-repeat of the Ghana sovereign provision raised in the comparative year, together with forex translation gains. This was offset by increased funding and hedging costs associated with the group share scheme.

Total group operating expenses were tightly managed, resulting in 6% growth, including a 6% increase in direct staff costs, driven by targeted and general salary increases, and a 3% decrease in headcount.

At an operating business level, FNB grew costs below inflation (+1%), but this pleasing performance was offset by elevated costs from RMB (+10%) due to ongoing investment expenditure.

The cost-to-income ratio decreased to 50.3% (2023: 51.4%). The ratio has benefited from the adoption of IFRS 17, due to directly attributable insurance costs no longer being reported in operating expenses but offset directly against insurance revenue. The benefit of this adoption was 40 bps for the year ending 30 June 2023.

Credit performance

SUMMARISED CREDIT HIGHLIGHTS AT A GLANCE

R million	Year ended 30 June 2024	2023	% change
Total gross advances	**1 665 706**	1 590 447	5
Total core lending advances	**1 597 898**	1 511 037	6
– Performing core lending advances	**1 530 058**	1 453 605	5
– Non-performing loans (NPLs)	**67 840**	57 432	18
Assets under agreements to resell	**67 808**	79 410	(15)
NPLs as a % of core lending advances	**4.25**	3.80	
Core lending advances (net of impairment)	**1 543 733**	1 459 965	6
Total impairments	**54 165**	51 072	6
Portfolio impairments	**24 228**	25 034	(3)
NPL specific impairments	**29 937**	26 038	15
Coverage ratios			
Performing book coverage ratio (%) – core lending advances*	**1.58**	1.72	
Specific coverage ratio (%)**	**44.1**	45.3	
Income statement analysis			
Impairment charge	**12 555**	10 949	15
Credit loss ratio (%) – core lending advances	**0.81**	0.78	
Impairment charge excluding UK operations	**12 987**	9 023	44
Credit loss ratio excluding UK operations (%) – core lending advances	**1.09**	0.84	

* *Portfolio impairments as a % of the performing core lending advances book (stage 1 and stage 2).*

** *Specific impairments as a % of NPLs (stage 3).*

The group's credit loss ratio (CLR) for the year under review concluded better than expectations at 81 bps, which is at the bottom of the group's TTC range of 80 bps to 110 bps, and includes a 7 bps benefit from the release of cumulative provisions relating to the UK NOSIA remediation process. Excluding this benefit, the group CLR at 88 bps remains below the mid point of its TTC range. This is a positive outcome and in line with expectations, particularly given the higher-for-longer rate cycle, and continues to reflect the benefit of the group's approach to origination, particularly post the pandemic when new business was weighted towards the low- and medium-risk categories.

The approach to retail origination by FNB and WesBank is informed by internal and external data analyses of affordability indicators which still suggest that low- and medium-risk customers have the most capacity for credit. This has been even more evident in a higher-rate environment.

Impairments in certain retail portfolios were elevated. This has been offset by a better-than-expected credit performance from the UK operations. This was mainly because of reducing cost-of-living pressures as macros improved, which allowed for partial provision releases. In addition, the resolution of the previously disclosed MotoNovo NOSIA remediation process allowed for a further provision release, as these books are now reclassified as secured and collection activities can resume.

Despite the challenging high interest rate and inflation environment during the year impairment volatility remained within expectations for the cycle. What has been noticeable, however, is that debt review service providers have become more active, targeting higher-income customers not in debt distress. This has contributed to an increase in the retail debt counselling portfolio.

In the medium term this trend could change the quantum and timing of credit emergence, potentially resulting in structurally higher default rates and a lower loss given default (LGD) experience (negatively impacting CLR). The group is monitoring this trend closely, with appropriate rebasing of appetite and underwriting criteria expected to adjust dynamically.

Consumer strain continues to be elevated and will only start to moderate as the rate environment eases. Lagged impacts are anticipated in the small business segment in commercial (early signs are already manifesting), with a resilient performance to date from medium and large corporates.

The table below shows the underlying credit performance from the operating businesses. What is demonstrable here is that the group has benefited from portfolio diversification both segmentally and geographically. The post-Covid-19 origination thesis has played out even better than expected with all portfolios within or at the bottom of their respective TTC ranges, except for retail. Importantly, retail has peaked within origination expectations despite a higher rate cycle than initially anticipated, and is benefiting from forward-looking information (FLI) releases in the current period.

The origination approach in both SA and broader Africa to target better-risk customers is reflected in the NPL formation, which is also well within expectations notwithstanding the strain emanating from retail given the current cycle.

Pleasingly the UK credit performance has mitigated some of this strain as the UK macros improved.

Overall the group believes these outcomes are testament to its approach to lending over the past 36 months, balancing customer needs with risk-adjusted returns.

	Advances mix %	CLR %	NPLs %	Total coverage %	TTC range %
FNB and WesBank					
June 24	**48**	**1.70**	**6.82**	**5.23**	**1.40 – 1.80**
June 23	47	1.28	6.09	5.05	
Retail					
June 24	**32**	**2.24**	**8.35**	**5.95**	**1.70 – 2.10**
June 23	31	1.66	7.08	5.51	
Commercial					
June 24	**12**	**0.61**	**3.07**	**3.15**	**0.80 – 1.20**
June 23	12	0.42	3.42	3.36	
FNB broader Africa					
June 24	**4**	**0.76**	**6.29**	**6.00**	**0.80 – 1.10**
June 23	4	0.67	6.01	6.38	
RMB					
June 24	**29**	**0.31**	**1.00**	**1.59**	**0.30 – 0.50**
June 23	28	0.14	1.23	1.64	
UK operations					
June 24	**23**	**(0.12)**	**3.35**	**1.99**	**0.30 – 0.50**
June 23	25	0.59	2.72	2.32	
FirstRand Group					
June 24	**100**	**0.81**	**4.25**	**3.39**	**0.80 – 1.10**
June 23	100	0.78	3.80	3.38	

FNB's CLR increased mainly as a result of strain in the retail portfolios both in residential mortgages and personal loans, and is now trending above its TTC range, mainly due to inflows into NPL and a softer house price growth index. Commercial has started to show early signs of strain in the unsecured small and medium-sized enterprises (SME) portfolio. However, despite this, the overall commercial credit performance continues to be more resilient than expected, exceeding expectations, and the CLR remains below its TTC range.

Retail NPLs increased due to origination strain related to book growth, a noticeable increase in debt counselling restructures, and ongoing inflationary and interest rate pressures.

WesBank's credit performance remains well within expectations with retail vehicle asset finance (VAF) showing limited strain compared to other secured retail portfolios. The CLR increased as a function of the significant growth in new production in corporate and commercial, which resulted in higher stage 1 provisions.

RMB's core advances credit impairments increased but off a low base and on the back of strong book growth and stress in certain sectors, however the CLR is at the bottom of the TTC range. As expected, certain counters migrated onto the watchlist and into NPL status in South Africa over the last 12 months. Watchlist counters increased 5% during the year. As a result, RMB raised new impairments to reflect the net migration of counters to stage 2 and the watchlist, offset by the curing of two large NPLs in the current year.

The UK operations credit performance reflects a more stable macroeconomic outlook, allowing for the partial release of cost-of-living post-model provisions raised in the previous year, as well as the release of impairment provisions raised in relation to the previously disclosed UK operations NOSIA remediation process, as covered earlier. All of the above resulted in the UK operations CLR improving 71 bps. NPLs increased due to higher arrears balances, broadly in line with expectations given the cost-of-living pressures.

Financial resource management

The management of the group's financial resources, which it defines as capital, funding and liquidity, and risk appetite, is a critical enabler to ensure FirstRand achieves its stated growth and return targets, and is driven by the group's overall risk appetite. Group Treasury is mandated to execute on FRM strategic initiatives.

Group Treasury also manages the interest rate and foreign exchange rate risk inherent in balance sheet activities within prudential and management limits, as well as the group's risk appetite. The aim is to protect and enhance earnings without adding to the natural risk profile.

Capital position

Capital ratios for the group and bank are summarised below.

CAPITAL ADEQUACY*

		Group		Bank**	
%	Internal targets	**2024**	2023	**2024**	2023
CET1	11.0 – 12.0	**13.5**	13.2	**12.4**	12.6
Tier 1	>12.0	**14.4**	13.8	**13.6**	13.5
Total	>14.75#	**16.1**	15.6	**15.6**	15.4

* *Including unappropriated profits.*

** *Including the bank's foreign branches.*

Bank's target remained at >14.25%.

The UK countercyclical buffer (CCyB) requirement was lifted to 2% in July 2023 and has been incorporated in the group's internal targets. The Prudential Authority's (PA's) proposed directive requiring a positive cycle-neutral CCyB of 1% for South African banks (effective January 2026) will be incorporated in the group's internal targets when appropriate.

The group's CET1 ratio remained well above the upper end of its internal target range. The group continued to focus on the efficient use of financial resources and optimisation of risk-weighted assets (RWA). There is ongoing effort to optimise the overall level and mix of capital across the group and its regulated subsidiaries.

Key factors driving the CET1 outcome include:

- positive earnings generation partly offset by the payment of dividends and a decrease in the foreign currency translation reserve due to the rand's appreciation against USD and GBP compared to June 2023;
- successful capital optimisation strategies; and
- an increase in RWA mainly from credit risk, driven by higher volumes net of foreign currency movements from rand appreciation. Higher revenue generation increased operational risk RWA.

The bank has issued a combination of Additional Tier 1 (AT1) and Tier 2 instruments to ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments. The capital stack has been rebalanced with a tilt towards a higher proportion of AT1 instruments during the current financial year.

The Resolution Authority (RA) published the draft standard *Flac instrument requirements for designated institutions* in December 2023, which sets out the qualifying criteria of Flac instruments and the level of required instruments to ensure sufficient loss absorption and recapitalisation capacity. The issuance of Flac instruments will follow the transitional phase-in from the proposed implementation date of 1 January 2025. The estimated annual post-tax cost, ranging from R200 million to R300 million at the end state, will be incorporated into the group's ALM strategies and considered as part of the FRM process.

It remains the group's intention to optimise its total loss-absorbing capacity by issuing a combination of capital and Flac instruments in the domestic and/or international markets.

Capital allocation and returns

The group's methodology for allocating capital to operating businesses considers internal capital targets, regulatory capital (average RWA consumption, regulatory deductions and anticipated regulatory changes), economic capital and net asset value (NAV). Excess capital above internal capital target levels is not allocated to business.

A summary of the capital allocated to the group's operating businesses is provided in the following table.

AVERAGE CAPITAL ALLOCATED

	Year ended 30 June		%
R million	**2024**	2023*	change
FNB	**59 583**	53 392	12
WesBank**	**9 491**	8 717	9
RMB	**47 968**	43 213	11
UK operations#	**35 432**	29 139	22
Centre†	**13 924**	10 703	30
Unallocated capital‡	**22 160**	28 383	(22)
FirstRand group	**188 558**	173 547	9

* *Restated – refer to pages 65 to 67 for more detail.*

** *The group reviewed its capital allocation to WesBank and consequently increased the allocation for its exposures outside of FirstRand Bank. The restated capital reflects current allocation approaches.*

Prior year included the MotoNovo back book. UK operations' capital represents a quarterly average with pound sterling capital converted to rand using period-end closing exchange rates.

† *Prior year excluded the MotoNovo back book.*

‡ *Includes excess capital.*

ROEs for the group and its operating businesses are provided in the following table.

The superior returns generated by the group's portfolio have resulted in continued capital generation. With the proposed implementation of the final Basel reforms, which further incorporate standardised elements, the group is increasing its focus on the true economic risk introduced to its balance sheet. FirstRand's capital allocation considers both regulatory and economic capital views. The group consistently reviews its allocation approach, including to non-banking entities.

ROE

	Year ended 30 June	
%	**2024**	2023*
FNB	**36.9**	40.6
WesBank**	**20.9**	21.2
RMB	**20.3**	21.1
UK operations#	**11.8**	11.6
Centre (including Group Treasury)	**0.3**	1.6
FirstRand group	**20.1**	21.1
FirstRand group – excluding UK motor commission matter	**21.3**	21.1

* *Restated – refer to pages 65 to 67 for more detail.*

** *The WesBank ROE was restated to reflect current capital allocation approaches.*

Prior year included MotoNovo back book. ROEs calculated in pound terms.

Liquidity position

Liquidity risk is a natural outcome of the business activities undertaken by the group. To manage and mitigate the liquidity risk introduced by its business activities, the group seeks to optimise its funding profile within structural and regulatory constraints and hold appropriate liquidity buffers.

The prudential liquidity risk metrics, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are managed with a buffer above the regulatory minimums. This enables the group to comfortably withstand the natural liquidity seasonality and cyclicality arising from its chosen funding mix. The buffer is sized using stress testing and scenario analysis of the cash inflows and outflows that result from the group's balance sheet profile.

The group's portfolio of high-quality liquid assets (HQLA) provides a liquidity buffer against unexpected liquidity stress events or market disruptions, and serves to facilitate the changing liquidity needs of its operating businesses. The HQLA portfolio has been formulated by considering the group's funding composition, asset growth and liquidity risk appetite, and regulatory requirements. The composition and quantum of available HQLA is determined behaviourally by considering both funding liquidity risk and the market liquidity depth of the assets. The portfolio is reviewed continually and actively managed to ensure optimal composition, return and size.

The group's deposit-led funding strategy remains a core component of its funding profile where client franchise deposits offer funding diversification, stability and a liquidity risk offset. Deposit funding is supplemented with both money and capital market issuances where benchmark tenors are targeted to achieve a stable profile. The group closely monitors market developments, key risk metrics and early warning indicators as part of its ongoing funding and liquidity management and planning. The group remains well funded, with adequate liquidity buffers to meet both prudential liquidity requirements and internal risk targets.

PRUDENTIAL LIQUIDITY RATIOS

	Group*		Bank*	
	As at 30 June			
%	**2024**	2023	**2024**	2023
LCR				
Regulatory minimum	**100**	100	**100**	100
Actual	**118**	124	**121**	129
Average available HQLA (R billion)**	**449**	416	**380**	364
NSFR				
Regulatory minimum	**100**	100	**100**	100
Actual	**120**	121	**116**	120

* *The group's LCR and NSFR include the bank's operations in South Africa, and all registered banks and foreign branches in the group. The bank's LCR and NSFR reflect South African operations only.*

** *A breakdown of the group's HQLA is provided in the liquid asset table on page 131.*

The Corporation for Deposit Insurance (CoDI) was established as a legal entity in March 2023 and became fully operational in April 2024. The annual levy and fund liquidity loan were paid to CoDI in April 2024, with the Deposit Insurance Scheme (DIS) premium and fund liquidity top-ups paid monthly thereafter. The bank's covered deposit balance for June 2024 was R128.8 billion. Further detail of the DIS costs incurred for the financial year can be found on page 73.

Foreign currency balance sheet

The group adopts a disciplined and measured approach to the management of its foreign currency investments in subsidiaries and their balance sheets. Approved risk frameworks guide the allocation of resources and the management of local and foreign currency risks. The group's framework for the management of external debt considers sources of sovereign risk and foreign currency funding capacity, as well as the macroeconomic vulnerabilities of South Africa. The group continues to employ self-imposed structural borrowing and liquidity risk limits which are more conservative than the regulatory macroprudential limits.

The group's philosophy is that, over the longer term, foreign currency assets should be supported by appropriate foreign currency liabilities, primarily in the same jurisdiction. The group's key foreign currency operations are outlined below.

- The UK operations of Aldermore (including MotoNovo) are funded through a sustainable and efficient savings deposit funding base and capital markets, as appropriate.
- RMB Mauritius and the London branch are hard currency platforms for the group's broader Africa and other foreign currency exposures.
- FirstRand Securities in the UK provides the group's South Africa-based businesses with a highly capitalised and matched principal trading platform and offers access to international market liquidity in the securities and derivative markets in which it is most active.
- RMB Securities (USA) and the New York representative office (managed by RMB) are used to maintain the long-term viability of trading securities (in both primary and secondary markets) with institutional investors domiciled in the USA.

Prospects

From a macroeconomic perspective, the global cyclical outlook will be characterised by interest rates easing in the US, resulting in a weaker US dollar, stronger local currencies and declining inflation and rates in the jurisdictions where the group operates. In August, the BoE implemented a 25 bps reduction in interest rates and the South African Reserve Bank (SARB) is expected to follow in the third quarter of the 2024 calendar year.

In South Africa, the economy should benefit from an increase in business and household confidence and the new Government of National Unity is expected to push ahead with the structural reform programme. In the United Kingdom, the anticipated ongoing easing of rates will reduce cost-of-living pressures and should increase demand for credit. The economies of Nigeria, Ghana and Zambia continue to navigate significant economic adjustments, but implementation of structural reforms should allow inflation and interest rates to fall and economic activity to lift. Namibia's GDP is expected to be supported by increased foreign investments.

Whilst absolute advances growth from the South African franchises is expected to exceed the year under review, this growth will continue to be tilted to commercial and corporate, written at lower margins than retail unsecured. Retail advances growth will remain muted until households begin to feel the benefits of lower inflation and lower rates. The UK is expected to deliver advances growth slightly higher than the second half of the year under review.

All of the above, combined with the impact of rate cuts, will result in weaker NII growth, which will be partially offset by a reduction in the "opportunity cost" emanating from the ALM strategy and ongoing growth in the deposit franchise.

NIR growth is likely to be significantly stronger than in the year under review. Fee and commission income will bounce back from the c. R1 billion base effect of the fee reductions in the year under review. There are a number of potential private equity realisation opportunities, and insurance income is expected to continue to contribute strongly.

The group's credit loss ratio will trend up but is expected to remain below the mid point of its TTC range. The increase will be mainly driven by the non-repeat of the NOSIA and cost-of-living provision releases in the UK in the year under review.

In SA the retail books will continue to experience strain until the lower rate cycle is felt by households. The commercial and corporate books are expected to trend at the bottom end of their TTC ranges.

With the motor commission matter in the cost base, combined with a strict focus on operational efficiencies and cost management, operating expenses growth is expected to be sub-inflation. This, combined with expected strong topline, will result in an improved cost-to-income ratio.

Across all jurisdictions the FirstRand portfolio of businesses remain well placed to capture growth opportunities from any uplift in system growth.

The group's growth strategies are on track and its strategic calls continue to result in superior return generation and better-than-expected growth trends, reflected in the strong operational performance delivered in the second six months of the year under review.

In the current year, including the base effect created by the one-off benefit from the NOSIA and UK cost-of-living provision releases, and the negative impact of the motor commission matter, the group believes it will deliver earnings growth at the top end of its long-term stated target range of nominal GDP +0% to

3%. However, given a number of one-off benefits in the base for the six months to December 2023, the first half of the year will be more muted than the second half. The ROE will continue to trend into the upper end of its target range of 18% to 22%.

Dividend strategy

FirstRand's dividend strategy is to provide its shareholders with an appropriate, sustainable payout over the long term. Given FirstRand's high return profile and ongoing capital generation, the board is comfortable to pay a dividend at 1.63 times cover, representing a payout ratio of 61%.

Events after reporting date

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.

Board changes

Changes to the directorate are outlined below.

Name	Position	Effective date
Appointment		
JP Burger	Chairman and independent non-executive director (previously non-executive director)	1 December 2023
M Vilakazi	Chief executive officer (previously chief operating officer)	1 April 2024
MG Davias	Chief financial officer	1 April 2024
Resignation		
WR Jardine	Chairman and independent non-executive director	30 November 2023
AP Pullinger	Chief executive officer	31 March 2024
HS Kellan	Chief financial officer	31 March 2024
Retirement		
RM Loubser	Independent non-executive director	30 November 2023

Change in auditors

Ernst & Young Incorporated was appointed as one of the joint auditors of the group for the financial year ending 30 June 2024.

Cash dividend declarations

The issued share capital on the dividend declaration dates outlined below was 5 609 488 001 ordinary shares.

The directors declared a final gross cash ordinary dividend totalling 215.0 cents per ordinary share out of income reserves for the year ended 30 June 2024.

Ordinary shares

	Year ended 30 June	
Cents per share	**2024**	2023
Ordinary dividends		
Interim (declared 28 February 2024)	**200.0**	189.0
Final (declared 11 September 2024)	**215.0**	195.0
Total dividends	**415.0**	384.0

The salient dates for the interim ordinary dividend are outlined in the following table.

Last day to trade cum-dividend	Tuesday, 8 October 2024
Shares commence trading ex-dividend	Wednesday, 9 October 2024
Record date	Friday, 11 October 2024
Payment date	Monday, 14 October 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 October 2024 and Friday, 11 October 2024, both days inclusive.

For shareholders who are subject to dividend withholding tax (DWT), tax will be calculated at 20% (or such lower rate as is applicable if a double taxation agreement applies for foreign shareholders). FirstRand's income tax reference number is 9150/201/71/4.

For South African shareholders who are subject to DWT, the final ordinary dividend net of 20% DWT at 43.0000 cents per share will be 172.0000 cents per share.

JP BURGER
CHAIRMAN

C LOW
COMPANY SECRETARY

M VILAKAZI
CEO

M DAVIAS
CFO

11 September 2024

REVIEW OF OPERATIONS

FNB represents the group's activities in the retail and commercial segments in South Africa and several countries in broader Africa.

FNB's strategy is underpinned by:

- a main-banked client strategy anchored to growing and retaining customer relationships using core transactional accounts as a key lever;
- a digital platform with market-leading interfaces that enable the provision of contextual, cost-effective and innovative integrated financial services offerings to both retail and commercial customers on either an assisted (in-person) or unassisted (self-service) basis;
- using its deep customer relationships and extensive data insights to offer enhanced customer experiences and inform cross-sell opportunities across the full suite of financial services products, including banking, insurance and investment management;
- offering vehicle and asset finance through WesBank;
- providing innovative products to incentivise and grow customer savings and investments and, in turn, the retail deposit franchise;
- applying disciplined and targeted credit origination strategies that appropriately support customer requirements and affordability across all credit products;
- utilising eBucks to reward desired customer behaviour, drive platform adoption and enable cross-sell;
- leveraging its mobile virtual network operator to augment customer value propositions, as well as to provide affordable telecommunication services to customers;
- managing the physical points-of-presence network to ensure cost optimisation through right-sizing and appropriate coverage from a geographic and segment perspective, as well as to assist customers with digital adoption; and
- leveraging traditional and alternative (agency banking – Agency Plus/CashPlus) distribution channels.

FNB FINANCIAL HIGHLIGHTS

R million	Year ended 30 June 2024	2023*	% change
Normalised earnings	**21 968**	21 700	1
Normalised profit before tax	**31 581**	31 128	1
– South Africa	**28 091**	28 226	–
– Broader Africa	**3 490**	2 902	20
Core lending advances	**566 644**	529 128	7
Core deposits	**936 231**	853 637	10
Performing advances	**524 501**	494 244	6
Stage 3/NPLs as a % of advances	**7.44**	6.59	
Credit loss ratio (%) of average advances	**1.85**	1.32	
ROE (%)	**36.9**	40.6	
ROA (%)	**3.88**	4.12	
Cost-to-income ratio (%)	**50.0**	52.1	
Net advances margin (%)	**3.75**	3.91	

* *Restated. Refer to pages 65 to 67.*

Overview of financial performance

FNB delivered normalised PBT growth of 1% and an ROE of 36.9% in the year under review.

FNB's NII growth of 6% year on year was mainly driven by the consistently strong performance from the deposit franchise, which increased 10%. In addition, despite challenging macroeconomic conditions and the resultant pressure on customer affordability levels, FNB grew advances 7%.

The current interest rate cycle resulted in a net endowment benefit, however, this was lower year on year given the group's ALM strategy. In addition, increases in the behavioural tenor of certain lending portfolios impacted the effective interest rates used to recognise origination fees over the tenor of the loans, with a more pronounced impact in the commercial segment. The change in estimates reduced NII by R243 million for the year under review.

The advances margin reduced to 3.75% (2023: 3.91%), mainly reflecting the origination mix, which continues to tilt to commercial and low-to-medium-risk customers in retail. Increased interest in suspense driven by higher NPLs and the update to the behavioural tenor estimates further contributed to margin contraction.

Despite the positive effect of the deposit endowment, deposit margins were impacted by lower liquidity spreads and changes in the savings products mix, which reduced FNB's NII growth by one percentage point.

FNB's NIR growth of 5% was supported by new customer acquisition and higher transactional volumes. In support of the group's strategy to diversify sources of NIR, FNB's insurance activities continued to contribute strongly, driven by growth in insurance revenue and favourable claims experience in the life portfolio.

Fee and commission income growth of 4% in the year under review was achieved despite sub-inflation fee increases across both retail and commercial accounts, and R985 million in fee reductions. With the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and took the decision to reduce all related fees. Despite the impact on fee and commission income in the current year, FNB believes this is the correct outcome for customers, and retail and commercial have already experienced a 34% increase in volumes since the reductions were implemented.

Despite the macroeconomic environment, with customers experiencing both inflationary and interest rate pressures, FNB's cost of credit outcome reflects the group's origination strategies and a changing economic environment. Pressure was most evident in the retail portfolios. Commercial portfolios are showing limited impact at this point in the cycle while also benefiting from targeted sector-specific origination strategies.

FNB delivered excellent cost management, with expenses growing well below inflation (+1%) and overall headcount reducing 4%, resulting in positive jaws. The cost-to-income ratio improved to 50.0% (2023: 52.1%), highlighting the solid operational performance of the FNB business despite the retail credit strain.

Excluded from the normalised PBT reported for FNB is the sale of the Sanlam Personal Loans business to Sanlam, which resulted in a profit of R285 million.

CHANNEL VOLUMES

Thousands of transactions	Year ended 30 June 2024	2023	% change
ATM/ADT	**292 324**	285 132	3
Digital*	**800 924**	737 469	9
Card acquiring	**1 059 275**	968 928	9
Card issuing	**1 221 794**	1 132 203	8

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

FNB's digital channels continued to deliver solid volume growth in line with its strategy to drive customer take-up of digital interfaces and migration to the FNB app (app volumes up 14%). Increased card activity also resulted in good growth in transactional volumes.

Customer segment performance

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

FNB grew both its total active customer base (excluding eWallets) and platform users 5% year on year.

The following table unpacks growth in active customers per segment, platform users and the change in vertical sales index (VSI), which captures cross-sell activities.

ACTIVE CUSTOMERS AND PLATFORM USERS

Millions	Year ended 30 June 2024	2023	% change
Retail	**8.60**	8.25	4
– Personal* (≤R600k)	**6.84**	6.58	4
– Private* (>R600k)	**1.76**	1.67	5
Commercial	**1.27**	1.21	5
Total SA customer base	**9.87**	9.46	4
FNB broader Africa	**2.20**	2.03	8
FNB active customers	**12.07**	11.49	5
SA eWallets**	**6.40**	6.13	4
Total platform users	**18.47**	17.62	5
FNB SA VSI	**3.00**	2.98	1

* *The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of June 2023 figures.*

** *Represents all South Africa eWallets without another FNB relationship/ product that had at least one transaction in the past six months. In addition, there are 1.77 million eWallets belonging to FNB customers. FNB customer eWallets represent 22% of the total 8.17 million eWallets.*

The table below presents a segmental breakdown of FNB's performance.

SEGMENT RESULTS

R million	Year ended 30 June 2024	2023*	% change
Normalised PBT			
Retail	**14 281**	14 799	(4)
Commercial	**13 810**	13 427	3
Broader Africa	**3 490**	2 902	20
Total FNB	**31 581**	31 128	1

* *Restated. Refer to pages 65 to 67.*

Retail's decline in PBT was mainly as a result of credit performance.

NII growth remained resilient driven by the deposit franchise. Advances growth continued to reflect an origination approach anchored to quality risk opportunities within the customer base, leveraging disciplined credit risk management and affordability metrics. The 5% increase in the active customer base supported growth in revenue, with private segment growth driven by both migration from the personal segment and new customer acquisition. This reflects FNB's strategy to provide enhanced and appropriate product offerings as customer needs change.

FNB's retail lending approach remains informed by internal and external data analyses related to affordability indicators, which continue to suggest that low-to-medium-risk customers still have capacity for credit and a higher propensity to take up a broader range of financial services products. This approach, supported by appropriate credit risk management strategies, resulted in retail advances increasing 6% year on year, supported by residential mortgages (+5%) and unsecured lending (+8%).

Good growth in unsecured lending, particularly card and FNB personal loans, continued but was offset by the ongoing contraction of the DirectAxis personal loans book (down 6%) and the run-off of the Covid-19 relief book. Excluding these, FNB personal loan advances grew 13% and card advances 11%. A shift in new business origination towards the Fusion product has resulted in lower overdraft advances growth over the year. Revolving facilities bounced back off a previously declining base, growing 23% year on year.

The overall retail portfolio is trending above its TTC range, given the worse-than-expected interest rate cycle, with all retail lending lines remaining profitable – a direct consequence of FNB's consistent origination in low-to-medium-risk customer cohorts.

Commercial's performance reflects ongoing growth in advances (+12%) and deposits (+10%). Commercial advances continued to grow in accordance with FNB's consistent strategy of targeting specific customer cohorts (including in Islamic banking), property finance as well as specialised finance lending focused on specific sectors and counterparties.

Commercial's transactional franchise produced good growth in NIR. Higher volumes were somewhat offset by the previously mentioned fee reductions, value proposition updates and margin compression in business lines such as forex. Credit losses increased 37%, off a low base.

PBT in broader Africa increased 20%, driven by good NIR growth, underpinned by 8% growth in the active customer base and higher transactional volumes.

The 13% increase in NII was supported by strong balance sheet growth and the positive endowment impact from the rate-hiking cycle, which is largely not covered by the group's ALM strategy. Broader Africa advances increased 7%, driven by good growth across the portfolio, particularly in Botswana. The origination strategy, combined with good credit risk management and collections efforts, continues to yield positive outcomes. Whilst impairments increased across most portfolios with strain evident in Namibia, overall credit impairments remain benign.

Overall deposit growth of 10% in broader Africa was supported by innovative product offerings across segments and strong customer growth.

The table below unpacks FNB's growth in total advances and deposits.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	%	R million	%	R million
Retail	9	33 933	6	20 075
– Personal* (≤R600k)	–	295	(1)	(585)
– Private* (>R600k)	11	33 638	7	20 660
Commercial	10	42 020	12	13 396
Broader Africa**	10	6 641	7	4 045
Total FNB	**10**	**82 594**	**7**	**37 516**

* *The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of 2023 figures.*

** *On a constant currency basis deposit growth in broader Africa was 18% and advances 11%.*

Credit performance

FNB's credit impairment charge increased 50% to R10 148 million (2023: R6 744 million) and the credit loss ratio increased to 185 bps (2023: 132 bps).

This was driven by:

- strong growth in unsecured advances at higher coverage ratios, creating front-book strain;
- accelerated NPL formation, especially in retail mortgages and in the retail unsecured lending books on the back of the higher interest rates and sticky inflation;
- increase in both arrears as well as a significant increase in credit risk (SICR);
- notable increases in debt counselling related restructures;
- in anticipation of an improving macroeconomic outlook, releases from FLI models (mainly in H1) which benefited performing coverage with appropriate FLI stock remaining;
- softer house price index growth, impacting coverage ratios in the residential mortgage portfolio; and
- marginal increase in write-offs and a reduction in post write-off recoveries year on year.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June 2024	2023	% change
Movement in balance sheet provisions			
Performing book provisions	**95**	114	(17)
NPL provision	**3 068**	459	>100
Credit provision increase	**3 163**	573	>100
Gross write-off and other	**10 456**	9 895	6
– Bad debts written off*	**10 284**	10 139	1
– Exchange rate and other	**172**	(244)	(>100)
Amounts recognised directly in income statement			
Modification loss	**814**	616	32
Interest suspended on stage 3 advances	**(2 811)**	(2 524)	11
Post write-off recoveries	**(1 474)**	(1 816)	(19)
Total impairment charge	**10 148**	6 744	50

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

FNB's approach to provisioning remains appropriately prudent given the economic cycle. Expected improvements in the economic outlook resulted in some FLI releases during the year, resulting in a downward impact on coverage ratios versus prior years.

Arrears and SICR buckets increased, with arrears rolling into NPLs accelerating. The debt relief portfolio, which is in rundown, continued to perform better than expected, and outstanding specific debt-relief advances amounted to R558 million (2023: R1.15 billion). These factors resulted in overall performing coverage moderating downwards to 2.26% (2023: 2.38%).

The NPL ratio increased to 7.44% (2023: 6.59%). NPL formation was more prominent in residential mortgages and personal loans, but not out of line with expectations considering interest rate and inflation strain on SA consumers. The retail CLR of 243 bps has peaked above the TTC range, but it is expected to remain elevated until macros are more supportive of consumer affordability. Commercial has started to show early signs of strain in the SME portfolio, however despite this, overall commercial credit performance remained resilient, exceeding expectations, and remains below its TTC range. NPL coverage marginally decreased to 46.8% (2023: 47.7%) and the reduction in coverage was due to new NPL inflows (including more debt counselling accounts) requiring lower coverage, coupled with the write-offs of higher-coverage loans.

Insurance

The results are presented on an IFRS 17 basis with effect from 1 July 2023. PBT from FNB's insurance activities increased 14%, characterised by good insurance service revenue and moderating insurance service expenses in the life business. These benefits were offset by additional investment into the short-term insurance business. Pleasing growth in the commercial segment has been achieved, which represents a significant opportunity for further penetration. The short-term insurance business experienced significant claims increases from book growth and event risk, but off a low base as it is still in an early growth phase.

NEW BUSINESS APE

R million	Year ended 30 June 2024	2023	% change
Core life (including funeral)	**1 281**	1 208	6
Underwritten	**277**	281	(1)
Commercial	**206**	159	30
Standalone products	**1 764**	1 648	7
Credit life	**893**	921	(3)
FNB Life	**2 657**	2 569	3
FNB Short-term*	**662**	570	16

* *2023 figures have been restated to exclude cross-product intercompany policies.*

FNB Life new business annual premium equivalent (APE) increased by 3%, and premiums collected by 13%.

The core life portfolio achieved 6% overall growth in new business APE, primarily driven by the funeral product, up 11%, and offset by reduced momentum in other product lines.

The underwritten life portfolio's new business APE experienced a 2% decline, primarily due to a focus on higher-quality business and increased focus on digital and advisory sales. Within this portfolio, the Life Customised product recorded a 13% growth in new business APE, supported by the Dynamic Life mortgage book performance and the advisory channel pivot.

Life insurance sales in the commercial segment recorded a 30% year-on-year increase in new business APE. Sales are tracking well ahead of expectations.

Credit life new business APE decreased 3%, mainly due to a reduction in the personal loans credit life product, which accounts for the majority of the portfolio. This also declined due to the run-off of the mortgage protection book as sales focus moved to products which offer better client protection.

In the short-term insurance business, policies increased to c. 307k (up 10%) and new business APE grew 16%. Insurance service revenue (premiums) increased 45% year on year, driven by sales of the personal lines motor and buildings products.

Wealth and investment management

The wealth and investment management (WIM) strategy is to cross-sell investment products and solutions to FNB's retail customers. The focus on growing distribution led to an increase in the number of private advisors and wealth managers who advise clients on investment products, which supported the 14% growth in assets under management (AUM) year on year. Overall investment accounts grew 7% to 672k, with penetration of the FNB customer base at 10%, predominantly in the private segment (14% penetration).

Whilst share trading activity remained muted, mainly reflecting JSE activity levels, the number of active share trading accounts increased 7% to 261k. NIR was up 4% on the back of AUM growth. The FNB Horizon funds continued their strong performance, with double-digit returns that ranked ahead of both peers and benchmarks.

WIM ASSETS

	Year ended 30 June		%
R million	**2024**	2023	change
AUM	**84 813**	74 438	14
FNB Horizon series	**7 138**	6 655	7
Assets under advice	**79 143**	72 946	8
Assets under administration	**87 095**	75 033	16
Assets under execution	**96 188**	90 660	6
Total WIM assets	**354 377**	319 732	11

Platform

FNB continues to invest in its integrated financial services platform and customers can fulfil most of their financial services requirements digitally. The platform enables customers to engage FNB via assisted interfaces (e.g. points of presence and call centres) and unassisted interfaces (mobile banking (USSD), online banking, the FNB app, ATMs and ADTs).

Key platform highlights for the year ended 30 June 2024 are outlined below.

- Since the launch on the FNB app, 5.1 million virtual cards have been activated and R68.1 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.
- Device payments (using Apple or Android) accounted for 175 million transactions worth R67 billion.
- Approximately 8.2 million eWallet users accounted for cash withdrawals of R53.7 billion.
- nav»Money provides customers with simple, easy-to-use money management tools which help them track their spend, view credit scores and more. It had 4.6 million users at 30 June 2024, up 25% year on year.
- nav»Home has placed c. 51k families in homes and paid out R62 billion in loans since inception. FNB now originates 31% of home loans through this channel. Estate agent functionality was activated on the app in FY21 and 214 estate agents have been onboarded, with 3k current listings.
- At 30 June 2024, nav»Car had 1.06 million vehicles loaded in the garage, and WesBank has financed R1.1 billion in vehicle loans through this channel since inception.
- Commissionable e-commerce turnover and fulfilment on platform (i.e. electricity, mobile and digital vouchers sold) amounted to R18.6 billion (2023: R18 billion). Approximately three million customers use these services.
- eBucks travel sales increased by 28% to R1.2 billion (2023: R934 million).
- Digitally active customers grew by 7% to 7.35 million (2023: 6.89 million). Digital includes mobile banking (USSD), online banking and the app.
- In June 2024, the banking app active transacting base exceeded 5.8 million customers, with a monthly record of 130 million logins during December 2023. Monthly app logins in June 2024 were 15% higher than in June 2023.
- Digital logins totalled 1.95 billion for the year, with online and mobile banking (USSD) logins of 176 million and 307 million, respectively. The app contributed 1.5 billion logins.
- Total transactional volumes through digital interfaces during the year included 151 million for online banking, 627 million (+14%) for the banking app and 23 million for mobile banking (USSD), highlighting the scalability of FNB's platform.
- In broader Africa, card transactions increased 19% from 96.9 million to 115.1 million and digital penetration increased from 45.5% to 53.1%, highlighting the success of digitisation efforts in the subsidiaries.

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

WesBank's strategy is underpinned by:

- leveraging its long-standing model of partnering with motor manufacturers, suppliers and large dealer groups, and fulfilling motor financing requirements at point of sale;
- applying disciplined credit origination strategies that appropriately support customer requirements and affordability across asset-based products and related services;
- integrating into the FNB platform to offer vehicle and asset-based finance and mobility solutions to existing FNB retail and commercial customers, entrenching main-banked relationships; and
- utilising FNB's loyalty programme, eBucks, to reward desired customer behaviours and drive platform adoption.

