FirstRand

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

contents

FirstRand

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

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

A

FIVE-YEAR REVIEW AND ECONOMIC IMPACT

FIVE-YEAR REVIEW AND ECONOMIC IMPACT

A

Five-year review

R million	2020	2021	2022	2023*	**2024**	Compound growth %
Statement of financial position						
Total assets	1 894 620	1 870 013	1 999 724*	2 298 039	**2 369 339**	6
Average assets	1 780 001	1 882 317	1 934 869*	2 148 882	**2 333 689**	7
Core lending advances	1 284 131	1 208 468	1 311 441	1 511 037	**1 597 898**	6
Average core lending advances	1 239 365	1 246 300	1 259 955	1 411 239	**1 554 468**	6
Impairment and fair value of credit of advances	49 380	50 618	47 734	51 072	**54 165**	2
Non-performing loans (NPLs)	57 281	60 705	50 886	57 432	**67 840**	4
Gross advances before impairments	1 311 095	1 274 052	1 382 058	1 590 447	**1 665 706**	6
Deposits	1 535 015	1 542 078	1 655 972	1 923 103	**2 003 151**	7
Capital and reserves attributable to equityholders of the group	147 774	163 262	177 211*	194 146	**212 943**	10
Treasury shares	72	25	70	145	**392**	53
Ordinary dividends	16 716	6 170	17 390	27 991	**22 158**	7
Total equity before dividends and treasury shares	164 562	169 457	194 671*	222 282	**235 493**	9
Total ordinary equity	137 529	151 617	165 566*	181 300	**195 272**	9
Assets under administration	2 258 429	2 282 511	2 408 608	2 766 190	**2 876 866**	6
Income statement						
Net interest income before impairment of advances	62 915	63 290	66 375	76 436	**83 454**	7
Impairment and fair value of credit of advances	(24 383)	(13 660)	(7 080)	(10 949)	**(12 555)**	(15)
Non-interest revenue	41 691	45 195	48 248	53 844	**56 082**	8
Share of profit of associates and joint ventures after tax	29	1 538	1 491	487	**2 426**	202
Operating expenses	(55 276)	(57 556)	(60 769)	(67 429)	**(74 731)**	8
Earnings attributable to ordinary equityholders	17 021	26 743	32 761	36 331	**38 191**	22
Headline earnings	17 326	26 950	32 817	36 700	**38 054**	22
Earnings per share (cents)						
– Basic	303.5	476.9	584.3	648.1	**681.4**	22
– Diluted	303.5	476.9	584.3	648.1	**681.4**	22
Headline earnings per share (cents)						
– Basic	308.9	480.5	585.3	654.7	**679.0**	22
– Diluted	308.9	480.5	585.3	654.7	**679.0**	22

* *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.*

Five-year review continued

R million	2020	2021	2022	2023*	**2024**	Compound growth %
Dividend per share (cents)	146.0	263.0	342.0	384.0	**415.0**	
Special dividend per share (cents)	—	—	125.0	—	**—**	
Dividend cover based on headline earnings	2.1	1.8	1.7	1.7	**1.6**	
NCNR preference dividends per share (cents)						
– February	374.7	253.6	270.7	52.2	**—**	(100)
– August	306.0	273.9	307.4	—	**—**	(100)
Net asset value per ordinary share (cents)	2 453.1	2 703.5	2 952.6*	3 233.7	**3 484.7**	9
Shares in issue (millions)	5 609.5	5 609.5	5 609.5	5 609.5	**5 609.5**	—
Weighted average number of shares in issue (millions)	5 608.2	5 608.2	5 606.7	5 605.7	**5 604.5**	—
Diluted weighted average number of shares in issue (millions)	5 608.2	5 608.2	5 606.7	5 605.7	**5 604.5**	—

* *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements.*

Five-year review continued

R million	2020	2021	2022	2023*	**2024**	Compound growth %
Key ratios						
Return on ordinary equity based on headline earnings (%)	13.0	18.6	20.7	21.2	**20.2**	
Price earnings ratio based on headline earnings (times)	12.3	11.2	10.7	10.5	**11.3**	
Price-to-book ratio (times)	1.6	2.0	2.1	2.1	**2.2**	
Market capitalisation (R million)	213 497	300 612	349 864	384 250	**431 370**	
Closing share price (cents)	3 806	5 359	6 237	6 850	**7 690**	
Cost-to-income ratio (%)	52.8	52.3	52.3	51.6	**52.6**	
Credit loss ratio (%) – core lending advances	1.97	1.10	0.56	0.78	**0.81**	
NPLs as a % of core lending advances	4.46	5.02	3.88	3.80	**4.25**	
Non-interest income as a % of total income	39.9	42.5	42.8	41.5	**41.2**	
Return on average total assets based on headline earnings (%)	1.0	1.4	1.6	1.7	**1.6**	
Interest margin on average advances (%)	5.1	5.1	5.0	5.1	**5.1**	
Exchange rates						
Rand/$						
– Closing	17.36	14.26	16.41	18.84	**18.22**	
– Average	15.51	15.33	15.19	17.73	**18.71**	
Rand/£						
– Closing	21.43	19.72	19.95	23.95	**22.99**	
– Average	19.57	20.66	20.21	21.31	**23.55**	
Statement of financial position ($)**						
Total assets	109 137	131 137	121 860*	121 977	**130 041**	4
Gross advances before impairments	75 524	89 344	84 220	84 419	**91 422**	5
Deposits	88 423	108 140	100 912	102 076	**109 942**	6
Total equity	8 512	11 449	10 799*	10 305	**11 687**	8
Assets under administration	130 094	160 064	146 777*	146 825	**157 896**	5
Income statement ($)#						
Earnings attributable to ordinary equityholders	1 097	1 744	2 157	2 049	**2 041**	17
Headline earnings	1 117	1 758	2 160	2 070	**2 034**	16
Statement of financial position (£)**						
Total assets	88 410	94 828	100 237*	95 952	**103 060**	4
Gross advances before impairments	61 180	64 607	69 276	66 407	**72 454**	4
Deposits	71 629	78 199	83 006	80 297	**87 131**	5
Total equity	6 896	8 279	8 883*	8 106	**9 262**	8
Assets under administration	105 386	115 746	120 732*	115 499	**125 136**	4
Income statement (£)#						
Earnings attributable to ordinary equityholders	870	1 294	1 621	1 705	**1 622**	17
Headline earnings	885	1 304	1 624	1 722	**1 616**	16

* *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements*

** *The statement of financial position is converted using the closing rates as disclosed.*

\# *The income statement is converted using the average rate as disclosed.*

Economic impact

	2024		2023*	
	R million	**%**	R million	%
Value added				
Net interest income after impairment	**176 969**	**75.7**	140 947	72.7
Non-operating revenue	**58 508**	**25.0**	54 331	28.1
Non-operating expenses	**(1 687)**	**(0.7)**	(1 591)	(0.8)
Value added by operations	**233 790**	**100.0**	193 687	100.0
To employees				
Salaries, wages and other benefits	**44 568**	**19.1**	41 974	21.7
To providers of funding	**129 746**	**55.5**	104 570	54.0
Dividends to shareholders	**23 676**		29 110	
Interest paid	**106 070**		75 460	
To suppliers	**24 573**	**10.5**	20 132	10.4
To government	**14 539**	**6.2**	13 874	7.2
Normal tax	**12 899**		11 996	
Value-added tax	**1 644**		1 503	
Capital gains tax	**–**		345	
Other	**(4)**		30	
To communities				
Corporate social investment spend	**291**	**0.1**	268	0.1
To expansion and growth	**20 073**	**8.6**	12 869	6.6
Retained income	**16 033**		8 333	
Depreciation and amortisation	**5 083**		4 698	
Deferred income tax	**(1 043)**		(162)	
Total value added	**233 790**	**100.0**	193 687	100.0

* *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements.*

B

FIRSTRAND GROUP AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FIRSTRAND GROUP AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

B

Audit committee report

The committee herewith presents its report in respect of the group's financial year ended 30 June 2024. This report has been prepared based on the requirements of the South African Companies Act, 71 of 2008, as amended (Companies Act), the King Code of Governance for South Africa (King IV), the JSE Listings Requirements and other applicable regulatory requirements.

The group audit committee is constituted as a statutory committee of the FirstRand board in respect of the group's duties in terms of section 94(7) of the Companies Act and section 64 of the Banks Act of 1990 (Banks Act). The objectives and functions of the committee are set out in its charter, which was reviewed and updated during the financial year.

The fundamental role of the audit committee is to assist the board in fulfilling its oversight responsibilities in areas that include internal and external audit functions, financial reporting (including the evaluation and efficiency of accounting policies), financial risk management, internal control systems and legal and regulatory requirements related to financial reporting.

SUMMARY OF RESPONSIBILITIES

- Reviews the quality, independence and effectiveness of the statutory audit work performed by the group's external auditors.
- Recommends the appointment of external audit firms and lead audit partners to the board for endorsement and approval by the shareholders.
- Monitors the extent of non-audit engagements provided by the group's external audit firms in accordance with approved internal policies and limits.
- Assists the board in evaluating the adequacy and effectiveness of the group's internal control environment (including internal financial controls and IT risk-related controls), accounting practices, information systems and internal assurance processes.
- Ensures that a combined assurance model is applied to provide a coordinated approach to assurance activities by group internal audit, external audit, group compliance, group risk and other internal control functions.
- Provides independent oversight regarding financial risks and internal financial controls, including risks relating to the validity, accuracy and completeness of financial information and financial statements and recommends these items to the board for approval. Assesses reports received on fraud and IT risks as these relate to financial reporting.
- Satisfies itself as to the expertise, resources and experience of the group CFO and finance function.
- Assesses and evaluates the effectiveness of the group's processes regarding compliance with applicable financial reporting related legal and regulatory requirements, as well as accounting policies.

The effectiveness of the committee and its individual members is assessed annually by the board.

The committee is satisfied that it has, during the past financial year, executed its duties in accordance with these terms of reference and relevant legislation, regulations and governance practices.

Feedback was obtained from management and, external and internal audit in making all assessments.

Audit committee report continued

Composition and governance

Members of the committee satisfy the requirements for serving as members of an audit committee, as provided in section 94 of the Companies Act, King IV and the Banks Act. As a collective, the committee possesses the appropriate financial expertise, related qualifications and a balance of skills and experience to discharge its responsibilities. All members are independent non-executive directors.

Audit committees in the segments/operating businesses, established as management committees, support the group audit committee in executing its tasks. They are chaired by the same competent, independent non-executive members of the group audit committee.

The composition of the group audit committee and the attendance of meetings by its members for the 2024 financial year are set out below.

COMPOSITION	MEETINGS
GG Gelink (chairman)	4/4
RM Loubser (retired at AGM 30/11/2023)	2/2
LL von Zeuner	4/4
T Winterboer	4/4
Z Roscherr (appointed 1/12/2023)	2/2
TC Isaacs (appointed 1/12/2023)	2/2

ATTENDEES

- Chief executive officer
- Chief financial officer
- Chief risk officer
- Chief audit executive
- External auditors
- Heads of finance, risk and internal audit

The committee is satisfied that the individual members of the committee possess appropriate qualifications and the balance of skills and experience required to discharge their responsibilities.

Audit committee report continued

AREAS OF FOCUS

In addition to the items detailed in the specific sections that follow, the committee performed the following during the year:

- Reviewed and considered the effectiveness of the internal financial controls and the going concern aspect of FirstRand and its subsidiaries, in terms of Regulation 40(4) of the Banks Act regulations (including specific approval of the list of loss-making entities and/or those with a negative net asset value).
- Reviewed the report on management's self-assessment of internal financial controls, enabling the directors' attestation in terms of the JSE Listings Requirements section 3.84(k).
- Conducted the quarterly financial analysis of the group's performance.
- Reviewed and approved the internal and external audit work plan.
- Reviewed and approved the audit committee charter.
- Reviewed the impact of emerging and current regulations on the group.
- Reviewed and responded to the outcome of the statutory and regulatory audits.
- Noted management's response to JSE proactive monitoring of the financial statements report relating to the 2023 calendar year and additional reports issued from JSE applicable for the 2024 financial year.

EXTERNAL AUDIT

The committee has satisfied itself as to the performance and quality of the external audit function, as well as the independence of the external auditors and lead partners of the group, as set out in section 94(8) of the Companies Act. In reaching this conclusion, the following matters were considered:

- Representations made by the external auditors to the audit committee, including the ISQC1 system of quality control representations.
- Independence criteria specified by the Independent Regulatory Board for Auditors (IRBA) and international regulatory bodies, as well as criteria for internal governance processes within audit firms.
- Auditor suitability assessment in terms of paragraph 3.84(g)(ii) and section 22.15(h) of the JSE Listings Requirements.
- Previous appointments of the auditors, tenure of the auditors and rotation of the lead partners.
- The extent of non-audit work undertaken by the auditors for the group (in accordance with approved internal policy limits to ensure external audit independence is not jeopardised).
- Any matters arising from the closed meeting between audit firm senior leadership and the committee regarding the firm's risk and quality processes, independently from what the audit team disclosed to the committee.
- The public conduct of audit firms, for example through media reports with follow-up sessions with the external auditors.
- The intention is to appoint KPMG as the joint auditor for the 30 June 2026 financial year end with the effective date being 1 July 2025 (replacing PwC who would remain joint auditor until conclusion of the 30 June 2025 audit). Whilst mandatory audit firm rotation is no longer a requirement, the board has engaged in a process of voluntary audit firm rotation. The committee reappointed PwC and EY as the external audit firms responsible for performing the function of joint auditors for the 2025 financial year. The committee ensured that the appointment of the auditors complied with all required legislation. It also approved the proposed audit fees for the financial year under review.
- Approved the audit plan and budgeted audit fees for the financial year ended 30 June 2024 of R553 million. The budgeted fee compromised R247 million for EY, R235 million for PwC and R71 million for other audit firms.