The automotive industry experienced significant strain in the past year, with industry sales down 6% to 510 115 units year on year.

Market activity in the second half of the financial year continued to slow as customer affordability levels remained under pressure given higher inflation and elevated interest rates. Given this slowdown in overall activity, competition for new business increased, particularly for quality-risk customers, resulting in some margin pressure to secure deals. Competitive pricing pressures at point of sale in the dealer space, which comprises the majority of the financed vehicle transactions in the market, also weighed on margins, however, pricing discipline was maintained to protect returns. WesBank's origination remained tilted towards quality new business. The strategy of protecting and servicing FNB main-banked customers at point of sale means that WesBank continues to focus on opportunities to originate through FNB's digital platform.

Overview of financial performance

Despite the industry challenges, the commercial and corporate portfolio delivered strong growth in advances, up 11% year on year, emanating from the asset-based finance portfolio. Retail VAF advances grew 4%. This resulted in overall advances growth of 6%. Both segments' performances were tempered by increased impairments in light of the economic climate as customers began to show signs of strain.

WesBank's associates, VWFS and TFS, delivered good growth in advances. Further benefits came from reduced write-offs.

WESBANK FINANCIAL HIGHLIGHTS

R million	Year ended 30 June 2024	2023*	% change
Normalised earnings	**1 981**	1 850	7
Normalised profit before tax	**2 743**	2 438	13
Core lending advances	**173 262**	162 991	6
Performing advances	**164 937**	155 756	6
Stage 3/NPLs as a % of advances	**4.80**	4.44	
Credit loss ratio (%) of average advances	**1.22**	1.12	
ROE (%)**	**20.9**	21.2	
ROA (%)	**1.17**	1.19	
Cost-to-income ratio (%)	**51.9**	52.7	
Net interest margin (%)	**2.71**	2.80	

* *Restated. Refer to pages 65 to 67.*

** *The group reviewed its capital allocation to WesBank and consequently increased the allocation for its exposures outside of FirstRand Bank. The WesBank ROE was restated in line with the revised capital allocation.*

WesBank delivered normalised PBT growth of 13% year on year and an ROE of 20.9%. The business performance benefited from the prior year's strong origination and the sustained momentum in commercial in the year under review. This solid multi-year advances growth and higher endowment on capital contributed to NII increasing 15%, with some offset from an increase in expected loss provisions across all stages.

Total NIR growth of 9% reflects:

- good performance from the TFS and VWFS JVs;
- higher rental income, particularly in the fleet management and leasing (FML) business; and
- card and maintenance commissions; partly offset by
- a lower absolute number of financed vehicle accounts in retail year on year.

BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT*

R million	Year ended 30 June 2024	2023**	% change
Normalised PBT			
Retail VAF#	**1 886**	1 582	19
Corporate and commercial	**857**	856	—
Total WesBank	**2 743**	2 438	13

* *Refer to additional segmental disclosure on page 58.*

** *Restated. Refer to pages 65 to 67.*

\# *Includes MotoVantage.*

Both customer segments performed well, with retail VAF delivering particularly strong PBT growth of 19% year on year. This was driven by the prior year growth in advances, including the improved performance from the JVs as operating conditions related to manufacturing and parts logistics improved at the underlying original equipment manufacturers.

Corporate and commercial PBT was flat year on year, with good topline growth offset by an increase in credit provisions and higher operating costs as platform and business integration continued.

WesBank's credit performance was in line with expectations and retail VAF is showing limited strain compared to other secured retail portfolios. The credit loss ratio increased to 1.22% (2023: 1.12%) as a function of the significant growth in new production in corporate and commercial, which resulted in higher stage 1 provisions.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June 2024	2023	% change
Movement in balance sheet provisions			
Performing book provisions	**38**	641	(94)
NPL provision	**542**	(283)	(>100)
Credit provision increase	**580**	358	62
Bad debts written off*	**1 898**	1 954	(3)
Amounts recognised directly in income statement			
Modification loss	**47**	54	(13)
Interest suspended on stage 3 advances	**(288)**	(232)	24
Post write-off recoveries	**(186)**	(406)	(54)
Total impairment charge	**2 051**	1 728	19

* *Write-off of gross balances, excluding prior period provisions held, which have been recognised in the income statement over various reporting periods.*

The 19% increase in WesBank's credit impairment charge to R2 051 million (2023: R1 728 million) was mainly due to growth in advances and increased modelled provisions.

The overall composition of the charge is outlined below:

- Stage 1 provisions increased in line with book growth.
- Stage 2 advances increased 4%, driven by increased production volumes and interest rate strain on customers. Coverage marginally decreased to 12.35% (2023: 12.62%). Whilst there has been an increase in arrears, the majority of stage 2 remains modelled SICR provisions.
- Performing coverage decreased to 1.97% (2023: 2.06%), reflecting changes in the portfolio mix. Since June 2023, coverage decreased marginally as forward-looking macro assumptions improved, resulting in a net FLI release.
- NPLs increased to R8.3 billion (2023: R7.2 billion). Stage 3 advances increased to 4.80% of total advances (2023: 4.44%) due to average increases in workout periods and an increase in higher provisioned accounts.
- NPL coverage increased to 47.1% (2023: 46.7%).
- WesBank's write-off policy remains prudent and the proactive management of NPLs continued, with write-offs decreasing 3% year on year. The significant drop-off in post write-off recoveries year on year is a function of the extended time of recovery and lower levels of realisation on assets at date of recovery.

Operating expenses increased 11% year on year, largely as a function of the continued investment in the fleet management and leasing business, and higher profit shares due to alliance partners given the portfolio outperformance.

Pleasingly, operational leverage continues to improve as WesBank further integrates its operating model with FNB. WesBank's cost-to-income ratio improved to 51.9% (2023: 52.7%).

RMB represents the group's activities in the corporate and institutional segments of South Africa and on the broader African continent. In addition, it has niche offerings in the UK, India and the USA.

RMB

RMB's strategy is to deliver integrated financial services value propositions to corporate and institutional clients. These propositions span across a comprehensive portfolio of activities, including a leading lending and advisory franchise, a proven market-making and structuring business, a treasury and trade solutions business focusing on providing integrated solutions to improve clients' cash management and cash conversion cycles, a best-in-class private equity business and a growing asset management capability. This diversified business portfolio, coupled with a disciplined approach to balancing risk, return and growth, is designed to deliver sustainable high-quality earnings, balance sheet resilience and superior returns.

RMB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	2024	2023*	% change
Normalised earnings	**9 744**	9 116	7
Normalised profit before tax	**13 677**	12 582	9
– South Africa	**9 119**	8 636	6
– Broader Africa**	**4 558**	3 946	16
Core lending advances	**465 740**	419 644	11
Core deposits	**272 500**	259 173	5
Core performing advances coverage	**1.23**	1.19	
Stage 3/NPLs as a % of core lending advances	**1.00**	1.23	
– Lending	**0.89**	1.11	
– Private equity#	**6.42**	6.76	
Credit loss ratio (%) – core lending advances	**0.31**	0.14	
ROE (%)	**20.3**	21.1	
ROA (%)	**1.35**	1.36	
Cost-to-income ratio (%)	**48.6**	49.7	

* *Restated. Refer to pages 65 to 67.*

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

The private equity portfolio has a few large NPL counters which are fully provided for.

RMB delivered normalised PBT growth of 9% year on year, benefiting from strong momentum in the broader Africa portfolio (PBT up 16%), with a mixed performance from the SA franchise (PBT up 6%), predominantly due to the higher credit impairments.

RMB's ROE declined to 20.3%, reflecting a slight decrease in ROA to 1.35% and higher allocated capital levels to support advances growth, which is up 11% year on year. RMB's NII growth was driven by an 11% rise in average operational deposits and a 27 bps margin expansion in the broader Africa operational deposit base. Positive operating jaws resulted in the cost-to-income ratio trending lower to 48.6%.

The underlying operational business performance across the portfolio is mixed with strong growth from the investment banking division (IBD) and a solid performance from treasury and trade solutions (TTS) offset by a weaker performance from global markets (GM). Private equity (PE) produced good growth in core annuity earnings and further realisations.

Overview of financial performance

NII increased 8%, underpinned by 11% growth in both core advances and average operational deposits, coupled with increased endowment on deposit and custody balances. Advances margins in the core IBD lending portfolios trended down 14 bps to 200 bps, in part reflecting ongoing client retention strategies, competitive pressures, portfolio mix changes with a larger proportion of advances to high-quality corporate clients and significant growth in infrastructure and renewable energy exposures. In addition, a year-on-year increase in statutory reserve costs in broader Africa further depressed margins. Deposit margins benefited from the continued elevated rate cycle, with notable benefits of 63 bps reflected in the broader Africa portfolio.

NIR increased 16% year on year. New deal origination resulted in good structuring opportunities as well as advisory mandates won, translating into excellent growth in knowledge-based fee income of 44%. NIR growth was further supported by PE realisations and one-off income in the principal investment (PI) portfolio of R624 million, up 40%. The PE portfolio delivered gross realisation income of R760 million (2023: R1.2 billion). GM's mixed performance reflects a solid performance from SA fixed income driven by increased flows and event-driven income on the back of client structuring activity. This was, however, offset by lower trading income from foreign exchange (FX) and commodities. In addition, overall NIR growth was moderated by negative currency translation impacts of R748 million, primarily due to the depreciation of the Nigerian naira and the Zambian kwacha.

Credit impairments increased >100% (R835 million) year on year, with the credit impairment charge on the core lending portfolio (excluding repos) increasing to 31 bps (2023: 14 bps), at the bottom end of the portfolio TTC range. The loans to private equity investee companies contributed 9 bps, increasing by R397 million from an immaterial amount in the previous year. The credit quality of RMB's core lending portfolio remains resilient, with the overall performance broadly in line with expectations.

An analysis of the balance sheet movement of the impairment charge is set out in the table below:

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		
R million	**2024**	2023	% change
Movement in balance sheet provisions			
Performing book provisions	**728**	78	>100
NPL provision	**(202)**	(574)	(65)
– Provision movements	**(202)**	247	(>100)
– NPL release due to debt-to-equity restructure*	**–**	(821)	(100.00)
Credit provision increase/(decrease)	**526**	(496)	(>100)
Gross write-off and other*	**963**	1 239	(22)
– Bad debts written off**	**859**	469	83
– Debt-to-equity restructure	**–**	716	(100)
– Exchange rate and other	**104**	54	93
Amounts recognised directly in income statement			
Interest suspended on stage 3 advances	**(98)**	(45)	>100
Post write-off recoveries	**(5)**	(42)	(88)
Total	**1 386**	656	>100
Debt-to-equity restructure	**–**	(105)	(100)
Total impairment charge	**1 386**	551	>100

* *The movement in NPLs and gross write-off excludes the impact of the debt-to-equity restructure. Refer to page 84 for more information.*

** *Write-off of gross balances excluding prior year provisions held. The gross amounts written off was recognised in income.*

Strong new business origination resulted in normal front-book impairment raises, and therefore performing book impairments are up >100% year on year.

As expected, certain counters migrated onto the watchlist and into NPL status in South Africa over the last 12 months. This reflects ongoing strain in specific sectors of the domestic economy given the constrained economic environment during the year. Watchlist counters increased 5% during the year. As a result, RMB raised new impairments to reflect the net migration of counters to stage 2 and inflows of a few private equity counters to NPLs during the year.

RMB believes its consistent and prudent provisioning approach remains appropriate, with the performing book coverage ratio against core lending advances at 123 bps (2023: 119 bps).

RMB's cost growth of 10% continues to trend above inflation and reflects ongoing investments into enablement capabilities. Platform modernisation and digital transformation investment to enhance RMB's digital offerings and create a more efficient operating model are up 6% year on year. RMB has also further invested in capacity in its UK, USA and India based offices to support its broader Africa international flows strategy.

Geographical overview of performance

South Africa

The South African portfolio constitutes 67% of RMB's PBT, which increased 6% year on year. This somewhat subdued growth was mainly as a result of credit impairments beginning to normalise off a low base in the prior year. In addition, despite advances growth, origination of high-quality corporate credit, infrastructure and renewables resulted in margin compression, which in turn constrained NII growth.

NIR growth supplemented some of this margin compression, increasing 18%. This resulted from the contributions from the PI portfolio, private equity annuity income and realisations, and knowledge-based fee generation.

The overall performance in SA was significantly impacted by a R1 077 million (>100%) increase in credit impairments, due to strong book growth, the negative migration of certain counters in the core lending portfolio, as well as additional impairments raised against higher-risk and non-performing counters in the private equity portfolio.

Broader Africa

The broader Africa portfolio constitutes 33% of RMB's PBT and delivered a strong performance, growing PBT 16% (30% in constant currency terms) despite the local currency devaluations of 55% in Nigeria and 21% in Zambia, which resulted in a foreign currency translation earnings impact of R564 million during the year. This was partially offset by the strong client franchise performance in Nigeria, supported by growth in the client base and market-making opportunities from the Nigerian market dislocation.

Broader Africa NII increased 17%, driven by strong cross-border and in-country average advances growth of 26%, although partially moderated by margin contraction of 29 bps due to client repricing on the back of competitive pressures, increased regulatory requirements (i.e. cash reserve requirements) across various jurisdictions and the maturing of certain high-yielding transactions. The deposit franchise reflected good average growth of 10%, benefiting from ongoing primary-banked client acquisition, as well as from rate increases in the comparative year which resulted in a 63 bps increase in deposit margins.

NIR growth was resilient, increasing 7% due to continued client acquisition (with notable growth in Namibia and Nigeria) and subsequent increased activity levels. This was further supported by strong trading performances from Nigeria and Zambia given higher FX volatility and resultant growth in client flow volumes and market-making opportunities. This was partially offset by constrained dollar liquidity and lower client flow opportunities in other jurisdictions (Ghana, Mozambique and Botswana). The GM cross-border portfolio benefited from ongoing growth in the client franchise and facilitation of client flow between in-country clients and UK institutional clients. Overall NIR growth was curtailed through the negative currency translation impacts of R748 million.

Credit impairments moderated significantly during the year, reflecting the non-repeat of impairment raises against specific counters in the prior year, in part linked to the Ghana sovereign downgrade.

Operating expenses increased 17%, negatively impacted by elevated inflation levels in various jurisdictions such as Nigeria, Zambia and Ghana, together with elevated cost growth relating to volume-related operating expenses and ongoing investment spend on platforms, and regulatory and localisation requirements. These impacts were moderated by the positive currency conversion impact of the devaluating currencies of R377 million.

BREAKDOWN OF NORMALISED PBT CONTRIBUTION BY DIVISION

	Year ended 30 June		%
R million	**2024**	2023	change
Investment banking	**6 875**	6 060	13
Treasury and trade solutions	**2 710**	2 550	6
Global markets	**2 438**	2 476	(2)
Private equity	**1 982**	2 026	(2)
Other*	**(328)**	(530)	(38)
Total RMB	**13 677**	12 582	9

* *Other includes Ashburton, support, head office activities and internal reserve movements.*

IBD

IBD delivered strong PBT growth of 13%, underpinned by 37% growth in NIR, which particularly benefited from knowledge-based fee income growth of 31%. This was driven by robust new deal origination (with advances increasing 12%), resulting in material structuring transactions, coupled with advisory fee mandates emanating from increased market activity. The client-led PI portfolio delivered strong annuity income growth of 13% and further benefited from realisations and one-off income of R624 million, despite impairments taken to de-risk specific exposures. IBD has retained prudent provisioning levels given the ongoing constrained macro environment.

TTS

TTS delivered a solid performance with PBT increasing 6%. Revenue growth of 8% was underpinned by a 13% uplift in NIR driven by increased trade and structuring activities, growth in cash volumes of 5%, and an increase in merchant services turnover of 17% benefiting from strong momentum across multiple jurisdictions. Margins remained constrained given competitive pricing and association fees.

NII growth of 5% was supported by a 9 bps deposit margin uplift, mainly driven by broader Africa's rate cycle and overall normalised average deposit growth of 8%. Average advances increased 12%, driven by demand for structured lending, traditional trade and general banking facilities from clients.

TTS further benefited from a reduction in credit impairments due to the non-repeat of a prior year specific provision in broader Africa, as well as the partial resolution of a specific NPL in the South African portfolio. This was partially offset by growth in performing book impairments in line with advances growth.

Cost growth of 15% reflects elevated volume-related operating expenses and increased staff costs relating to the build-out of capabilities and platforms to support TTS's medium-term growth strategies.

GM

GM's PBT decreased 2% year on year, reflecting elevated cost growth of 17% due to IT licensing costs and capacity building (a large portion of which is US dollar denominated). Revenue increased 8%, in part impacted by currency translation effects of >R500 million, although to some extent this was offset by increased market volatility which benefited cross-border performance.

GM's performance was mixed across asset classes, as unpacked below:

- Fixed income, specifically the inflation desk, benefited from increased structuring activity relating to:
  - renewable energy transactions;
  - a modest uplift in market activity around the medium-term budget speech; and
  - increased client flow and market activity post the SA election results.
- The equities portfolio had a mixed performance, with PBT increasing 6%.The equity derivative trading business was up >50%, benefiting from increased activity in the index and equity-linked structured products. The RMB Morgan Stanley joint venture experienced a difficult year, with revenue down 24% due to reduced JSE volumes which were impacted by regulatory changes, margin compression and lower levels of corporate actions in the SA market.
- FX and commodities are down 5% year on year, negatively impacted by range-bound USD/ZAR, combined with constrained market volumes leading up to the SA elections. The in-country and cross-border FX activities benefited from increased flows, offset by currency translation impacts. Pleasingly, turnover volumes on electronic platforms have grown >50%, although margin pressure continued. Commodities' performance was impacted by lower hedging opportunities for clients in the current year in comparison to the prior period.

Private equity

Private equity's annuity income growth was driven by strong operational performances from portfolio companies and reflects the benefit of ongoing investments into the underlying portfolio. This was supplemented by good realisation income of R760 million (2023: R1.2 billion). Credit impairments were elevated relative to the prior year as macroeconomic factors necessitated additional coverage on a few counters. The second half of the financial year provided several investment opportunities, resulting in c. R1.5 billion of investment capital being deployed for the full year. The sustained quality and diversity of the portfolio is reflected in the 17% increase in unrealised value of the portfolio to R6.6 billion (2023: R5.7 billion).

Ashburton Investments (included in other)

Ashburton Investments's net fee income grew 12%, driven by an increase in the average AUM base with AUM closing at R133 billion. AUM growth was primarily driven by South Africa which saw the fixed-income and multi-asset and equity businesses attract flows of R5.7 billion and R1.3 billion, respectively. Cost growth was well contained at 3%.

FirstRand's UK operations include Aldermore Bank and MotoNovo. The portfolio consists of specialist lending for property finance (individuals and landlords), structured and specialist finance for SMEs, motor finance, and retail and business savings products.

Aldermore

UK operations

Aldermore's strategy is to meet the credit needs of individuals and entities which are underserved by mainstream providers. These customer pools in the UK market are large and growing. They also represent quality risk that is not catered for by the large incumbent players, as it requires a bespoke approach to structuring and underwriting. The UK operations are funded by retail and business deposits. With no branch network, Aldermore serves customers and intermediary partners online and telephonically, with motor finance offered through a network of dealerships across the UK.

The business is executing on its strategy to modernise platforms, streamline processes and focus on four core product solutions in segments where it has a strong and differentiated customer value proposition. The objective is to appropriately scale the business over time, supported by a diversified and sustainable funding base. Execution on this strategy is anchored to supporting FirstRand's commitments to its shareholders. A key focus area is improving the return profile.

Key areas of attention to uplift ROE include incremental adoption of the Aldermore group's FRM framework, targeted capital stack optimisation, including returning dividends to the shareholder, risk reward optimisation for enhanced NIM and unlocking additional returns from the motor business.

Aldermore is also building resilience in its funding model. Already the business has successfully grown savings balances, with a reduced reliance on pricing, and has increasingly diversified its sources of funding. Investment in modernising technology platforms should start to have a positive impact in the next 18 to 24 months.

The current focus areas for the core product sets are outlined below:

- **Property finance**
  - Grow profitably in existing markets through enhanced value proposition and agility.
  - Expand the product offering to drive diversification and target adjacent market opportunities.
- **Structured and specialist finance**
  - Leverage structuring expertise to focus on larger opportunities with mid-size enterprises.
  - Deliver growth through a focus on underserved specialist market segments with attractive returns.
- **Motor finance**
  - Drive core market growth and efficiency through continued modernisation of proposition and capabilities.
  - Scale through diversifying routes to market and broadened product suites to target adjacent markets and customer groups.
- **Savings**
  - Diversify funding sources and distribution mix across retail and SME segments.
  - Optimise cost of funds and liquidity profile.

Overview of financial performance

UK OPERATIONS FINANCIAL HIGHLIGHTS*

	Year ended 30 June		
£ million	**2024**	2023	% change
Normalised earnings	**177**	158	12
Normalised profit before tax	**253**	215	18
Core lending advances	**15 648**	15 561	1
Core deposits	**18 148**	17 365	5
Stage 3/NPLs as a % of advances	**3.35**	2.72	
Credit loss ratio (%) of average advances	**(0.12)**	0.59	
ROE (%)	**11.8**	11.6	
Underlying ROE* (%)	**12.0**	10.4	
ROA (%)	**0.88**	0.82	
Cost-to-income ratio (%)	**58.9**	50.8	

* *Based on underlying performance, excluding fair value accounting adjustments, NOSIA impairment release/(losses) and the FCA UK motor commission matter. Refer to the table on page 44.*

The results of the UK operations were characterised by a robust operational performance, focused cost management and a lower impairment charge, which more than offset the impact of market-wide pressure on margins and continued inflationary pressure. This resulted in the Aldermore group's normalised earnings increasing 12%, delivering a statutory ROE of 11.8%.

The CET1 ratio of 15.9% vs the target range of 13% to 14% provides capacity for capital optimisation and declaration of dividends to FirstRand, in line with the Aldermore board dividend policy and regulatory considerations.

The UK operations normalised PBT includes certain line items that are not reflective of the underlying operational performance, but which have had an impact on the results.

These are shown in the table below.

UK OPERATIONS UNDERLYING FINANCIAL PERFORMANCE

	Year ended 30 June		
Financial performance (£ million)	**2024**	2023	% change
Income statement			
Total income	**594**	657	(10)
Total operating expenses	**(350)**	(334)	5
Operating expenses	**(297)**	(299)	(1)
Strategic technology spend	**(35)**	(35)	–
UK motor commission matter	**(18)**	–	–
Impairment losses	**18**	(90)	(>100)
Indirect tax	**(9)**	(18)	(50)
UK operations normalised PBT	**253**	215	18
Add back:			
NOSIA impairment (release)/ raise	**(40)**	10	(>100)
FCA UK motor commission provision	**15**	–	–
UK motor commission related costs incurred during the year	**3**	–	–
Fair value accounting adjustments	**21**	(26)	(>100)
Underlying PBT	**252**	199	27
Underlying ROE (%)	**12.0**	10.4	

The underlying financial performance table above summarises the impacts of the following adjusting items:

- The remediation activity relating to the previous NOSIA event is now beginning to draw to a close, allowing the Aldermore group to release impairment provisions raised across the life of the programme given uncertainties in relation to the recoverability of balances in arrears. This resulted in a net increase of £39.5 million in normalised profits (2023: £10.0 million decrease).
- A £15 million provision connected to the FCA's UK motor commission review has been raised. The provision amount largely relates to potential associated legal, operational and redress costs covering the relevant review period from May 2019 to January 2021. From January 2021, the practice of discretionary commission arrangements ceased. It should also be noted that not all agreements written during the period under review by the regulator included a discretionary commission arrangement.
- In addition, the group incurred £3 million in legal and professional costs in relation to the motor commission matter in the current financial year.
- Fair value accounting adjustments on interest rate hedging instruments amounted to a loss of £20.7 million (2023: £25.8 million profit). This loss is largely driven by the unwind of profits recognised in previous years, in respect of instruments used by Aldermore to hedge interest rate risk. These prior year profits were driven by the magnitude and velocity of interest rate increases in 2023 and were expected to unwind across subsequent accounting periods.

Operational performance

Despite the difficult trading conditions, the UK operations performed well.

Lending growth was resilient against a backdrop of subdued demand and pressure on margins. FRM discipline was applied to achieve an appropriate balance between advances growth and returns, with NIMs reducing 12 bps to 3.01%. This resulted in a reduction in NII.

Overall advances increased to £15.6 billion.

- Property finance advances increased 3% year on year, supported by continued growth in the buy-to-let portfolio and refinancing, more than offsetting the impact of subdued owner-occupied markets.
- Structured and specialist finance advances increased 4% to £3.7 billion. This reflects targeted growth in asset finance, which more than offset the impact of subdued commercial real estate and invoice finance markets.
- Motor finance advances reduced 7% year on year to £4.1 billion, reflecting the impact of muted used car markets and a conscious decision to prioritise long-term returns over in-year portfolio growth.

Deposits increased 8% to £16.3 billion, supported by growth across all savings franchises.

- Personal savings balances increased 8% year on year despite intense competition for consumer deposits, led by strong demand for fixed-rate individual savings accounts (ISAs), with customers looking to take advantage of tax-efficient products in a higher interest rate environment.
- Business savings and corporate treasury balances grew 9% year on year, supported by the launch of a new business customer platform in January, delivering an enhanced customer experience and greater processing efficiency.
- Deposits represent 89% of total funding (2023: 86%), resulting in a loan-to-deposit ratio of 96% (2023: 104%).

ANALYSIS OF IMPAIRMENT CHARGE

£ million	Year ended 30 June 2024	2023	% change
Movement in balance sheet provisions			
Performing book provisions	**(53)**	54	(>100)
NPL provision	**38**	21	81
Credit provision (decrease)/ increase	**(15)**	75	(>100)
Bad debts written off*	**28**	26	8
Amounts recognised directly in income statement			
Interest suspended on stage 3 advances	**(3)**	(2)	50
Post write-off recoveries	**(28)**	(9)	>100
Total impairment (release)/ charge	**(18)**	90	(>100)

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

The UK operations impairment charge reduced 120%, resulting in a net impairment release of £18 million (2023: £90 million charge). This reflects the impact of a more stable macroeconomic outlook, allowing for the partial release of cost-of-living overlays raised in the previous year, as well as the release of the cumulative provisions raised in relation to the previously disclosed NOSIA operational event, as covered earlier. Underlying arrears performance continues to track broadly in line with expectation, and the impairment coverage ratio remains robust at 1.99% (2023: 2.32%). The key credit metrics below reflect the factors referenced above:

- The credit loss ratio improved by 71 bps to 0.12% (2023: 0.59%). Excluding the impact of the NOSIA-related impairment releases noted above, the UK operations credit loss ratio was 0.14%.
- Performing coverage decreased to 0.91% (2023: 1.27%), reflecting a more stable macroeconomic outlook.
- NPLs as a percentage of advances increased to 3.35% from 2.72% (2023) due to higher arrears balances, broadly in line with expectations given the cost-of-living pressures. NPL coverage decreased to 32.9% (2023: 40.0%), reflecting the transfer of the motor finance back book and the release of NOSIA provisions.

Total operating expenses increased 5% to £350 million (2023: £334 million), reflecting focused cost management against a backdrop of continued inflationary pressure. UK operations expenditure continues to reflect both investment in scaling its propositions and technology estate (commensurate with its long-term growth ambition), and further includes the aforementioned costs and provision related to the FCA UK motor commission review. Investment in platform modernisation continues, with current year spend of £34.6 million flat year on year.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

£ million	Year ended 30 June 2024	2023	% change
Property finance	**131**	98	34
Structured and specialist finance	**103**	109	(6)
Central functions	**(5)**	(41)	(88)
Motor finance*	**23**	33	(30)
Underlying PBT	**252**	199	27

* *Excludes the NOSIA impairment release/(raise), UK motor commission impact and fair value accounting losses totalling £6 million (2023: £10 million profit).*

Business unit performance highlights

The operational performances below exclude the impact of remediation activity and the fair value accounting adjustments.

Property finance

- Property finance traded well in a challenging market, leveraging Aldermore's strength in the specialist buy-to-let segment to partially offset the impact of subdued owner-occupied markets. Buy-to-let balances increased 10% year on year to £5.9 billion (2023: £5.3 billion).
- PBT improved year on year to £131 million (2023: £98 million). Income reduced, reflecting price-led competitive pressures, preventing the full transmission of higher funding costs and eroding margins. This was more than offset by impairment releases, with a more stable macroeconomic outlook allowing for the partial release of overlays raised in the prior financial year to ad dress risks related to expected payment shocks on mortgage customers maturing onto higher rates.
- Activity in the UK housing market remains subdued but is expected to begin to recover as interest rates fall, creating opportunities for continued portfolio growth.

Structured and specialist finance

- New business origination totalled £1.6 billion, driven by targeted growth in asset finance, largely offsetting the impact of muted commercial real estate and invoice finance markets.
- PBT declined to £103 million (2023: £109 million) with the impact of margin pressures (from the transmission of higher funding costs) partially offset by a lower impairment charge.
- The business continues to focus on opportunities to deliver targeted portfolio growth at attractive returns, with a focus on expansion into renewables and healthcare.

Central functions (including savings)

- Personal savings balances increased by £0.8 billion despite a period of intense competition for consumer deposits, led by strong demand for fixed ISAs (with customers looking to take advantage of tax-efficient products in a higher interest rate environment).
- Business savings balances increased 11% year on year to £3.1 billion (2023: £2.8 billion) and corporate treasury balances increased 6% to £2.2 billion (2023: £2.1 billion), as Aldermore continues its focus on growing and diversifying its funding base.
- Central functions benefited from wider margins as the savings franchise transmitted appropriate funding costs to business. This resulted in a loss of £5 million in the current year compared to a £43 million loss in the comparative year.
- The savings business is focused on remaining agile across both price and proposition heading into next year, aiming to drive continued portfolio growth whilst optimising funding costs.

Motor finance

- New business origination totalled £1.5 billion (2023: £2.0 billion) as the used-car market faced inflationary and cost-of-living pressures.
- Underlying motor finance PBT reduced to £23 million (2023: £33 million) as a result of lower average balances, pressure on margins and inflationary cost pressures, with the prior year comparative also benefiting from a one-off impairment release in the motor finance back book.
- Origination volumes increased significantly in the second half of the year, positioning the business to drive portfolio growth heading into next financial year.

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	Year ended 30 June				
R million	**2024**	**% composition**	2023*	% composition	% change
Retail	**13 247**	**35**	13 110	36	1
– FNB**	**11 887**		11 898		
– WesBank	**1 360**		1 212		
Commercial	**10 702**	**28**	10 440	28	3
– FNB	**10 081**		9 802		
– WesBank	**621**		638		
Corporate and investment banking	**9 744**	**26**	9 116	25	7
– RMB	**9 744**		9 116		
UK operations#	**4 170**	**11**	3 345	9	25
– Aldermore#,†	**3 597**		2 878		
– MotoNovo#	**573**		467		
Other	**125**	**–**	623	2	(80)
– Centre#,†,‡	**1 439**		1 559		
– Other equity instrument holders	**(1 314)**		(936)		
Normalised earnings	**37 988**	**100**	36 634	100	4

* *Restated. Refer to pages 65 to 67.*

** *Includes FNB broader Africa.*

\# *In the UK operations management view, shown in the table above and on pages 42 to 45, MotoNovo's front and back books were included in the 2023 figures. As MotoNovo's back book has significantly run down and is immaterial to the group and the UK operations, the back book is reported in the Centre effective 1 July 2023, with the management reporting view of the UK operations now aligned to the segment report on pages 50 to 57 and the statutory view for Aldermore Group.*

† *After the coupons on internal AT1 instruments of R204 million (£9 million) (2023: R183 million and £8 million).*

‡ *Includes Group Treasury.*

SEGMENTAL REPORTING

Segment report

for the year ended 30 June 2024

R million	Retail				
	Residential mortgages	Card	Total personal loans	Retail other	**Retail**
Net interest income before impairment of advances	4 621	4 482	8 376	8 071	**25 550**
Impairment charge	(1 188)	(2 256)	(4 814)	(584)	**(8 842)**
Net interest income after impairment of advances	3 433	2 226	3 562	7 487	**16 708**
Non-interest revenue	74	4 475	917	16 909	**22 375**
Income from operations	3 507	6 701	4 479	24 396	**39 083**
Operating expenses	(1 736)	(3 228)	(2 438)	(16 678)	**(24 080)**
Net income from operations	1 771	3 473	2 041	7 718	**15 003**
Share of profit of associates and joint ventures after tax	–	–	–	35	**35**
Income before indirect tax	1 771	3 473	2 041	7 753	**15 038**
Indirect tax	(12)	(25)	(57)	(663)	**(757)**
Profit before tax	1 759	3 448	1 984	7 090	**14 281**
Income tax expense	(475)	(931)	(613)	(1 892)	**(3 911)**
Profit for the year	1 284	2 517	1 371	5 198	**10 370**
Attributable to					
Ordinary equityholders	1 284	2 517	1 371	5 198	**10 370**
Other equity instrument holders	–	–	–	–	**–**
Non-controlling interests	–	–	–	–	**–**
Profit for the year	1 284	2 517	1 371	5 198	**10 370**
Attributable earnings to ordinary equityholders	1 284	2 517	1 371	5 198	**10 370**
Headline earnings adjustments	–	–	–	–	**–**
Headline earnings	1 284	2 517	1 371	5 198	**10 370**
Treasury shares	–	–	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**
Private equity related	–	–	–	–	**–**
Normalised earnings	1 284	2 517	1 371	5 198	**10 370**

The segmental analysis is based on the management accounts for the respective segments.

* *Refer to additional segmental disclosure on page 58.*

** *Refer to page 59 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.*

Centre represents group-wide functions.

Retail and commercial			Retail and commercial		Corporate and institutional					
FNB										
Commercial	FNB broader Africa	Total FNB	WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
15 641	5 832	47 023	5 869	52 892	12 269	14 232	6 712	86 105	(2 651)	83 454
(844)	(462)	(10 148)	(2 051)	(12 199)	(1 386)	432	598	(12 555)	–	(12 555)
14 797	5 370	36 875	3 818	40 693	10 883	14 664	7 310	73 550	(2 651)	70 899
10 760	5 411	38 546	3 661	42 207	15 229	(264)	(4 299)	52 873	3 209	56 082
25 557	10 781	75 421	7 479	82 900	26 112	14 400	3 011	126 423	558	126 981
(11 682)	(7 057)	(42 819)	(5 223)	(48 042)	(14 506)	(8 231)	(3 626)	(74 405)	(326)	(74 731)
13 875	3 724	32 602	2 256	34 858	11 606	6 169	(615)	52 018	232	52 250
4	–	39	527	566	2 356	–	(500)	2 422	4	2 426
13 879	3 724	32 641	2 783	35 424	13 962	6 169	(1 115)	54 440	236	54 676
(69)	(234)	(1 060)	(40)	(1 100)	(285)	(207)	(63)	(1 655)	–	(1 655)
13 810	3 490	31 581	2 743	34 324	13 677	5 962	(1 178)	52 785	236	53 021
(3 729)	(1 072)	(8 712)	(746)	(9 458)	(3 671)	(1 588)	2 907	(11 810)	(31)	(11 841)
10 081	2 418	22 869	1 997	24 866	10 006	4 374	1 729	40 975	205	41 180
10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	203	38 191
–	–	–	–	–	–	204	1 314	1 518	–	1 518
–	901	901	16	917	262	–	290	1 469	2	1 471
10 081	2 418	22 869	1 997	24 866	10 006	4 374	1 729	40 975	205	41 180
10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	203	38 191
–	–	–	–	–	–	–	–	–	(137)	(137)
10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	66	38 054
–	–	–	–	–	–	–	–	–	16	16
–	–	–	–	–	–	–	–	–	(87)	(87)
–	–	–	–	–	–	–	–	–	5	5
10 081	1 517	21 968	1 981	23 949	9 744	4 170	125	37 988	–	37 988

Segment report

for the year ended 30 June 2024

	Retail and commercial				
	FNB				
	Retail				
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**
Cost-to-income ratio (%)	37.0	36.0	26.2	66.7	**50.2**
Diversity ratio (%)	1.6	50.0	9.9	67.7	**46.7**
Credit loss ratio (%) – core lending advances	0.45	5.75	9.32	7.93	**2.43**
Stage 3/NPLs as a % of core lending advances	6.69	12.65	16.91	13.88	**8.94**
Consolidated income statement includes					
Depreciation	(2)	(21)	(18)	(2 251)	**(2 292)**
Amortisation	–	–	–	(43)	**(43)**
Net impairment charges	–	–	–	(83)	**(83)**
Consolidated statement of financial position includes					
Advances (before impairments)	272 363	41 374	53 286	7 314	**374 337**
Core lending advances	272 363	41 374	53 286	7 314	**374 337**
– Other core lending advances (AC and FV)	270 461	41 374	53 286	7 314	**372 435**
– Securitised advances	1 902	–	–	–	**1 902**
Assets under agreements to resell	–	–	–	–	**–**
Stage 3/NPLs	18 223	5 233	9 008	1 015	**33 479**
Investments in associates	–	–	–	516	**516**
Investments in joint ventures	–	–	–	–	**–**
Total deposits (including non-recourse deposits)	562	12 039	32	388 146	**400 779**
Total assets	265 076	35 974	43 278	37 983	**382 311**
Total liabilities†	265 247	34 240	43 099	17 271	**359 857**
Capital expenditure	1	57	4	3 374	**3 436**

The segmental analysis is based on the management accounts for the respective segments.

* *Refer to additional segmental disclosure on page 58.*

** *Refer to page 59 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.*

\# *Centre represents group-wide functions.*

† *Total liabilities are net of interdivisional balances.*

Retail and commercial			Retail and commercial		Corporate and institutional					
FNB										
Commercial	FNB broader Africa	**Total FNB**	**WesBank***	**Retail and commercial**	**RMB**	**Aldermore****	Centre (including Group Treasury) and other#	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
44.2	62.8	**50.0**	**51.9**	**50.2**	**48.6**	**58.9**	(>100)	**52.6**		**52.6**
40.8	48.1	**45.1**	**41.6**	**44.7**	**58.9**	**(1.9)**	>100	**39.1**		**41.2**
0.69	0.76	**1.85**	**1.22**	**1.70**	**0.31**	**(0.12)**	(2.03)	**0.81**		**0.81**
3.65	6.29	**7.44**	**4.80**	**6.82**	**1.00**	**3.35**	1.95	**4.25**		**4.25**
(292)	(422)	**(3 006)**	**(815)**	**(3 821)**	**(183)**	**(263)**	(57)	**(4 324)**	–	**(4 324)**
2	(9)	**(50)**	**(18)**	**(68)**	**(49)**	**–**	(642)	**(759)**	–	**(759)**
(35)	1	**(117)**	**(3)**	**(120)**	**(6)**	**–**	(19)	**(145)**	(71)	**(216)**
129 844	62 463	**566 644**	**173 262**	**739 906**	**526 092**	**359 798**	39 910	**1 665 706**	–	**1 665 706**
129 844	62 463	**566 644**	**173 262**	**739 906**	**465 740**	**359 798**	32 454	**1 597 898**	–	**1 597 898**
129 844	62 463	**564 742**	**171 639**	**736 381**	**465 740**	**339 652**	32 454	**1 574 227**	–	**1 574 227**
–	–	**1 902**	**1 623**	**3 525**	**–**	**20 146**	–	**23 671**	–	**23 671**
–	–	**–**	**–**	**–**	**60 352**	**–**	7 456	**67 808**	–	**67 808**
4 733	3 931	**42 143**	**8 325**	**50 468**	**4 668**	**12 071**	633	**67 840**	–	**67 840**
4	–	**520**	**2 956**	**3 476**	**5 666**	**–**	1 190	**10 332**	–	**10 332**
–	–	**–**	**4**	**4**	**3 471**	**–**	(17)	**3 458**	52	**3 510**
463 398	72 054	**936 231**	**78**	**936 309**	**321 351**	**417 284**	328 207	**2 003 151**	–	**2 003 151**
137 314	65 973	**585 598**	**174 791**	**760 389**	**726 475**	**472 299**	407 652	**2 366 815**	2 524	**2 369 339**
129 309	62 374	**551 540**	**172 072**	**723 612**	**709 546**	**431 728**	286 649	**2 151 535**	–	**2 151 535**
617	568	**4 621**	**2 771**	**7 392**	**471**	**314**	57	**8 234**	–	**8 234**

Segment report

for the year ended 30 June 2023

	Retail and commercial				
	FNB				
	Retail				
R million	Residential mortgages	Card	Total personal loans	Retail other*	**Retail***
Net interest income before impairment of advances	4 696	3 771	7 539	7 987	**23 993**
Impairment charge	(452)	(1 516)	(3 688)	(102)	**(5 758)**
Net interest income after impairment of advances	4 244	2 255	3 851	7 885	**18 235**
Non-interest revenue	88	3 807	948	16 214	**21 057**
Income from operations	4 332	6 062	4 799	24 099	**39 292**
Operating expenses	(1 720)	(3 095)	(2 627)	(16 484)	**(23 926)**
Net income from operations	2 612	2 967	2 172	7 615	**15 366**
Share of profit of associates and joint ventures after tax	–	–	53	32	**85**
Income before indirect tax	2 612	2 967	2 225	7 647	**15 451**
Indirect tax	(14)	(27)	(61)	(550)	**(652)**
Profit before tax	2 598	2 940	2 164	7 097	**14 799**
Income tax expense	(701)	(794)	(584)	(1 916)	**(3 995)**
Profit for the year	1 897	2 146	1 580	5 181	**10 804**
Attributable to					
Ordinary equityholders	1 897	2 146	1 580	5 181	**10 804**
Other equity instrument holders	–	–	–	–	**–**
Non-controlling interests	–	–	–	–	**–**
Profit for the year	1 897	2 146	1 580	5 181	**10 804**
Attributable earnings to ordinary equityholders	1 897	2 146	1 580	5 181	**10 804**
Headline earnings adjustments	–	–	–	–	**–**
Headline earnings	1 897	2 146	1 580	5 181	**10 804**
Treasury shares	–	–	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**
Private equity related	–	–	–	–	**–**
Normalised earnings	1 897	2 146	1 580	5 181	**10 804**

The segmental analysis is based on the management accounts for the respective segments.

* *Restated. Refer to pages 65 to 67.*

** *Refer to additional segmental disclosure on page 58.*

\# *Refer to page 60 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.*

† *Centre represents group-wide functions.*

Retail and commercial			Retail and commercial		Corporate and institutional					
FNB										
Commercial*	FNB broader Africa	**Total FNB***	**WesBank*,****	**Retail and commercial**	**RMB**	**Aldermore#**	Centre (including Group Treasury) and other*,†	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
15 100	5 139	**44 232**	**5 098**	49 330	**11 315**	**13 236**	4 734	**78 615**	(2 179)	**76 436**
(615)	(371)	**(6 744)**	**(1 728)**	(8 472)	**(551)**	**(2 415)**	489	**(10 949)**	–	**(10 949)**
14 485	4 768	**37 488**	**3 370**	40 858	**10 764**	**10 821**	5 223	**67 666**	(2 179)	**65 487**
10 753	4 917	**36 727**	**3 504**	40 231	**14 700**	**1 357**	(4 388)	**51 900**	1 944	**53 844**
25 238	9 685	**74 215**	**6 874**	81 089	**25 464**	**12 178**	835	**119 566**	(235)	**119 331**
(11 746)	(6 578)	**(42 250)**	**(4 710)**	(46 960)	**(13 176)**	**(7 032)**	(152)	**(67 320)**	(109)	**(67 429)**
13 492	3 107	**31 965**	**2 164**	34 129	**12 288**	**5 146**	683	**52 246**	(344)	**51 902**
–	–	**85**	**327**	412	**520**	**11**	(450)	**493**	(6)	**487**
13 492	3 107	**32 050**	**2 491**	34 541	**12 808**	**5 157**	233	**52 739**	(350)	**52 389**
(65)	(205)	**(922)**	**(53)**	(975)	**(226)**	**(383)**	44	**(1 540)**	–	**(1 540)**
13 427	2 902	**31 128**	**2 438**	33 566	**12 582**	**4 774**	277	**51 199**	(350)	**50 849**
(3 625)	(1 003)	**(8 623)**	**(576)**	(9 199)	**(3 261)**	**(1 101)**	1 392	**(12 169)**	(3)	**(12 172)**
9 802	1 899	**22 505**	**1 862**	24 367	**9 321**	**3 673**	1 669	**39 030**	(353)	**38 677**
9 802	1 094	**21 700**	**1 850**	23 550	**9 116**	**3 490**	478	**36 634**	(303)	**36 331**
–	–	**–**	**–**	–	**–**	**183**	936	**1 119**	–	**1 119**
–	805	**805**	**12**	817	**205**	**–**	255	**1 277**	(50)	**1 227**
9 802	1 899	**22 505**	**1 862**	24 367	**9 321**	**3 673**	1 669	**39 030**	(353)	**38 677**
9 802	1 094	**21 700**	**1 850**	23 550	**9 116**	**3 490**	478	**36 634**	(303)	**36 331**
–	–	**–**	**–**	–	**–**	**–**	–	**–**	369	**369**
9 802	1 094	**21 700**	**1 850**	23 550	**9 116**	**3 490**	478	**36 634**	66	**36 700**
–	–	**–**	**–**	–	**–**	**–**	–	**–**	17	**17**
–	–	**–**	**–**	–	**–**	**–**	–	**–**	(98)	**(98)**
–	–	**–**	**–**	–	**–**	**–**	–	**–**	15	**15**
9 802	1 094	**21 700**	**1 850**	23 550	**9 116**	**3 490**	478	**36 634**	–	**36 634**

Segment report

for the year ended 30 June 2023

	Retail and commercial				
	FNB				
	Retail				
R million	Residential mortgages	Card	Total personal loans	Retail other*	**Retail***
Cost-to-income ratio (%)	36.0	40.8	30.8	68.0	**53.0**
Diversity ratio (%)	1.8	50.2	11.7	67.0	**46.8**
Credit loss ratio (%) – core lending advances	0.18	4.33	7.63	1.33	**1.68**
Stage 3/NPLs as a % of core lending advances	5.42	10.92	15.07	12.48	**7.51**
Consolidated income statement includes					
Depreciation	(3)	(6)	(17)	(2 151)	**(2 177)**
Amortisation	–	–	–	(44)	**(44)**
Net impairment charges	–	–	–	(63)	**(63)**
Consolidated statement of financial position includes					
Advances (before impairments)	259 635	37 149	50 072	7 406	**354 262**
Core lending advances	259 635	37 149	50 072	7 406	**354 262**
– Other core lending advances (AC and FV)	259 635	37 149	50 072	7 406	**354 262**
– Securitised advances					
Assets under agreements to resell	–	–	–	–	**–**
Stage 3/NPLs	14 073	4 057	7 547	924	**26 601**
Investments in associates	–	–	–	481	**481**
Investments in joint ventures	–	–	–	–	**–**
Total deposits (including non-recourse deposits)	564	10 629	53	355 600	**366 846**
Total assets	255 335	32 592	41 460	39 112	**368 499**
Total liabilities‡	255 015	31 352	41 420	20 706	**348 493**
Capital expenditure	–	114	14	2 915	**3 043**

The segmental analysis is based on the management accounts for the respective segments.

* *Restated. Refer to pages 65 to 67.*

** *Refer to additional segmental disclosure on page 58.*

Refer to page 60 for additional analysis of UK operations. As the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is included in the Centre.

† *Centre represents group-wide functions.*

‡ *Total liabilities are net of interdivisional balances.*

Retail and commercial			Retail and commercial		Corporate and institutional					
FNB										
Commercial*	FNB broader Africa	Total FNB*	WesBank*,**	Retail and commercial	RMB	Aldermore#	Centre (including Group Treasury) and other*,†	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
45.4	65.4	52.1	52.7	52.2	49.7	48.2	(>100)	51.4		51.6
41.6	48.9	45.4	42.9	45.2	57.4	9.4	>100	40.0		41.5
0.55	0.67	1.32	1.12	1.28	0.14	0.72	(1.69)	0.78		0.78
4.10	6.01	6.59	4.44	6.09	1.23	2.48	3.27	3.80		3.80
(248)	(405)	(2 830)	(817)	(3 647)	(172)	(202)	(20)	(4 041)	–	(4 041)
3	(20)	(61)	(20)	(81)	(81)	(4)	(491)	(657)	–	(657)
(111)	(4)	(178)	10	(168)	(8)	–	215	39	(403)	(364)
116 448	58 418	529 128	162 991	692 119	484 649	371 150	42 529	1 590 447	–	1 590 447
116 448	58 418	529 128	162 991	692 119	419 644	371 150	28 124	1 511 037	–	1 511 037
116 448	58 418	529 128	159 645	688 773	419 644	336 602	28 124	1 473 143	–	1 473 143
			3 346	3 346	–	34 548	–	37 894	–	37 894
–	–	–	–	–	65 005	—	14 405	79 410	–	79 410
4 773	3 510	34 884	7 235	42 119	5 171	9 222	920	57 432	–	57 432
–	–	481	2 810	3 291	4 626	–	2 483	10 400	–	10 400
–	–	–	6	6	3 067	–	(16)	3 057	48	3 105
421 378	65 413	853 637	67	853 704	306 561	415 962	346 876	1 923 103	–	1 923 103
117 107	62 058	547 664	163 851	711 515	720 698	477 424	385 637	2 295 274	2 765	2 298 039
110 007	58 142	516 642	161 018	677 660	706 772	440 574	274 599	2 099 605	–	2 099 605
321	709	4 073	1 383	5 456	665	120	40	6 281	–	6 281

Additional segmental disclosure – WesBank

	Year ended 30 June 2024		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	**4 465**	**1 404**	**5 869**
Impairment of advances	**(1 798)**	**(253)**	**(2 051)**
Normalised profit before tax	**1 886**	**857**	**2 743**
Normalised earnings	**1 360**	**621**	**1 981**
Core advances	**113 044**	**60 218**	**173 262**
Stage 3/NPLs	**7 216**	**1 109**	**8 325**
Advances margin (%)	**3.00**	**2.15**	**2.71**
Stage 3/NPLs as a % of advances	**6.38**	**1.84**	**4.80**
Credit loss ratio (%) of average advances	**1.62**	**0.44**	**1.22**

	Year ended 30 June 2023		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	3 924	1 174	5 098
Impairment of advances	(1 670)	(58)	(1 728)
Normalised profit before tax	1 582	856	2 438
Normalised earnings	1 212	638	1 850
Core advances	108 779	54 212	162 991
Stage 3/NPLs	6 169	1 066	7 235
Advances margin (%)	3.03	2.32	2.80
Stage 3/NPLs as a % of advances	5.67	1.97	4.44
Credit loss ratio (%) of average advances	1.60	0.12	1.12

Additional segmental disclosure – UK operations

In order to provide a full performance overview of the total UK operations of Aldermore and MotoNovo until 30 June 2023, the segmental disclosure provided below reflected the total operations of MotoNovo, which includes the front book written since May 2019 within Aldermore group and the back book reported in the Centre. However, as the MotoNovo back book has significantly run down and is immaterial from a group and UK operations perspective, effective 1 July 2023 the back book is no longer reported in the UK operations. The prior year information in UK operations has not been restated.

	Year ended 30 June 2024					
£ million	Structured and specialist finance	Property finance	Central functions	**Aldermore**	Motor finance**	**Total UK operations**
Net interest income before impairment of advances	133	123	179	**435**	170	**605**
Impairment charge	(10)	29	–	**19**	(1)	**18**
Net interest income after impairment of advances	123	152	179	**454**	169	**623**
Non-interest revenue (including fair value hedges)	4	(3)	(13)	**(12)**	1	**(11)**
Income from operations	127	149	166	**442**	170	**612**
Operating expenses	(24)	(18)	(169)	**(211)**	(139)	**(350)**
Net income/(loss) from operations	103	131	(3)	**231**	31	**262**
Share of profit of associates and joint ventures after tax	–	–	–	**–**	–	**–**
Income/(loss) before indirect tax	103	131	(3)	**231**	31	**262**
Indirect tax	–	–	(17)	**(17)**	8	**(9)**
Profit/(loss) before tax	103	131	(20)	**214**	39	**253**
Income tax expense	–	–	(57)*	**(57)**	(10)	**(67)**
Profit/(loss) for the year	103	131	(77)	**157**	29	**186**
Attributable to						
Ordinary equityholders	103	131	(81)	**153**	24	**177**
Other equity instrument holders	–	–	4	**4**	5	**9**
Profit/(loss) for the year	103	131	(77)	**157**	29	**186**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	2 263	**2 263**	43	**2 306**
Derivative financial instruments	–	–	345	**345**	3	**348**
Investment securities	–	–	2 436	**2 436**	–	**2 436**
Advances	3 644	7 773	–	**11 417**	3 920	**15 337**
– Gross core lending advances	3 717	7 833	–	**11 550**	4 098	**15 648**
– Impairment of advances	(73)	(60)	–	**(133)**	(178)	**(311)**
Other assets	2	(1)	(296)	**(295)**	408	**113**
Total assets	3 646	7 772	4 748	**16 166**	4 374	**20 540**
Derivative financial instruments	–	–	40	**40**	1	**41**
Total deposits	–	–	17 741	**17 741**	407	**18 148**
Other liabilities	3 543	7 641	(14 375)	**(3 191)**	3 778	**587**
Total liabilities	3 543	7 641	3 406	**14 590**	4 186	**18 776**
Stage 3/NPLs	82	284	–	**366**	159	**525**
Stage 3/NPLs as a % of advances	2.19	3.64	–	**3.17**	3.87	**3.35**
Credit loss ratio (%) of average advances	0.25	(0.37)	–	**(0.17)**	0.02	**(0.12)**
Advances margin (%)	3.64	1.62	–	**3.85**	4.10	**3.92**

* *Tax expense reflected in central functions.*
** *Excludes MotoNovo back book.*

Additional segmental disclosure – UK operations continued

	Year ended 30 June 2023					
£ million	Structured and specialist finance	Property finance	Central functions	**Aldermore**	Motor finance (total MotoNovo)	**Total UK operations**
Net interest income before impairment of advances	145	144	159	**448**	173	**621**
Impairment charge	(22)	(29)	–	**(51)**	(39)	**(90)**
Net interest income after impairment of advances	123	115	159	**397**	134	**531**
Non-interest revenue (including fair value hedges)	8	–	19	**27**	8	**35**
Income from operations	131	115	178	**424**	142	**566**
Operating expenses	(25)	(16)	(190)	**(231)**	(103)	**(334)**
Net income/(loss) from operations	106	99	(12)	**193**	39	**232**
Share of profit of associates and joint ventures after tax	–	–	1	**1**	–	**1**
Income/(loss) before indirect tax	106	99	(11)	**194**	39	**233**
Indirect tax	3	(1)	(14)	**(12)**	(6)	**(18)**
Profit/(loss) before tax	109	98	(25)	**182**	33	**215**
Income tax expense	–	–	(42) *	**(42)**	(7)	**(49)**
Profit/(loss) for the year	109	98	(67)	**140**	26	**166**
Attributable to						
Ordinary equityholders	109	98	(71)	**136**	22	**158**
Other equity instrument holders	–	–	4	**4**	4	**8**
Profit/(loss) for the year	109	98	(67)	**140**	26	**166**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	2 138	**2 138**	89	**2 227**
Derivative financial instruments	–	–	677	**677**	35	**712**
Investment securities	–	–	2 049	**2 049**	–	**2 049**
Advances	3 508	7 492	–	**11 000**	4 200	**15 200**
– Gross core lending advances	3 583	7 581	–	**11 164**	4 397	**15 561**
– Impairment of advances	(75)	(89)	–	**(164)**	(197)	**(361)**
Other assets	3	(2)	(462)	**(461)**	216	**(245)**
Total assets	3 511	7 490	4 402	**15 403**	4 540	**19 943**
Derivative financial instruments	–	–	63	**63**	–	**63**
Total deposits	–	–	16 594	**16 594**	771	**17 365**
Other liabilities	3 402	7 393	(13 424)	**(2 629)**	3 557	**928**
Total liabilities	3 402	7 393	3 233	**14 028**	4 328	**18 356**
Stage 3/NPLs	59	228	–	**287**	136	**423**
Stage 3/NPLs as a % of advances	1.65	3.01	–	**2.57**	3.10	**2.72**
Credit loss ratio (%) of average advances	0.61	0.40	–	**0.47**	0.89	**0.59**
Advances margin (%)	3.98	1.91	–	**3.99**	3.66	**3.89**

* *Tax expense reflected in central functions.*

Additional segmental disclosure – broader Africa

In order to provide a full strategic overview of the group's broader Africa operations, the information provided below reflects the in-country performance across the various subsidiaries, as well as the impact of cross-border transactions booked on the South African, London branch and RMB Mauritius balance sheets, where the deals originated in a broader Africa jurisdiction.

BROADER AFRICA FINANCIAL HIGHLIGHTS

	Strategy view		In-country		Cross-border	
R million	**2024**	2023	**2024**	2023	**2024**	2023
Normalised earnings*	**5 157**	4 141	**3 048**	2 443	**2 109**	1 698
Normalised profit before tax*	**9 200**	7 471	**6 311**	5 145	**2 889**	2 326
Impairment of advances	**575**	713	**478**	474	**97**	239
Core lending advances**	**168 037**	152 922	**80 711**	76 804	**87 326**	76 118
Stage 3/NPLs as a % of core lending advances**	**3.02**	3.65	**4.89**	4.62	**1.28**	2.68
Credit loss ratio (%) of average core lending advances**	**0.34**	0.50	**0.61**	0.66	**0.11**	0.34
Cost-to income ratio (%)	**51.6**	53.1	**56.1**	58.5	**35.8**	33.2
ROE (%)	**24.9**	20.9	**22.0**	17.3	**30.7**	29.4

* *2023's in-country results were impacted by the R498 million provision for the Ghana sovereign debt restructure that was recognised in the broader Africa Centre.*

** *In-country advances include Group Treasury advances.*

FNB BROADER AFRICA FINANCIAL HIGHLIGHTS

	Year ended 30 June		%
R million	**2024**	2023	change
Profit before tax	**3 490**	2 902	20
Core lending advances*	**62 463**	58 418	7
Total deposits**	**72 054**	65 413	10
Credit loss ratio (%) – core lending advances	**0.76**	0.67	
ROA (%)	**2.37**	1.86	
Cost-to-income ratio (%)	**62.8**	65.4	

* *Up 11% in constant currency terms.*

** *Up 18% in constant currency terms.*

RMB BROADER AFRICA STRATEGY FINANCIAL HIGHLIGHTS

	Year ended 30 June		%
R million	**2024**	2023	change
Profit before tax	**4 558**	3 946	16
Core lending advances*	**105 574**	94 504	12
Total deposits**	**29 030**	29 570	(2)
Credit loss ratio (%) – core lending advances	**0.11**	0.42	
ROA (%)	**2.75**	3.11	
Cost-to-income ratio (%)	**43.4**	41.6	

* *Up 18% in constant currency terms.*

** *Up 6% in constant currency terms.*

Additional segmental disclosure – insurance activities

TOTAL INSURANCE PBT

R million	Year ended 30 June 2024	2023*	% change
FNB	**3 171**	2 792	14
Credit life	**1 552**	1 554	–
Core life (including funeral)	**1 204**	890	35
Underwritten	**(82)**	(127)	(35)
Commercial	**63**	14	>100
Short-term insurance	**(121)**	(205)	(41)
Other participation agreements**	**555**	666	(17)
WesBank	**232**	295	(21)
Value-added products and services (VAPS)# and retail VAF credit life	**232**	295	(21)
Broader Africa and other	**311**	245	27
Total	**3 714**	3 332	11

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Includes the DirectAxis book underwritten by Hollard, homeowners book underwritten by OUTsurance and insurance brokers.*

MotoVantage provides VAPS products.

GROSS WRITTEN PREMIUMS ON GROUP LICENCES

R million	Year ended 30 June 2024	2023*	% change
Total life premiums	**6 578**	5 802	13
Credit life	**2 373**	2 091	13
Core life (including funeral)	**3 217**	2 881	12
Underwritten	**693**	598	16
Commercial	**295**	232	27
Total short-term premiums	**808**	556	45
Personal lines	**718**	486	48
Commercial	**90**	70	29
Broader Africa	**162**	149	9
Total gross written premiums**	**7 548**	6 507	16

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Gross written premium represents the total amount collected by the group, after the deduction of value-added tax and before the deduction of any commission expenses, in exchange for the acceptance of insurance risk underwritten on any of the group's insurance licences.*

FNB insurance activities

The methodology used to calculate FNB Life's embedded value and the value of new business is currently being assessed following the adoption of IFRS 17 and has therefore not been disclosed.

NEW BUSINESS APE

R million	Year ended 30 June 2024	2023	% change
Core life (including funeral)	**1 281**	1 208	6
Underwritten	**277**	281	(1)
Commercial	**206**	159	30
Standalone products	**1 764**	1 648	7
Credit life	**893**	921	(3)
FNB Life	**2 657**	2 569	3

FNB SHORT-TERM INSURANCE

Key performance indicators	Year ended 30 June 2024	2023	% change
In-force APE (R million)*	**937**	747	25
Number of in-force policies (thousands)	**307**	278	10
New business APE (R million)*	**662**	570	16

* *2023 figures have been restated to exclude cross-product intercompany policies.*

NUMBER OF LIFE POLICIES

Thousands	Year ended 30 June 2024	2023	% change
Credit life	**2 443**	2 467	(1)
Core life (including funeral)	**1 841**	1 763	4
Underwritten	**194**	183	6
Commercial	**55**	39	41
Total	**4 533**	4 452	2

FNB LIFE IN-FORCE APE

R million	Year ended 30 June 2024	2023	% change
Credit life	**2 483**	2 299	8
Core life (including funeral)	**3 891**	3 494	11
Underwritten	**829**	728	14
Commercial	**333**	270	23
Total	**7 536**	6 791	11

WesBank insurance activities

NUMBER OF POLICIES AND GROSS WRITTEN PREMIUM

	MotoVantage (VAPS)			Retail (credit life)		
	Year ended 30 June			Year ended 30 June		
	2024	2023	% change	**2024**	2023	% change
Number of policies (thousands)	**515**	551	(7)	**20**	26	(23)
Gross written premium (R million)	**1 164**	1 292	(10)	**49**	66	(26)

Additional segmental disclosure – investment management activities

TOTAL ASSETS UNDER MANAGEMENT

	As at 30 June		
R million	**2024**	2023	% change
Multi-asset and equity	**25 675**	27 820	(8)
Structured products and indexation	**8 970**	11 990	(25)
Alternatives	**36 009**	37 414	(4)
Fixed income	**74 020**	64 905	14
Private client portfolios	**80 374**	70 363	14
Total group AUM	**225 048**	212 492	6

REVENUE BY TYPE

	Year ended 30 June		
R million	**2024**	2023	% change
Investment management fees	**754**	675	12
Advice fees	**236**	249	(5)
Trust and estate income	**299**	311	(4)
Brokerage income	**110**	116	(5)
Administration and other income	**185**	148	25
Net interest income	**173**	142	22
Total revenue	**1 757**	1 641	7

Additional information on internal restructures and adoption of IFRS 17

The segmental disclosure has been updated for the following:

- IFRS 17 adoption.
- The Centre cost allocation model was refined during the current year. This resulted in restatements of the 2023 numbers, in certain segments, with no impact at a group level.

Detailed below is a breakdown of the effect of the restatements on the key income statement and statement of financial position lines by operating segment:

Non-interest revenue – internal costing changes and the adoption of IFRS 17

	Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	88	–	–	88
Card	3 807	–	–	3 807
Total personal loans	948	–	–	948
Retail other	17 722	–	(1 508)	16 214
Commercial	10 840	–	(87)	10 753
Total FNB SA	33 405	–	(1 595)	31 810
Broader Africa	4 917	–	–	4 917
Total FNB	38 322	–	(1 595)	36 727
WesBank	3 504	–	–	3 504
Total retail and commercial	41 826	–	(1 595)	40 231
RMB	14 700	–	–	14 700
Aldermore	1 357	–	–	1 357
Centre	(4 513)	–	125	(4 388)
Total group	53 370	–	(1 470)	51 900

Additional information on internal restructures and adoption of IFRS 17 continued

Operating expenses – internal costing changes and the adoption of IFRS 17

	Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	1 706	14	–	1 720
Card	3 087	8	–	3 095
Total personal loans	2 614	13	–	2 627
Retail other	17 704	81	(1 301)	16 484
Commercial	11 769	56	(79)	11 746
Total FNB SA	36 880	172	(1 380)	35 672
Broader Africa	6 578	–	–	6 578
Total FNB	43 458	172	(1 380)	42 250
WesBank	4 697	13	–	4 710
Total retail and commercial	48 155	185	(1 380)	46 960
RMB	13 126	50	–	13 176
Aldermore	7 032	–	–	7 032
Centre	327	(235)	60	152
Total group	68 640	–	(1 320)	67 320

Normalised earnings – internal costing changes and the adoption of IFRS 17

	Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	1 907	(10)	–	1 897
Card	2 152	(6)	–	2 146
Total personal loans	1 589	(9)	–	1 580
Retail other	5 325	(59)	(85)	5 181
Commercial	9 848	(41)	(5)	9 802
Total FNB SA	20 821	(125)	(90)	20 606
Broader Africa	1 094	–	–	1 094
Total FNB	21 915	(125)	(90)	21 700
WesBank	1 859	(9)	–	1 850
Total retail and commercial	23 774	(134)	(90)	23 550
RMB	9 152	(36)	–	9 116
Aldermore	3 490	–	–	3 490
Centre	253	170	55	478
Total group	36 669	–	(35)	36 634

Additional information on internal restructures and adoption of IFRS 17 continued

Total assets – internal costing changes and the adoption of IFRS 17

	Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	255 335	–	–	255 335
Card	32 592	–	–	32 592
Total personal loans	41 460	–	–	41 460
Retail other	38 550	–	562	39 112
Commercial	117 157	–	(50)	117 107
Total FNB SA	485 094	–	512	485 606
Broader Africa	62 058	–	–	62 058
Total FNB	547 152	–	512	547 664
WesBank	163 851	–	–	163 851
Total retail and commercial	711 003	–	512	711 515
RMB	720 698	–	–	720 698
Aldermore	477 424	–	–	477 424
Centre	385 720	–	(83)	385 637
Total group	2 294 845	–	429	2 295 274

Total liabilities – internal costing changes and the adoption of IFRS 17

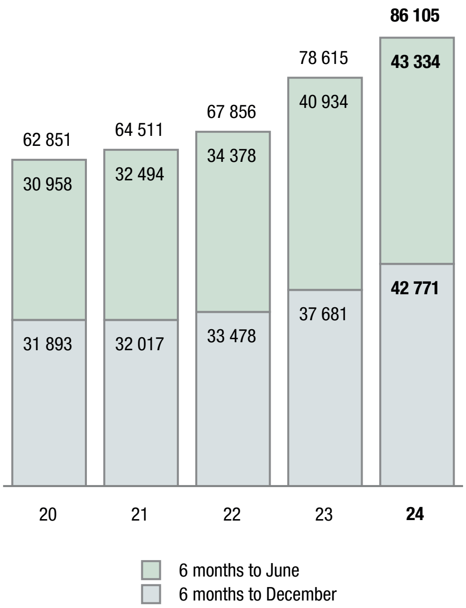
	Year ended 30 June 2023			
R million	As reported	Cost allocation	IFRS 17	Restated
Residential mortgages	255 001	14	–	255 015
Card	31 344	8	–	31 352
Total personal loans	41 407	13	–	41 420
Retail other	20 455	81	170	20 706
Commercial	109 909	56	42	110 007
Total FNB SA	458 116	172	212	458 500
Broader Africa	58 142	–	–	58 142
Total FNB	516 258	172	212	516 642
WesBank	161 005	13	–	161 018
Total retail and commercial	677 263	185	212	677 660
RMB	706 722	50	–	706 772
Aldermore	440 574	–	–	440 574
Centre	275 370	(235)	(536)	274 599
Total group	2 099 929	–	(324)	2 099 605

ANALYSIS OF RESULTS

Net interest income (before impairment of advances)

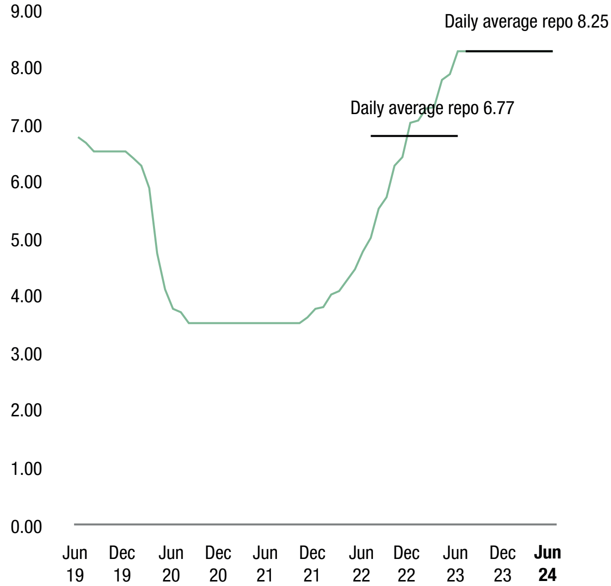
Net interest income (before impairment of advances) – up 10%

Net interest income
(R million)
NII CAGR 8%



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Repo rate
(%)



With the implementation of the interest rate risk in the banking book framework and the resultant additional granularity, the components of the endowment book have been split out.

Note 1: The average endowment book for FirstRand Bank was c. R321 billion.

Note 2: The average endowment book for broader Africa and the bank's foreign branches was c. R41 billion.

Note 3: Given the substantial UK rate hikes between 2022 and 2023, Aldermore developed an ALM investment strategy. The average net endowment book for the period was c. £700 million (the endowment methodology within Aldermore continues to be developed).

Note 4: Refer to the Basel Pillar 3 disclosures for details of the group's interest rate risk management approach, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Net interest income (before impairment of advances) continued

MARGIN CASCADE TABLE

	Year ended 30 June			Year ended 30 June
	2024			2023
Percentage of average interest-earning banking assets (%)	**Average interest-earning assets (R million)**	**NII (R million)**	**NIM (%)**	NIM (%)
Opening normalised margin including UK operations	**1 758 081**	**78 615**	**4.47**	4.40
Impact of UK operations on margin	**(422 171)**	**(13 219)**	**0.43**	0.40
Opening normalised margin excluding UK operations	**1 335 910**	**65 396**	**4.90**	4.80
Asset growth	**115 475**	**5 658**		
Balances with central banks	**4 568**			
Cash and cash equivalents	**(10 840)**			
Liquid assets	**17 267**			
Loans and advances	**104 480**			
Lending interest-earning assets		**(950)**	**(0.07)**	(0.16)
Asset pricing		**(1 049)**	**(0.07)**	(0.12)
Change in advances mix and other		**99**	**–**	(0.04)
Liabilities		**(721)**	**(0.05)**	0.09
Deposit endowment		**369**	**0.03**	0.15
Deposit pricing		**(1 373)**	**(0.10)**	(0.09)
Change in deposit mix and volume		**283**	**0.02**	0.03
Capital endowment (including ALM strategies)		**1 328**	**0.09**	0.07
Group Treasury, Centre and other activities		**468**	**0.03**	0.01
FNB broader Africa		**694**	**0.05**	0.09
Closing normalised margin excluding UK operations	**1 451 385**	**71 873**	**4.95**	4.90
Impact of UK operations on margin	**473 445**	**14 232**	**(0.48)**	(0.43)
Closing normalised margin including UK operations	**1 924 830**	**86 105**	**4.47**	4.47

Net interest income (before impairment of advances) continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

R million	Year ended 30 June		
Net interest income	**2024**	2023	% change
Lending	**27 711**	25 825	7
Transactional*	**20 827**	20 022	4
Investment deposits	**4 255**	4 234	–
Capital endowment (including ALM strategies)	**11 170**	9 891	13
Group Treasury, Centre and other**	**2 078**	285	>100
FNB broader Africa	**5 832**	5 139	13
Total NII excluding UK operations	**71 873**	65 396	10
UK operations	**14 232**	13 219	8
– Motor finance	**4 010**	3 660	10
– Aldermore bank	**10 222**	9 559	7
Total NII including UK operations	**86 105**	78 615	10

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

** *Other includes negative endowment, e.g. fixed assets.*

Net interest income (before impairment of advances) continued

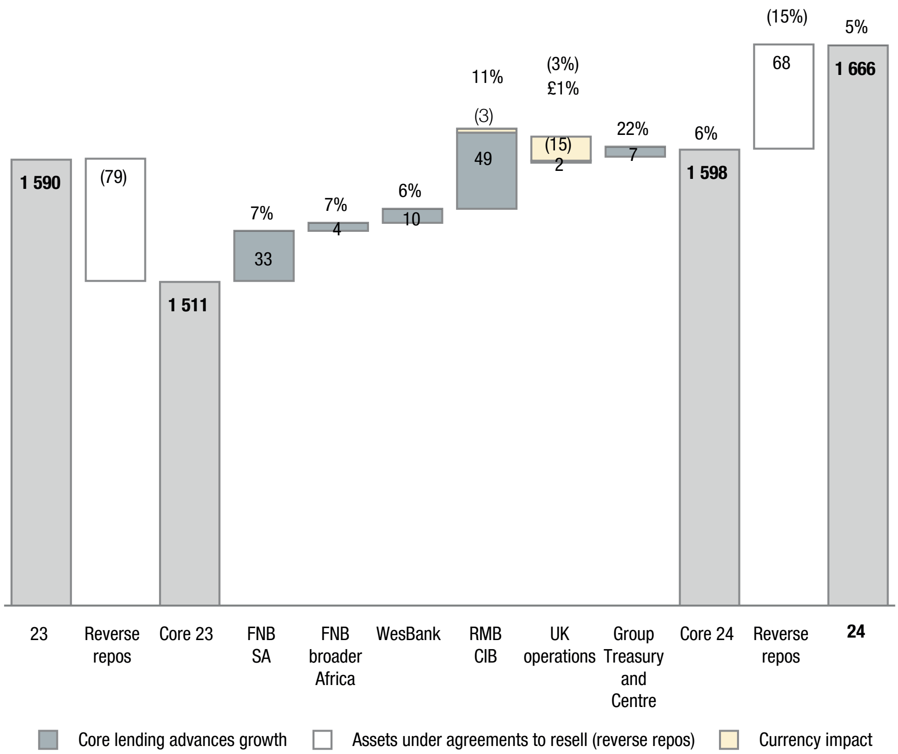
Key drivers – NII

- During the year average interest rates increased 148 bps to 8.25% (2023: 6.77%). This had a positive impact on the group's capital and deposit endowment.
- NII growth was driven by continued growth in advances and transactional deposits, supported by the endowment uplift and liquidity management activities.
- Lending NII increased 7%, underpinned by growth in average customer advances. Retail and commercial average advances growth of 7% was driven by residential mortgages, retail unsecured and commercial lending, with margin outcomes still reflecting the origination tilt to better-quality credit. In addition, increases in the behavioural tenor of certain portfolios impacted the effective interest rates used to recognise origination fees over the tenor of the loans. This change in estimates reduced NII by R243 million for the June 2024 financial year. RMB average advances (excluding marketable advances and preference shares) increased 18% year on year due to strong demand for structured lending and general banking facilities.
- The growth in NII on transactional balances reflects increased product volumes and new offerings in FNB retail and commercial, and RMB. The endowment benefit from deposits was largely offset by the ALM strategies. Overall NII growth on transactional balances was also impacted by the shift to investment deposits and the implementation of the deposit insurance scheme (R93 million).
- NII on investment deposits was flat year on year.
- NII on capital endowment benefited from interest rate increases during the reporting period as well as from better investment rates achieved from market volatility. However, this was partially offset by changes in the geographic mix of capital balances and lower ALM investment income. The change in capital mix reflects a relatively higher proportion of capital held outside of FRB, in particular in the UK where the level of rates are lower.
- Group Treasury, the Centre and other NII increased due to:
  - improved liquidity management outcomes year on year, in rand and hard currencies, driven by liability management, lower institutional funding costs and franchise asset growth; and
  - improvements in accounting mismatches.
- FNB broader Africa's NII benefited from higher endowment given the high rate cycle and growth in both advances (+7%) and deposits (+10%).
- The UK operations' NII contracted 3% in pound terms, reflecting muted lending markets (which impacted balance sheet growth) and price-led competitive pressures. This is partly as a consequence of the industry-wide refinancing of the BoE term funding scheme as banks seek to pre-fund the repayment commitments, and resulted in deposit rates that are elevated relative to historical levels. Moreover, heightened competition has reduced lending rates, preventing the full transmission of higher funding costs. The NII growth in rand terms was a result of positive foreign currency translation effects.

Net interest income (before impairment of advances) continued

Core lending advances – up 6%

Gross advances growth by business
(R billion)



Note: Percentages are calculated on R million numbers.

The table below unpacks gross advances growth, showing core lending advances and assets under agreements to resell, as well as the impact of currency movements on the UK operations and the RMB cross-border book.