Audit committee report continued

NON-AUDIT SERVICES

The committee annually reviews and approves the list of non-audit services which the auditors may perform. There is an approval process whereby all non-audit service engagements above a certain threshold must be approved by the CFO, and above a further threshold, be pre-approved by the chairman of the audit committee. If above the highest threshold, it needs to be approved by the entire committee. A maximum limit of 25% of the group's annual audit fee is in place for non-audit services, in aggregate and individually, per firm. The cumulative spend for the year to date is presented to the committee on a quarterly basis to keep track of the non-audit spend as well as the nature of services.

The 2024 non-audit fees were 5.31% of the external audit fees. This is comprised of R2 million (0.81%) for EY and R24 million (10.04%) for PwC.

INTERNAL AUDIT

The internal audit function's mission is to protect and enable sustainable growth for the FirstRand group and all its stakeholders. Group Internal Audit (GIA) leverages its unique position in the group to deliver independent and objective assurance, data-driven insights and impactful advice.

GIA assists executive management and the audit committee in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes within the group.

The committee reviewed and approved the internal audit charter and evaluated the independence, effectiveness and performance of GIA in compliance with its charter after having done the following:

- Assessed the performance of the chief audit executive and the arrangements of internal audit, and is satisfied that the function is independent and appropriately resourced, and that the chief audit executive has fulfilled the obligations of that position.
- Reviewed and approved the annual internal audit plan, which was informed by combined assurance role players and aligned to the group's strategic objectives, risks and opportunities identified by management, as well as topical issues facing the financial services industry. On a quarterly basis, the committee reviewed the status of the audit plan and approved changes made, to ensure it remained agile in its response to the changing risk landscape.
- Reviewed quarterly activity reports from internal audit which covered audit plan progress, insights, opportunities for improvement, a summary of audit observations with a focus on significant matters for escalation and other matters for noting, a cumulative view on internal controls, and status updates on management's remediation efforts to address findings raised.

The group's external auditors conducted an annual assessment of the internal audit function against International Standards on Auditing (ISA) 610 and confirmed that the work performed by internal audit was suitable for the purposes of external audit reliance. The international standards for the professional practice of internal auditing and the FirstRand group internal audit charter require the internal audit function to be reviewed every five years by a qualified, independent assessor or assessment team from outside the group. This review was last performed by EY in 2020, with the overall assessment concluding that the activities of FirstRand's internal audit function generally conform to the Institute of Internal Auditors (IIA) standards.

Audit committee report continued

FINANCIAL STATEMENTS AND FINANCE FUNCTION

FirstRand maintains a strong risk culture and the effective functioning of its internal financial controls is relied upon to confirm the integrity and reliability of the financial statements. A formal attestation process relating to the effective functioning of internal financial controls within the operating businesses enables the positive attestation required from the CFO and CEO as stipulated in paragraph 3.84(k) of the JSE Listings Requirements.

Where deficiencies were identified and reported, the committee assessed the significance thereof, as well as the existence and effectiveness of mitigating controls, and reviewed the remediation actions implemented. The committee is satisfied that the group has appropriate financial reporting control frameworks and procedures in place, and that these procedures are operating effectively.

The committee reports that, based on a formal assessment process, it was satisfied as to the appropriateness of the expertise, effectiveness and experience of the group CFO during the reporting period. In addition, the committee is satisfied with the expertise, effectiveness and adequacy of resources and arrangements in the finance function, as well as the experience and continued professional development of the leadership team.

The committee confirms that it was able to carry out its work to fulfil its statutory mandate under normal and unrestricted conditions. The committee is satisfied that the assurance obtained during the meetings, corroborated by the review of the documentation deemed necessary and by its own analyses, sustains its conclusions reached for the 2024 financial year.

The committee recommended the consolidated financial statements and company financial statements for the year ended 30 June 2024 for approval to the board. The financial statements will be open for discussion at the forthcoming annual general meeting.

Key audit matters identified by the external auditors are included in their report in the group's annual financial statements. These matters have been discussed and agreed upon with management and were presented to the committee. The committee has considered the appropriateness of the key audit matters reported on by the external auditors. It is satisfied with management's treatment thereof and the audit response thereto.

CONCERNS/COMPLAINTS PROCESS

An audit committee process exists to receive and deal appropriately with any concerns or complaints relating to:

- reporting practices and internal audit of the group;
- content or auditing of the financial statements;
- internal financial controls of the bank or controlling company; and
- any other related matter.

No complaints were received relating to accounting practices or internal audit, or to the content or audit of the group's annual financial statements.

Audit committee report continued

COMBINED ASSURANCE MODEL AND RELATIONSHIP WITH OTHER GOVERNANCE COMMITTEES

The committee focused on the identification of key and emerging risks, and monitored alignment of all assurance providers to eliminate multiple approaches to assurance and reporting thereon. The combined assurance model incorporates and optimises all assurance services and functions so that, taken as a whole, these enable an effective control environment; support the integrity of information used for internal decision-making by management, the governing body and its committees; and support the integrity of the group's external reports.

The committee works closely with the group's risk, capital management and compliance committee; the social, ethics and transformation committee and the operational and information technology risk committee to identify common risk and control themes and achieve synergy between combined assurance processes. Thereby it ensures that, where appropriate, relevant information is shared and that these functions can leverage off one another.

The committee is satisfied with the expertise, effectiveness and adequacy of arrangements in place for combined assurance.

The committee encouraged the focus of assurance activities on key risk areas and robust discussion on emerging risks and the implication thereof for assurance providers. It fostered effective communication between first-, second- and third-line assurance providers (i.e. business, risk, compliance, and internal audit function).

FUTURE AREAS OF FOCUS

- Oversee the transition process with KPMG for the financial year ending 30 June 2026.
- Monitor the implementation of the amended JSE Listings Requirements.
- Review and monitor matters emanating from the UK and broader Africa operations.
- Continue attention to the areas focused on during 2024.

GG Gelink
Chairman, audit committee
Sandton

11 September 2024

Directors' responsibility statement and approval of the annual financial statements

To the shareholders of FirstRand Limited

The directors of FirstRand Limited (the company or the group) are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements comprising the statement of financial position, income statement, and statements of comprehensive income, changes in equity and cash flows, and the notes to the annual financial statements as at, and for the year ended 30 June 2024.

These annual financial statements have been prepared in accordance with IFRS® Accounting Standards, including IFRIC® Interpretations, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, the Banks Act, no. 94 of 1990 and the requirements of the Companies Act, no. 71 of 2008.

Simonet Terblanche, CA(SA), supervised the preparation of the annual financial statements for the year.

The directors have reviewed the group and company's budgets and flow of funds forecasts and considered the group and company's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review, the directors are satisfied that it has adequate resources to continue in business for the foreseeable future and the going concern basis has been adopted in the preparation of the annual financial statements.

Chief executive and chief financial officers' responsibility statement relating to internal financial controls

The CEO and CFO, whose names appear below, hereby confirm that:

a) the consolidated annual financial statements of the group, which appear on pages B30 to B241, and the separate annual financial statements of the company, which appear on pages B242 to B253, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;

b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

e) where we are not satisfied, we have disclosed to the audit committee and auditors any deficiencies in the design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

f) we are not aware of any fraud involving directors.

The group's system of controls includes controls over the security of the website and specifically establishing and controlling the process for electronically distributing annual financial statements and other financial information to shareholders.

Approval of the separate and consolidated annual financial statements

The separate and consolidated annual financial statements, as set out on the pages outlined above, were approved by the board of directors on 11 September 2024.

It is the responsibility of the group's independent external auditors, Ernst & Young Inc, and PricewaterhouseCoopers Inc, to report on the fair presentation of the annual financial statements. These annual financial statements have been audited in terms of section 29(1) of the Companies Act, no. 71 of 2008. Their unmodified report appears on page B22.

JP Burger	**M Vilakazi**	**MG Davias**
Chairman	Chief executive officer	Chief financial officer

Sandton
11 September 2024

Company secretary's certification

Declaration by the company secretary in respect of Section 88(2)(E) of the Companies Act

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

C Low
Company secretary

Sandton
11 September 2024

Directors' report
for the year ended 30 June 2024

Nature of business

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

FirstRand's portfolio of integrated financial services businesses comprises FNB, RMB, WesBank and Aldermore and offers a universal set of transactional, lending, investment and insurance products and services. The Centre segment represents group-wide functions.

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

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

Group results

Profit after tax amounted to R41 180 million (2023: R38 677 million). The operating results and the state of affairs of the company and the group are fully disclosed in the annual financial statements.

Dividend declarations

Dividends

ORDINARY SHARES

	Year ended 30 June	
Cents per share	**2024**	2023
Interim (declared 29 February 2024)	**200.0**	189.0
Final (declared 11 September 2024)	**215.0**	195.0
Total dividends	**415.0**	384.0

Distributions on other equity instruments

Distributions of R1 518 million were made on other equity instruments (2023: R1 119 million). Current tax of R410 million (2023: R258 million) relating to the AT1 instruments was recognised in the income statement.

B preference shares

Dividends on the B preference shares are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited. Non-cumulative non-redeemable (NCNR) preference shares were redeemed in September 2022.

DIVIDENDS DECLARED AND PAID

	Year ended 30 June	
Cents per share	**2024**	2023
Period:		
1 March 2022 – 29 August 2022	**–**	307.4
30 August 2022 – 26 September 2022	**–**	52.2

Other distributions on the AT1 instruments and contingent convertible securities totalled R1 518 million (2023: R957 million).

Directors' report continued

Share capital

Details of FirstRand's authorised share capital as at 30 June 2024 are shown in note 29 to the group's financial statements.

Ordinary share capital

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

Preference share capital

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

Shareholder analysis

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

	Year ended 30 June	
%	**2024**	2023
Public Investment Corporation	**14.7**	16.1
Black economic empowerment (BEE) partners	**4.9**	4.9
Blackrock investment management	**3.1**	–
Old Mutual	**2.8**	–

A further analysis of shareholders is set out in section C.

Events after reporting period

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

Board changes

The following changes to the board of directors took place during the 2024 financial year.

		EFFECTIVE DATE
Appointments		
JP Burger*	Chairman and independent non-executive director (previously non-executive director)	1 December 22023
M Vilakazi**	Chief executive officer (previously chief operating officer)	1 April 2024
MG Davias#	Chief financial officer	1 April 2024
Resignations		
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

** JP Burger was an existing non-executive director and appointed as chairman (independent non-executive director) to replace WR Jardine who stepped down as chairman at the AGM held on 30 November 2023.*

*** Following a succession planning process, M Vilakazi was appointed as CEO to replace AP Pullinger who stepped down as CEO.*

 # Following a succession planning process, MG Davias was appointed as CFO to replace HS Kellan who took up the role of CEO at FNB.

† RM Loubser retired, having reached his nine-year tenure on the board.

Directors' and prescribed officers' interests in FirstRand

Closed periods commence on 1 January and 1 July and are in force until the announcement of the interim and year end results. Closed periods also include any period where the company is trading under caution or where participants have knowledge of price sensitive information. A director or prescribed officer is prohibited from using their position or confidential and price sensitive information to benefit themselves or any related party.

Under the requirements of the Companies Act. 71 of 2008 (the Act), a director must use their power and perform their functions in good faith and for a proper purpose in the best interest of the company. This includes the duty to avoid a conflict of interest. Directors' and officers' are required to notify the board of any matter in which they have a personal financial interest or in which they know that a related party has a personal financial interest in relation to particular items of business or other directorships. At the request of the chair, declarations are tabled before commencement of each board meeting and all board members are required to declare their interests and potential conflicts in dealing with matters for consideration at the meeting.

Directors' report continued

In terms of the JSE Listings Requirements, directors and prescribed officers are prohibited from dealing in any securities of the company during prohibited periods.

All directors and prescribed officers' dealings require the prior approval of the chairman before trading in the company's securities, and the company secretary retains a record of all such dealings in securities and approvals. Trading in securities by employees who are exposed to price sensitive information is subject to the group's personal account trading rules. It is not a requirement of the company's memorandum of incorporation or the board charter that directors own shares in the company.