	As at 30 June		
R million	**2024**	2023	% change
Total advances	**1 665 706**	1 590 447	5
Assets under agreements to resell	**(67 808)**	(79 410)	(15)
Total core lending advances (before currency impact)	**1 597 898**	1 511 037	6
UK operations and dollar cross-border book currency impact*	**18 010**	–	–
Core lending advances after currency impact	**1 615 908**	1 511 037	7

* *If the exchange rate (£1 = R22.99 and $1 = R18.22) had remained unchanged from 30 June 2023 (£1 = R23.95 and $1 = R18.84). For further information on the exchange rate, refer to page 166.*

Net interest income (before impairment of advances) continued

Key drivers – advances

- Core lending advances increased 6% as growth remained resilient across most portfolios, with a deceleration in certain portfolios given the current economic challenges. Excluding the currency impact of the UK operations and the RMB cross-border book, core lending growth was 7%, reflecting the impact of the strengthening of the rand against the pound and US dollar at 30 June 2024.
- SA retail secured advances increased 5% with growth in residential mortgages advances continuing to slow, in line with expectations, given the demand contraction in the housing market due to continued elevated interest rates. WesBank VAF also experienced a slowdown, with 4% advances growth as payouts declined 12% due to lower demand and affordability pressures.
- The unsecured lending portfolio increased 8% year on year. The growth in card (+11%) reflects increased sales and utilisation. The personal loans portfolio growth (+6%) continued to be impacted by declining volumes in the DirectAxis portfolio and the rundown of the Covid-19 relief book, offset by customer demand for term loan products.
- FNB and WesBank commercial delivered good growth given the consistent strategy to focus on targeted origination in sectors and specific customer cohorts, which are expected to perform well even in an inflationary and high interest rate environment. The largest contributors to the growth were asset-based finance (+19%), property finance (+16%), specialised finance (+18%) and the transaction product house (+16%).
- RMB's core advances growth of 11% reflects the targeted origination approach focusing on specific counters (large corporates, infrastructure, private power enablement and family offices), as well as a focus on TTS clients trade flows and capital conversion cycles. The portfolio continued to lean to better-rated counterparties, balancing growth and returns. The cross-border book reflected year-on-year growth of 15% in rand terms and 19% in dollar terms.
- FNB broader Africa advances increased in both rand (+7%) and local currency (+11%), reflecting growth strategies focused on banked customers in the commercial and retail portfolios. The largest contributors to the increase were Zambia (+21%), Botswana (+6%) and Namibia (+6%).
- UK operations advances increased 1% in pound terms, reflecting:
  - Growth of 3% in the property finance portfolio, supported by continued growth in the buy-to-let portfolio and good loan refinancing execution, more than offsetting the impact of subdued owner-occupied markets.
  - Growth of 4% in structured and specialised finance advances was underpinned by targeted origination in the asset finance portfolio, which more than offset the impact of subdued commercial real estate and invoice finance markets.
  - A contraction in the motor finance portfolio of 7% due to subdued motor markets, a maturing portfolio and a focus on ensuring portfolio growth is delivered at appropriate returns.
- Group Treasury and Centre advances increased following the extension of a R3.8 billion liquidity facility to the CoDI related to the deposit insurance scheme, and the transfer of the MotoNovo back book to the Centre (refer to page 83 for details).
- Assets under agreements to resell (reverse repos) decreased due to competitive pricing pressures led by increased system liquidity and availability. Larger deposit quotas with the SARB reduced the demand for interbank reverse repo transactions to clear excess liquidity.

Net interest income (before impairment of advances) continued

AVERAGE BALANCE SHEET

R million	Notes	June 2024 Average balance	June 2024 Interest income/ (expense)	June 2024 Average rate %	June 2023 Average balance	June 2023 Interest income/ (expense)	June 2023 Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**11.75**			10.27
Balances with central banks		**41 506**	**–**	**–**	36 938	–	–
Cash and cash equivalents*		**35 036**	**1 926**	**5.50**	45 876	2 276	4.96
Liquid assets portfolio**		**322 653**	**22 580**	**7.00**	305 386	18 476	6.05
Loans and advances to customers	1	**1 052 190**	**124 806**	**11.86**	947 710	98 935	10.44
Interest-earning assets		**1 451 385**	**149 312**	**10.29**	1 335 910	119 687	8.96
INTEREST-BEARING LIABILITIES							
Average repo rate (RSA)				**8.25**			6.77
Deposits due to customers	2	**(1 112 234)**	**(70 330)**	**6.32**	(1 022 872)	(51 712)	5.06
Group Treasury funding		**(302 973)**	**(26 377)**	**8.71**	(290 757)	(18 331)	6.30
Interest-bearing liabilities		**(1 415 207)**	**(96 707)**	**6.83**	(1 313 629)	(70 043)	5.33
ENDOWMENT AND TRADING BOOK							
Other assets#		**281 258**	**–**	**–**	257 975	–	–
Other liabilities†		**(155 064)**	**–**	**–**	(134 332)	–	–
AT1 instruments and NCNR preference shares		**(11 587)**	**–**	**–**	(6 902)	–	–
Equity		**(150 785)**	**–**	**–**	(139 022)	–	–
Endowment and trading book		**(36 178)**	**19 268**	**(53.25)**	(22 281)	15 752	(70.70)
Total interest-bearing liabilities, endowment and trading book		**(1 451 385)**	**(77 439)**	**5.34**	(1 335 910)	(54 291)	4.06
Net interest margin on average interest-earning assets – excluding UK operations		**1 451 385**	**71 873**	**4.95**	1 335 910	65 396	4.90
Net interest margin on average interest-earning assets – UK operations		**473 445**	**14 232**	**3.01**	422 171	13 219	3.13
– Motor finance		**99 209**	**4 010**	**4.04**	103 464	3 660	3.54
– Aldermore bank		**374 236**	**10 222**	**2.73**	318 707	9 559	3.00
Net interest margin on average interest-earning assets – including UK operations		**1 924 830**	**86 105**	**4.47**	1 758 081	78 615	4.47

Interest income represents the gross interest received on assets. Interest expense represents the gross interest paid on liabilities.

* *Includes margin balances related to derivative transactions.*

** *Includes level 1 HQLA, level 2 HQLA and corporate bonds not qualifying as HQLA.*

Include preference share advances, trading assets and securitisation notes.

† *Include trading liabilities.*

Net interest income (before impairment of advances) continued

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	June 2024		June 2023	
R million	Average balance	Average margin %	Average balance	Average margin %
Average prime rate (RSA)		**11.75**		10.27
Advances				
Retail – secured	**380 211**	**1.85**	358 256	1.97
Residential mortgages	**268 839**	**1.35**	253 692	1.53
VAF	**111 372**	**3.05**	104 564	3.03
Retail – unsecured	**98 747**	**10.57**	90 189	10.93
Card	**40 419**	**7.20**	35 804	7.33
Personal loans	**52 401**	**13.62**	47 868	14.01
Retail other	**5 927**	**6.55**	6 517	8.12
Corporate and commercial	**512 101**	**2.21**	443 121	2.38
FNB commercial	**118 266**	**3.30**	108 080	3.41
– Mortgages	**35 101**	**1.91**	31 276	2.17
– Overdrafts	**48 690**	**4.63**	44 290	4.66
– Term loans	**34 475**	**2.83**	32 514	2.89
WesBank corporate and commercial	**57 637**	**2.15**	50 183	2.32
RMB CIB	**336 198**	**1.83**	284 858	2.00
FNB broader Africa	**61 131**	**4.22**	56 144	4.32
Total advances excluding UK operations	**1 052 190**	**2.98**	947 710	3.15
UK operations	**363 200**	**3.92**	342 816	3.86
– Motor finance	**97 697**	**4.10**	101 798	3.60
– Aldermore bank	**265 503**	**3.85**	241 018	3.97
Total advances including UK operations	**1 415 390**	**3.22**	1 290 526	3.34

Margin analysis is based on net interest income as a percentage of average advances/deposits. Net interest income is calculated as the difference between the client rate (earned or paid) and the transfer pricing rate (earned or paid by Group Treasury). The average margin is, therefore, net of funds transfer pricing.

The group operates a transfer pricing framework that transmits the base interest rate, statutory cost and benefits into product pricing, including any regulatory costs for all significant business activities on- and off-balance sheet. This aligns liquidity risk-taking incentives of individual business units with the liquidity risk exposure created for the group as a whole.

Where fixed-rate commitments are undertaken (fixed-rate loans or fixed deposits), transfer pricing will also include the cost of transferring the interest rate risk.

Net interest income (before impairment of advances) continued

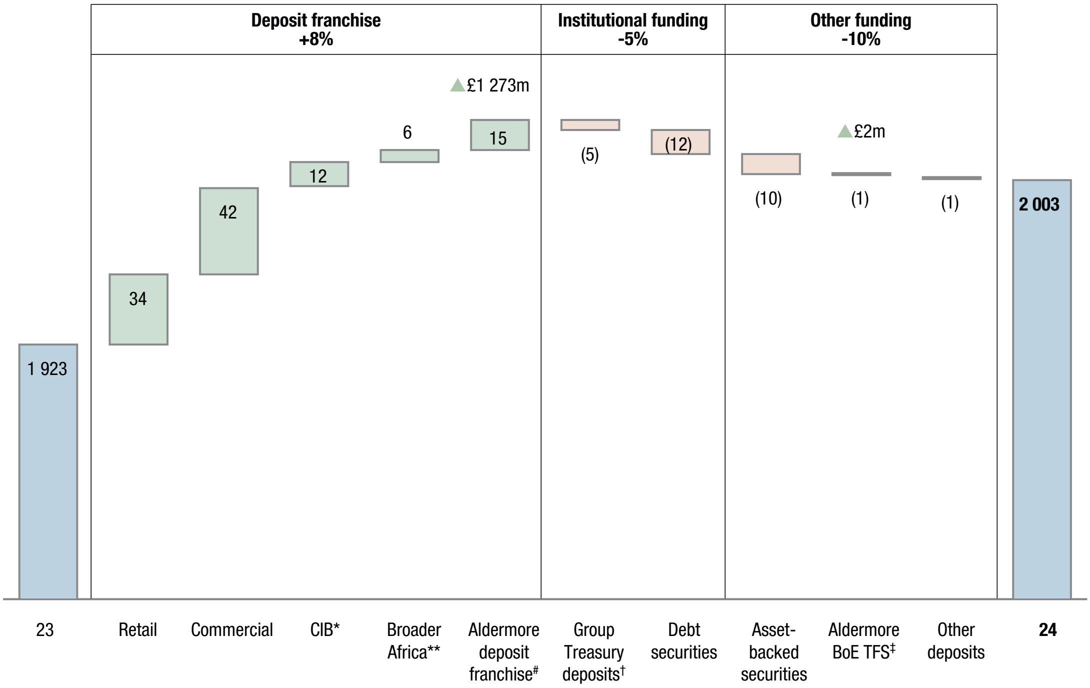
Key drivers – advances margin

- Advances margins continue to reflect the group's origination approach in retail and stronger growth in lower-margin commercial and corporate portfolios. The market remained highly competitive for all customer segments.
- As a result of this origination tilt and the shift in asset mix, given stronger growth in secured origination replacing the higher margin books as they run off, SA retail margins decreased. Increased interest in suspense on non-performing loans further contributed to margin contraction.
- FNB and WesBank commercial margins decreased as a result of a change in mix of new business, with significant counters repricing on the back of competitive pricing pressures.
- In addition to the factors set out above, retail and commercial mortgage and personal loans margins were impacted by the increases in the behavioural tenor estimates and the cumulative adjustment recognised in the current year, which contributed to margin contraction.
- RMB margins decreased, reflecting competitive pressure in the large corporate client sector as well as portfolio mix changes and client retention strategies.
- FNB broader Africa advances margins declined with the key drivers broadly aligned to those in the SA retail and commercial portfolios, as well as the impact of higher cash-reserve requirements in various jurisdictions.
- The impact of the UK operations on the group's margin is reflected on page 71. The decrease in the UK operations' net interest margin reflects competitive pricing pressure in lending markets and a focus on optimising funding costs. MotoNovo margins continued to be impacted by the NOSIA remediation project for a significant portion of the year. In addition, as referenced on page 83, the prior year margin included the MotoNovo back book, while June 2024 excludes the back book.

Net interest income (before impairment of advances) continued

Funding – up 4%

Funding growth by segment
(R billion)



* South Africa and the London branch.

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

\# The Aldermore deposit franchise increased 8% to £16 billion.

† Group Treasury deposits include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme and the government's bounce-back facility.

‡ Aldermore's BoE term funding scheme increased 0.2% to £1.08 billion.

Net interest income (before impairment of advances) continued

Key drivers – deposits and funding

Deposit franchise

- The ongoing growth in FNB retail (+9%) and commercial (+10%) deposits reflects the focus on maintaining competitive pricing, appropriate client offerings given the cycle and customer take-up of on-platform deposit offerings. Growth was driven by higher client rate investment deposits (+11% retail and +15% in commercial). Transactional deposit growth (+2% in both portfolios) reflects macro pressures weighing on available disposable income and customers seeking higher yields on savings and investments given the rate cycle.
- RMB's strategy to grow primary-banked clients resulted in good growth in operational balances, translating into an overall increase in the deposit franchise of 6%.
- Broader Africa deposits increased 6% in rand terms (+14% on a local currency basis), benefiting from new customer acquisition supported by innovative product offerings.
- Aldermore delivered deposit growth of 8% (in pounds) supported by growth across all core deposit offerings. Personal savings balances increased 8% despite intense competition for consumer deposits, led by strong demand for fixed rate accounts as customers look to take advantage of tax efficient products in the higher interest rate environment. Business savings and corporate treasury balances increased 9% year on year, supported by the launch of a new business customer platform in January 2024. These initiatives support Aldermore's strategy to diversify sources of funding.

Institutional funding

- Strong growth in the deposit franchise reduced reliance on institutional funding. Lower money market issuance was offset by additional senior and thematic capital market issuance, together with Tier 2 and AT1 issuances.

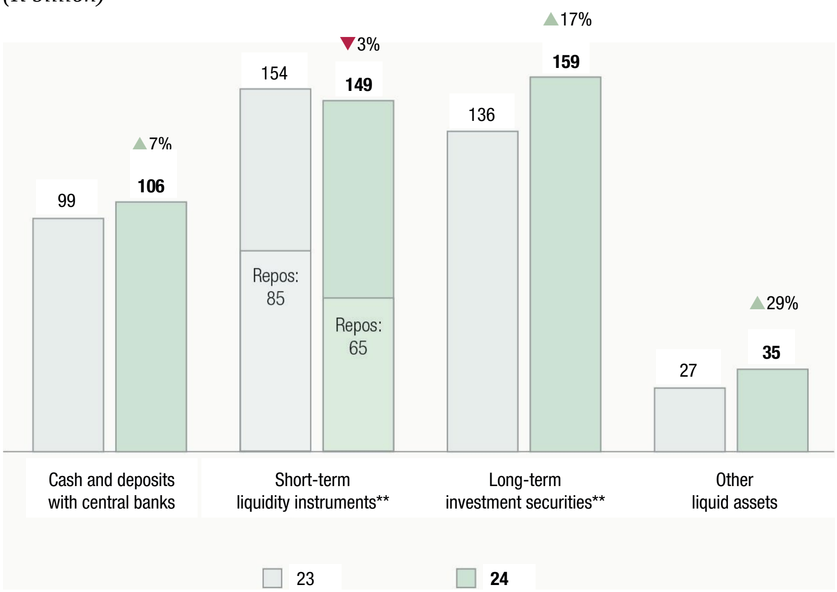
Other funding

- Funding from asset-backed securities decreased as a result of the continued amortisation of existing transactions, partially offset by the execution of an SA retail home loan securitisation during the year.
- Aldermore's term funding scheme increased in pound terms as a consequence of interest accrual.

Net interest income (before impairment of advances) continued

The group manages excess liquidity by deploying it primarily into central bank deposits, treasury bills and government bonds (acquired outright and through reverse repos) in the normal course of business.

Liquidity management by investment type*
(R billion)



Note 1: Percentage change is based on actual underlying numbers rather than the rounded figures shown in the bar graphs above.

* *Chart is based on rand liquid assets in FRB (including foreign branches) and all other banking subsidiaries held by Group Treasury only.*

** *Restated to reflect a portion of reverse repos as short-term liquidity instruments, reflecting the transaction tenor rather than the tenor of the underlying repo asset.*

Net interest income (before impairment of advances) continued

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	June 2024		June 2023	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average repo rate (RSA)		**8.25**		6.77
Deposits				
Retail	**344 165**	**1.96**	315 134	1.96
Current and savings	**92 080**	**5.74**	89 122	5.25
Call	**131 797**	**0.75**	118 940	0.85
Term	**120 288**	**0.39**	107 072	0.47
Commercial	**438 182**	**2.52**	390 151	2.52
Current and savings	**148 241**	**6.05**	141 003	5.46
Call	**133 978**	**1.14**	120 201	1.34
Term	**155 963**	**0.36**	128 947	0.40
Corporate and investment banking	**261 549**	**1.13**	257 867	1.03
Current and savings	**124 520**	**1.87**	115 070	1.79
Call	**84 778**	**0.57**	80 727	0.60
Term	**52 251**	**0.29**	62 070	0.16
FNB broader Africa	**68 338**	**3.97**	59 720	3.61
Total deposits excluding UK operations	**1 112 234**	**2.11**	1 022 872	2.04
UK operations*	**418 680**	**–**	363 779	–
Total deposits including Aldermore	**1 530 914**	**1.53**	1 386 651	1.50

* *The net UK operations margin is shown in a previous table under advances.*

Note: Average balances are daily averages for FNB and WesBank, and monthly averages for RMB.

Key drivers – deposit margins

- FNB's retail and commercial deposit margins reflect the strategy to offer savings and investment products, which are sold at better rates for customers. Competitive pressures and the implementation of the deposit insurance scheme also impacted margins.
- RMB deposit margins expanded, attributable to a decrease in lower margin earning investment balances and an increase in transactional balances, and an endowment benefit within broader Africa.
- FNB's broader Africa deposit margins increased year on year, largely as a result of the endowment benefit from the higher interest rate environment.

Credit

CREDIT HIGHLIGHTS AT A GLANCE

R million	Notes	Year ended 30 June 2024	2023	% change
Total gross advances		**1 665 706**	1 590 447	5
Total core lending advances	1 on p.100	**1 597 898**	1 511 037	6
– Performing core lending advances		**1 530 058**	1 453 605	5
– Stage 1		**1 415 192**	1 338 938	6
– Stage 2		**114 866**	114 667	–
– Stage 3/NPLs	3 on p.106	**67 840**	57 432	18
Assets under agreements to resell		**67 808**	79 410	(15)
Stage 3/NPLs as a % of core lending advances	3 on p.106	**4.25**	3.80	
Core lending advances (net of impairment)		**1 543 733**	1 459 965	6
Total impairments		**54 165**	51 072	6
Portfolio impairments	2 on p.104	**24 228**	25 034	(3)
– Stage 1		**11 644**	12 779	(9)
– Stage 2		**12 584**	12 255	3
Stage 3 impairments	3 on p.106	**29 937**	26 038	15
Coverage ratios				
Performing book coverage ratio (%) – core lending advances*	2 on p.104	**1.58**	1.72	
Specific coverage ratio (%)**	3 on p.106	**44.1**	45.3	
Income statement analysis				
Impairment charge	4 on p.110	**12 555**	10 949	15
Credit loss ratio (%) – core lending advances	4 on p.110	**0.81**	0.78	
Impairment charge excluding UK operations	4 on p.110	**12 987**	9 023	44
Credit loss ratio excluding UK operations (%) – core lending advances	4 on p.110	**1.09**	0.84	

* *Portfolio impairments as a % of the performing core lending advances book (stage 1 and stage 2).*

** *Specific impairments as a % of stage 3/NPLs.*

Updated through-the-cycle range

The group updated its TTC range for its South African and broader Africa operations (previously 90 bps – 120 bps). This was as a result of changes in the underlying SA retail portfolios' ranges to cater for product composition shifts and long run actual credit losses. The UK operations previous range of 40 bps – 70 bps was updated as more data is now available in-country, and the credit capability has matured. The total group TTC range has however remained unchanged.

South African and broader Africa operations	100 bps – 130 bps
UK operations	30 bps – 50 bps
Total group	80 bps – 110 bps

Changes in the presentation of credit information

MotoNovo back book

As MotoNovo's back book has significantly run down and is immaterial from a group and UK operations perspective, the back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Prior year information has not been restated.

Credit continued

Impairment charge

The impairment charge increased 15%, driven mainly by SA retail portfolios on the back of average book growth over the last two financial years, combined with the impact of continued weak macros on the back book. This was offset by an improved credit performance from the UK operations. The CLR at 81 bps (2023: 78 bps) is at the bottom end of the group's TTC range of 80 bps – 110 bps. Excluding the UK operations, the CLR is at 109 bps (2023: 84 bps) which is still below the TTC mid-point of the group (excluding Aldermore) of 100 bps – 130 bps. The impact of the NOSIA remediation process is a 7 bps benefit to the group CLR.

The impairment charge increased R1 606 million, largely attributable to the following factors (a further analysis is contained on pages 86 to 88, and in note 4 on page 110):

- Overall stage 1 provisions decreased R1 135 million, primarily because of lower stage 1 coverage related to the SA retail, broader Africa and UK portfolios, and higher coverage in the commercial and corporate portfolios. The decrease was largely attributable to the UK operations on the back of reducing cost-of-living pressures, coupled with an improved forward looking macro-economic outlook in the retail portfolios resulting in the release of FLI modelled provisions. These releases more than offset provisions raised for new advances growth.
- Overall stage 2 provisions increased R329 million, driven by higher stage 2 advances due to a few significant exposures migrating into stage 2 within RMB and new inflows in the retail unsecured portfolios, reflecting the stressed macro environment and its impact on customers across these portfolios.
- Overall stage 2 coverage increased, largely driven by the retail secured portfolio and corporate, with the stage 2 coverage on the remaining portfolios reducing due to the improved forward looking macro-economic outlook. Stage 2 cover is unpacked on page 96.
- Stage 3 provisions increased as NPL inflows accelerated in line with expectations given the macros, driven largely by the retail personal loans, card, and residential mortgage portfolios.
- The group's stage 3 coverage declined, mainly as a result of the resolution of the NOSIA remediation process, resulting in the release of the cumulative provisions raised to date. Stage 3 coverage in the remaining portfolios was largely maintained at June 2023 levels as changes in coverage levels in the underlying portfolios offset each other. NPL formation in the SA retail portfolio was as a result of new inflows and debt counselling inflows, which have lower coverage. This was partially offset by increases in stage 3 coverage in the commercial portfolio due to mix changes between the secured and unsecured book. These changes are unpacked on page 96.
- Net write-offs increased, driven by higher bad debts written off in the retail unsecured and corporate portfolios, with post-write off recoveries remaining at June 2023 levels.

The increase in the CLR was driven by:

- SA retail's CLR increased to 224 bps, due to strong growth in the unsecured portfolio resulting in front book strain, at higher coverages, increases in both arrears and SICR levels and accelerated NPL formation as economic strain continued to play out in the portfolio. The overall increase was partially offset by moderate reductions in forward looking balance sheet impairments due to an improving macro-outlook in the current year. In addition, the following portfolio specific drivers were noted:
  - Residential mortgages' CLR increased to 45 bps (2023: 18 bps), primarily driven by house-price pressure impacting LGDs, reflected in a year-on-year increase in performing and stage 3 coverage.
  - The WesBank VAF CLR decreased to 162 bps (2023: 165 bps), reflecting slowing advances growth and supported by moderate reductions in forward looking impairments.
- FNB commercial's CLR increased to 69 bps, driven by advances growth as origination strain plays out in the portfolio. The impact of the current economic conditions is less pronounced in this portfolio due to the lag effect of the economic cycle, impacting commercial on a latent basis to retail.

Credit continued

Impairment charge

- The RMB (excl HQLA) CLR of 33 bps (2023: 12 bps) was as a result of strong book growth, stress in certain sectors of the South African economy, together with the overall challenging macro environment, which resulted in additional stage 2 and stage 3 provisions being raised. This resulted in increased impairments across the lending and private equity lending portfolios. The prior year charge included the benefit of a debt-to-equity restructure. Refer below for more details.
- Broader Africa's CLR decreased because of releases in modelled FLI provisions across most portfolios due to improved forward looking outlooks in macros and the stabilisation of interest rates, partly offset by deteriorating underlying performance in Namibia and Zambia.
- The UK operations' CLR decreased to a release of 12 bps as the economic outlook stabilised and the resultant decrease in cost-of-living pressures, which allowed for partial provision releases, reducing the CLR by 15 bps. In addition, the resolution of the previously disclosed NOSIA remediation process allowed for further provision releases and recoveries. Excluding the NOSIA remediation process provision release, the UK operations' CLR is 14 bps. The decrease was from a high base as the prior year included prudent modelled FLI provisions, which have now been partially released as the economy in the UK was more benign than expected.
- During the prior year a private equity investee company implemented a debt-to-equity restructure. As a result, a portion of the investee's loan was converted to equity whilst the other was settled according to the contractual terms of the loan. Due to the IFRS requirements, a gain of R715 million was recognised in investment income relating to the portion of the loan that was converted to equity – refer to note 4 on page 115. The portion of the advance settled resulted in a R105 million impairment release, with the majority of the loan being written off (R715 million). The impairment of the equity portion resulting from the restructure was recognised in the share of profits from associates and joint ventures (R820 million) – refer to page 117. The net earnings impact of this transaction was zero.

Credit continued

ANALYSIS OF IMPAIRMENT CHARGE

R million	Year ended 30 June 2024	2023	% change
Movement in balance sheet provisions			
Performing book provisions	**(806)**	2 622	(>100)
NPL provision	**3 899**	716	>100
– Provision movements	**3 899**	1 537	>100
– NPL release due to debt-to-equity restructure*	**–**	(821)	(100)
Credit provision increase	**3 093**	3 338	(7)
Gross write-off and other	**14 356**	12 248	17
– Bad debts written off**	**13 732**	13 160	4
– Debt-to-equity restructure*	**–**	716	(100)
– Exchange rate and other	**624**	(1 628)	(>100)
Amounts recognised directly in income statement			
Modification loss	**861**	670	29
Interest suspended on stage 3 advances	**(3 272)**	(2 850)	15
Post write-off recoveries	**(2 483)**	(2 457)	1
Total impairment charge	**12 555**	10 949	15
Credit loss ratio (%) - core lending advances	**0.81**	0.78	
Credit loss ratio excluding UK operations (%) - core lending advances	**1.09**	0.84	

* *Refer to page 85 for more information on the debt-to-equity restructure.*

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

Income statement components

The table on the next page analyses the income statement charge based on total balance sheet provision movements and amounts that are recognised directly in the income statement. Below are the definitions of the income statement components.

Income statement component	Definition
Volume change in stage 1	Determined by using the same stage 1 coverage as in the prior year, applied to the movement between prior and current year stage 1 advances.
Change in stage 1 coverage	Calculated as the difference in coverage year on year, multiplied by the comparative year stage 1 advances.
Volume change in stage 2	Determined by using the stage 2 coverage in the prior year applied to the movement between prior and current year stage 2 advances.
Change in stage 2 coverage	Calculated as the difference in coverage year on year, multiplied by the comparative year stage 2 advances.
Change in stage 3 provisions	Difference between current and prior year NPLs. Includes the movements in interest suspended on stage 3 advances.
Gross write-offs and other	Gross advances written off and foreign exchange movements, acquisition and disposal of advances and transfers to non-current assets held for sale.

Credit continued

INCOME STATEMENT ANALYSIS

	Year ended 30 June 2024						
	Movement in the balance sheet provisions						
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	Performing book provisions	Change in stage 3 provisions	Credit provision increase
SA retail	**173**	**(423)**	**413**	**28**	**191**	**3 272**	**3 463**
– Secured	**50**	**(81)**	**28**	**184**	**181**	**1 311**	**1 492**
– Unsecured	**123**	**(342)**	**385**	**(156)**	**10**	**1 961**	**1 971**
– Temporary stress scenario	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Commercial	**139**	**115**	**46**	**(276)**	**24**	**233**	**257**
Corporate	**169**	**153**	**416**	**12**	**750**	**(186)**	**564**
Broader Africa	**89**	**(239)**	**6**	**40**	**(104)**	**89**	**(15)**
UK operations**	**(142)**	**(1 028)**	**(175)**	**(75)**	**(1 420)**	**735**	**(685)**
Centre**	**75**	**(216)**	**(108)**	**2**	**(247)**	**(244)**	**(491)**
Total	**503**	**(1 638)**	**598**	**(269)**	**(806)**	**3 899**	**3 093**

	Year ended 30 June 2023						
	Movement in the balance sheet provisions						
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision increase**
SA retail	236	(412)	465	375	**664**	434	**1 098**
– Secured	114	(98)	285	387	**688**	50	**738**
– Unsecured	278	(314)	341	(12)	**293**	384	**677**
– Temporary stress scenario	(156)	–	(161)	–	**(317)**	–	**(317)**
Commercial	95	(151)	89	(49)	**(16)**	(335)	**(351)**
Corporate#	405	(252)	(47)	(103)	**3**	(599)	**(596)**
Broader Africa	124	126	236	(304)	**182**	102	**284**
UK operations	432	1 102	94	249	**1 877**	1 095	**2 972**
Centre	83	(172)	–	1	**(88)**	19	**(69)**
Total	1 375	241	837	169	**2 622**	716	**3 338**

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

** *The transfer of MotoNovo back book provisions as at 1 July 2023 has been excluded from the UK operations and Centre balance sheet movements, as it has a nil impact on current year ECL provisions raised at an overall group level.*

The movement in stage 3 provisions includes the impact of the balance sheet provisions of R716 million written off as part of the debt-to-equity restructure. Refer to page 85 for more information.

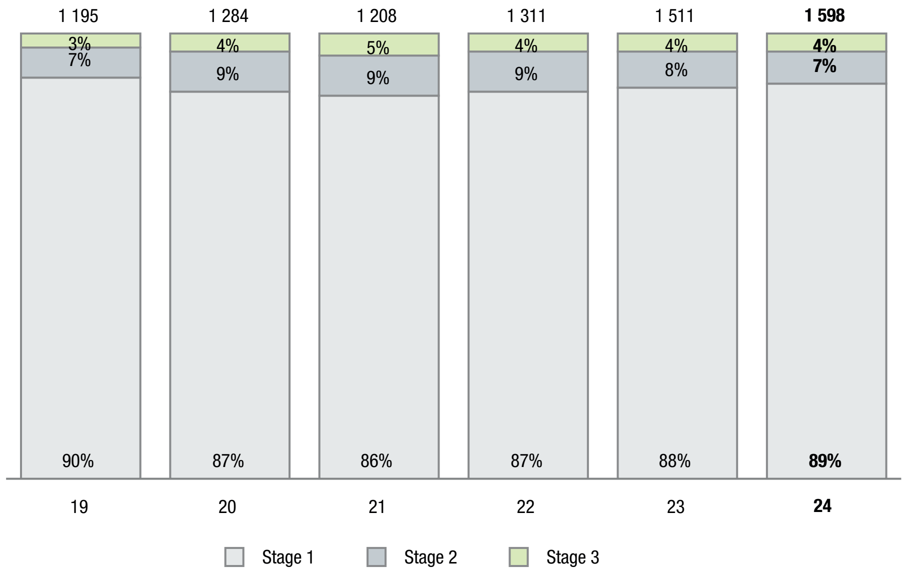
Year ended 30 June 2024						
Recognised directly in the income statement						
Gross write-off and other*	**Current year ECL provided**	Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
10 007	**13 470**	**861**	**(2 393)**	**(1 298)**	**10 640**	**2.24**
2 296	**3 788**	**84**	**(647)**	**(239)**	**2 986**	**0.79**
7 711	**9 682**	**777**	**(1 746)**	**(1 059)**	**7 654**	**7.79**
–	**–**	**–**	**–**	**–**	**–**	**—**
1 531	**1 788**	**–**	**(531)**	**(160)**	**1 097**	**0.61**
896	**1 460**	**–**	**(93)**	**(5)**	**1 362**	**0.32**
883	**868**	**–**	**(180)**	**(202)**	**486**	**0.62**
978	**293**	**–**	**(78)**	**(647)**	**(432)**	**(0.12)**
61	**(430)**	**–**	**3**	**(171)**	**(598)**	**(2.03)**
14 356	**17 449**	**861**	**(3 272)**	**(2 483)**	**12 555**	**0.81**

Year ended 30 June 2023						
Recognised directly in the income statement						
Gross write-off and other*	**Current year ECL provided**	Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
9 493	**10 591**	675	(2 073)	(1 765)	**7 428**	1.66
2 144	**2 882**	179	(455)	(438)	**2 168**	0.61
7 349	**8 026**	496	(1 618)	(1 327)	**5 577**	6.13
–	**(317)**	–	–	–	**(317)**	–
1 741	**1 390**	(5)	(487)	(225)	**673**	0.42
1 105	**509**	–	(40)	(42)	**427**	0.12
644	**928**	–	(201)	(232)	**495**	0.69
(804)	**2 168**	–	(49)	(193)	**1 926**	0.57
69	**–**	–	–	–	**–**	–
12 248	**15 586**	670	(2 850)	(2 457)	**10 949**	0.78

Credit continued

Stage distribution

Core lending advances by stage
(% per stage in R billion)



Stage 2 advances

	As at 30 June 2024			As at 30 June 2023		
R million	**Stage 2 arrears**	**Stage 2 current**	**Total stage 2**	Stage 2 arrears	Stage 2 current	Total stage 2
Residential mortgages	**5 375**	**16 874**	**22 249**	5 571	16 895	22 466
WesBank VAF	**4 259**	**8 293**	**12 552**	3 753	8 547	12 300
FNB card	**537**	**2 493**	**3 030**	462	2 557	3 019
Personal loans	**2 777**	**6 156**	**8 933**	2 571	4 930	7 501
Retail other	**194**	**390**	**584**	174	465	639
Total SA retail	**13 142**	**34 206**	**47 348**	12 531	33 394	45 925
FNB commercial	**999**	**7 902**	**8 901**	1 168	7 487	8 655
WesBank corporate and commercial	**802**	**3 039**	**3 841**	730	2 734	3 464
Total SA commercial	**1 801**	**10 941**	**12 742**	1 898	10 221	12 119
Total SA retail and commercial	**14 943**	**45 147**	**60 090**	14 429	43 615	58 044

Stage distribution of advances

Stage 1 advances

The increase in stage 1 core lending advances reflects the current period advances growth. A further analysis is contained in note 1 on page 100.

Stage 2 advances

Stage 2 advances were largely flat, as the increase across most portfolios was offset by a decline in the UK operations and FNB broader Africa. The increase in stage 2 advances reflects advances growth coupled with the impact of interest rate hikes and inflation on customers, with continued repayment pressure being experienced. This resulted in an increase in both stage 2 advances in current status and in arrears. Stage 2 advances continue to consist predominantly of current exposures that are triggered by SICR indicators.

Commentary in the following section refers to stage 2 movements. A further analysis is contained in note 1 on page 100.

- The increase in stage 2 advances across the SA retail portfolios reflects the continued repayment pressure experienced by customers, with an increase in customers entering the debt counselling process. The composition of the stage 2 portfolio continues to be largely driven by exposures triggering the SICR indicators, with the drivers across the portfolios as follows:
  - Residential mortgage stage 2 advances have declined marginally as arrears exposures flowed into NPL. Stage 2 exposures in current status have remained flat.
  - The increase in WesBank VAF stage 2 advances was driven by SICR exposures flowing into arrears, reflecting ongoing pressure from the economic conditions. Overall arrears levels as a percentage of stage 2 advances increased from June 2023.
  - SA retail unsecured stage 2 advances increased since June 2023, driven primarily by stage 2 modelled SICR. Although arrears continue to see inflows, a slowdown in the increase in arrears was noted.
- The increase in FNB commercial and WesBank's commercial and corporate stage 2 advances was driven by origination strain given book growth. The main contributor was paying accounts in current status as ongoing pressures from interest rate hikes, inflation and logistical constraints triggered SICR indicators in the agric and commercial property finance portfolios.
- RMB stage 2 advances increased year on year as a result of the migration into stage 2 of a few significant exposures, offset to some extent by the migration of a limited number of counters to stage 3. Stage 2 advances as a percentage of overall advances have decreased marginally as a result of the strong book growth.
- Broader Africa stage 2 advances decreased, driven in part by reduced SICR exposures due to an improvement in the macros, most notably in Botswana.
- UK operations stage 2 advances contracted driven by the property and motor portfolio. This was predominantly driven by an improvement in the macro-economic outlook, reducing the probability of default for accounts that were written at the peak of the macro uncertainty, resulting in these exposures curing to stage 1. This was somewhat offset by a deterioration in underlying credit performance, which resulted in some accounts migrating to stage 3. The increase in the structured and specialist finance was due to an enhanced watchlist process for large exposures.

Credit continued

Stage distribution of advances

Stage 3 advances/NPLs

Stage drift continued as the impact of elevated interest rates combined with weak macros played out. As a result, stage 3 advances continued to trend upwards across most portfolios and NPLs as a percentage of core lending advances increased to 4.25% (2023: 3.80%). A further analysis is provided in note 3 on page 106.

- SA retail NPL formation accelerated, increasing 24% year on year. The NPL ratio increased to 8.35% (2023: 7.08%) reflecting the impact of origination strain and inflationary and interest rate pressure on customers, most notably in the residential mortgage and unsecured portfolios. A moderate increase in the proportion of paying stage 3 advances was noted year on year, with a noticeable increase in customers entering the debt counselling process. Retail advances under debt review increased by 16.9% and amounts to 4.2% (2023: 3.8%) of total retail advances. The increase is driven by value rather than volume as more customers in higher-income segments with higher average balances went into debt review, including many who have not yet fallen into arrears.
- FNB commercial and WesBank corporate and commercial NPL advances remained relatively flat since June 2023, driven by low inflows and good collections performance, resulting in clients curing out of stage 3.
- The decrease of 9% in RMB NPLs can be attributed to the settlement and write-off of specific exposures, partially offset by the inflow of highly collateralised counterparties into NPLs. The RMB NPL ratio improved from 1.33% (2023) to 1.09% with coverage remaining stable at 37.3% from 37.4% in 2023.
- NPLs in broader Africa increased since June 2023 due to continuing customer strain across all jurisdictions, most notably in Namibia and Ghana. The NPL ratio increased to 4.89% (2023: 4.62%).
- The UK operations' NPLs increased 24% (in pound terms) driven by economic pressures and rate shocks from customers that were refinanced onto higher rates. The motor portfolio continued to be impacted by the NOSIA remediation activities, which limited the ability to enforce collection for a significant portion of the financial year, with resolution towards latter part of the financial year. These factors, coupled with muted advances growth, resulted in the NPL ratio increasing to 3.35% (2023: 2.72%).