DIRECTORS' AND PRESCRIBED OFFICERS' INTEREST IN ORDINARY SHARES IN FIRSTRAND LIMITED

	Direct beneficial (thousands)	Indirect beneficial (thousands)	Held by associates (thousands)	**Total 2024 (thousands)**	Total 2023 (thousands)	Percentage holding %
Executive directors and prescribed officers						
A Pullinger (resigned CEO effective 31/3/2024)	6 971	–	108	**7 079**	6 041	0.13
HS Kellan* (resigned CFO effective 31/3/2024; appointed PO effective 1/4/2024)	1 693	712	154	**2 559**	2 165	0.05
M Vilakazi** (appointed CEO 1/4/2024, previously COO)	463	–	–	**463**	252	0.01
MG Davias** (appointed CFO 1/4/2024)	28	–	4	**32**	–	–
J Celliers (resigned PO effective 31/3/2024)	807	49	–	**856**	496	0.02
S Cooper**	35	89	–	**124**	89	–
JR Formby**,#	–	–	–	**–**	1 601	–
EA Brown	661	–	–	**661**	418	0.01
Non-executive directors						
JP Burger	–	5 012	124	**5 136**	6 036	0.09
GG Gelink**	102	–	–	**102**	102	–
WR Jardine** (resigned 30/11/2023)	11	232	4	**247**	247	–
RM Loubser (retired 30/11/2023)	–	1 810	2	**1 812**	1 812	0.03
Z Roscherr	659	–	–	**659**	659	0.01
T Winterboer**	15	–	–	**15**	15	–
L von Zeuner**	5	3	–	**8**	8	–
TC Isaacs**	–	4	–	**4**	4	–
Total	11 450	7 911	396	**19 757**	19 945	0.35

* *Has 2 000 000 debt securities in FirstRand Bank Ltd which do not form part of this calculation.*

** *Percentage is insignificant in relation to total issued share capital.*

\# *Resigned effective 30 September 2022.*

JP Burger
Chairman

M Vilakazi
Chief executive officer

MG Davias
Chief financial officer

Sandton
11 September 2024

Independent auditors' report

To the Shareholders of FirstRand Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of FirstRand Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

What we have audited

FirstRand Limited's consolidated and separate financial statements set out on pages B30 to B253 comprise:

- the consolidated and separate statements of financial position as at 30 June 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the separate statement of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. 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)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800,
www.pwc.co.za

Ernst & Young Inc., 102 Rivonia Road, Sandton
Private Bag X14, Sandton, 2146, South Africa
T: +27 (0) 11 772 3000, F: +27 (0) 11 772 4000,
www.ey.com

Our audit approach

Overview

Final **Materiality** ● Overall group final materiality*: R2 651 million,* which represents *5%* of *consolidated profit before income tax.* ● Company final materiality: R815 million, which represents 1% of total assets.
Key audit matters ● *Impairment of advances (group)* ● *Fair value measurement (group)*

As part of designing our audit, we determined final materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements as a whole.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group and company materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Overall group final materiality	*R2 651 million*
How we determined it	*5% of consolidated profit before income tax*
Rationale for the materiality benchmark applied	*We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

Company final materiality	*R815 million*
How we determined it	*1% of total assets*
Rationale for the materiality benchmark applied	*We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is consistent with quantitative materiality thresholds used for holding companies in this sector.*

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Impairment of Advances

Significant macroeconomic uncertainty persists in the environment in which the Group operates.

Consequently, management has continued to exercise judgement to ensure that the final Expected Credit Loss (ECL) is aligned to the requirements of International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) and industry developments. This judgement includes the setting of macroeconomic scenarios and associated probabilities, as well as the forecasting of macroeconomic variables under the set scenarios.

Impairment of advances is a matter of most significance to our current year audit due to the following:
• Advances are material to the consolidated financial statements.
• The level of subjective judgement applied in determining the ECL on advances.
• Event-driven uncertainty and its impact on the assessment of ECL.
</td><td>
Our audit of impairment of advances included the following procedures to address the key areas of significant judgement and estimation in determining the ECL. We performed these procedures with the assistance of our economic, credit and actuarial experts:
• Tested the design, implementation and operating effectiveness of the relevant financial reporting controls, the existence of key governance structures and the general and application computer controls related to the technology systems supporting ECL.
• Assessed the impairment policies and practices applied by management, across all significant portfolios, against the requirements of IFRS 9.
• Assessed the Group’s probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario views and associated probabilities in terms of the principles of IFRS 9.
• Assessed whether the forecasts are sound in terms of macroeconomic forecasting principles.
• Reviewed the approval of these macroeconomic variables through the appropriate governance structures. This was performed through discussions with management, inspection of documentation, and comparison to our own and benchmarked economic forecasts and independent market data, as well as attendance of the governance forums.
• Corroborated that the latest approved macroeconomic outlook has been appropriately incorporated into the forward-looking estimate of ECL.
• Evaluated the impact of events and risks not included in the macroeconomic forecasts with reference to the industry environment.
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<u>Wholesale Advances</u>*

The areas of significant judgement and estimation include:

Determination of PD, EAD and LGD
• Input assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).
</td><td>
• Through discussions with management and inspection of policy documents, obtained an understanding of the methodologies and assumptions used by management in the various ECL model components and how these were calibrated to use historical information to estimate future cash flows.
• On a sample basis, identified and tested the controls over the credit risk management and governance processes when advancing new facilities, restructuring existing facilities or reviewing facilities on a periodic basis, and determining credit ratings.
• Evaluated the reasonability of how counterparties are grouped together with reference to similar risks (PD) or credit rating buckets.
• Through discussions with management and inspection of policy documents, confirmed our understanding of the methodologies used to back-test PDs, EADs and LGDs to historical data or how these are linked to rating agencies inferred variables.
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</table>

Key audit matter	*How our audit addressed the key audit matter*
	• Assessed the quality of the data used in credit management, reporting and modelling for completeness and accuracy through data analytics and, for a sample of facilities, agreed model input data to underlying supporting documentation. • On a sample basis, assessed the appropriateness of assumptions made by management in determining the applicable macroeconomic inputs, credit ratings, EADs, PDs and LGDs in the current economic climate.
Evaluation of SICR • Assessing whether there has been a Significant Increase in Credit Risk (SICR) event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).	• Selected a sample of performing advances and assessed if the application of the SICR trigger was reasonable by forming an independent view based on publicly available information and management's periodic credit reviews.
Incorporation of macro-economic inputs and forward-looking information into the ECL measurement • Assessing the impact of macroeconomic uncertainty on the forward-looking econometric information incorporated into the respective models. • Ensuring consistency between forward-looking information (FLI) and the SICR assessment and ECL calculations.	• Independently reperformed the ECL models based on management's methodologies and assessed the areas of judgement within the methodology. • Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated.
Assessment of post model adjustments • Constraints in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, specific events and changes in risk profile necessitate the raising of additional provisions as post-model adjustments.	• Performed industry analyses for a sample of industries and assessed a sample of individual counterparties based on publicly available information to evaluate the appropriateness of the assumptions applied in the post-model adjustments raised and released.
Assessment of ECL raised for Stage 3 exposures • Assumptions used to estimate the recoverable amounts and timing of future cash flows of individual exposures, which have been classified as non-performing. **This applies to wholesale advances in C&I (South Africa and Broader Africa), as well as Centre (including Group Treasury).*	• Evaluated a sample of performing advances against management's definition of default to assess completeness of stage 3 advances. • In respect of Stage 3 advances, inspected a sample of legal agreements and underlying supporting documentation to assess the existence of a legal right to collateral and assessed the expected realisable value and timing of future cash flows.
<u>Retail and Commercial Advances</u>** Retail and commercial advances are higher in volume and lower in value and, therefore, a significant portion of credit impairments are calculated on a portfolio basis. This requires the use of statistical models incorporating data and assumptions which are not always observable. The areas of significant judgement and estimation include:	
Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement Management applies professional judgement in developing the credit impairment models, analysing data and determining the most appropriate assumptions and estimates used. The inputs into the modelling process require significant management judgement, which include:	• Through discussions with management and inspection of policy documents, obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, LGD, EAD) and how these were calibrated to use historical information to estimate future cash flows and also to estimate forward-looking ECL.

Key audit matter	*How our audit addressed the key audit matter*
• Input assumptions and methodologies applied to estimate the PD, EAD, and LGD within the ECL calculations. • Determining the expected value to be realised from collateral, as applicable, and the time it will take to realise.	• Through reperformance, tested the accurate implementation of the documented methodologies and assessed the alignment between modelled outcomes and recent actual experience. • Independently recalculated the ECL by applying our own independent assessment of the component inputs used by management. Our independent results were compared to management's results for reasonableness. • Assessed the appropriateness of the ECL methodology, including any refinements against actual experience and industry practice through benchmarking and evaluating alignment with the principles of IFRS 9. • Through independent reperformance, assessed the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate. • Assessed the potential impact of reduced collateral values, a delayed recovery process and reduced cure from default for secured exposures by separately considering individually significant collateral, historically stressed collateral values and by quantifying the impact of potentially extended collateral realisations.
Evaluation of SICR	
• The assessment of whether there has been a SICR event since the origination date of the exposure to the reporting date, considering the impact of the event driven uncertainty, as well as future default rates forecast by the forward-looking macroeconomic model.	• Through applying the assumptions and data included in management's modelled client risk ratings and performance of cured accounts, assessed the accurate implementation of SICR classifications. • Tested the SICR thresholds applied and the resultant transfer of non-arrears accounts into Stage 2 for SICR. This included comparing the volume of up-to-date accounts transferred to Stage 2 to the historical movements from performing into arrears and the impact of forward-looking expectation of default risk on these historical movements. • Tested the model ranking ability and model stability by testing the performance of client behavioural scores and other client behavioural data that drive PD estimates and SICR triggers.
Determining of the write-off point	
• The determination of the write-off point, being the point at which there is no reasonable expectation of further recovery to be made, and application of the cure rules.	• Evaluated the write-off point relative to historical post write-off recoveries to assess whether the write-off point applied by management is still the point at which there is no reasonable expectation of further recovery. • Through recalculation, tested the application of the write-off policy, including the exclusion of post write-off recoveries from the LGD.
Incorporation of macro-economic inputs and forward-looking information (FLI) into the ECL measurement	
• The incorporation of FLI and macroeconomic inputs into the SICR assessment and ECL calculations. • Determining and weighting of assumptions used in the forward-looking economic model to account for the forward-looking uncertainty.	• Obtained an understanding of the assumptions used in the forward-looking economic model including the macroeconomic variables selected and the sensitivity of ECL components to each variable. • Tested the performance and sensitivity of the FLI model to evaluate whether the chosen macroeconomic variables, scenario weightings and model design provide a reasonable representation of the impact of the various macroeconomic scenarios on the ECL results. This included an assessment of the extent to which plausible downside risk scenarios are captured by the macroeconomic scenarios that are used to determine forward looking estimates. • Where applicable, developed an independent view to assess management's forward-looking model by using our own challenger model.
Assessment of post model adjustments	

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
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- Constraints in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates, specific events and changes in risk profile necessitate the raising of additional provisions as post-model adjustments and overlays.

***This applies to retail and commercial advances in total retail secured and unsecured, FNB Commercial, WesBank corporate, UK operations and Broader Africa.*

The credit impairment models are subject to formal model governance and approval.

The related disclosures in the consolidated financial statements are included in:

- Critical accounting estimates: Impairment of financial assets;
- Note 11 – Advances;
- Note 12 – Impairment of advances;
- Note 38 – Financial and Insurance risks; and
- Accounting policies: Financial Instruments (section 3).

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- Assessed, recalculated and performed a sensitivity analysis on management's post-model adjustments relating to the impact on ECL of additional relevant information not catered for in the models.
- Where applicable, we used an independent methodology to assess the appropriateness of post model adjustments and overlays to ensure that model and forward-looking risk is accurately accounted for and that adjustments are applied in a way that ensures consistency with the base models and estimates.

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Fair value measurement

The valuation of complex financial instruments involves areas of significant judgement and estimation, which include:

- Unobservable inputs and developments in valuation methodologies including XVAs (X-Valuation Adjustments) related to derivative financial instruments due to the impact of funding costs and liquidity, as well as counterparty credit spreads, and the related fair value disclosures.
- Valuation methodologies, which are constantly evolving in line with developing market practices and trends.
- Factors such as inherent subjectivity due to unobservable inputs, funding costs, low levels of market liquidity, counterparty credit risk, market volatility, and economic and regulatory developments.

The financial instruments impacted by management judgement include:

- Advances carried at fair value (level 3);
- Complex derivative financial instruments (level 2 and 3); and
- Investment securities valued with reference to unobservable inputs (level 3).

Identified areas of risk include:

- Complex financial instruments or those with unobservable inputs in Markets, which could include credit and equity derivatives, and longer dated instruments.
- Evolution in pricing and collateral management market practice increase the complexity of valuing certain derivative instruments.

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Our audit procedures over the valuation of complex financial instruments included the following procedures which were performed with the assistance of our valuation specialists:

- Tested the design, implementation and operating effectiveness of the relevant financial reporting controls, the existence of key governance structures and the general and application computer controls related to the technology systems supporting valuations.
- Performed risk assessment procedures on the key components of fair value, based on complexity, sensitivity and exposure. The risk assessment procedures were performed on curves, volatility surfaces, fair value models and valuation adjustments.
- Evaluated the technical appropriateness and accuracy of valuation methodologies including XVAs which involved the assessment of key assumptions made, modelling approaches and contractual obligations applied by management with reference to market practice. Also assessed practical constraints on the ability to apply the methodologies to the instruments being valued and for consistency with prior periods.
- Assessed the appropriateness of the significant judgemental and/or unobservable inputs used in valuations, related to funding costs, low levels of market liquidity, counterparty credit risk, and market volatility, against factors which impacted the reported exit values, with reference to the best available independent information.
- Evaluated the completeness and accuracy of management's assessment of valuation adjustments required in terms of financial instrument valuation theory, market practice and the requirements of IFRS, as well as to respond to economic and regulatory developments impacting the portfolio.
- Assessed the appropriateness of a sample of curves and volatility surfaces by reconstructing these using independently sourced market data where available. Where independent market data was not available, assessed, on a sample basis,