Stage 3 non-performing loans

CHANGE IN NPLs

	30 June 2024 vs 30 June 2023		
	R million	**% change**	**Percentage point contribution to overall NPL increase**
Operational NPLs*	**5 871**	**17**	**10**
Other paying NPLs**	**2 608**	**25**	**5**
NPLs (excluding UK operations)	**8 479**	**18**	**15**
UK operations	**1 929**	**19**	**3**
Change in total group NPLs	**10 408**	**18**	**18**

* *Include debt-review and other core lending advances ≥90 days in arrears.*

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

The tables below provide an overview of operational and paying NPLs.

	As at 30 June 2024			As at 30 June 2023		
R million	**Operational NPLs***	**Other paying NPLs****	**Total NPLs**	Operational NPLs*	Other paying NPLs**	Total NPLs
Residential mortgages	**11 920**	**6 303**	**18 223**	9 485	4 588	14 073
WesBank VAF	**4 794**	**2 422**	**7 216**	4 076	2 093	6 169
FNB card	**4 128**	**1 105**	**5 233**	3 152	905	4 057
Personal loans	**6 456**	**2 552**	**9 008**	5 735	1 812	7 547
Retail other	**894**	**121**	**1 015**	805	119	924
Total SA retail	**28 192**	**12 503**	**40 695**	23 253	9 517	32 770
FNB commercial	**4 444**	**289**	**4 733**	4 294	479	4 773
WesBank corporate and commercial	**852**	**257**	**1 109**	621	445	1 066
Total SA commercial	**5 296**	**546**	**5 842**	4 915	924	5 839
Total SA retail and commercial	**33 488**	**13 049**	**46 537**	28 168	10 441	38 609

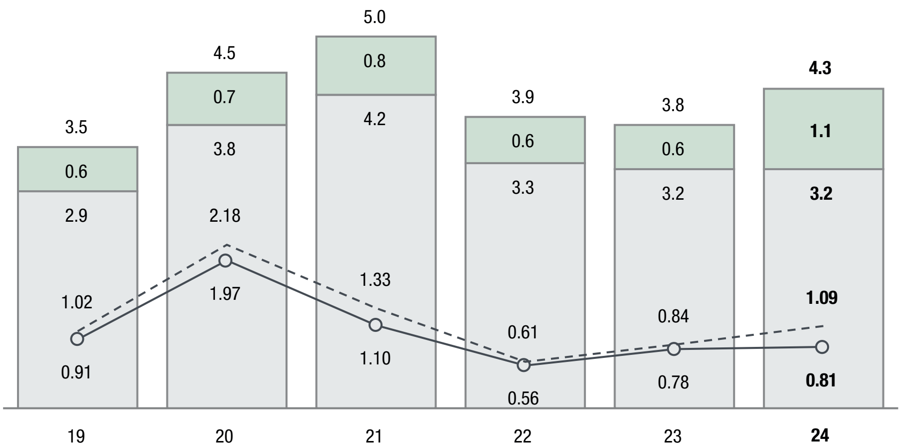
* *Include core lending advances and debt-review advances ≥90 days in arrears.*

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

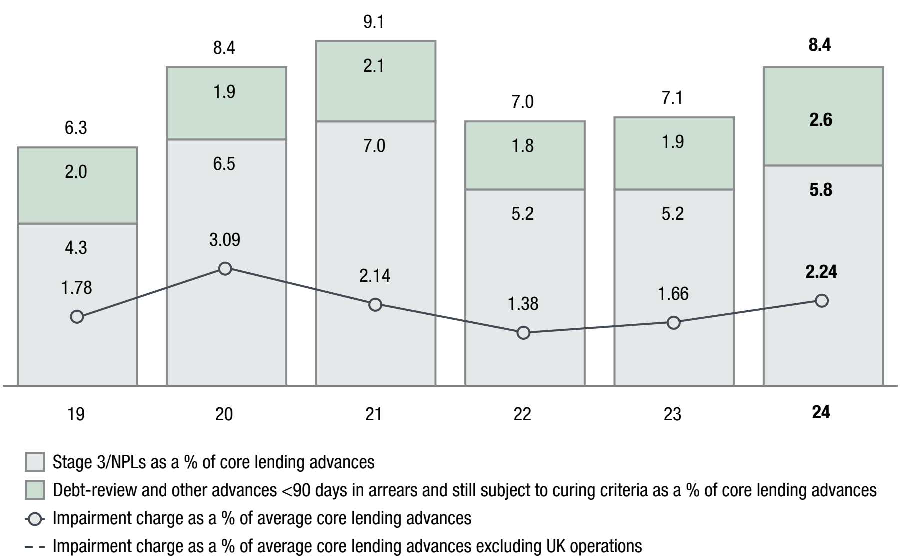
Credit continued

Stage 3 non-performing loans

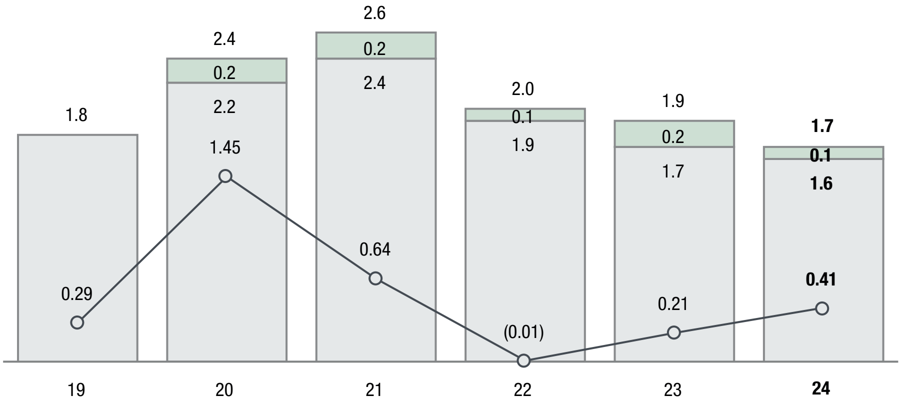
NPL and impairment history
%



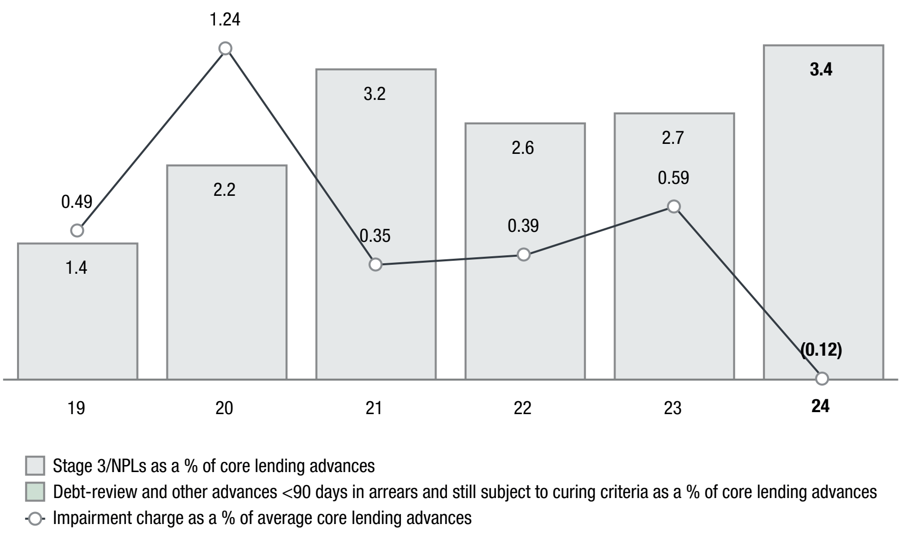
SA retail NPLs and impairments
%



SA corporate and commercial NPLs and impairments
%



UK operations NPLs and impairments
£%



Credit continued

Coverage

The performing book coverage decreased to 1.58% (2023: 1.72%). The decline was largely driven by reduced cost-of-living pressures in the UK portfolio, FLI releases as a consequence of an improved forward-looking macro outlook and the change in mix towards a higher proportion of secured advances driven by the higher growth in RMB and FNB commercial, which attracts lower coverages than the retail book. The performing book coverage decrease is also reflective of the quality of new front book origination.

The overall decline in the group NPL coverage was driven by the UK operations. Excluding the UK operations, NPL coverage remained largely similar to June 2023 levels given increased coverage in the unsecured retail, residential mortgages and commercial portfolios, offset by declines in the remaining portfolios. Despite the decrease in stage 3 coverage, balance sheet provisions are in line with pre-pandemic levels.

Performing coverage

A further analysis is provided in note 2 on pages 104.

- SA retail performing coverage decreased primarily due to an improved baseline outlook (specifically related to lower forward looking inflation and interest rate outlooks), resulting in a release of FLI provisions.
- Residential mortgages performing coverage increased, primarily to reflect the latest negative growth trends in house prices observed, and the subsequent impact it has on modelled LGDs.
- FNB commercial performing coverage reduced, mainly due to the release of industry-specific and event risk provisions, and certain exposures curing to stage 1 (at lower coverage levels).
- RMB core advances performing coverage increased 6 bps despite strong book growth to better-rated counterparties, driven by the migration of a few but large exposures to stage 2 (at higher coverage coverage levels).
- Broader Africa performing coverage declined, largely driven by book growth and an improved macro-outlook in certain countries.
- Performing coverage in the UK operations decreased across all portfolios, mainly due to the release of cost-of-living provisions as the macroeconomic outlook stabilised and exposures migrate to stage 3.

Stage 3 coverage

A further analysis is provided in note 3 on pages 106.

- SA retail NPL coverage decreased marginally since June 2023 due to new NPL inflows (including more debt counselling accounts), requiring lower coverage, coupled with the write-offs of higher-covered loans. The overall coverage levels were further impacted by the following:
  - Residential mortgages coverage increased despite an increase in the overall paying stage 3 advances, to reflect recent negative growth trends in house prices.
  - WesBank VAF coverage decreased due to the relative mix change between paying and operational NPLs, and curing.
  - SA retail unsecured coverage increased marginally, as an increase in coverage in the card portfolio was partially offset by a decrease in the personal loans portfolio. In the card portfolio, NPL inflows were driven by non-paying customers, while in the personal loans portfolio there was a higher increase in paying NPLs and customers entering debt counselling, compared to operational NPLs.
- FNB commercial and WesBank corporate and commercial's coverage increased mainly due to a mix change between the secured and unsecured book, and the curing of lower covered clients.
- Stage 3 coverage declined marginally in RMB despite the write-off and settlements of significant exposures as the impact was largely offset by new inflows of highly collateralised counterparties into NPL.
- UK operations stage 3 coverage decreased from June 2023 levels across all portfolios. This was in part driven by the transfer of the MotoNovo back book to the Centre effective 1 July 2023 and as a result of the resolution of the NOSIA remediation process, resulting in the release of the cumulative provisions raised in the past in the motor portfolio. In the Aldermore property finance portfolio, coverage decreased due to the release of FLI provisions as macro forecasts improved. Structured and specialised finance coverage decreased despite the increase in stage 3 advances, impacted by the write-off of large exposures and the stabilisation of commercial real estate prices.

Movement in balance sheet impairments

The table below reflects the movement in balance sheet impairments per stage.

	30 June 2024				30 June 2023			
R million	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	Total	Stage 1	Stage 2	Stage 3
Opening balance	**51 072**	**12 779**	**12 255**	**26 038**	47 734	11 163	11 249	25 322
Total credit provision increase/(release)	**3 093**	**(1 135)**	**329**	**3 899**	3 338	1 616	1 006	716
Transfers between stages	**–**	**891**	**(3 418)**	**2 527**	–	833	(2 386)	1 553
Current year impairment provided	**17 449**	**(1 836)**	**3 868**	**15 417**	15 586	156	3 143	12 287
ECL provided on new business*	**7 410**	**2 922**	**2 196**	**2 292**	8 267	3 430	2 652	2 185
ECL provided/(released) on back book*	**10 039**	**(4 758)**	**1 672**	**13 125**	7 691	(3 095)	684	10 102
Temporary stress scenario	**–**	**–**	**–**	**–**	(372)	(179)	(193)	–
Gross write-off and other**	**(14 356)**	**(190)**	**(121)**	**(14 045)**	(12 248)	627	249	(13 124)
Closing balance	**54 165**	**11 644**	**12 584**	**29 937**	51 072	12 779	12 255	26 038

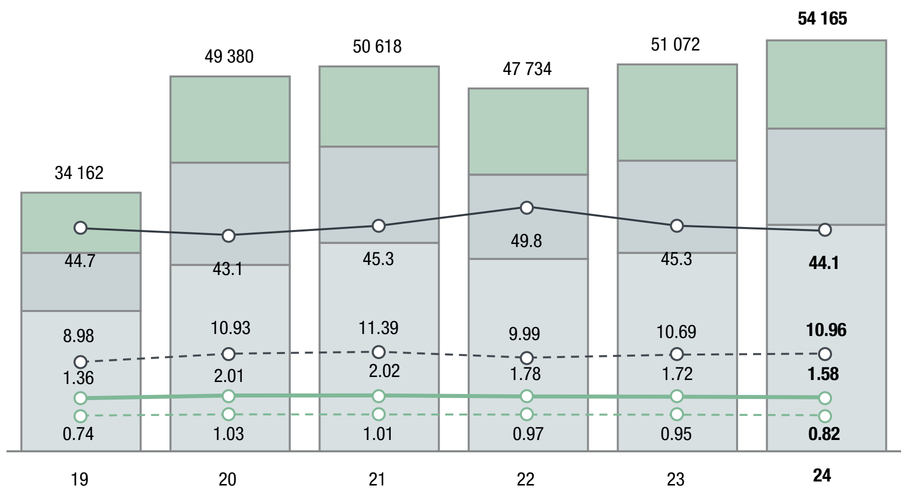
* *Interest suspended on stage 3 core lending advances of R3 272 million (June 2023: R2 850 million) is included in the expected credit losses provided/(released) amounts.*

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

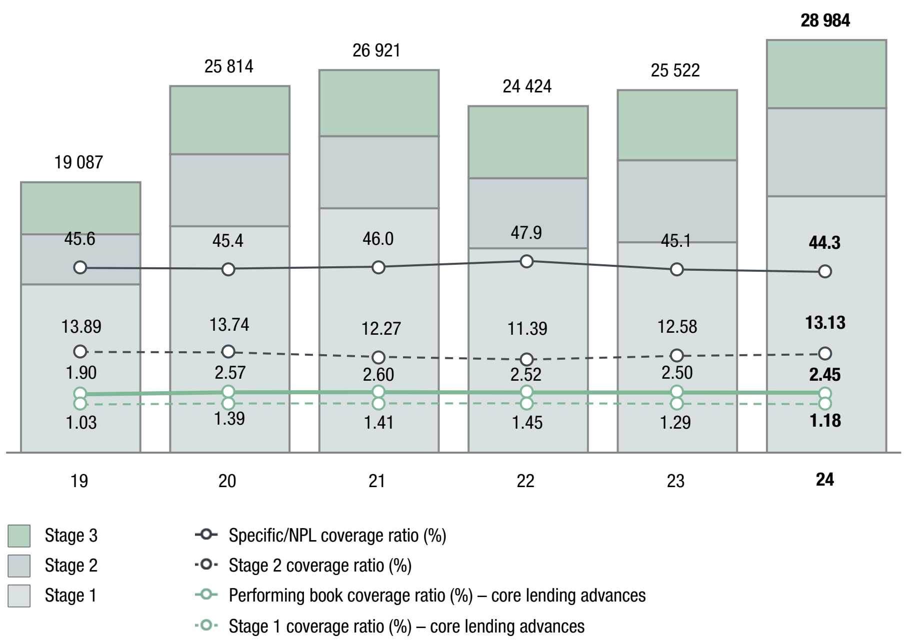
Note: The basis of presentation of this reconciliation can be found in Note 11 – Advances in the annual financial statements on the group's website at www.firstrand.co.za/investors/integrated-reporting/.

Credit continued

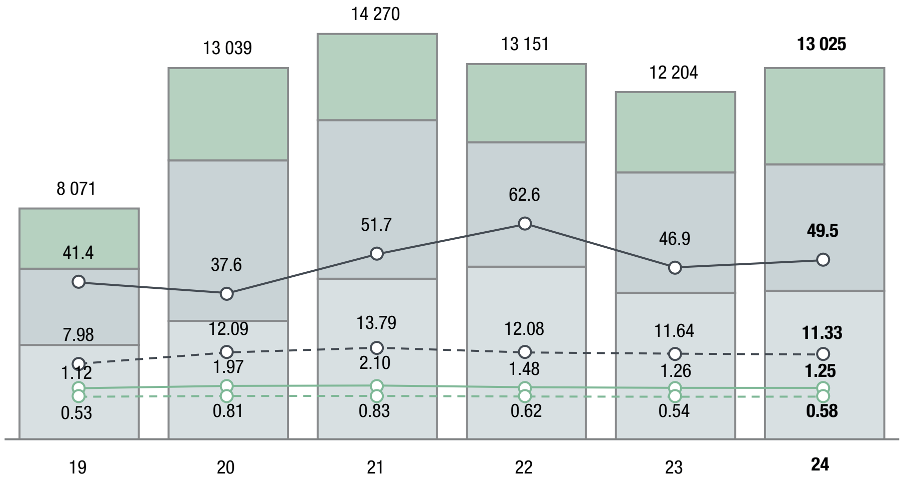
Balance sheet impairments and coverage ratios
(R million and %)



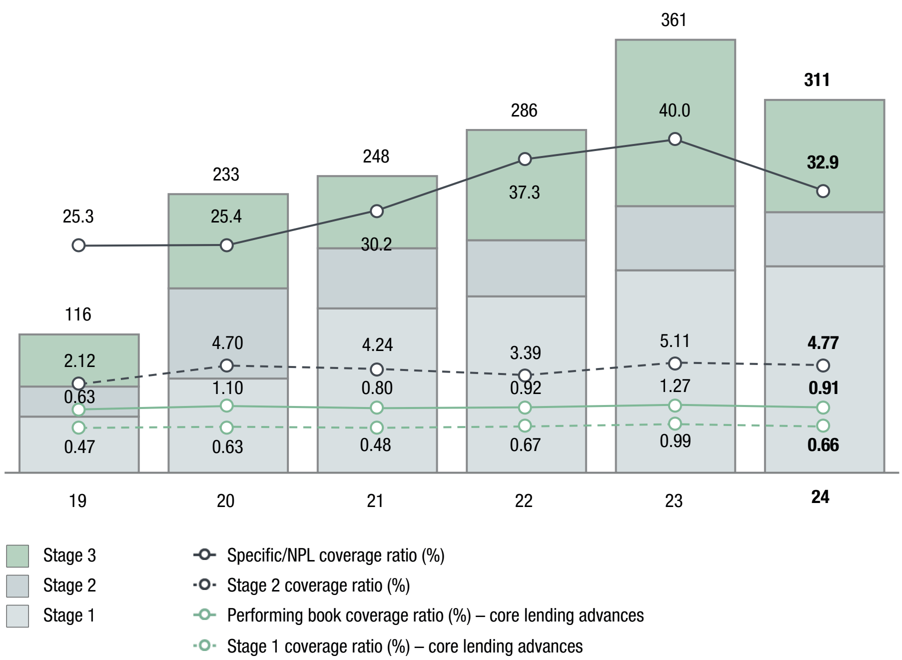
SA retail balance sheet impairments and coverage ratios
(R million and %)



SA corporate and commercial balance sheet impairments and coverage ratios
(R million and %)



UK operations balance sheet impairments and coverage ratios
(£ million and %)



Credit continued

Supplementary credit information

Note 1: Analysis of advances

	Advances					
	As at 30 June			As at 30 June 2024		
R million	2024	2023	% change	Stage 1	Stage 2	Stage 3
SA retail	**487 381**	463 041	5	**399 338**	**47 348**	**40 695**
Retail – secured	**385 407**	368 414	5	**325 167**	**34 801**	**25 439**
Residential mortgages	**272 363**	259 635	5	**231 891**	**22 249**	**18 223**
WesBank VAF	**113 044**	108 779	4	**93 276**	**12 552**	**7 216**
Retail – unsecured	**101 974**	94 627	8	**74 171**	**12 547**	**15 256**
FNB card	**41 374**	37 149	11	**33 111**	**3 030**	**5 233**
Personal loans	**53 286**	50 072	6	**35 345**	**8 933**	**9 008**
– FNB and DirectAxis	**52 728**	48 926	8	**35 021**	**8 834**	**8 873**
– Covid-19 relief	**558**	1 146	(51)	**324**	**99**	**135**
Retail other	**7 314**	7 406	(1)	**5 715**	**584**	**1 015**
SA corporate and commercial	**637 554**	571 918	11	**587 871**	**39 187**	**10 496**
FNB commercial	**129 844**	116 448	12	**116 210**	**8 901**	**4 733**
– FNB commercial	**129 256**	115 533	12	**115 688**	**8 901**	**4 667**
– SME government-guaranteed loan scheme	**588**	915	(36)	**522**	**–**	**66**
WesBank corporate and commercial	**60 218**	54 212	11	**55 268**	**3 841**	**1 109**
RMB CIB*	**426 928**	387 137	10	**395 829**	**26 445**	**4 654**
– Lending	**417 164**	378 314	10	**389 584**	**23 553**	**4 027**
– Loans to private equity investee companies	**9 764**	8 823	11	**6 245**	**2 892**	**627**
HQLA corporate advances *,**	**20 564**	14 121	46	**20 564**	**–**	**–**
Broader Africa#	**80 711**	76 804	5	**69 695**	**7 071**	**3 945**
FNB	**62 463**	58 418	7	**52 535**	**5 997**	**3 931**
RMB CIB*	**18 248**	18 386	(1)	**17 160**	**1 074**	**14**
Centre (including Group Treasury)	**32 454**	26 532	22	**31 808**	**13**	**633**
Securitisation notes	**26 951**	25 359	6	**26 951**	**–**	**–**
Other	**5 503**	1 173	>100	**4 857**	**13**	**633**
Total core lending advances excluding UK operations	**1 238 100**	1 138 295	9	**1 088 712**	**93 619**	**55 769**
UK operations (£ million)	**15 648**	15 561	1	**14 199**	**924**	**525**
Property finance	**7 833**	7 581	3	**7 282**	**267**	**284**
Structured and specialist finance	**3 717**	3 583	4	**3 186**	**449**	**82**
Motor finance	**4 098**	4 397	(7)	**3 731**	**208**	**159**
UK operations (R million)	**359 798**	372 742	(3)	**326 480**	**21 247**	**12 071**
Total core lending advances including UK operations	**1 597 898**	1 511 037	6	**1 415 192**	**114 866**	**67 840**
Assets under agreements to resell	**67 808**	79 410	(15)	**67 808**	**–**	**–**
Total advances	**1 665 706**	1 590 447	5	**1 483 000**	**114 866**	**67 840**
Total advances excluding currency impact of UK operations and RMB cross-border†	**1 683 716**	1 590 447	6	**1 499 470**	**115 863**	**68 383**
Of which:						
Amortised cost book	**1 551 374**	1 459 196	6	**1 371 586**	**112 872**	**66 916**
Fair value book	**114 332**	131 251	(13)	**111 414**	**1 994**	**924**

* *RMB CIB, HQLA and RMB broader Africa core lending advances of R465.7 billion (June 2023: R419.6 billion).*

** *Managed by the Group Treasurer.*

\# *Represents the in-country balance sheet excluding Group Treasury.*

† *If the exchange rate had remained unchanged from 30 June 2023.*

Advances			
As at 30 June			% composition 2024
2023			
Stage 1	Stage 2	Stage 3	
384 346	45 925	32 770	**28**
313 406	34 766	20 242	**23**
223 096	22 466	14 073	**16**
90 310	12 300	6 169	**7**
70 940	11 159	12 528	**5**
30 073	3 019	4 057	**2**
35 024	7 501	7 547	**3**
34 276	7 290	7 360	**3**
748	211	187	**–**
5 843	639	924	**–**
524 482	36 461	10 975	**39**
103 020	8 655	4 773	**8**
102 188	8 655	4 690	**8**
832	–	83	**–**
49 682	3 464	1 066	**4**
357 659	24 342	5 136	**26**
351 644	22 130	4 540	**25**
6 015	2 212	596	**1**
14 121	–	–	**1**
65 913	7 346	3 545	**5**
48 417	6 491	3 510	**4**
17 496	855	35	**1**
26 489	43	–	**2**
25 359	–	–	**2**
1 130	43	–	**–**
1 001 230	89 775	47 290	**74**
14 099	1 039	423	
6 965	388	228	
3 247	277	59	
3 887	374	136	
337 708	24 892	10 142	**22**
1 338 938	114 667	57 432	**96**
79 410	–	–	**4**
1 418 348	114 667	57 432	**100**
1 418 348	114 667	57 432	
1 292 764	109 777	56 655	**93**
125 584	4 890	777	**7**

Credit continued

CIB ADVANCES BREAKDOWN

	Advances			
	As at 30 June			% composition
R million	2024	2023	% change	2024
RMB CIB core lending advances	**426 928**	387 137	10	**82**
– South Africa	**339 602**	311 019	9	**65**
– Cross-border (broader Africa)	**87 326**	76 118	15	**17**
– Cross-border (broader Africa) – $ million	**4 793**	4 040	19	
HQLA corporate advances*	**20 564**	14 121	46	**4**
RMB broader Africa (in-country)	**18 248**	18 386	(1)	**3**
CIB total core lending advances	**465 740**	419 644	11	**89**
CIB total lending advances	**455 976**	410 821	11	**87**
CIB shareholder loans to private equity investing companies	**9 764**	8 823	11	**2**
CIB total core lending advances	**465 740**	419 644	11	**89**
CIB core advances – South Africa**	**360 166**	325 140	11	**69**
CIB core advances – broader Africa#	**105 574**	94 504	12	**20**
CIB total core lending advances	**465 740**	419 644	11	**89**
Assets under agreements to resell	**60 352**	65 005	(7)	**11**
CIB total advances	**526 092**	484 649	9	**100**
RMB cross-border total advances excluding currency impact†	**90 300**	76 118	19	

* *Managed by the Group Treasurer.*

** *CIB core lending advances – South Africa is the sum of RMB CIB core lending advances and HQLA corporate advances.*

\# *CIB core lending advances – broader Africa is the sum of RMB CIB cross-border core lending advances and RMB broader Africa in-country core lending advances.*

† *If the exchange rate had remained unchanged from 30 June 2023.*

CENTRE (INCLUDING GROUP TREASURY) ADVANCES BREAKDOWN

	Advances			
	As at 30 June			% composition
R million	2024	2023	% change	2024
Core lending advances*	**32 454**	26 532	22	**81**
Assets under agreements to resell	**7 456**	14 405	(48)	**19**
Total advances	**39 910**	40 937	(3)	**100**

* *Includes MotoNovo back book effective 1 July 2023. Comparatives have not been restated.*

Credit continued

CREDIT OVERVIEW – TOTAL UK OPERATIONS

£ million	Total UK operations	Property finance	Structured and specialist finance	Motor finance
Year ended 30 June 2024				
Total gross advances	**15 648**	**7 833**	**3 717**	**4 098**
– Stage 1	**14 199**	**7 282**	**3 186**	**3 731**
– Stage 2	**924**	**267**	**449**	**208**
– Stage 3/NPLs	**525**	**284**	**82**	**159**
Stage 3/NPLs as a % of advances*	**3.35**	**3.64**	**2.19**	**3.87**
Total impairments	**311**	**60**	**73**	**178**
– Portfolio impairments	**138**	**26**	**50**	**62**
– Stage 1	**94**	**19**	**31**	**44**
– Stage 2	**44**	**7**	**19**	**18**
– Stage 3 impairments	**173**	**34**	**23**	**116**
Coverage ratios				
Performing book coverage ratio (%)*	**0.91**	**0.35**	**1.36**	**1.58**
– Stage 1 (%)*	**0.66**	**0.27**	**0.96**	**1.17**
– Stage 2 (%)*	**4.77**	**2.53**	**4.19**	**8.90**
Specific coverage ratio (%)*	**32.9**	**11.8**	**28.8**	**72.9**
Income statement analysis				
Impairment charge	**(18)**	**(29)**	**10**	**1**
Credit loss ratio (%)*	**(0.12)**	**(0.37)**	**0.25**	**0.02**
Year ended 30 June 2023				
Total gross advances	15 561	7 581	3 583	4 397
– Stage 1	14 099	6 965	3 247	3 887
– Stage 2	1 039	388	277	374
– Stage 3/NPLs	423	228	59	136
Stage 3/NPLs as a % of advances*	2.72	3.01	1.65	3.10
Total impairments	361	89	75	197
– Portfolio impairments	192	60	56	76
– Stage 1	139	51	40	48
– Stage 2	53	9	16	28
– Stage 3 impairments	169	29	19	121
Coverage ratios				
Performing book coverage ratio (%)*	1.27	0.82	1.59	1.78
– Stage 1 (%)*	0.99	0.74	1.24	1.23
– Stage 2 (%)*	5.11	2.33	5.76	7.50
Specific coverage ratio (%)*	40.0	12.9	31.6	88.9
Income statement analysis				
Impairment charge	90	29	22	39
Credit loss ratio (%)*	0.59	0.40	0.61	0.89

* *Ratios are calculated using actual numbers designated in pounds. Amounts above are rounded to the closest million pounds.*

Credit continued

Note 2: Analysis of balance sheet impairments (stage 1 and 2)

	Total portfolio impairments				
	As at 30 June			As at 30 June 2024	
R million	2024	2023	% change	Stage 1	Stage 2
SA retail	**10 940**	10 749	2	**4 721**	**6 219**
Retail – secured	**4 563**	4 382	4	**1 396**	**3 167**
Residential mortgages	**1 704**	1 508	13	**414**	**1 290**
WesBank VAF	**2 859**	2 874	(1)	**982**	**1 877**
Retail – unsecured	**6 377**	6 367	–	**3 325**	**3 052**
FNB card	**1 930**	1 919	1	**1 157**	**773**
Personal loans	**3 996**	3 970	1	**1 884**	**2 112**
– FNB and DirectAxis	**3 961**	3 885	2	**1 869**	**2 092**
– Covid-19 relief	**35**	85	(59)	**15**	**20**
Retail other	**451**	478	(6)	**284**	**167**
SA corporate and commercial	**7 832**	7 058	11	**3 391**	**4 441**
FNB commercial	**2 142**	2 171	(1)	**1 195**	**947**
– FNB commercial	**2 097**	2 144	(2)	**1 150**	**947**
– SME government-guaranteed loan scheme	**45**	27	67	**45**	**–**
WesBank corporate and commercial	**392**	339	16	**245**	**147**
RMB CIB	**5 298**	4 548	16	**1 951**	**3 347**
– Lending	**4 014**	3 509	14	**1 863**	**2 151**
– Loans to private equity investee companies	**1 284**	1 039	24	**88**	**1 196**
Broader Africa*	**1 989**	2 093	(5)	**1 135**	**854**
FNB	**1 622**	1 704	(5)	**960**	**662**
RMB CIB	**367**	389	(6)	**175**	**192**
Centre (including Group Treasury)	**293**	529	(45)	**236**	**57**
Securitisation notes	**36**	32	13	**36**	**–**
Other	**257**	497	(48)	**200**	**57**
Total portfolio impairments excluding UK operations	**21 054**	20 429	3	**9 483**	**11 571**
UK operations	**3 174**	4 605	(31)	**2 161**	**1 013**
Property finance	**609**	1 445	(58)	**454**	**155**
Structured and specialist finance	**1 134**	1 344	(16)	**701**	**433**
Motor finance	**1 431**	1 816	(21)	**1 006**	**425**
Total portfolio impairments including UK operations	**24 228**	25 034	(3)	**11 644**	**12 584**

* *Represents the in-country balance sheet excluding Group Treasury.*

Total portfolio impairments							
As at 30 June		Performing book coverage ratios (% of performing core lending advances)					
2023		As at 30 June					
Stage 1	Stage 2	**2024**	**Stage 1**	**Stage 2**	2023	Stage 1	Stage 2
4 971	5 778	**2.45**	**1.18**	**13.13**	2.50	1.29	12.58
1 427	2 955	**1.27**	**0.43**	**9.10**	1.26	0.46	8.50
432	1 076	**0.67**	**0.18**	**5.80**	0.61	0.19	4.79
995	1 879	**2.70**	**1.05**	**14.95**	2.80	1.10	15.28
3 544	2 823	**7.35**	**4.48**	**24.32**	7.76	5.00	25.30
1 165	754	**5.34**	**3.49**	**25.51**	5.80	3.87	24.98
2 069	1 901	**9.02**	**5.33**	**23.64**	9.34	5.91	25.34
2 026	1 859	**9.03**	**5.34**	**23.68**	9.35	5.91	25.50
43	42	**8.27**	**4.63**	**20.20**	8.86	5.75	19.91
310	168	**7.16**	**4.97**	**28.60**	7.37	5.31	26.29
2 815	4 243	**1.25**	**0.58**	**11.33**	1.26	0.54	11.64
958	1 213	**1.71**	**1.03**	**10.64**	1.94	0.93	14.02
931	1 213	**1.68**	**0.99**	**10.64**	1.93	0.91	14.02
27	–	**8.62**	**8.62**	**–**	3.25	3.25	–
228	111	**0.66**	**0.44**	**3.83**	0.64	0.46	3.20
1 629	2 919	**1.25**	**0.49**	**12.66**	1.19	0.46	11.99
1 530	1 979	**0.97**	**0.48**	**9.13**	0.94	0.44	8.94
99	940	**14.05**	**1.41**	**41.36**	12.63	1.65	42.50
1 285	808	**2.59**	**1.63**	**12.08**	2.86	1.95	11.00
1 098	606	**2.77**	**1.83**	**11.04**	3.10	2.27	9.34
187	202	**2.01**	**1.02**	**17.88**	2.12	1.07	23.63
374	155	**0.92**	**0.74**	**438.46**	1.99	1.41	360.47
32	–	**0.13**	**0.13**	**–**	0.13	0.13	–
342	155	**5.28**	**4.12**	**438.46**	42.37	30.27	360.47
9 445	10 984	**1.78**	**0.87**	**12.36**	1.87	0.94	12.24
3 334	1 271	**0.91**	**0.66**	**4.77**	1.27	0.99	5.11
1 228	217	**0.35**	**0.27**	**2.52**	0.82	0.74	2.33
962	382	**1.36**	**0.96**	**4.19**	1.59	1.24	5.76
1 144	672	**1.58**	**1.17**	**8.90**	1.78	1.23	7.50
12 779	12 255	**1.58**	**0.82**	**10.96**	1.72	0.95	10.69

Credit continued

Note 3: Analysis of stage 3/NPLs and impairments

	Stage 3/NPLs		
	As at 30 June		
R million	2024	2023	% change
SA retail	**40 695**	32 770	24
Retail – secured	**25 439**	20 242	26
Residential mortgages	**18 223**	14 073	29
WesBank VAF	**7 216**	6 169	17
Retail – unsecured	**15 256**	12 528	22
FNB card	**5 233**	4 057	29
Personal loans	**9 008**	7 547	19
– FNB and DirectAxis	**8 873**	7 360	21
– Covid-19 relief	**135**	187	(28)
Retail other	**1 015**	924	10
SA corporate and commercial	**10 496**	10 975	(4)
FNB commercial	**4 733**	4 773	(1)
– FNB commercial	**4 667**	4 690	–
– SME government-guaranteed loan scheme	**66**	83	(20)
WesBank corporate and commercial	**1 109**	1 066	4
RMB CIB	**4 654**	5 136	(9)
– Lending	**4 027**	4 540	(11)
– Loans to private equity investee companies	**627**	596	5
Broader Africa*	**3 945**	3 545	11
FNB	**3 931**	3 510	12
RMB CIB	**14**	35	(60)
Centre (including Group Treasury)	**633**	–	–
Securitisation notes	**–**	–	–
Other	**633**	–	–
Total stage 3/NPLs excluding UK operations	**55 769**	47 290	18
UK operations	**12 071**	10 142	19
Property finance	**6 553**	5 464	20
Structured and specialist finance	**1 873**	1 418	32
Motor finance	**3 645**	3 260	12
Total stage 3/NPLs including UK operations	**67 840**	57 432	18
Of which:			
Amortised cost book	**66 916**	56 655	18
Fair value book	**924**	777	19

* *Represents the in-country balance sheet excluding Group Treasury.*

% composition	Stage 3/NPLs as a % of core lending advances		Stage 3 specific provisions			Coverage ratios (% of stage 3/NPLs)	
	As at 30 June		As at 30 June			As at 30 June	
2024	2024	2023	2024	2023	% change	2024	2023
60	8.35	7.08	18 045	14 773	22	44.3	45.1
37	6.60	5.49	7 147	5 836	22	28.1	28.8
26	6.69	5.42	3 747	2 848	32	20.6	20.2
11	6.38	5.67	3 400	2 988	14	47.1	48.4
23	14.96	13.24	10 898	8 937	22	71.4	71.3
8	12.65	10.92	3 775	2 848	33	72.1	70.2
14	16.91	15.07	6 247	5 319	17	69.3	70.5
14	16.83	15.04	6 136	5 168	19	69.2	70.2
–	24.19	16.32	111	151	(26)	82.2	80.7
1	13.88	12.48	876	770	14	86.3	83.3
16	1.65	1.92	5 193	5 146	1	49.5	46.9
7	3.65	4.10	2 935	2 832	4	62.0	59.3
7	3.61	4.06	2 869	2 749	4	61.5	58.6
–	11.22	9.07	66	83	(20)	100.0	100.0
2	1.84	1.97	524	394	33	47.2	37.0
7	1.09	1.33	1 734	1 920	(10)	37.3	37.4
6	0.97	1.20	1 120	1 336	(16)	27.8	29.4
1	6.42	6.76	614	584	5	97.9	98.0
6	4.89	4.62	2 136	2 047	4	54.1	57.7
6	6.29	6.01	2 127	2 022	5	54.1	57.6
–	0.08	0.19	9	25	(64)	64.3	71.4
–	1.95	–	591	19	>100	93.4	–
–	–	–	–	–	–	–	–
–	11.50	–	591	19	>100	93.4	–
82	4.50	4.15	25 965	21 985	18	46.6	46.5
18	3.35	2.72	3 972	4 053	(2)	32.9	40.0
10	3.64	3.01	776	706	10	11.8	12.9
3	2.19	1.65	539	448	20	28.8	31.6
5	3.87	3.10	2 657	2 899	(8)	72.9	88.9
100	4.25	3.80	29 937	26 038	15	44.1	45.3
99	4.31	3.88					
1	0.81	0.59					

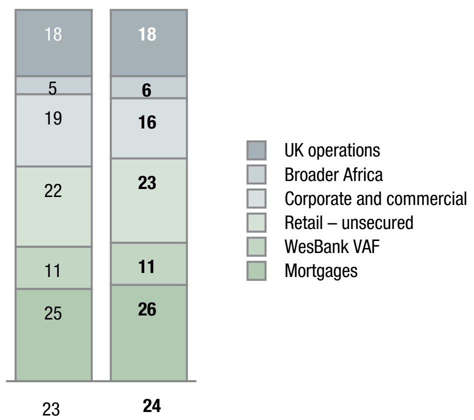
Credit continued

SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES AND NPLs

	Advances		
	As at 30 June		
R million	**2024**	2023	% change
Sector analysis			
Agriculture	**61 671**	59 067	4
Banks	**30 301**	45 654	(34)
Financial institutions*	**211 465**	199 191	6
Building and property development	**94 213**	93 456	1
Government, Land Bank and public authorities	**33 286**	31 047	7
Individuals	**721 132**	727 042	(1)
Manufacturing and commerce	**235 392**	199 573	18
Mining	**23 462**	14 249	65
Transport and communication	**64 197**	50 786	26
Other services	**190 587**	170 382	12
Total including UK operations	**1 665 706**	1 590 447	5
Geographical analysis			
South Africa	**1 102 898**	1 015 147	9
Broader Africa	**144 569**	135 615	7
UK	**384 368**	394 661	(3)
Other Europe	**17 696**	19 841	(11)
Asia, Americas and Australia	**16 175**	25 183	(36)
Total including UK operations	**1 665 706**	1 590 447	5

* *Investment holding companies are included in the financial institutions sector.*

NPL DISTRIBUTION
(%)



	Stage 3/NPLs			
% composition	**As at 30 June**			**% composition**
2024	**2024**	2023	% change	**2024**
4	**1 906**	2 578	(26)	**3**
2	**–**	–	–	**–**
13	**316**	289	9	**–**
6	**2 990**	1 701	76	**4**
2	**1 162**	2 150	(46)	**2**
43	**51 601**	41 895	23	**77**
14	**4 856**	4 591	6	**7**
1	**178**	158	13	**–**
4	**897**	995	(10)	**1**
11	**3 934**	3 075	28	**6**
100	**67 840**	57 432	18	**100**
66	**49 869**	41 454	20	**73**
9	**5 206**	5 713	(9)	**8**
23	**12 713**	10 149	25	**19**
1	**30**	10	>100	**–**
1	**22**	106	(79)	**–**
100	**67 840**	57 432	18	**100**

Credit continued

Note 4: Analysis of income statement credit impairments

R million	Total impairment charge			As a % of average core lending advances	
	Year ended 30 June			Year ended 30 June	
	2024	2023	% change	**2024**	2023
SA retail	**10 640**	7 428	43	**2.24**	1.66
Retail – secured	**2 986**	2 168	38	**0.79**	0.61
Residential mortgages	**1 188**	452	>100	**0.45**	0.18
WesBank VAF	**1 798**	1 716	5	**1.62**	1.65
Retail – unsecured	**7 654**	5 577	37	**7.79**	6.13
FNB card	**2 256**	1 516	49	**5.75**	4.33
Personal loans	**4 814**	3 688	31	**9.32**	7.63
– FNB and DirectAxis	**4 864**	3 731	30	**9.57**	7.97
– Covid-19 relief	**(50)**	(43)	16	**(5.87)**	(2.77)
Retail other	**584**	373	57	**7.93**	4.87
Temporary stress scenario	**–**	(317)	(100)	**–**	–
SA corporate and commercial	**2 459**	1 100	>100	**0.41**	0.21
FNB commercial	**844**	615	37	**0.69**	0.55
– FNB commercial	**842**	676	25	**0.69**	0.61
– SME government-guaranteed loan scheme	**2**	(6)	(>100)	**0.27**	(0.54)
– Temporary stress scenario	**–**	(55)	(100)	**–**	–
WesBank corporate and commercial	**253**	58	>100	**0.44**	0.12
RMB CIB	**1 362**	427	>100	**0.33**	0.12
– Lending	**935**	397	>100	**0.24**	0.12
– Loans to private equity investee companies	**427**	30	>100	**4.59**	0.35
Broader Africa*	**486**	495	(2)	**0.62**	0.69
FNB	**462**	371	25	**0.76**	0.67
RMB CIB	**24**	124	(81)	**0.13**	0.76
Centre (including Group Treasury)	**(598)**	–	–	**(2.03)**	–
Securitisation notes	**4**	11	(64)	**0.02**	0.05
Other	**(602)**	(11)	>100	**(18.03)**	(1.01)
Total impairment charge excluding UK operations	**12 987**	9 023	44	**1.09**	0.84
UK operations	**(432)**	1 926	(>100)	**(0.12)**	0.57
Property finance	**(663)**	628	(>100)	**(0.37)**	0.38
Structured and specialist finance	**213**	467	(54)	**0.25**	0.59
Motor finance	**18**	831	(98)	**0.02**	0.87
Total impairment charge including UK operations	**12 555**	10 949	15	**0.81**	0.78
Of which:					
Portfolio impairments charge	**2 139**	3 397	(37)	**0.14**	0.24
Specific impairments charge	**10 416**	7 552	38	**0.67**	0.54

* *Represents the in-country balance sheet excluding Group Treasury.*

Non-interest revenue

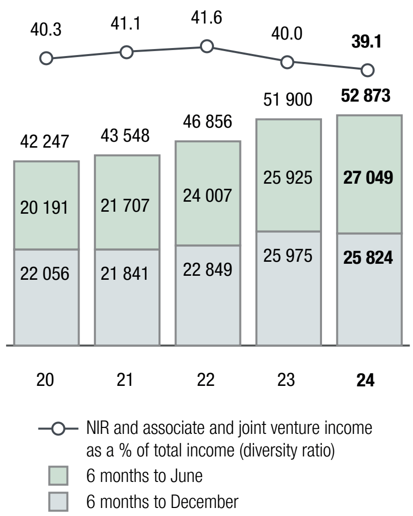
Total non-interest revenue – up 6%

Operational non-interest revenue – up 2%

Operational non-interest revenue and diversity ratio*

(R million)

NIR CAGR 6%



* *Excluding share of profit of associates and joint ventures.*

Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

ANALYSIS OF TOTAL NIR

R million	Notes	2024	2023*	% change
Net fee, commission and insurance income		**42 551**	40 165	6
– Fee and commission income	1	**38 131**	36 153	5
– Net insurance income	2	**4 420**	4 012	10
Trading and other fair value income	3	**5 806**	6 522	(11)
Investment income	4	**476**	1 579	(70)
– Debt-to-equity swap** (restructure with zero earnings impact)		**–**	715	(100)
– Investment Income#		**476**	864	(45)
Other non-interest revenue	5	**4 040**	3 634	11
Operational non-interest revenue		**52 873**	51 900	2
Share of profit of associates and joint ventures after tax		**2 422**	493	>100
– Debt-to-equity swap** (restructure with zero earnings impact)		**–**	(820)	(100)
– Share of profit of associates and joint ventures after tax		**2 422**	1 313	84
Total non-interest revenue		**55 295**	52 393	6

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Refer to note 4 on investment income and the analysis of share of profit from associates and joint ventures.*

\# *2023 includes the Ghana sovereign debt restructure provision and a significant realisation.*

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Non-interest revenue continued

NOTE 1 – FEE AND COMMISSION INCOME – UP 5%

R million	2024	2023	% change
Bank fee and commission income	**40 519**	38 462	5
– Card commissions	**7 998**	7 224	11
– Cash deposit fees	**1 866**	1 823	2
– Exchange and other commissions	**3 603**	3 379	7
– Bank charges	**27 052**	26 036	4
– Commitment fees	**2 357**	1 976	19
– Other bank charges*	**24 695**	24 060	3
Knowledge-based fees	**2 088**	1 455	44
Management and fiduciary fees	**2 649**	2 559	4
– Investment management fees	**1 672**	1 599	5
– Management fees from associates and joint ventures	**805**	801	–
– Other management and brokerage fee income	**172**	159	8
Other non-bank commissions	**1 219**	1 064	15
Gross fee and commission income	**46 475**	43 540	7
Fee and commission expenditure	**(8 344)**	(7 387)	13
– Transaction-related fees	**(2 898)**	(2 259)	28
– Commission paid	**(412)**	(328)	26
– Customer loyalty programmes	**(2 362)**	(2 292)	3
– Cash sorting, handling and transportation charges	**(1 327)**	(1 252)	6
– Card-related	**(512)**	(404)	27
– Other	**(833)**	(852)	(2)
Net fee and commission income	**38 131**	36 153	5

* *Other bank charges include annual and monthly administrative fees, fees for customer transaction processing (e.g. SASwitch and real-time payment fees), cash withdrawal fees, debit order charges, internet banking fees and utilisation of other banking services.*

Key drivers – fee and commission income

- FNB NIR grew 5%, driven by customer acquisition (+5%) and growth in transactional volumes (+6%), and was achieved despite sub-inflation fee increases across both retail and commercial accounts, and R985 million reduction in fee and commission income. Following the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments and reduced all related fees.
- Electronic platform volumes grew 7% across all interfaces, whilst manual volumes increased only 2%. Branch and cash centre transaction volumes decreased 15% and 10%, respectively.
- Card swipe volumes increased 8%, reflecting strong customer activity levels, contributing to the 11% growth in card commissions.
- RMB's knowledge-based fee income grew strongly (+44%), this was supported by deal flow and structuring opportunities, particularly in the infrastructure portfolio, coupled with advisory income.
- Investment management fees increased on the back of AUM growth.
- Overall group fee and commission income growth was moderated by costs growing more than income, linked to transactional activity, higher card expenses coupled with growth in foreign exchange turnover and significantly higher association fees.

NOTE 2 – NET INSURANCE INCOME – UP 10%

R million	2024	2023	% change
Insurance revenue	**7 442**	6 366	17
– Measured using general measurement model	**6 309**	5 513	14
– Measured using premium allocation approach	**1 133**	853	33
Insurance service expenses	**(4 092)**	(3 523)	16
Net expense from reinsurance contracts held	**(157)**	(149)	5
Total insurance service results	**3 193**	2 694	19
Net insurance and reinsurance finance expense	**(73)**	(31)	>100
Net insurance results	**3 120**	2 663	17
Commissions, brokerage and participation agreements	**1 300**	1 349	(4)
Net insurance income	**4 420**	4 012	10

Key drivers – net insurance income

- IFRS 17 was adopted during the year, which substantially changed how insurance income is recognised and disclosed. At a net profit level, the impact is marginal for the group. The largest impact is that insurance service expenses are set off against net insurance income, previously in operating expenses.
- Insurance revenue growth reflects a combination of:
  - the general measurement model (GMM) revenue (applicable to the life insurance business) represents future profits released as per the modelled service release pattern. The contractual service margin (CSM) release increased across all portfolios, supported by improved sales and good persistency, evidenced by 11% growth in the in-force APE; and
  - the premium allocation approach revenue, which is primarily focused on the short-term insurance book with significant growth in insurance revenue (+33%) as a result of the scaling of the personal lines business, specifically comprehensive building and motor insurance products. This was supported by growth in the business law on call product and the recently launched commercial comprehensive suite of products (motor and buildings).
- Insurance service expense was driven by a significant once-off Covid-19 reserve released in the prior year. In addition, claims paid increased 10% attributable to the growing book, as well as weather-related events in the short-term business. This was offset by muted growth in directly attributable servicing cost for the life business, and a favourable claims and persistency experience versus the actuarial outlook.
- Commissions, brokerage and participation agreement income reflect all other insurance businesses and arrangements entered into by WesBank, back books from historic arrangements, and the group's subsidiaries in broader Africa. Participation agreement income decreased as result of certain books running off as the group builds out its own product offerings.

Non-interest revenue continued

NOTE 3 – TRADING AND OTHER FAIR VALUE INCOME – DOWN 11%

R million	2024	2023	% change
Trading income	**5 419**	4 963	9
– Equities	**(139)**	(161)	(14)
– Commodities	**327**	312	5
– Fixed income	**2 539**	2 018	26
– Currencies	**2 692**	2 794	(4)
Other fair value income	**387**	1 559	(75)
– RMB investment banking and other activities	**709**	521	36
– UK operations fair value hedge	**(488)**	549	(>100)
– Group Treasury economic hedges and other	**166**	489	(66)
Total trading and other fair value income	**5 806**	6 522	(11)

Key drivers – trading and fair value income

- Trading income reflects the following:
  - Equities revenue benefited from structured product momentum, however remained constrained by muted traded client volumes in the SA market;
  - The commodities performance was driven by resilient hedging activities on the back of commodity price volatility;
  - The fixed income business benefited from significant event-driven revenue and increased client flow; and
  - Currencies' performance benefited from broader Africa client execution on the back of elevated volatility, but was moderated by currency devaluation, particularly in the naira and kwacha.
- RMB investment banking and other activities included various one-off items, with a more significant principal investment realisation (c. R500 million) in the current year.
- The UK operations' fair value interest rate hedge portfolio reported a loss of £20.7 million (2023: gain of £25.8 million). These losses relate to the unwind of prior year gains over the life of the hedged exposures.
- Group Treasury fair value income decreased largely due to the share award hedging activities including higher funding costs on the back of higher average interest rates, the special dividend received in the prior year and lower award forfeitures. It also includes other hedge mismatches and currency translations.

Non-interest revenue continued

NOTE 4 – INVESTMENT INCOME – DOWN 70%

R million	2024	2023	% change
Private equity realisations and dividends received	**308**	1 983	(84)
– Profit on realisation of private equity investments	**1**	1 226	(100)
– Debt-to-equity swap* (restructure with zero earnings impact)	**–**	715	(100)
– Dividends received	**302**	9	>100
– Other private equity income	**5**	33	(85)
Other investment income	**168**	(404)	(>100)
– Profit on assets held against employee liabilities	**36**	11	>100
– Ghana sovereign debt restructure	**–**	(498)	(100)
– Other investment income	**132**	83	59
Total investment income	**476**	1 579	(70)

* *Debt-to-equity restructure with zero profit impact. Refer to notes on share of profit of associates and joint ventures where a prior year loss of R820 million is reflected as well as a release of R105 million to credit impairments.*

Key drivers – investment income

- Total investment income was impacted by the base effect created by a significant PE realisation in the prior year. The current year partial realisations are included in dividends received above (see comment below) and share of profit of associates and joint ventures.
- New private equity investments totalled c. R1.5 billion for the year (2023: R2.0 billion). The unrealised value in the portfolio was c. R6.6 billion (2023: R5.7 billion), growing 17% and reflecting the underlying earnings performance of the portfolio companies.
- Dividend income reflects a special dividend declared (c. R270 million) from a private equity investee company following a corporate action (partial realisation).
- Other investment income increased on the back of higher rental and revaluation of investment properties, somewhat offset by lower dividend income.

Non-interest revenue continued

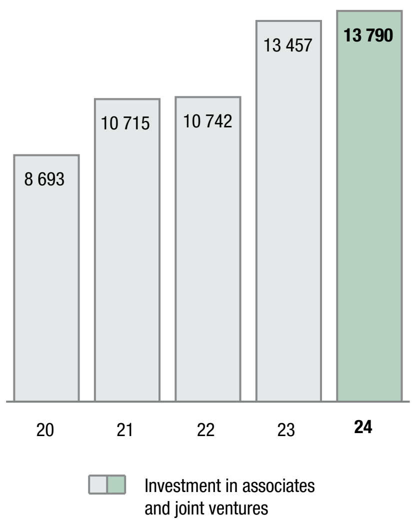
NOTE 5 – OTHER NON-INTEREST REVENUE – UP 11%

Key drivers – other NIR

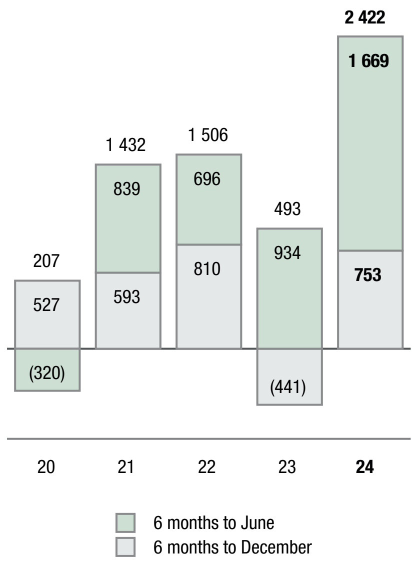
- Rental income represents 49% (2023: 49%) of total other NIR and grew 12%, reflecting strong FML new business and speedpoint rentals.
- The above was partially offset by muted early termination fee growth on vehicle finance.
- Other NIR also includes a loss as a result of Ghana's classification as a hyperinflationary environment.

Share of profits of associates and joint ventures – up >100%

Investment in associates and joint ventures
(R million)



Share of profit of associates and joint ventures
(R million)



Non-interest revenue continued

SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

R million	2024	2023	% change
Private equity associates and joint ventures	**2 175**	1 336	63
– Equity-accounted income	**2 279**	1 573	45
– Impairments	**(104)**	(237)	(56)
Other operational associates and joint ventures	**752**	452	66
– TFS	**303**	206	47
– VWFS	**210**	100	>100
– RMB Morgan Stanley	**114**	183	(38)
– Other	**125**	(37)	(>100)
Share of profit of associates and joint ventures before tax	**2 927**	1 788	64
Tax on profit of associates and joint ventures	**(505)**	(475)	6
Share of profit of associates and joint ventures after tax	**2 422**	1 313	84
– Debt-to-equity swap* (restructure with zero earnings impact)	**–**	(820)	(100)
Share of profit of associates and joint ventures after tax	**2 422**	493	>100

* *Debt-to-equity restructure with zero profit impact. Refer to note 4 on investment income where the R715 million benefit is recognised and a portion of this loss is accounted for as a release of R105 million in credit impairments for the prior year.*

Key drivers – profits from associates and JVs

- The private equity related annuity share of profit from associates and joint ventures increased due to a realisation in one of the underlying investee entities (c. R300 million) as well as improved operating performance.
- TFS's equity-accounted performance was driven by strong advances growth in the current year, which translated into healthy NII growth. This was moderated by a marginal increase in impairment charges in line with advance growth.
- VWFS's performance reflects strong growth in advances in both retail and commercial, which drove NII growth as well as a marginal decrease in impairment charges.
- RMB Morgan Stanley's performance was impacted by a decline in JSE trading volumes, margin compression and lower corporate actions.
- The increase in other operational associates and joint ventures is as a result of lower impairments than in the prior year.

Non-interest revenue continued

Total income from private equity activities (private equity division and other private equity related activities)

RMB earns private equity related income primarily from its private equity business. However, other areas in RMB also engage in or hold private equity related investments (as defined in *Circular 01/2023 – Headline Earnings*), which are not reported as part of RMB private equity's results.

The underlying nature of the various private equity related income streams are reflected below.

R million	2024	2023	% change
RMB private equity division	**2 483**	2 499	(1)
Income from associates and joint ventures	**2 175**	516	>100
– Equity-accounted income*	**2 279**	1 573	45
– Debt-to-equity swap*, ** (restructure with zero earnings impact)	**–**	(820)	(100)
– Impairments*	**(104)**	(237)	(56)
Realisations and dividends#	**303**	1 235	(75)
Debt-to-equity swap**, # (restructure with zero earnings impact)	**–**	715	(100)
Other private equity income#	**5**	33	(85)
Other business units	**104**	(120)	(>100)
Income from associates and joint ventures and other investments	**82**	(144)	(>100)
– Equity-accounted income*	**105**	25	>100
– Impairments*, †	**(34)**	(205)	(83)
– Other investment income#	**11**	36	(69)
Consolidated other income†	**22**	24	(8)
Debt-to-equity swap – impairment provision release** (restructure with zero earnings impact)	**–**	105	(100)
Private equity activities before tax	**2 587**	2 484	4
Tax on equity-accounted private equity investments	**(327)**	(326)	–
Private equity activities after tax	**2 260**	2 158	5

* *Refer to note on share of profit from associates and joint ventures on page 117.*

** *Debt restructure in the prior year reflects a neutral earnings impact with the delta of R105 million as an impairment provision release.*

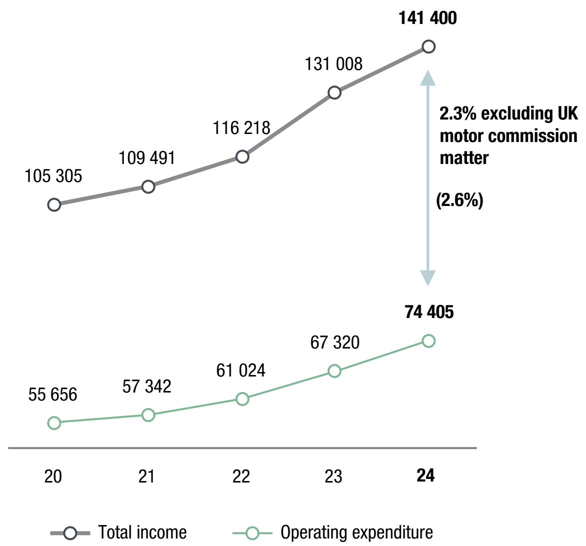
Refer to note 4 on investment income.

† *Included in NII, credit impairment charge and other NIR, depending on the underlying nature of the item.*

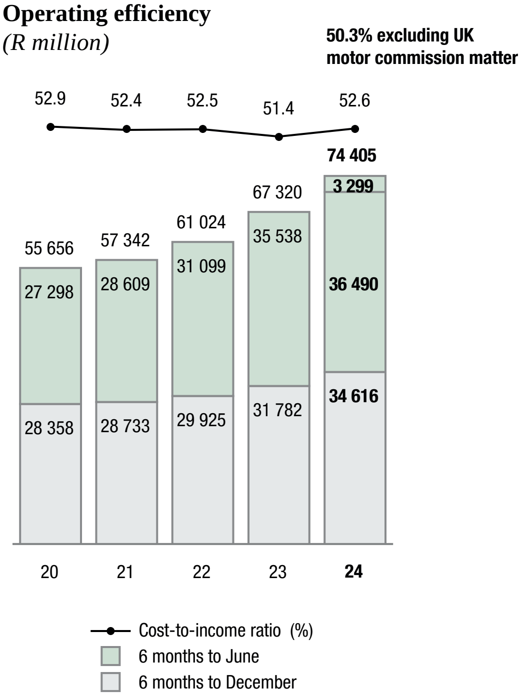
Operating expenses

Operating expenses – up 11%

Operating jaws
(R million)



Operating efficiency
(R million)



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Operating expenses continued

OPERATING EXPENSES – UP 11%

R million	2024	2023*	% change
Staff expenditure	**44 300**	42 248	5
– Direct staff expenditure	**32 515**	30 692	6
– Variable staff expenditure	**8 711**	8 340	4
– Short-term incentive payments	**6 161**	5 772	7
– Share price linked incentive payments	**2 550**	2 568	(1)
– Other staff-related expenditure	**3 074**	3 216	(4)
Depreciation of property and equipment	**4 324**	4 041	7
Amortisation of intangible assets	**759**	657	16
Advertising and marketing	**1 904**	1 919	(1)
Insurance	**209**	203	3
Lease charges	**551**	535	3
Professional fees	**3 976**	4 034	(1)
Audit fees	**669**	594	13
Computer expenses	**5 397**	4 766	13
Repairs and maintenance	**1 727**	1 567	10
Telecommunications	**559**	601	(7)
Property	**1 538**	1 369	12
Business travel	**491**	485	1
Assets costing less than R7 000	**86**	229	(62)
Stationery and printing	**132**	139	(5)
Donations	**378**	340	11
Legal fees	**353**	661	(47)
Other expenditure	**3 753**	2 932	28
Total operating expenses excluding UK motor commission matter	**71 106**	67 320	6
UK motor commission matter**	**3 299**	–	–
FCA UK motor commission provision**	**3 001**	–	–
UK motor commission related costs incurred during the year**	**298**	–	–
Total operating expenses	**74 405**	67 320	11

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Refer to page 15 for more information on the FCA UK motor commission review.*

Key drivers – staff expenditure

Staff costs represent 60% (2023: 63%) of the group's operating expenses and increased 5% in the current year.

	% change	Reasons
Direct staff costs	6	• Annual salary increases averaged 5.9% (unionised staff at 7%). • Headcount (excluding FirstJob employees) decreased 3% year on year, and 2% including FirstJob employees. • Continued repricing of certain high-in-demand technical skills.
Variable staff expenditures		
Short-term incentive payments (STI)	7	The growth in the short-term incentive payments is largely aligned to the group's performance excluding the FCA UK motor commission provision.
Share price linked incentive payments	(1)	The decline is due to a comparatively higher share award charge in the prior year, related to the vesting of the third tranche of the Covid-19 share award and prior year vesting outcomes.
Other staff-related costs	(4)	Decrease due to lower leave pay provisions on increased staff leave utilisation and decreased temporary staff costs as a result of fewer contractors.

Operating expenses continued

Key drivers – operational expenditure

- Depreciation increased due to an accelerated computer equipment replacement cycle.
- Higher amortisation of intangible assets due to accelerated amortisation of software.
- Advertising and marketing expenses remained largely flat as marketing campaigns and inflation increases were offset by the FNB brand refresh campaigns in the prior year.
- The increase in audit fees is largely due to the audit rotation process currently under way and professional fee inflation increases.
- Professional fees were marginally down as in-house professional service resourcing has increased, particularly in IT-related projects.
- Computer expenses increased due to currency devaluation and higher increased software licensing costs.
- Repairs and maintenance costs were negatively impacted by loadshedding and the related impact on equipment, including generators.
- Property costs reflect rates on revaluation increases of properties by councils as well as higher diesel expenditure and costs associated with increased return-to-office, including security-related expenses.
- Costs emanating from the UK motor commission matter totalled £140.1 million and consisted of a £127.4 million provision related to the FCA review and a further £12.7 million in legal and professional fees related to court cases and the cost of the skilled person review. Cost growth excluding the total UK motor commission matter was 6%.
- Other expenditure includes various items such as other provisions, entertainment, bank charges, profit share payments, subscriptions and membership fees. The main drivers of the increase include increased provisions, as well as impairment reversals (c. R220 million), insurance recoveries (c. R120 million) and the reversal of unutilised provisions included in the prior year.

IT spend

The group's income statement is presented on a nature basis. However, to better illustrate the composition of IT spend, the table below reflects the group's total IT spend on a functional basis, irrespective of which income statement lines these are reported in (operating expenses or net insurance income).

FUNCTIONAL PRESENTATION OF IT SPEND

R million	2024	2023	% change
IT-related staff cost	**8 410**	7 974	5
Non-staff IT-related costs	**10 961**	9 999	10
– Computer expenses	**5 553**	4 821	15
– Professional fees	**2 647**	2 472	7
– Repairs and maintenance	**620**	545	14
– Depreciation of equipment	**1 350**	1 250	8
– Amortisation of software	**224**	186	20
– Other expenditure	**567**	725	(22)
Total IT spend	**19 371**	17 973	8

FINANCIAL RESOURCE MANAGEMENT

Economic view of the balance sheet

The objective of the group's FRM framework is to protect and enhance FirstRand's financial performance through the holistic integrated management of the balance sheet and income streams within the context of the macro environment. This includes the strategic positioning of the balance sheet relative to long-term trends and tactical tilts associated with the current point in the cycle.

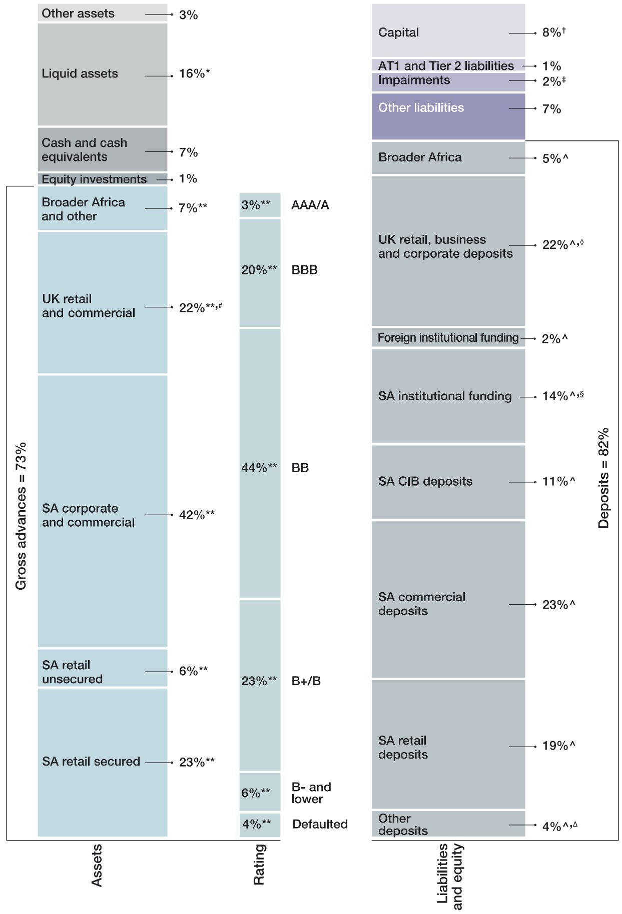
The structure of the balance sheet reflects the group's long-term strategy to increase resilience, diversify credit exposures across sectors and segments, increase asset marketability, and optimise the use of institutional funding.

When assessing the underlying risk in the balance sheet, the group's asset profile reflects a diversified advances portfolio, which constitutes 73% of total assets. The composition of the gross advances portfolio consists of SA retail secured (23%), SA retail unsecured (6%), SA corporate and commercial (42%), UK retail and commercial (22%), and broader Africa and other (7%). At 30 June 2024, the group reported total NPLs of R67 840 million (4.25% of core lending advances) and a credit loss ratio of 81 bps.

Cash and cash equivalents, and liquid assets represent 7% and 16%, respectively, of total assets. The group's equity investments primarily relate to RMB's private equity activities.

FirstRand maintains a risk-adjusted funding profile focused on its core deposit franchises, which enables optimised use of the institutional funding channel. The weighted average remaining term of domestic institutional funding increased to 34 months at 30 June 2024 (2023: 29 months). The increase reflects a moderate reduction in money market issuance offset by additional longer-dated senior debt, Tier 2 and Additional Tier 1 issuance.

The group remained strongly capitalised with a CET1 ratio of 13.5%, a Tier 1 ratio of 14.4% and a total capital adequacy ratio of 16.1%. Gearing multiple remained flat at 12.4 times (2023: 12.4 times). Both average total equity and average total assets grew 9% year on year.



* Includes government securities and treasury bills.

** As a proportion of gross advances.

\# Includes advances originated in MotoNovo, Aldermore and the London branch.

† Includes ordinary equity and non-controlling interests.

‡ Includes IFRS 9 impairment of advances and investment securities.

^ As a proportion of deposits.

◊ Deposits raised in Aldermore and Guernsey branch (trading as FNB Channel Islands).

§ Includes CIB institutional funding.

Δ Consists of liabilities relating to other SPVs and securitisations.

Note: Non-recourse deposits have been netted off against assets. Derivative, securities lending and short trading position assets and liabilities have been netted off.

Funding and liquidity

Funding and liquidity management approach

A comprehensive overview of the group's funding and liquidity management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2024, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Funding conditions

For the year under review, the global macroeconomic environment has been characterised by moderate growth and tight monetary policy. South Africa has continued to exhibit low growth but with an improving inflation trajectory. The second half of the financial year has been marked by improved inflation expectations, which has led to expected easing by global central banks.

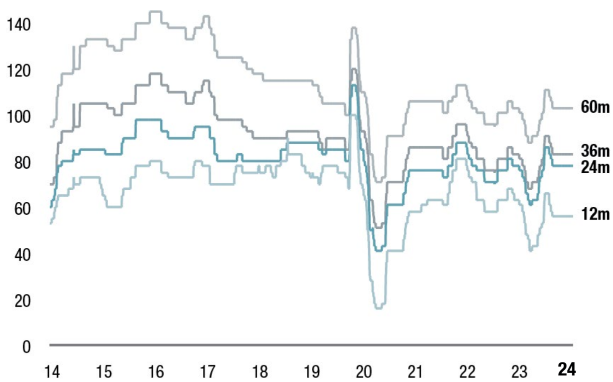
From a funding perspective, the macro environment and monetary policy stance has not impeded the group's ability to raise funding either in rand or in hard currency. From a deposit perspective, interest rates on savings and investment products have remained attractive, resulting in strong inflows. Strong deposit growth has enabled moderation in the bank's stock and level of institutional funding.

The liquidity surplus monetary policy regime is now well established in the South African market, with available excess liquidity accommodated by SARB quota deposits and secured interbank transactions. Additional system liquidity is expected following distributions from the SARB's Gold and Foreign Exchange Contingency Reserve Account (GFECRA) to National Treasury. The SARB has notified the industry of its intention to resize the banks' deposit quotas from R136bn to R302bn, to accommodate the additional liquidity.

The spread to JIBAR paid on 12-month money market instruments is most representative of bank funding costs in the money markets. During the financial year, institutional funding spreads initially tracked lower before increasing towards December 2023. Funding spreads have since fallen marginally and have remained stable.

12-month mid-market funding spread
(bps)

Long-term funding spreads
(bps)



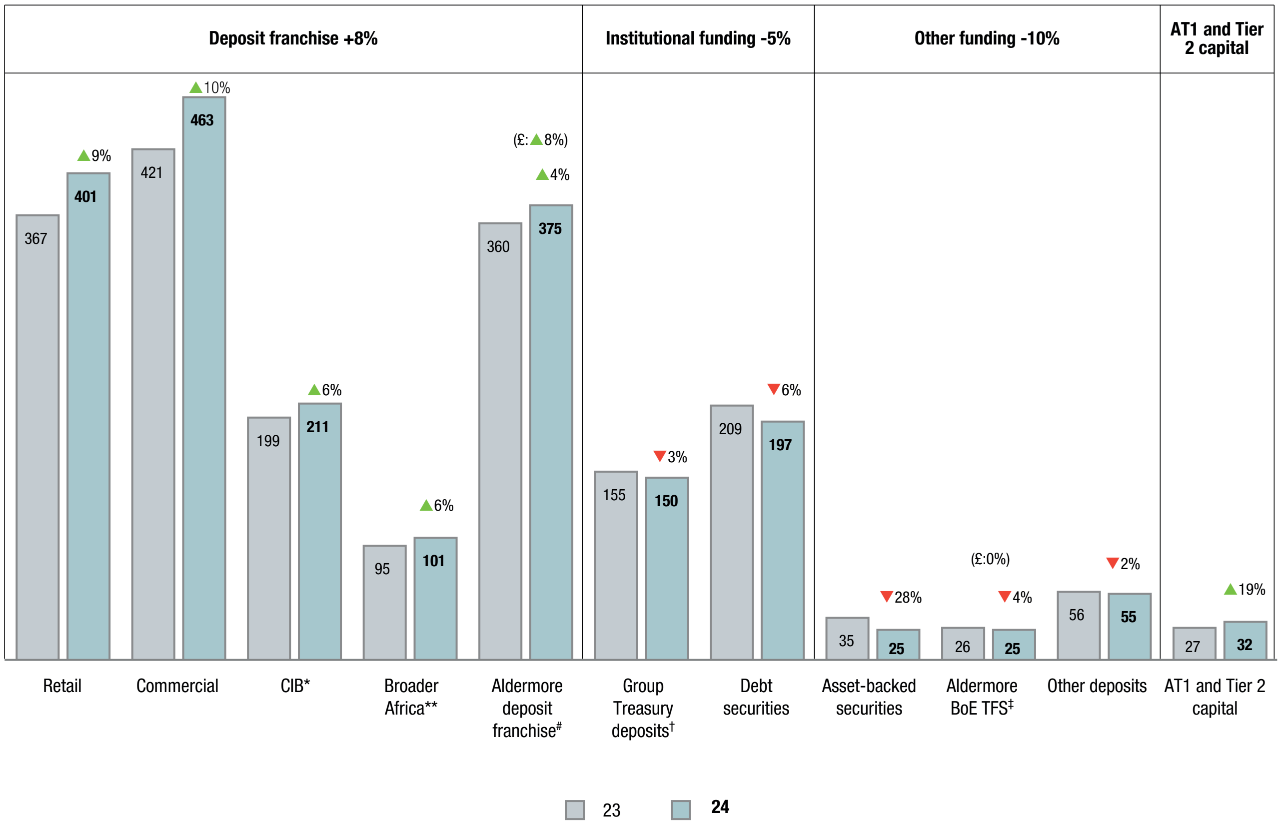
Sources: Bloomberg (RMBP screen) and Reuters.

Funding and liquidity continued

Funding measurement and activity

The following graph provides a segmental analysis of the group's funding base.

Funding portfolio growth
(R billion)



Note 1: Percentage change reflects year-on-year growth and is based on actual underlying numbers rather than the rounded figures shown in the bar graphs above.

Note 2: Asset-backed securities include Aldermore's securitisation transactions.

* *Includes South Africa and the London branch.*

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

\# *The Aldermore deposit franchise increased 8% to £16 billion.*

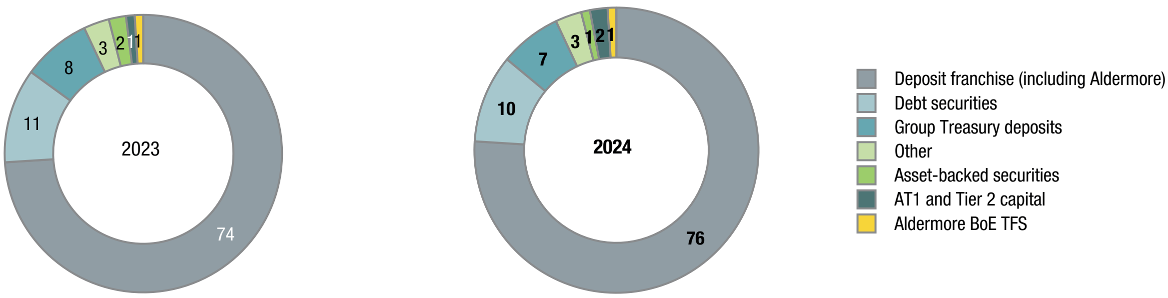
† *Group Treasury deposits include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme and the bounce-back facility.*

‡ *Aldermore's BoE term funding scheme increased 0.2% to £1.08 billion.*

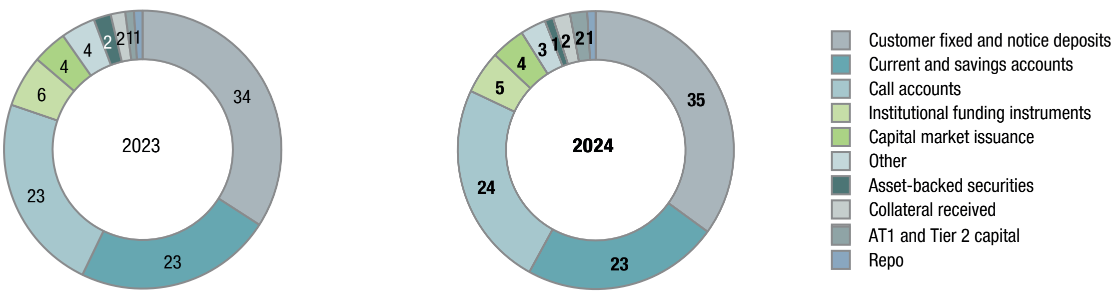
Funding and liquidity continued

The group's funding mix remains anchored by its deposit franchises, resulting in only slight changes in overall composition.