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Key audit matter	How our audit addressed the key audit matter
• Fair value advances in IBD – for the fair value advances book (including newly originated CPI-linked advances), certain credit and liquidity spreads are unobservable. • Principal Investments in IBD – specifically equity-related exposures with unobservable inputs. • Private Equity fund investments, particularly where these are less liquid and recognised at fair value for financial reporting purposes. Valuation disclosures are significant as they rely on material inputs, valuation techniques, assumptions and management judgement. The related disclosures in the consolidated financial statements are included in: • Note 35 – Fair value measurements. • Accounting policies: Financial Instruments (section 3).	the quality of the data used by management for completeness and accuracy. • For a sample of complex financial instruments, independently recalculated the fair values. • Assessed the appropriateness and sensitivity of unobservable market rates, projected cash flows and valuation adjustments. • Obtained an understanding of and assessed the judgement applied in the recognition of revenue, specifically in relation to complex transactions such as private equity realisations or fund investments and assessed the judgement applied by management in determining the fair value of unlisted equity instruments carried at fair value. • Evaluated the appropriateness of the fair value hierarchy disclosures with reference to the requirements of IFRS 13 - Fair value measurements. • Our audit procedures over the judgements applied were aligned to the relative risk, the complexity of the judgement applied, and the consistency of approach adopted by management.

Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "FirstRand Annual Financial Statements for the year ended 30 June 2024", which includes the Directors' Report, the Audit Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa, and "FirstRand Remuneration Report for the year ended 30 June 2024", which we obtained prior to the date of this auditors' report, and the documents titled "FirstRand Corporate Governance Report for the year ended 30 June 2024", "Chairman's Statement" and "FirstRand Material Risk Factor Disclosure for the year ended 30 June 2024", which are expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. and Ernst & Young Inc. have been the auditors of FirstRand Limited for 28 years and 1 year, respectively.

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

Consolidated income statement

for the year ended 30 June

R million	Notes	2024	2023*
Interest income calculated using effective interest rate		**188 258**	149 269
Interest on other financial instruments and similar income		**1 266**	2 627
Interest and similar income	1.1	**189 524**	151 896
Interest expense and similar charges	1.2	**(106 070)**	(75 460)
Net interest income before impairment of advances		**83 454**	76 436
Impairment and fair value of credit of advances		**(12 555)**	(10 949)
– Impairment on amortised cost advances	12.2	**(12 510)**	(11 151)
– Fair value of credit on advances	12.2	**(45)**	202
Net interest income after impairment of advances		**70 899**	65 487
Non-interest revenue	2	**56 082**	53 844
– Net fee and commission income	2.1	**38 131**	36 153
– Fee and commission income		**46 475**	43 540
– Fee and commission expense		**(8 344)**	(7 387)
– Net Insurance income		**4 420**	4 012
- Insurance service result	2.2	**3 193**	2 694
- Insurance revenue		**7 442**	6 366
- Insurance service expenses		**(4 092)**	(3 523)
- Net expenses from reinsurance contracts held		**(157)**	(149)
- Net finance expenses from insurance contracts issued	2.2	**(98)**	(44)
- Net finance income from reinsurance contracts held	2.2	**25**	13
- Commission, brokerage and participation agreements		**1 300**	1 349
– Fair value income and foreign exchange gains**	2.3	**8 824**	8 552
– Fair value gains and foreign exchange gains**		**20 423**	17 883
– Interest expense on fair value activities		**(11 599)**	(9 331)
– Gains less losses from investing activities	2.4	**703**	1 528
– Net other non-interest revenue*	2.5	**4 004**	3 599
– Other non-interest revenue		**6 017**	5 319
– Other non-interest related expense		**(2 013)**	(1 720)
Income from operations		**126 981**	119 331
Operating expenses	3	**(74 731)**	(67 429)
Net income from operations		**52 250**	51 902
Share of profit of associates after tax	17	**1 466**	332
Share of profit of joint ventures after tax	18	**960**	155
Income before indirect tax		**54 676**	52 389
Indirect tax	4.1	**(1 655)**	(1 540)
Profit before income tax		**53 021**	50 849
Income tax expense	4.2	**(11 841)**	(12 172)
Profit for the year		**41 180**	38 677
Attributable to			
Ordinary equityholders		**38 191**	36 331
Other equity instrument holders		**1 518**	1 119
Equityholders of the group		**39 709**	37 450
Non-controlling interests		**1 471**	1 227
Profit for the year		**41 180**	38 677
Earnings per share (cents)			
– **Basic**	5	**681.4**	648.1
– **Diluted**	5	**681.4**	648.1

** The group expanded other non-interest revenue. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impacts due to changes in presentation and restatements.*

***Fair value income and foreign exchange gains was previously reflected as Fair value gains or losses. The line description has been updated to align with the group's presentation accounting policy for fair value income*

Consolidated statement of other comprehensive income

for the year ended 30 June

R million	2024	2023
Profit for the year	**41 180**	38 677
Items that may subsequently be reclassified to profit or loss		
Cash flow hedges	**2 370**	(738)
Gains arising during the year	**2 548**	282
Reclassification adjustments for amounts included in profit or loss	**688**	(1 333)
Deferred income tax	**(866)**	313
FVOCI debt reserve	**(244)**	33
(Losses)/gains arising during the year	**(241)**	35
Reclassification adjustments for amounts included in profit or loss	**(90)**	11
Deferred income tax	**87**	(13)
Exchange differences on translating foreign operations	**(4 148)**	8 081
(Losses)/gains arising during the year including the effect of hyperinflation	**(4 119)**	7 974
Deferred income tax	**(29)**	107
Insurance and reinsurance finance reserve	**124**	3
Gains arising during the year on insurance contracts issued	**173**	3
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 interest	**16**	(3)
Items that may not subsequently be reclassified to profit or loss		
FVOCI equity reserve	**(3)**	33
(Losses)/gains arising during the year	**(4)**	38
Deferred income tax	**1**	(5)
Remeasurements on defined benefit post-employment plans	**(44)**	10
(Losses)/gains arising during the year	**(56)**	20
Deferred income tax	**12**	(10)
Other comprehensive (loss)/income for the year	**(1 929)**	7 419
Total comprehensive income for the year	**39 251**	46 096
Attributable to		
Ordinary equityholders	**36 325**	43 673
Other equity instrument holders	**1 518**	1 119
Equityholders of the group	**37 843**	44 792
Non-controlling interests	**1 408**	1 304
Total comprehensive income for the year	**39 251**	46 096