Funding mix
(%)



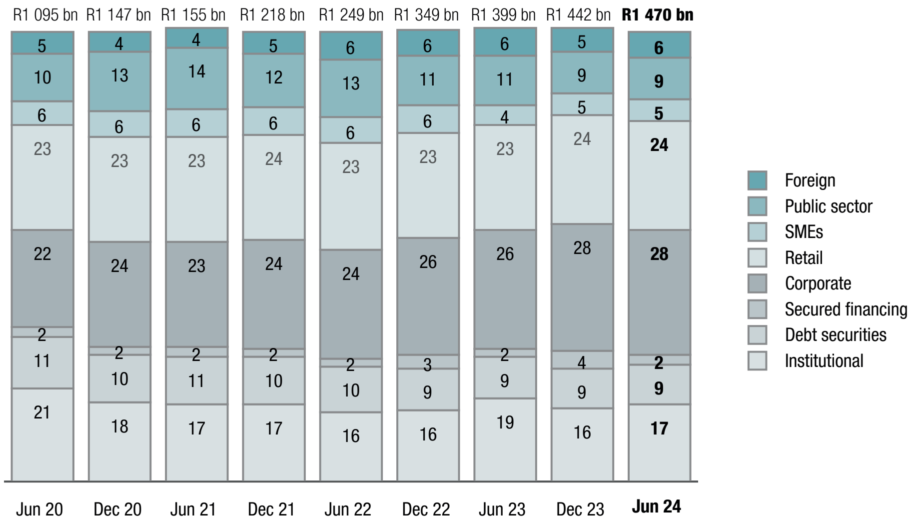
Funding instrument by type
(%)



Funding and liquidity continued

The group's focus on growing main-banked transactional accounts, and retail and commercial savings and investment deposits naturally results in a significant proportion of contractually short-dated funding. Although these deposits fluctuate depending on each customer's individual transactional and savings requirements, viewed in aggregate the overall funding portfolio is more stable, resulting in an improved overall liquidity risk profile.

Bank funding analysis by source*
(%)

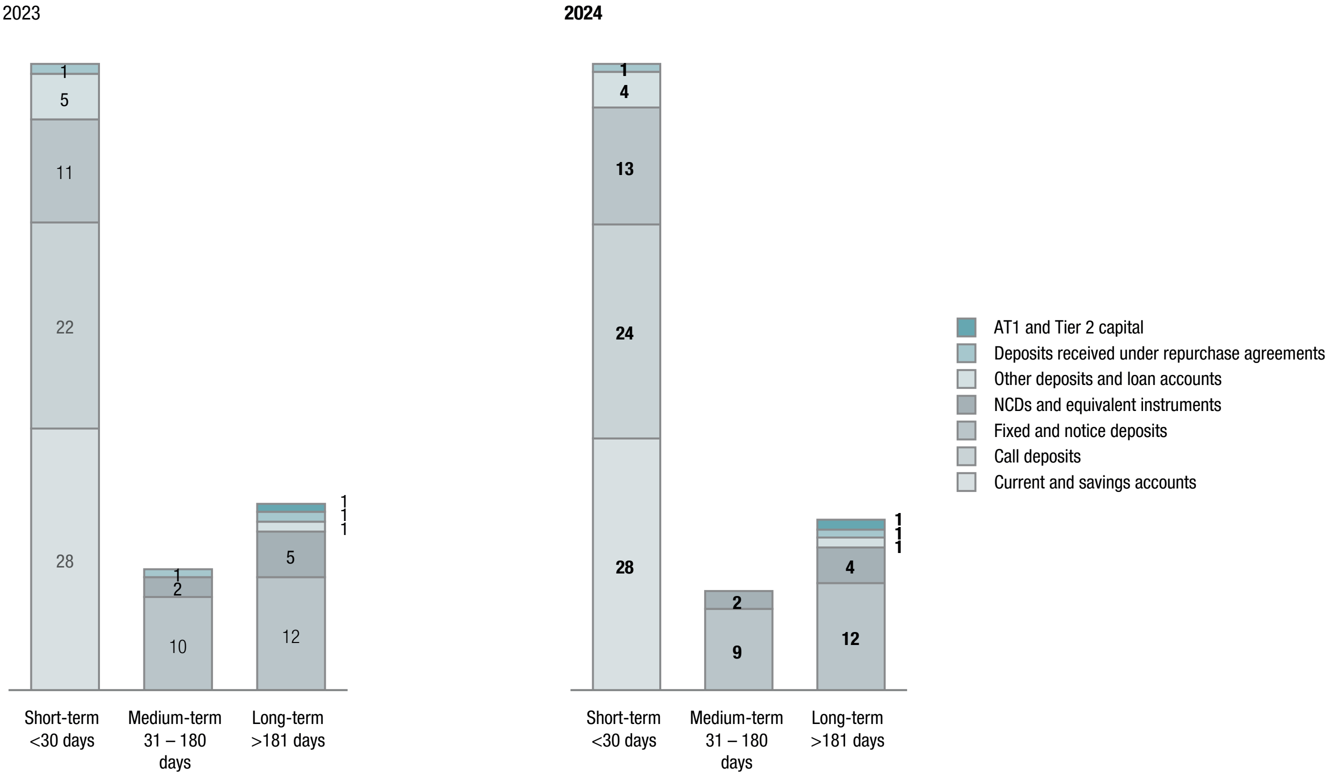


	Jun 20	Dec 20	Jun 21	Dec 21	Jun 22	Dec 22	Jun 23	Dec 23	Jun 24
Total	R1 095 bn	R1 147 bn	R1 155 bn	R1 218 bn	R1 249 bn	R1 349 bn	R1 399 bn	R1 442 bn	**R1 470 bn**
Foreign	5	4	4	5	6	6	6	5	**6**
Public sector	10	13	14	12	13	11	11	9	**9**
SMEs	6	6	6	6	6	6	4	5	**5**
Retail	23	23	23	24	23	23	23	24	**24**
Corporate	22	24	23	24	24	26	26	28	**28**
Secured financing	2	2	2	2	2	3	2	4	**2**
Debt securities	11	10	11	10	10	9	9	9	**9**
Institutional	21	18	17	17	16	16	19	16	**17**

* *Excluding foreign branches.*

Funding and liquidity continued

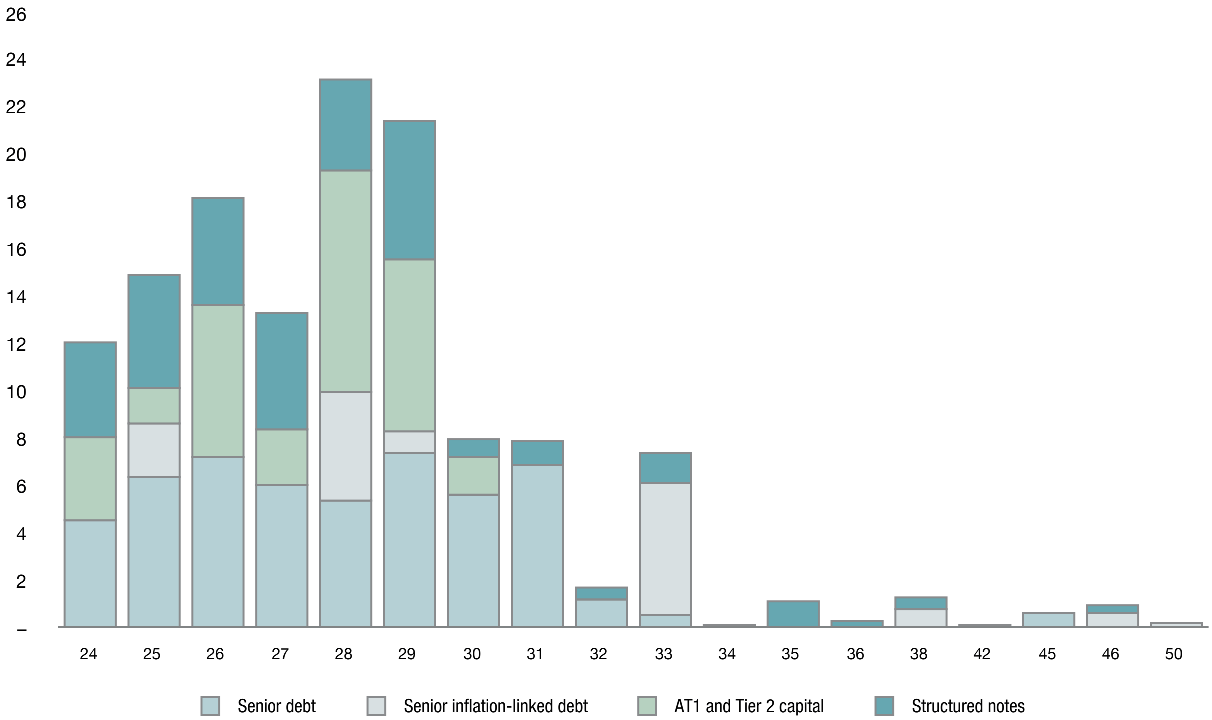
Funding liabilities by instrument type and term
(%)



Funding and liquidity continued

The maturity profile of the bank's capital market instruments is depicted in the following chart. The bank does not have significant instrument-specific concentration risk in any one period and seeks to issue across benchmark tenors, taking pricing and investor demand into account. Finalisation of the regulations regarding Flac is imminent and will influence the bank's future issuance strategies.

Maturity profile of the bank's* capital market instruments
(R billion)



* *Including foreign branches.*

Foreign currency balance sheet

The active management of foreign currency liquidity risk remains a focus given the group's operations in broader Africa and within the UK and cross-border portfolios.

UK operations

Aldermore has a diversified and flexible funding strategy and is predominantly funded by deposits from retail and business clients. Customer deposits amounted to £16.3 billion at June 2024.

Aldermore's liquid asset composition remains prudent, with an LCR well in excess of the regulatory minimum and a liquidity risk position managed to stringent internal parameters. Aldermore has maintained a diverse portfolio of HQLA, which has been managed within risk appetite throughout the period.

MotoNovo is supported by Aldermore's funding resources, with new business funded via a combination of on-balance sheet deposits and institutional and structured funding, including market securitisations and warehouses.

Liquidity risk position

The following table summarises the group's available sources of liquidity.

COMPOSITION OF LIQUID ASSETS

	As at 30 June	
R billion	**2024**	2023
Cash and deposits with central banks	**106**	99
Short-term liquidity instruments	**149**	154
Including reverse repos*	**65**	85
Long-term investment securities	**159**	136
Other liquid assets	**35**	27
Total liquid assets	**449**	416

* *Reverse repos represent underlying high-quality liquid assets sourced both externally and internally in accordance with prudential regulations.*

The level of liquid assets increased during the period under review. This was a function of growth in the underlying deposit franchise, where deposits from commercial and corporate clients attract a higher regulatory outflow factor compared to contractually longer-dated institutional funding.

The group recognises that although there is a regulatory requirement to hold certain types of liquid assets, these assets do come with credit risk. The group utilises an IMF-based framework for the assessment and monitoring of sovereign risk by jurisdiction. This process informs the composition and duration of liquid assets held, which varies between central bank reserves, treasury bills and bonds.

The liquidity ratios for the group and bank at June 2024 are summarised below.

LIQUIDITY RATIOS

	Group*		Bank*	
%	**LCR****	**NSFR**	**LCR****	**NSFR**
Regulatory minimum	**100**	**100**	**100**	**100**
Actual	**118**	**120**	**121**	**116**

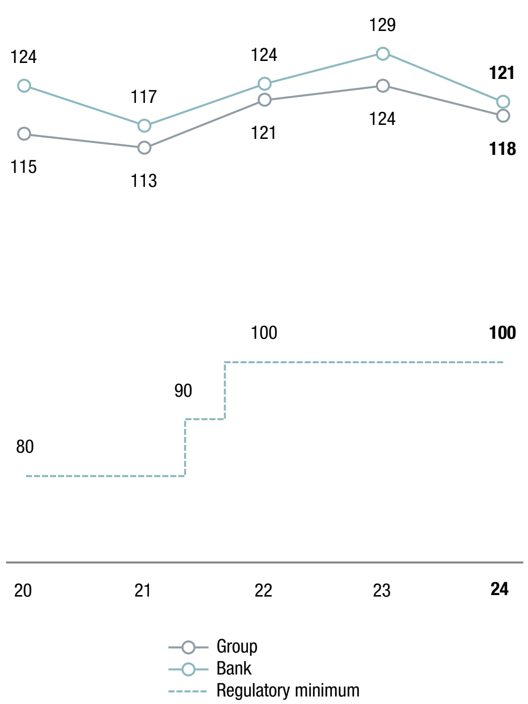
* *The group's LCR and NSFR include the bank's operations in South Africa and all registered banks and foreign branches in the group. The bank's LCR and NSFR reflect South African operations only.*

** *The LCR is calculated as a simple average of 91 days of daily observations over the period ended 30 June 2024 for FirstRand Bank South Africa and the London branch. The remaining banking entities, including Aldermore and the Guernsey branch, are based on the month-end or quarter-end values. The figures are based on the regulatory submissions to the PA.*

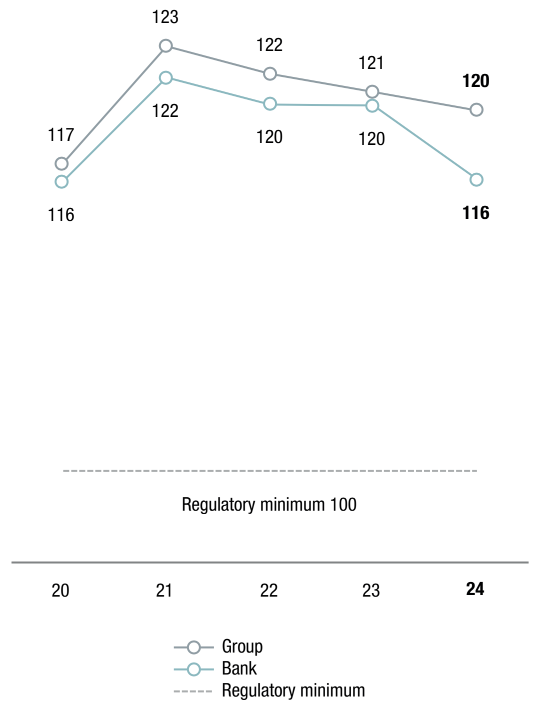
Funding and liquidity continued

The graphs below provide a historical view of the prudential liquidity ratios for both the group and the bank.

LCR
(%)



NSFR
(%)



Capital

Capital management approach

A comprehensive overview of the group's capital management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2024, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Year under review

During the year under review the group maintained strong capital and leverage ratios in excess of regulatory minima and internal targets. The group is capitalised at the higher of regulatory or economic capital to ensure a desired credit counterparty rating.

CAPITAL ADEQUACY AND LEVERAGE RATIOS AS AT 30 JUNE

	Capital			Leverage
%	**CET1**	**Tier 1**	**Total**	**Total**
Regulatory minimum*	9.0	11.2	13.5	4.0
Internal target	11.0 – 12.0	>12.0	>14.75	>5.5
Actual (including unappropriated profits)**				
2024	**13.5**	**14.4**	**16.1**	**8.2**
2023	13.2	13.8	15.6	7.8

* *Includes the group's domestic systemically important bank requirement of 1.5% and a CCyB add-on of 47 bps based on the 2% UK CCyB requirement. The individual capital requirement (Pillar 2B) is confidential and therefore excluded.*

** *Refer to the Basel Pillar 3 standardised disclosures at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/ for ratios excluding unappropriated profits.*

The BoE increased the UK CCyB to 2% in July 2023, resulting in a 47 bps add-on for the group at 30 June 2024. The PA has also released a proposed directive requiring banks to maintain a positive cycle-neutral CCyB of 1% with effect from January 2026. The increased requirement will be incorporated in the group's internal targets upon finalisation of the directive.

There is ongoing focus on optimising the overall level and mix of capital across the group and its regulated subsidiaries. During the year under review the bank issued a combination of AT1 and Tier 2 instruments to ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments, as well as focused on filling the buckets for AT1 and Tier 2.

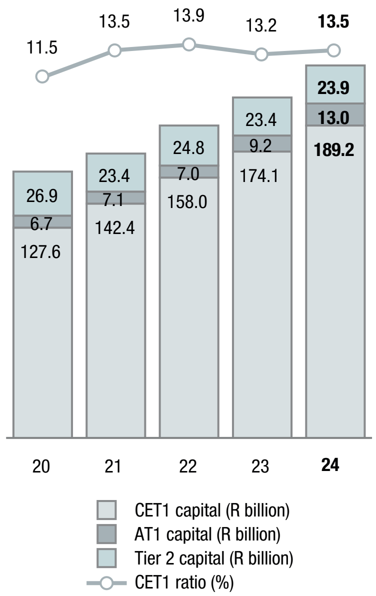
The group continues to enhance the use of economic capital methodology in risk-based decision-making, including capital allocation. The assessment of economic risk aligns with FirstRand's economic capital framework to ensure the group remains solvent at a confidence interval of 99.93%, and that it can deliver on its commitments to stakeholders over a one-year horizon. Regular reviews of the economic capital position are carried out across the group, enabling efficient portfolio optimisation with respect to financial resource management and portfolio behaviour. For the year under review, the group continued to meet its economic capital requirements and reported an economic capital multiple (loss-absorbing capital/economic capital requirement) of 1.5 times on a post-diversified basis.

The group also adjusts available regulatory capital resources for certain volatile reserves, as well as expected regulatory and accounting changes that can be estimated. This provides an economic view of excess capital that is used in strategic decision-making.

Capital continued

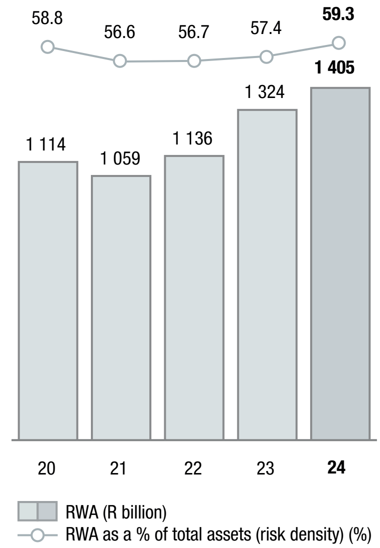
The graphs below provide a five-year view of the group's capital adequacy, RWA and leverage positions.The increase in the group's risk density reflects changes in the balance sheet mix and increased operational risk RWA.

Capital adequacy*

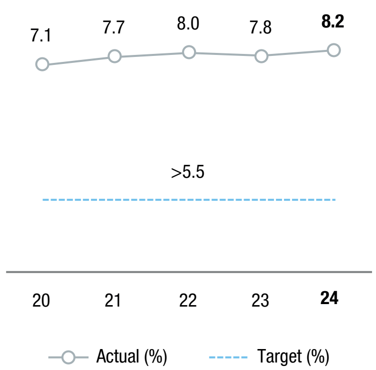


** Including unappropriated profits.*

RWA history



Leverage*



** Including unappropriated profits.*

The Basel III leverage ratio is supplementary to the risk-based capital measure and is a function of Tier 1 capital and total on- and off-balance sheet exposures. The increase in the leverage ratio to June 2024 mainly relates to an increase in Tier 1 capital, partly offset by an increase in total exposures.

Capital continued

Supply of capital

COMPOSITION OF CAPITAL*

R million	As at 30 June 2024	2023
CET1 capital including unappropriated profits	**189 158**	174 134
Additional Tier 1 capital	**12 986**	9 194
Tier 1 capital	**202 144**	183 328
Tier 2 capital	**23 901**	23 433
Total qualifying capital	**226 045**	206 761

* *Refer to the Basel Pillar 3 standardised disclosures at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/ for additional detail on the composition of capital.*

Key drivers

2024 vs 2023

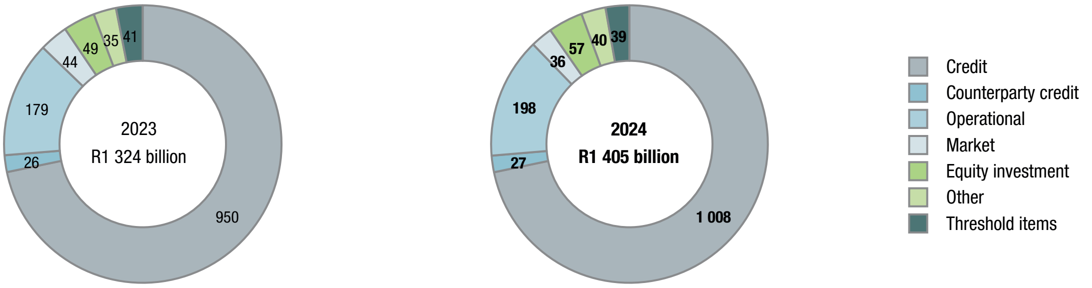
CET 1 capital	▲	• Positive earnings generation partly offset by the payment of dividends and reduction of the foreign currency translation reserve due to the appreciation of the closing spot rate of the rand at 30 June 2024 against hard currencies.
AT1 capital	▲	• AT1 issuances net of redemptions to manage rollover of existing profile, support balance sheet growth and optimise overall capital stack.

Additional detail on the group's capital instruments is included on page 170.

Capital continued

Demand for capital

RWA analysis
(R billion)



Key drivers

2024 vs 2023

Credit	▲	• Volume growth partly offset by foreign currency movements, model refinements and optimisation.
Counterparty credit	▲	• Increased exposure to corporate and project finance hedging activities in South Africa, partly offset by a decrease in post-credit risk mitigation sovereign exposure in Nigeria.
Operational	▲	• Updates to model input data and the regulatory capital floor for entities on the advanced measurement approach, as well as changes in average gross income for entities on the basic indicator and standardised approaches.
Market	▼	• Decreased exposure from trading book positions and client flow across interest rate and foreign exchange asset classes, given global and local market conditions.
Equity	▲	• New investments and fair value movements.
Other	▲	• Increase in property and equipment partly offset by a decrease in other assets.
Threshold items	▼	• Decrease in deferred income tax assets and investments in financial entities.

Capital adequacy position for the group and its regulated entities

	As at 30 June		
	2024		2023
	Total minimum requirement*	**Total capital adequacy**	Total capital adequacy
Banking (%)			
Basel III (PA regulations)			
FirstRand**	**13.5**	**16.1**	15.6
FirstRand Bank**,[#]	**13.0**	**15.6**	15.4
FirstRand Bank South Africa**	**13.0**	**15.4**	15.1
FirstRand Bank London	**13.6**	**17.8**	19.6
FirstRand Bank Guernsey	**13.0**	**98.1**	68.5
FirstRand Bank India[†]	**13.0**	**>100**	>100
Basel III (local regulations)			
Aldermore Bank[‡]	**14.6**	**21.6**	21.0
FNB Namibia[^]	**12.5**	**16.6**	17.1
Basel II (local regulations)			
FNB Botswana	**12.5**	**18.8**	18.1
RMB Nigeria	**10.0**	**25.1**	22.6
FNB Eswatini	**8.0**	**21.8**	21.5
FNB Lesotho[^]	**10.0**	**13.5**	16.5
First National Bank Ghana	**13.0**	**16.4**	16.1
FNB Mozambique	**12.0**	**24.2**	20.5
Basel I (local regulations)			
FNB Zambia	**10.0**	**26.9**	29.3
Insurance (times)[◊]			
FirstRand Life Assurance (FNB Life)[§]	**1.0**	**1.5**	1.8
FirstRand Short Term Insurance	**1.0**	**4.2**	5.0
FRISCOL	**1.0**	**2.2**	2.5

* *Excluding any confidential bank-specific requirements.*

** *Including unappropriated profits.*

[#] *Including foreign branches.*

[†] *The branch is in the process of being wound down.*

[‡] *Aldermore Group's total capital adequacy ratio at 30 June 2024 was 18.4%.*

[^] *Bank of Namibia increased the minimum requirement to 12.5% from 10% effective for the September 2024 reporting period. FNB Lesotho transitioned from Basel I to Basel 2.5 in March 2024.*

[◊] *Solvency capital requirements as per quarterly returns as at 30 June 2024.*

[§] *Post allowance of future dividends.*

Performance measurement

The group aims to deliver sustainable returns to its shareholders. Each business unit and entities within broader Africa and the UK are evaluated on shareholder value created. Targeted hurdle rates are set for business units and capital is allocated to each business unit based on its risk profile. The capital allocation process is based on an internal assessment of capital requirements.

The group's specific performance measures are economic profit (NIACC) and ROE.

NIACC decreased 13% year on year, driven by 9% growth in average shareholders' equity and reserves and 4% growth in normalised earnings, impacted by the R3.3 billion UK motor commission matter. The group's cost of equity increased by 40 bps, further impacting the NIACC trend. ROE declined from 21.1% to 20.1% and remains well above the group's cost of equity of 14.65%, and within the long-term target range of 18% to 22%.

NIACC AND ROE

	Year ended 30 June		
R million	**2024**	2023*	% change
Normalised earnings attributable to ordinary shareholders	**37 988**	36 634	4
Capital charge**	**(27 624)**	(24 730)	12
NIACC	**10 364**	11 904	(13)
Average ordinary shareholders' equity and reserves	**188 558**	173 547	9
ROE (%)	**20.1**	21.1	
Cost of equity (%)#	**14.65**	14.25	
ROA (%)	**1.63**	1.71	
Return on average RWA (%)	**2.78**	2.98	

* *Restated. Refer to pages 65 to 67.*

** *Capital charge = cost of equity x average ordinary shareholders' equity and reserves.*

The group's cost of equity is calculated using the capital asset pricing model. The risk-free rate of 9.7% (2023: 9.3%) is determined through a fair value assessment of the South African risk-free rate, with the calculations referencing the global risk-free yield and the country risk premium, as well as expected inflation adjusted for potential future inflation uncertainty. The risk premium of 4.95% (2023: 4.95%) is determined using the FirstRand beta and equity risk premium.

Excluding the impact of the UK motor commission matter, NIACC increased 6% year on year driven by 10% growth in normalised earnings and 9% growth in average shareholders' equity and reserves as summarised below:

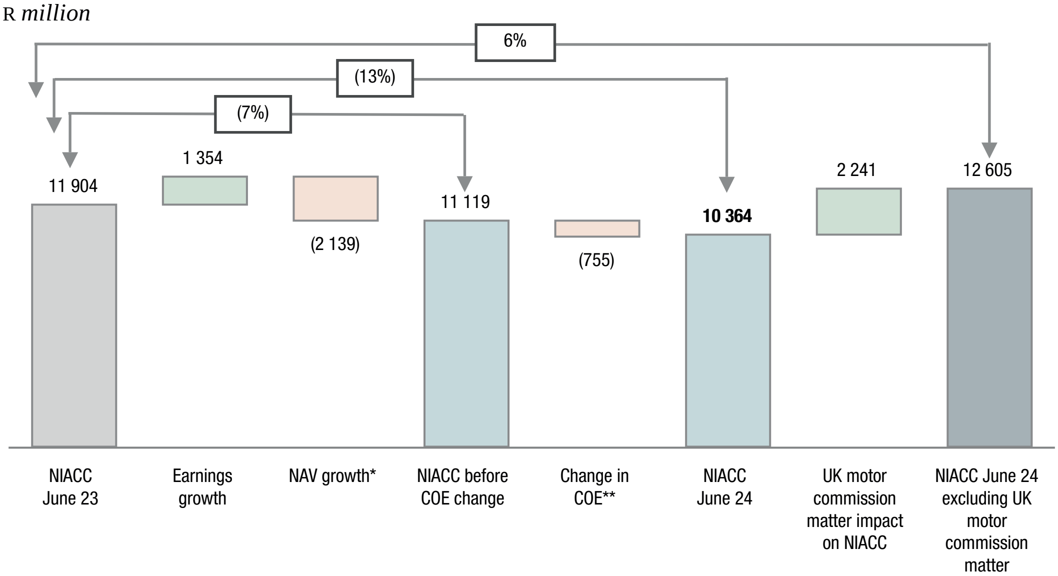
	Year ended 30 June		
R million	**2024**	2023*	% change
Normalised earnings attributable to ordinary shareholders	**40 406**	36 634	10
NIACC	**12 605**	11 904	6
Average ordinary shareholders' equity and reserves	**189 767**	173 547	9
ROE (%)	**21.3**	21.1	
ROA (%)	**1.73**	1.71	
Return on average RWA (%)	**2.96**	2.98	

* *Restated. Refer to pages 65 to 67.*

Performance measurement continued

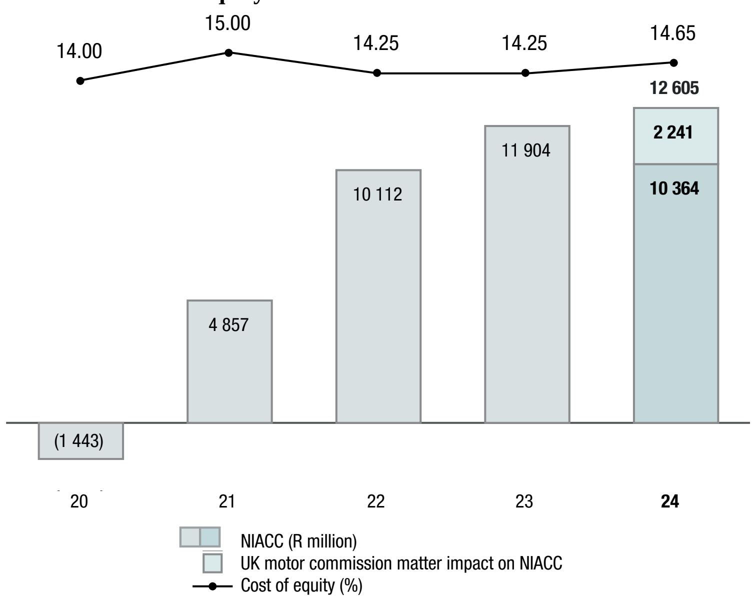
The graph below provides an analysis of the change in NIACC from June 2023 to June 2024:

NIACC change period on period
R *million*



* *NAV growth at prior year cost of equity (COE).*
** *Change in COE from 14.25% to 14.65%.*

NIACC and cost of equity



Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Performance measurement continued

Shareholder value creation

The decomposition of the ROE in the table below indicates that the decline in ROE was largely driven by a deterioration in ROA due to the UK motor commission matter.

	Year ended 30 June				
	2024*	2023**	2022	2021	2020
ROA (%)	**1.63**	1.71	1.69	1.41	0.97
Gearing#	**12.4**	12.4	12.2	13.0	13.3
ROE (%)	**20.1**	21.1	20.6	18.4	12.9

* *Excluding the impact of the UK motor commission matter, ROA would be 1.73%, gearing would decrease to 12.3 and ROE would be 21.3%.*

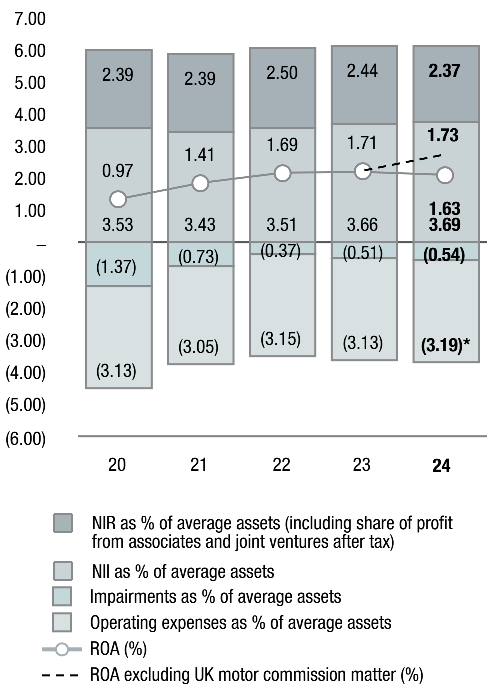
** *Restated. Refer to pages 65 to 67.*

Gearing = average total assets/average equity.

Note: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Excluding the impact of the UK motor commission matter, ROA increased by 2 bps to 1.73% (June 2023: 1.71%) largely as a result of strong cost containment, offset by a partial unwind of prior year income from the UK operations' fair value hedge due to the recent volatility in UK interest rates. Average total assets increased 9%.

ROA analysis



* *Excluding the impact of the UK motor commission matter this would be (3.05%)*

Note 1: 2020 to 2022 figures are based on IFRS 4, 2023 and 2024 figures on IFRS 17.

Note 2: The graph shows each item before tax and non-controlling interests as a percentage of average assets.

ROA is calculated as normalised earnings (after tax and non-controlling interests) as a percentage of average assets.

Performance measurement continued

Operating business performance

The tables below summarise the performances of the group's operating businesses.

ROE AND NORMALISED EARNINGS PER BUSINESS

	Year ended 30 June			
	2024		2023*	
R million	**Normalised earnings**	**ROE %**	Normalised earnings	ROE %
Retail and commercial	**23 949**	**34.7**	23 550	37.9
– FNB	**21 968**	**36.9**	21 700	40.6
– WesBank**	**1 981**	**20.9**	1 850	21.2
Corporate and institutional – RMB	**9 744**	**20.3**	9 116	21.1
UK operations#	**4 170**	**11.8**	3 356	11.6
Centre (including Group Treasury)†	**125**	**0.3**	612	1.6
FirstRand group	**37 988**	**20.1**	36 634	21.1
FirstRand group – excluding UK motor commission matter	**40 406**	**21.3**	36 634	21.1
Broader Africa‡	**5 157**	**24.9**	4 141	20.9

* *Restated. Refer to pages 65 to 67.*

** *The group reviewed its capital allocation to WesBank and consequently increased the allocation for its exposures outside of FirstRand Bank. The restated capital reflects current allocation approaches. The WesBank ROE was restated in line with the revised capital allocation.*

\# *Prior year included the MotoNovo back book. In the segment report on pages 50 to 57, the MotoNovo back book is included in the Centre. Normalised earnings included the return on capital and cost of other capital instruments allocated to it. ROEs are calculated in pound terms.*

† *Includes unallocated capital. Current period also includes the MotoNovo back book.*

‡ *Comprises in-country as well as cross-border deals booked on the South Africa, London branch and RMB Mauritius balance sheets, where the deal originated in a broader Africa jurisdiction.*

BUSINESS ROAs

	Year ended 30 June	
%	**2024**	2023*
Retail and commercial	**3.25**	3.46
– FNB	**3.88**	4.12
– WesBank	**1.17**	1.19
Corporate and institutional – RMB	**1.35**	1.36
UK operations**	**0.88**	0.82
Centre (including Group Treasury)#	**0.03**	0.17
FirstRand group	**1.63**	1.71
FirstRand group – excluding UK motor commission matter	**1.73**	1.71

* *Restated. Refer to pages 65 to 67.*

** *Prior year included the MotoNovo back book. ROAs are calculated in pound terms.*

\# *June 2024 includes the MotoNovo back book.*

Performance measurement continued

The table below provides a geographical analysis of capital allocated.

GEOGRAPHICAL ANALYSIS OF AVERAGE CAPITAL ALLOCATED

	Year ended 30 June				
R million	**2024**	**% composition**	2023*	% composition	% change
South Africa and other**	**132 405**	**70**	124 548	72	6
Broader Africa#	**20 721**	**11**	19 860	11	4
UK operations†	**35 432**	**19**	29 139	17	22
FirstRand group	**188 558**	**100**	173 547	100	9
FirstRand group – excluding UK motor commission matter	**189 767**	**100**	173 547	100	9

* *Restated. Refer to pages 65 to 67.*

** *Exclude cross-border deals.*

\# *Comprises in-country as well as cross-border deals booked on the South Africa, London branch and RMB Mauritius balance sheets, where the deal originated in a broader Africa jurisdiction.*

† *Prior year included the MotoNovo back book. UK operations' capital represents a quarterly average with pound sterling capital converted to rand using period-end closing exchange rates.*

The table below provides a geographical ROE analysis.

GEOGRAPHICAL ROE ANALYSIS

	Year ended 30 June	
%	**2024**	2023*
South Africa and other**	**21.6**	23.4
Broader Africa#	**24.9**	20.9
UK operations†	**11.8**	11.6
FirstRand group	**20.1**	21.1
FirstRand group – excluding UK motor commission matter	**21.3**	21.1

* *Restated. Refer to pages 65 to 67.*

** *Exclude cross-border deals.*

\# *Comprises in-country as well as cross-border deals booked on the South Africa, London branch and RMB Mauritius balance sheets, where the deal originated in a broader Africa jurisdiction.*

† *Prior year included the MotoNovo back book. ROEs are calculated in pound terms.*

Regulatory update

Resolution framework

In January 2022, the President signed into law the Financial Sector Laws Amendment Act 23 of 2021 (FSLAA), which amends the Financial Sector Regulation Act 9 of 2017. On 24 March 2023, a commencement schedule for the provisions of the FSLAA was published, setting out the implementation dates for key elements of the resolution framework. One of the pivotal provisions effected by the schedule was the designation of the SARB as the RA effective 1 June 2023 and providing it with the necessary powers to operationalise an effective resolution regime and issue resolution standards. The SARB has initiated the resolution planning process by commencing its engagement with systemically important financial institutions.

The RA published a draft standard, *Flac instrument requirements for designated institutions,* in December 2023, which sets out the qualifying criteria of Flac instruments and the level of required instruments to ensure sufficient loss absorption and recapitalisation capacity. The estimated post-tax cost, ranging between R200 million and R300 million in the end-state, will be incorporated into the group's ALM strategies with various transmission mechanisms being analysed and considered as part of the FRM process.

Capital

Guidance Note 3 of 2023, *Proposed implementation dates in respect of specified regulatory reforms*, was published in July 2023 and outlined the proposed implementation dates for the remaining Basel reforms. The proposed implementation date remains July 2025 onwards, and the assessment and implementation of the final reforms remain a key focus area.

FirstRand continues to actively engage with the industry and regulator, as well as to participate in impact assessments to better understand the effects of the proposed reforms on the group. These have been incorporated into the group's forward-looking capital plan. The impact on the group's capital adequacy ratios is not expected to be material following the removal of the 6% scaling factor on advanced credit models and the implementation of the new standardised approach for operational risk. Areas of national discretion, however, have not been finalised and may still shift the final impact of the reforms.

Liquidity

The PA published Directive 11/2022 on 14 December 2022, addressing items of national discretion relating to the LCR. The directive enabled, for a limited time, the inclusion of foreign currency level 1 HQLA for purposes of domestic currency LCR (subject to an 8% haircut and restricted to the excess over foreign currency net cash outflows). This extension fell away from 31 December 2023.

As previously noted, the PA published Directive 1/2023 on 23 January 2023 in which items of national discretion relating to the NSFR were addressed. For the initial implementation of the NSFR framework, the PA assigned a 35% available stable funding (ASF) factor to funding received from financial corporates, excluding banks, that matures within six months.

Directive 1/2023 withdrew this adjustment, with the phase out of the 35% ASF following timeline outlined in the table below:

Implementation dates	ASF for funding from financial corporates (excluding banks) maturing within six months
1 June 2023 to 31 December 2023	**30%**
1 January 2024 to 31 December 2024	**20%**
1 January 2025 to 31 December 2027	**10%**
1 January 2028 onwards	**0%**

The step-down from 30% to 20% took effect on 1 January 2024.

Financial conglomerates

The Financial Sector Regulation Act empowers the PA to designate a group of companies as a financial conglomerate and to also regulate and supervise such designated financial conglomerates. The PA is also empowered to issue Prudential standards relating to financial conglomerates, and these must be complied with by the holding companies of such financial conglomerates. FirstRand has not been designated as a financial conglomerate, however its designation will be reassessed on a frequent basis. The group voluntarily participates in the field testing of the proposed capital standards.

Rate reforms

The Johannesburg Interbank Average Rate (JIBAR) is set to be replaced. The SARB has indicated that this change is likely to occur by the end of 2026, with a confirmation date expected in December 2025. The SARB had initially released several proposed Alternative Reference Rates (ARRs) and calculation methodologies. However, after careful observation, they have now identified and endorsed the South African Rand Overnight Index Average Rate (ZARONIA) as the successor to JIBAR, effective from 6 November 2023.

The industry timeline published by the SARB includes significant milestones such as the introduction of ZARONIA for derivatives in November 2024, its first use in the cash market in June 2025, and the cessation of new JIBAR contracts scheduled for March 2026.

The group currently holds several contracts, including derivatives, that reference JIBAR. To oversee the transition, a South African Rates Reform steering committee has been established. This committee comprises key finance, risk, IT, treasury, legal, and compliance personnel, as well as advisors. They have developed a transition process for both existing and potential future contracts, aiming to minimise disruption to business and clients, and to mitigate legal, operational, and conduct risks associated with the transition to ZARONIA.

BASIS OF PREPARATION

Presentation

Normalised results

The group believes normalised earnings most accurately reflect operational performance. Consequently, headline earnings have been adjusted to take into account non-operational and accounting anomalies which, in terms of the JSE Limited Listings Requirements, constitute *pro forma* financial information.

All normalised entries, as included and described in the *Analysis of financial results* for the year ended 30 June 2024, remain unchanged from the prior year.

This *pro forma* financial information, which is the responsibility of the group's directors, has been prepared for illustrative purposes to more accurately reflect operational performance. Due to its nature it may not fairly present, in terms of IFRS Accounting Standards, the group's financial position, changes in equity and results of operations or cash flows. Details of the nature of these adjustments and reasons therefore can be found below. The *pro forma* financial information should be read in conjunction with the unmodified Ernst & Young Inc. and PricewaterhouseCoopers Inc. independent reporting accountants report, in terms of International Standard on Assurance Engagements (ISAE 3420), on pages 152 and 153.

Description of difference between normalised and IFRS results

Consolidated private equity subsidiaries

In accordance with IFRS Accounting Standards, operating costs of consolidated private equity subsidiaries are included in profit or loss as part of operating expenses. When calculating normalised results these operating costs are reclassified to NIR, where income earned from these entities is included. This presentation of net income earned from consolidated private equity subsidiaries more accurately reflects the underlying economic substance of the group's relationship with these entities.

FirstRand shares held for client trading activities

The group invests in FirstRand shares to offset its exposure as a result of client trading positions. Depending on the nature of the client trading position and resulting risks, FirstRand shares may be held long or sold short by the group.

FirstRand shares held by the group are deemed to be treasury shares for accounting purposes. For the statement of financial position, the cost price of FirstRand shares held long is deducted from equity and the consideration received from selling FirstRand shares short is added back to equity.

All gains and losses on FirstRand shares are reversed to profit or loss.

In addition, one of the group's joint ventures holds FirstRand shares for client trading activities. In terms of IAS 32, profits or losses cannot be recognised on an entity's own equity instruments. The group's portion of the fair value change in the FirstRand shares is therefore deducted from equity-accounted earnings and the carrying value of the investment recognised using the equity-accounted method. The shares held by the joint venture are not deducted from equity.

Changes in the fair value of FirstRand shares and dividends declared on these shares affect the fair value of client trading positions reflected in the statement of financial position, unless the client trading position is itself an equity instrument. The change in the fair value of client trading positions is recognised in profit or loss. However, because of the rules relating to treasury shares and the elimination of upstream and downstream profits, when equity accounting is applied the corresponding fair value changes (or the group's portion of the fair value changes) in the FirstRand shares held to match client trading positions are reversed or eliminated. This results in a mismatch in the overall equity and profit or loss of the group.

For purposes of calculating normalised results, the adjustments described above are reversed and FirstRand shares held for client trading positions are treated as issued to parties external to the group.

Where the client trading position is itself an equity instrument, then neither gains nor losses on client trading positions or FirstRand shares held to hedge these are reflected in profit or loss, or in the statement of financial position.

Margin-related items included in fair value income

In terms of IFRS Accounting Standards the group is required to, or has elected to, measure certain financial assets and liabilities at fair value through profit or loss. In terms of the group's IFRS Accounting Standards policies, the gains or losses on these assets and liabilities are included in fair value income within NIR. This results in NIR including gains or losses that are related to lending, borrowing and economic interest rate hedges. In order to reflect the economic substance of these amounts, the amount of fair value income that relates to margin is presented in NII in the normalised results.

The amount reclassified from NIR to NII includes the following items:

- the margin on the component of the wholesale advances book in RMB that is measured at fair value through profit or loss;
- fair value gains on derivatives that are used as interest rate hedges but which do not qualify for hedge accounting; and
- currency translations and associated costs inherent to the USD funding and liquidity pool.

IAS 19 remeasurement of plan assets

Interest income is recognised on the plan assets and set off against staff costs in the income statement. All other remeasurements of plan assets are recognised in other comprehensive income. In instances where the plan asset is a qualifying insurance policy, which has a limit of indemnity, the fair value of the plan asset is limited to that limit of indemnity. The limit of indemnity continually reduces as payments are made in terms of the insurance policy. After the recognition of interest income on the plan asset, any further adjustment required to revalue the plan asset to the limit of indemnity is recognised in other comprehensive income. To the extent, therefore, that interest income on plan assets results in an increase in the fair value of the plan asset above the limit of indemnity, a downward fair value measurement is recognised in other comprehensive income. Economically, the value of the plan asset has simply reduced with claims paid. Normalised results are adjusted to reflect this by increasing staff costs for the value of the interest on the plan assets and increasing other comprehensive income.

Realisation on the sale of private equity subsidiaries

In terms of *Circular 01/2023 – Headline Earnings*, gains or losses from the sale of subsidiaries are excluded from headline earnings.

The circular includes specific industry rules. Rule 1 allows entities to include in headline earnings gains or losses associated with private equity investments that are associates or joint ventures, which form part of trading or operating activities. The industry rule, however, does not apply to gains or losses associated with private equity investments that are subsidiaries. The group includes gains or losses on the sale of private equity subsidiaries in normalised results to reflect the nature of these investments.

Cash-settled share-based payments and the economic hedge

The group entered into various total return swaps (TRSs) with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's share-based awards.

The expense resulting from these share schemes is recognised over the vesting period of the schemes. This leads to a mismatch in the recognition of the profit or loss of the hedge and the share-based payment expense.

When calculating normalised results, the group defers a portion of the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the share-based payment expense will manifest in the group's results. This reflects the economic substance of the hedge and associated share-based payment expense for the group for the share schemes that are not hedge accounted.

In addition, the portion of the share-based payment expense which relates to the remeasurement of the liability arising from changes in the share price is reclassified from operating expenses into NIR in accordance with the economics of the transaction. The share-based payment expense included in operating expenses is equal to the grant date fair value of the awards given.

IFRS 10 Consolidation of fully vested empowerment vehicles

When assessing if a structured entity is controlled by another entity, it must consider whether the sponsoring entity was instrumental in the design and purpose of the mandate and operational parameters of the entity being evaluated, and whether benefits are obtained. Where both these requirements are met, the sponsoring entity is deemed to have control over the entity.

FirstRand's black economic empowerment (BEE) transaction is fully vested and distributed to the broad-based black economic empowerment beneficiaries, which include the empowerment trusts. Although the trustees are empowered and responsible for making investment decisions and disbursements to beneficiaries, as FirstRand was instrumental in the initial design and obtains non-financial benefits, namely BEE ownership points, the group is deemed to have control and therefore consolidates the empowerment trusts.

For the purpose of calculating normalised results the consolidation of the trusts is reversed as the assets, liabilities and returns within the trusts are not for the benefit of FirstRand shareholders, either on distribution or dissolution of the trusts.

Headline earnings adjustments

All adjustments required by *Circular 01/2023 – Headline Earnings* in calculating headline earnings are included in normalised earnings on a line-by-line basis, based on the nature of the adjustment.

The description and amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 154.

The consolidated group and FirstRand Limited company audited annual financial statements are available on the group's website at www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/.

Adoption of IFRS 17 and restatement of prior year numbers

The group has made changes to the presentation of the statement of financial position, statement of comprehensive income and the statement of cash flows relating to the adoption of IFRS 17 and other restatements described below.

Adoption of IFRS 17

Refer to page 213 of the *Analysis of financial result*s for the six months ended 31 December 2023 for details relating to the impact of the adoption of IFRS 17.

Restatements

Restatement of derivative-related margin balances

Margin balances related to derivative transactions have increased significantly because of growth in the group's local and international client base and increased trading through the London Clearing House. The group therefore has reconsidered the classification and presentation of margin balances associated with the derivative market in the statement of financial position and statement of cash flows during the current financial year. The revised classification and presentation results in an adjustment of R27 633 million associated with margin balances in the derivative market from cash and cash equivalents into collateral, settlement balances and other assets to reflect the underlying nature of the balances.

The impact on financial information previously reported for the items noted above is illustrated below.

Statement of financial position

R million	IFRS As reported at 30 June 2022	IFRS 17	Reclassification	IFRS Restated as at 1 July 2022	IFRS As reported at 30 June 2023	IFRS 17	Reclassification	IFRS Restated as at 30 June 2023
ASSETS								
Cash and cash equivalents	143 636	–	(36 067)	107 569	175 304	–	(27 633)	147 671
Collateral, settlement balances and other assets	4 764	(139)	36 067	40 692	3 760	(205)	27 633	31 188
Reinsurance assets	583	(583)	–	–	554	(554)	–	–
Insurance contract assets	–	306	–	306	–	555	–	555
Reinsurance contract assets	–	549	–	549	–	610	–	610
Intangible assets	9 459	(2)	–	9 457	10 278	(1)	–	10 277
Deferred income tax asset	8 028	24	–	8 052	8 669	24	–	8 693
Other assets	1 833 099	–	–	1 833 099	2 097 686	–	–	2 097 686
Total assets	1 999 569	155	–	1 999 724	2 297 610	429	–	2 298 039
EQUITY AND LIABILITIES								
Liabilities								
Creditors, accruals and provisions	30 928	(251)	–	30 677	43 389	(126)	–	43 263
Insurance contract liabilities	–	1 344	–	1 344	–	1 392	–	1 392
Reinsurance contract liabilities	–	–	–	–	–	24	–	24
Policyholder liabilities under investment contracts	7 424	(2 028)	–	5 396	8 131	(1 895)	–	6 236
Deferred income tax liability	692	305	–	997	752	281	–	1 033
Other liabilities	1 779 816	–	–	1 779 816	2 047 657	–	–	2 047 657
Total liabilities	1 818 860	(630)	–	1 818 230	2 099 929	(324)	–	2 099 605
Equity								
Ordinary shares	56	–	–	56	56	–	–	56
Share premium	7 905	–	–	7 905	7 860	–	–	7 860
Reserves	156 820	785	–	157 605	172 631	753	–	173 384
Capital and reserves attributable to equityholders of the group	164 781	785	–	165 566	180 547	753	–	181 300
Other equity instruments and reserves	11 645	–	–	11 645	12 846	–	–	12 846
Non-controlling interests	4 283	–	–	4 283	4 288	–	–	4 288
Total equity	180 709	785	–	181 494	197 681	753	–	198 434
Total equities and liabilities	1 999 569	155	–	1 999 724	2 297 610	429	–	2 298 039

Statement of total comprehensive income for the year

R million	IFRS As reported at 30 June 2023	IFRS 17	IFRS Restated as at 30 June 2023*
Interest and similar income	151 896	–	151 896
Interest expense and similar charges	(75 459)	(1)	(75 460)
Impairment and fair value of credit of advances	(10 949)	–	(10 949)
Non-interest revenue	55 314	(1 470)	53 844
Operating expenses	(68 749)	1 320	(67 429)
Share of profit of associates and joint ventures after tax	487	–	487
Indirect tax	(1 632)	92	(1 540)
Income tax expense	(12 196)	24	(12 172)
Profit for the year	38 712	(35)	38 677
Attributable to			
Ordinary equityholders	36 366	(35)	36 331
Other equity instrument holders	1 119	–	1 119
Equityholders of the group	37 485	(35)	37 450
Non-controlling interests	1 227	–	1 227
Profit for the year	38 712	(35)	38 677
Other comprehensive income for the year	7 416	–	7 416
Insurance contract finance reserve	–	3	3
Total comprehensive income for the year	46 128	(32)	46 096

* *Restated due to the adoption and retrospective application of IFRS 17.*

Independent Auditors' Assurance Report on the compilation of pro forma financial information for the year ended 30 June 2024 included in Analysis of Financial Results

To the Directors of FirstRand Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial Information of FirstRand Limited (the "Group") by the directors. The pro forma financial Information, as set out on pages 146 to 162 of the Analysis of Financial Results, consist of:

- Reconciliation from headline to normalised earnings for the year ended 30 June 2024; and
- Reconciliation of normalised to IFRS summary consolidated income statement for the year ended 30 June 2024.
- Reconciliation of normalised to IFRS summary consolidated statement of financial position as at 30 June 2024 (collectively the "Pro Forma Financial Information").

The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") and described in the basis of preparation section of the Analysis of Financial Results (the "Applicable Criteria").

The Pro Forma Financial Information has been compiled by the directors solely for illustrative purposes to more accurately reflect operational performance for the period ended 30 June 2024. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements and information underlying the financial statements for the year ended 30 June 2024, on which an audit opinion was issued on 11 September 2024.

Directors' responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Pro Forma Financial Information on the basis of the Applicable Criteria.

Our independence and quality management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

The firms apply the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express an opinion, as required by the JSE Listings Requirements, about whether the Pro Forma Financial Information has been compiled, in all material respects, by the directors based on the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the analysis of financial results is solely prepared for illustrative purposes to more accurately reflect operational performance.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the financial information on a pro forma basis, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the illustrative purpose in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Keith Ackerman
Registered Auditor

Johannesburg, South Africa
11 September 2024

Ernst & Young Inc.

Ernst & Young Inc.
Director: Ernest Van Rooyen
Registered Auditor

Johannesburg, South Africa
11 September 2024

Statement of headline earnings – IFRS (audited)

for the year ended 30 June

R million	2024	2023*	% change
Profit for the year	**41 180**	38 677	6
Other equity instrument holders	**(1 518)**	(1 119)	36
Non-controlling interests	**(1 471)**	(1 227)	20
Earnings attributable to ordinary equityholders	**38 191**	36 331	5
Adjusted for	**(137)**	369	(>100)
Gain on disposal of non-private equity associates	**(208)**	–	–
Loss/(gain) on partial disposal of subsidiaries	**3**	(25)	(>100)
Loss on disposal of property and equipment	**23**	43	(47)
Fair value movement on investment properties	**(28)**	25	(>100)
Impairment of goodwill	**61**	342	(82)
Impairment/(reversal of impairment) of assets in terms of IAS 36	**11**	61	(82)
Tax effects of adjustments	**(1)**	(27)	(96)
Non-controlling interest adjustments	**2**	(50)	(>100)
Headline earnings	**38 054**	36 700	4

* *Restated due to the adoption and retrospective application of IFRS 17.*

Reconciliation from headline to normalised earnings

for the year ended 30 June

R million	2024	2023*	% change
Headline earnings*	**38 054**	36 700	4
Adjusted for	**(66)**	(66)	–
Treasury shares**	**16**	17	(6)
IAS 19 adjustment	**(87)**	(98)	(11)
Private equity related#	**5**	15	(67)
Normalised earnings	**37 988**	36 634	4

* *Restated due to the adoption and retrospective application of IFRS 17.*

** *Include FirstRand shares held for client trading activities.*

Realisation of private equity subsidiaries net of private equity related goodwill and other asset impairments.

Reconciliation of normalised to IFRS summary consolidated income statement

for the year ended 30 June 2024

R million	Normalised	Private equity related	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	**86 105**	–	–	(2 896)
Impairment charge	**(12 555)**	–	–	–
Net interest income after impairment of advances	**73 550**	–	–	(2 896)
Total non-interest revenue	**55 295**	(17)	(16)	2 896
– Operational non-interest revenue	**52 873**	(17)	(20)	2 896
– Share of profit of associates and joint ventures after tax	**2 422**	–	4	–
Income from operations	**128 845**	(17)	(16)	–
Operating expenses	**(74 405)**	12	–	–
Income before indirect tax	**54 440**	(5)	(16)	–
Indirect tax	**(1 655)**	–	–	–
Profit before tax	**52 785**	(5)	(16)	–
Income tax expense	**(11 810)**	–	–	–
Profit for the year	**40 975**	(5)	(16)	–
Attributable to				
Other equity instrument holders	**(1 518)**	–	–	–
Non-controlling interests	**(1 469)**	–	–	–
Ordinary equityholders	**37 988**	(5)	(16)	–
Headline and normalised earnings adjustments	**–**	5	16	–
Normalised earnings attributable to ordinary equityholders of the group	**37 988**	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
–	–	245	**83 454**
–	–	–	**(12 555)**
–	–	245	**70 899**
–	210	140	**58 508**
–	210	140	**56 082**
–	–	–	**2 426**
–	210	385	**129 407**
119	(72)	(385)	**(74 731)**
119	138	–	**54 676**
–	–	–	**(1 655)**
119	138	–	**53 021**
(32)	1	–	**(11 841)**
87	139	–	**41 180**
–	–	–	**(1 518)**
–	(2)	–	**(1 471)**
87	137	–	**38 191**
(87)	(137)	–	**(203)**
–	–	–	**37 988**

Reconciliation of normalised to IFRS summary consolidated income statement

For the year ended 30 June 2023

R million	Normalised	Private equity related	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	78 615	–	–	(2 402)
Impairment charge	(10 949)	–	–	–
Net interest income after impairment of advances	67 666	–	–	(2 402)
Total non-interest revenue	52 393	(43)	(16)	2 402
– Operational non-interest revenue	51 900	(43)	(10)	2 402
– Share of profit of associates and joint ventures after tax	493	–	(6)	–
Income from operations	120 059	(43)	(16)	–
Operating expenses	(67 320)	21	–	–
Income before indirect tax	52 739	(22)	(16)	–
Indirect tax	(1 540)	–	–	–
Profit before tax	51 199	(22)	(16)	–
Income tax expense	(12 169)	7	(1)	–
Profit for the year	39 030	(15)	(17)	–
Attributable to				
Other equity instrument holders	(1 119)	–	–	–
Non-controlling interests	(1 277)	–	–	–
Ordinary equityholders	36 634	(15)	(17)	–
Headline and normalised earnings adjustments	–	15	17	–
Normalised earnings attributable to ordinary equityholders of the group	36 634	–	–	–

* *FirstRand shares held for client trading activities.*

** *Restated due to the adoption and retrospective application of IFRS 17.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS**
–	–	223	76 436
–	–	–	(10 949)
–	–	223	65 487
–	(42)	(363)	54 331
–	(42)	(363)	53 844
–	–	–	487
–	(42)	(140)	119 818
134	(404)	140	(67 429)
134	(446)	–	52 389
–	–	–	(1 540)
134	(446)	–	50 849
(36)	27	–	(12 172)
98	(419)	–	38 677
–	–	–	(1 119)
–	50	–	(1 227)
98	(369)	–	36 331
(98)	369	–	303
–	–	–	36 634

Reconciliation of normalised to IFRS summary consolidated statement of financial position

as at 30 June 2024

R million	Normalised	Treasury shares*	Empowerment fund reserve	IFRS
ASSETS				
Cash and cash equivalents	158 477	–	–	158 477
Derivative financial instruments	55 284	–	–	55 284
Commodities	15 109	–	–	15 109
Investment securities	431 044	(444)	2 916	433 516
Advances	1 611 541	–	–	1 611 541
– Advances to customers	1 532 589	–	–	1 532 589
– Marketable advances	78 952	–	–	78 952
Collateral, settlement balances and other assets	36 052	–	–	36 052
Current tax asset	451	–	–	451
Non-current assets and disposal groups held for sale	1 498	–	–	1 498
Insurance contract assets	760	–	–	760
Reinsurance contract assets	509	–	–	509
Investments in associates	10 332	–	–	10 332
Investments in joint ventures	3 458	52	–	3 510
Property and equipment	23 326	–	–	23 326
Intangible assets	9 701	–	–	9 701
Investment properties	704	–	–	704
Defined benefit post-employment asset	7	–	–	7
Deferred income tax asset	8 562	–	–	8 562
Total assets	**2 366 815**	**(392)**	**2 916**	**2 369 339**
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	10 273	–	–	10 273
Derivative financial instruments	44 645	–	–	44 645
Creditors, accruals and provisions	42 447	–	–	42 447
Current tax liability	719	–	–	719
Liabilities directly associated with disposal groups held for sale	1 126	–	–	1 126
Deposits	2 003 151	–	–	2 003 151
Employee liabilities	16 572	–	–	16 572
Other liabilities	5 806	–	–	5 806
Insurance contract liabilities	968	–	–	968
Reinsurance contract liabilities	48	–	–	48
Policyholder liabilities under investment contracts	7 669	–	–	7 669
Tier 2 liabilities	17 268	–	–	17 268
Deferred income tax liability	843	–	–	843
Total liabilities	**2 151 535**	**–**	**–**	**2 151 535**
Equity				
Ordinary shares	56	–	–	56
Share premium	8 056	(416)	–	7 640
Reserves	187 552	24	–	187 576
Capital and reserves attributable to equityholders of the group	**195 664**	**(392)**	**–**	**195 272**
Other equity instruments and reserves	14 755	–	2 916	17 671
Non-controlling interests	4 861	–	–	4 861
Total equity	**215 280**	**(392)**	**2 916**	**217 804**
Total equities and liabilities	**2 366 815**	**(392)**	**2 916**	**2 369 339**

* *FirstRand shares held for client trading activities.*

Reconciliation of normalised to IFRS summary consolidated statement of financial position

as at 30 June 2023

R million	Normalised	Treasury shares*	Empowerment fund reserve	IFRS**
ASSETS				
Cash and cash equivalents	147 671	–	–	147 671
Derivative financial instruments	85 956	–	–	85 956
Commodities	17 252	–	–	17 252
Investment securities	416 423	(199)	2 916	419 140
Advances	1 539 375	–	–	1 539 375
– Advances to customers	1 455 422	–	–	1 455 422
– Marketable advances	83 953	–	–	83 953
Collateral, settlement balances and other assets	31 188	–	–	31 188
Current tax asset	925	–	–	925
Non-current assets and disposal groups held for sale	1 359	–	–	1 359
Insurance contract assets	555	–	–	555
Reinsurance contract assets	610	–	–	610
Investments in associates	10 400	–	–	10 400
Investments in joint ventures	3 057	48	–	3 105
Property and equipment	21 155	–	–	21 155
Intangible assets	10 277	–	–	10 277
Investment properties	353	–	–	353
Defined benefit post-employment asset	25	–	–	25
Deferred income tax asset	8 693	–	–	8 693
Total assets	2 295 274	(151)	2 916	2 298 039
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	12 753	–	–	12 753
Derivative financial instruments	70 354	–	–	70 354
Creditors, accruals and provisions	43 263	–	–	43 263
Current tax liability	471	–	–	471
Liabilities directly associated with disposal groups held for sale	–	–	–	–
Deposits	1 923 103	–	–	1 923 103
Employee liabilities	17 074	–	–	17 074
Other liabilities	7 033	–	–	7 033
Insurance contract liabilities	1 392	–	–	1 392
Reinsurance contract liabilities	24	–	–	24
Policyholder liabilities under investment contracts	6 236	–	–	6 236
Tier 2 liabilities	16 869	–	–	16 869
Deferred income tax liability	1 033	–	–	1 033
Total liabilities	2 099 605	–	–	2 099 605
Equity				
Ordinary shares	56	–	–	56
Share premium	8 056	(196)	–	7 860
Reserves	173 339	45	–	173 384
Capital and reserves attributable to equityholders of the group	181 451	(151)	–	181 300
Other equity instruments and reserves	9 930	–	2 916	12 846
Non-controlling interests	4 288	–	–	4 288
Total equity	195 669	(151)	2 916	198 434
Total equities and liabilities	2 295 274	(151)	2 916	2 298 039

* *FirstRand shares held for client trading activities.*

** *Restated due to the adoption and retrospective application of IFRS 17.*

Reconciliation of normalised to IFRS summary consolidated statement of financial position

as at 30 June 2022

R million	Normalised	Treasury shares*	IFRS**
ASSETS			
Cash and cash equivalents	107 569	–	107 569
Derivative financial instruments	65 667	–	65 667
Commodities	17 580	–	17 580
Investment securities	382 280	(131)	382 149
Advances	1 334 324	–	1 334 324
– Advances to customers	1 262 083	–	1 262 083
– Marketable advances	72 241	–	72 241
Collateral, settlement balances and other assets	40 692	–	40 692
Current tax asset	624	–	624
Non-current assets and disposal groups held for sale	1 501	–	1 501
Insurance contract assets	306	–	306
Reinsurance contract assets	549	–	549
Investments in associates	8 178	–	8 178
Investments in joint ventures	2 564	54	2 618
Property and equipment	19 725	–	19 725
Intangible assets	9 457	–	9 457
Investment properties	698	–	698
Defined benefit post-employment asset	35	–	35
Deferred income tax asset	8 051	1	8 052
Total assets	1 999 800	(76)	1 999 724
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	14 623	–	14 623
Derivative financial instruments	64 547	–	64 547
Creditors, accruals and provisions	30 677	–	30 677
Current tax liability	803	–	803
Liabilities directly associated with disposal groups held for sale	824	–	824
Deposits	1 655 972	–	1 655 972
Employee liabilities	13 862	–	13 862
Other liabilities	8 248	–	8 248
Insurance contract liabilities	1 344	–	1 344
Reinsurance contract liabilities	–	–	–
Policyholder liabilities under investment contracts	5 396	–	5 396
Tier 2 liabilities	20 937	–	20 937
Deferred income tax liability	997	–	997
Total liabilities	1 818 230	–	1 818 230
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(151)	7 905
Reserves	157 530	75	157 605
Capital and reserves attributable to equityholders of the group	165 642	(76)	165 566
Other equity instruments and reserves	11 645	–	11 645
Non-controlling interests	4 283	–	4 283
Total equity	181 570	(76)	181 494
Total equities and liabilities	1 999 800	(76)	1 999 724

* *FirstRand shares held for client trading activities.*

** *Restated due to the adoption and retrospective application of IFRS 17.*

SUPPLEMENTARY INFORMATION

Headline earnings additional disclosure

Set out below is additional information pertaining to Section 1 of Circular 01/2023 – Sector-Specific Rules for Headline Earnings.

Issue 1 – Remeasurement relating to private equity activities (associates and joint ventures excluding any private equity investments carried at fair value in terms of IFRS 9) regarded as operating or trading activities

R million	2024	2023	% change
Aggregate cost of portfolio	**4 126**	3 205	29
Aggregate carrying value	**8 365**	6 922	21
Aggregate fair value*	**15 259**	12 725	20
Equity-accounted income**	**1 919**	10	(>100)
Profit on realisation#	**1**	823	(100)

* *Aggregate fair value is disclosed, including non-controlling interests.*

** *Share of profits from associates and joint ventures is disclosed post-tax, and the prior year is impacted by the debt-to-equity restructure. Refer to page 85.*

Profit on realisation is disclosed post-tax and non-controlling interests.

Issue 2 – Capital appreciation on investment products

R million	2024	2023	% change
Carrying value of investment properties	**704**	353	99
Fair value of investment properties	**704**	353	99

Number of ordinary shares in issue

as at 30 June

	2024		2023	
	IFRS	**Normalised**	IFRS	Normalised
Shares in issue				
Number of ordinary shares in issue	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001
Less: treasury shares	**(5 764 883)**	**–**	(2 900 304)	–
– Shares held for client trading*	**(5 764 883)**	**–**	(2 900 304)	–
Number of shares in issue (after treasury shares)	**5 603 723 118**	**5 609 488 001**	5 606 587 697	5 609 488 001
Weighted average number of shares				
Weighted average number of shares before treasury shares	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001
Less: treasury shares	**(4 954 913)**	**–**	(3 768 649)	–
– Shares held for client trading*	**(4 954 913)**	**–**	(3 768 649)	–
Basic and diluted weighted average number of shares in issue	**5 604 533 088**	**5 609 488 001**	5 605 719 352	5 609 488 001

* *For normalised reporting purposes, shares held for client trading activities are treated as externally issued.*

Key market indicators and share statistics

for the year ended 30 June

	2024	2023	% change
Market indicators			
$/R exchange rate			
– Closing	**18.22**	18.84	(3)
– Average	**18.71**	17.73	6
£/R exchange rate			
– Closing	**22.99**	23.95	(4)
– Average	**23.55**	21.31	11
SA prime overdraft (%)	**11.75**	11.75	
SA average prime overdraft (%)	**11.75**	10.27	
SA average CPI (%)	**5.26**	7.05	
JSE All Share Index	**79 707**	76 028	5
JSE Banks Index	**11 833**	9 890	20
Share statistics/performance on the JSE			
Number of shares in issue (thousands)	**5 609 488**	5 609 488	–
Share price			
– High for the year (cents)	**7 868**	7 100	11
– Low for the year (cents)	**5 890**	5 680	4
– Closing (cents)	**7 690**	6 850	12
Closing price/net asset value per share	**2.20**	2.13	
Closing price/earnings (headline)	**11.33**	10.45	
Shares traded			
– Number of shares (millions)	**3 404**	3 356	1
– Value of shares (R million)	**228 308**	214 729	6
– Turnover in shares traded (%)	**40.73**	38.30	
Market capitalisation (R million)	**431 370**	384 250	12
Share price performance			
FirstRand average share price (cents)	**6 694**	6 406	4
JSE Bank Index (average)	**10 332**	9 691	7
JSE All Share Index (average)	**74 775**	73 187	2

Company information

Directors

JP Burger (chairman), M Vilakazi (CEO), MG Davias (CFO), GG Gelink, TC Isaacs, PD Naidoo, Z Roscherr, SP Sibisi, LL von Zeuner, T Winterboer

Company secretary and registered office

C Low
4 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton 2196
PO Box 650149, Benmore, 2010
Tel: +27 11 282 1808
Fax: +27 11 282 8088
Website: www.firstrand.co.za

JSE sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton, 2196
Tel: +27 11 282 8000

Namibian sponsor

Simonis Storm Securities (Pty) Ltd
4 Koch Street
Klein Windhoek
Namibia

Transfer secretaries – South Africa

Computershare Investor Services (Pty) Ltd
1st Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
Private Bag X9000, Saxonwold, 2132
Tel: +27 11 370 5000
Fax: +27 11 688 5248

Transfer secretaries – Namibia

Transfer Secretaries (Pty) Ltd
4 Robert Mugabe Avenue, Windhoek
PO Box 2401, Windhoek, Namibia
Tel: +264 612 27647
Fax: +264 612 48531

Auditors

PricewaterhouseCoopers Inc.
4 Lisbon Lane
Waterfall City
Jukskei View
2090

Ernst & Young Inc.
102 Rivonia Road
Sandton
Johannesburg
Gauteng
South Africa
2146

Listed financial instruments of the group

Listed equity

JSE Limited (JSE)

Ordinary shares		
Issuer	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Namibian Stock Exchange (NSX)

Ordinary shares		
Issuer	Share code	ISIN code
FirstRand Limited	FST	ZAE000066304
FirstRand Namibia Limited	FNB	NA0003475176

Botswana Stock Exchange (BSE)

Ordinary shares		
Issuer	Issuer	ISIN code
First National Bank of Botswana Limited	FNBB	BW0000000066

Eswatini Stock Exchange (ESE)

Ordinary shares		
Issuer	Share code	ISIN code
First National Bank of Eswatini	FNBE	SZE000331064

Listed debt

South Africa

FRB remains the group's rated entity from which debt is issued – the JSE-listed programmes and debt instruments are available online at:

– www.firstrand.co.za/investors/debt-investor-centre/prospectuses-and-programme-memoranda/

– www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/

– www.rmb.co.za/page/krugerrand-custodial-certificate

– www.rmb.co.za/page/dollar-custodial-certificate

– www.rmb.co.za/page/retail-structured-solutions

Various group subsidiaries also issue debt instruments in other jurisdictions. These are outlined below.

Broader Africa

Issuer: First National Bank of Namibia Limited

NSX

Domestic medium-term note programme

ISIN code	
Senior unsecured	
NA000A3K3LR6	NA000A3K3LQ8

Issuer: First National Bank of Botswana Limited

BSE

Domestic medium-term note programme

ISIN code	
Subordinated debt	Senior unsecured
BW0000002377	BW0000001916

Credit ratings

Refer to www.firstrand.co.za/investors/debt-investor-centre/credit-ratings for current credit ratings.

Listed financial instruments of the group continued

Capital instruments

BASEL III COMPLIANT AT1 AND TIER 2 INSTRUMENTS

			As at 30 June	
R million	Maturity date	Call date	2024	2023
FirstRand Bank				
AT1				
FRB24	Perpetual	2023/11/08	**–**	2 265
FRB25	Perpetual	2024/09/19	**3 461**	3 461
FRB28	Perpetual	2025/12/02	**1 400**	1 400
FRB34	Perpetual	2028/06/02	**2 804**	2 804
FRB37	Perpetual	2029/02/26	**1 387**	–
FRB38	Perpetual	2029/05/06	**2 039**	–
FRB39	Perpetual	2028/11/13	**1 574**	–
FRB41	Perpetual	2029/06/12	**2 090**	–
Total AT1			**14 755**	9 930
Tier 2				
FRB26	2029/06/03	2024/06/03	**–**	1 910
FRB27	2031/06/03	2026/06/03	**715**	715
FRB29	2031/04/19	2026/04/19	**2 374**	2 374
FRB30	2031/04/19	2026/04/19	**698**	698
FRB31	2031/11/24	2026/11/24	**2 500**	2 500
FRB32	2032/09/28	2027/09/28	**2 296**	2 296
FRB33	2034/09/28	2029/09/28	**1 662**	890
FRB35	2033/02/06	2028/02/06	**2 300**	2 300
FRB36	2033/09/14	2028/09/14	**2 500**	2 500
FRB40	2035/03/11	2030/03/11	**1 548**	–
Total Tier 2			**16 593**	16 183

Refer to the www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/ for additional information on the terms and conditions of the capital instruments.

Definitions

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

Definitions continued

Tier 2 capital	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties, qualifying provisions less specified regulatory deductions
Total coverage %	Total impairment provisions expressed as a percentage of core lending advances
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE

Abbreviations

AC and FV	Amortised cost and fair value
ALM	Asset-liability management
APE	Annual premium equivalent
ASF	Available stable funding
AT1	Additional Tier 1
AUM	Assets under management
BEE	Black economic empowerment
BoE	Bank of England
BSE	Botswana Stock Exchange
CAGR	Compound annual growth rate
CCyB	Countercyclical buffer
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
COE	Cost of equity
Covid-19	Coronavirus disease
CPI	Consumer price index
CSM	Contractual service margin
DIS	Deposit Insurance Scheme
DWT	Dividend withholding tax
ECL	Expected credit loss
FCA	Financial Conduct Authority
FLI	Forward-looking information
FML	Fleet management and leasing
FRB	FirstRand Bank Limited
FREMA	FirstRand EMA Holdings (Pty) Ltd
FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FRISCOL	FirstRand Insurance Services Company
FRM	Financial resource management
FSLAA	Financial Sector Laws Amendment Act 23 of 2021
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
GCA	Gross carrying amount
GM	Global markets
HQLA	High-quality liquid assets
IBD	Investment banking division
IMF	International Monetary Fund
ISA	Individual savings account
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited
JV	Joint venture
LCR	Liquidity coverage ratio
LGD	Loss given default
NAV	Net asset value

NCNR	Non-cumulative non-redeemable
NIACC	Net income after cost of capital
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NOSIA	Notice of sums in arrears
NPLs	Non-performing loans
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
PA	Prudential Authority
PAA	Premium allocation approach
PBT	Profit before tax
PE	Private equity
PI	Principal investment
RA	Resolution Authority
ROA	Return on assets
ROE	Return on equity
RWA	Risk-weighted assets
SA	South Africa
SARB	South African Reserve Bank
SICR	Significant increase in credit risk
SME	Small and medium-sized enterprise
SPV	Special purpose vehicle
TFS	Toyota Financial Services (Pty) Ltd
TRS	Total return swap
TTC	Through-the-cycle
TTS	Treasury and trade solutions
UK	United Kingdom
VAF	Vehicle asset finance
VAPS	Value-added products and services
VSI	Vertical sales index
VWFS	Volkswagen Financial Services (Pty) Ltd
WIM	Wealth and investment management

Abbreviations of financial reporting standards

International Financial Reporting Standards

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments – Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRS 15	Revenue
IFRS 16	Leases
IFRS 17	Insurance Contracts
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

Abbreviations of financial reporting standards continued

International Accounting Standards

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

IFRS Interpretations Committee Interpretations

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

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