Consolidated statement of financial position

as at 30 June

R million	Notes	2024	2023*	2022*
ASSETS				
Cash and cash equivalents	7	**158 477**	147 671	107 569
Derivative financial instruments	8	**55 284**	85 956	65 667
Commodities	9	**15 109**	17 252	17 580
Investment securities	10	**433 516**	419 140	382 149
Advances	11	**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	13	**36 052**	31 188	40 692
Current tax asset		**451**	925	624
Non-current assets and disposal groups held for sale	14	**1 498**	1 359	1 501
Insurance contract assets	15	**760**	555	306
Reinsurance contract assets	15	**509**	610	549
Investments in associates	17	**10 332**	10 400	8 178
Investments in joint ventures	18	**3 510**	3 105	2 618
Property and equipment	19	**23 326**	21 155	19 725
Intangible assets	20	**9 701**	10 277	9 457
Investment properties	21	**704**	353	698
Defined benefit post-employment asset	22	**7**	25	35
Deferred income tax asset	23	**8 562**	8 693	8 052
Total assets		**2 369 339**	2 298 039	1 999 724
EQUITY AND LIABILITIES				
Liabilities				
Short trading positions	24	**10 273**	12 753	14 623
Derivative financial instruments	8	**44 645**	70 354	64 547
Creditors, accruals and provisions	25	**42 447**	43 263	30 677
Current tax liability		**719**	471	803
Liabilities directly associated with disposal groups held for sale	14	**1 126**	–	824
Deposits	26	**2 003 151**	1 923 103	1 655 972
Employee liabilities	22	**16 572**	17 074	13 862
Other liabilities	27	**5 806**	7 033	8 248
Insurance contract liabilities	15	**968**	1 392	1 344
Reinsurance contract liabilities	15	**48**	24	–
Policyholder liabilities under investment contracts	16	**7 669**	6 236	5 396
Tier 2 liabilities	28	**17 268**	16 869	20 937
Deferred income tax liability	23	**843**	1 033	997
Total liabilities		**2 151 535**	2 099 605	1 818 230
Equity				
Ordinary shares	29	**56**	56	56
Share premium	29	**7 640**	7 860	7 905
Reserves		**187 576**	173 384	157 605
Capital and reserves attributable to equityholders of the group		**195 272**	181 300	165 566
Other equity instruments and reserves	30	**17 671**	12 846	11 645
Non-controlling interests	31	**4 861**	4 288	4 283
Total equity		**217 804**	198 434	181 494
Total equity and liabilities		**2 369 339**	2 298 039	1 999 724

* *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.*

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

Consolidated statement of changes in equity

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds												
R million	Share capital	Share premium	Share capital and share premium	Defined benefit post-employment reserve	Cash flow hedge reserve	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
Balance as reported at 1 July 2022 (as previously reported)	56	7 905	7 961	(556)	(2 357)	44	4 766	1 278	153 645	156 820	11 645	4 283	180 709
Impact of IFRS 17 adoption	–	–	–	–	–	–	–	63	722	785	–	–	785
Restated balance as at 1 July 2022	56	7 905	7 961	(556)	(2 357)	44	4 766	1 341	154 367	157 605	11 645	4 283	181 494
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	1	1
Additional Tier 1 capital issued during the year	–	–	–	–	–	–	–	–	–	–	2 804	–	2 804
Preference shares redeemed during the year	–	–	–	–	–	–	–	–	–	–	(4 519)	–	(4 519)
Movement in other reserves	–	–	–	–	–	12	–	295	(170)	137	2 916	2	3 055
Ordinary dividends	–	–	–	–	–	–	–	–	(27 991)	(27 991)	–	(1 240)	(29 231)
Distributions on other equity instruments	–	–	–	–	–	–	–	–	–	–	(1 119)	–	(1 119)
Transfer to/(from) general risk reserves	–	–	–	–	–	–	–	6	(6)	–	–	–	–
Changes in ownership interest of subsidiaries	–	–	–	–	–	–	–	–	2	2	–	(62)	(60)
Movement in treasury shares	–	(45)	(45)	–	–	–	–	–	(13)	(13)	–	–	(58)
Total comprehensive income for the year	–	–	–	10	(738)	–	8 003	67	36 331	43 673	1 119	1 304	46 096
– Profit for the year	–	–	–	–	–	–	–	–	36 331	36 331	1 119	1 227	38 677
– Other comprehensive income for the year	–	–	–	10	(738)	–	8 003	67	–	7 342	–	77	7 419
Vesting of share-based payments	–	–	–	–	–	(29)	–	–	–	(29)	–	–	(29)
Restated balance as at 30 June 2023	**56**	**7 860**	**7 916**	**(546)**	**(3 095)**	**27**	**12 769**	**1 709**	**162 520**	**173 384**	**12 846**	**4 288**	**198 434**
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–
Additional Tier 1 capital issued during the year	–	–	–	–	–	–	–	–	–	–	7 090	–	7 090
Additional Tier 1 capital redeemed during the year	–	–	–	–	–	–	–	–	–	–	(2 265)	–	(2 265)
Preference shares redeemed during the year	–	–	–	–	–	–	–	–	–	–	–	–	–
Movement in other reserves	–	–	–	–	–	26	–	152	(244)	(66)	–	1	(65)
Ordinary dividends	–	–	–	–	–	–	–	–	(22 158)	(22 158)	–	(1 093)	(23 251)
Distributions on other equity instruments	–	–	–	–	–	–	–	–	–	–	(1 518)	–	(1 518)
Transfer (from)/to general risk reserves	–	–	–	–	–	–	–	5	(5)	–	–	–	–
Changes in ownership interest of subsidiaries	–	–	–	–	–	–	–	–	137	137	–	257	394
Movement in treasury shares	–	(220)	(220)	–	–	–	–	–	(5)	(5)	–	–	(225)
Total comprehensive income for the year	–	–	–	(44)	2 370	–	(4 084)	(108)	38 191	36 325	1 518	1 408	39 251
– Profit for the year	–	–	–	–	–	–	–	–	38 191	38 191	1 518	1 471	41 180
– Other comprehensive income for the year	–	–	–	(44)	2 370	–	(4 084)	(108)	–	(1 866)	–	(63)	(1 929)
Vesting of share-based payments	–	–	–	–	–	(41)	–	–	–	(41)	–	–	(41)
Balance as at 30 June 2024	**56**	**7 640**	**7 696**	**(590)**	**(725)**	**12**	**8 685**	**1 758**	**178 436**	**187 576**	**17 671**	**4 861**	**217 804**

* *Refer to note 29.2 for a breakdown of other reserves.*

** *Other equity instruments and reserves at 30 June 2024 include R14 755 million (2023: R9 930 million) of AT1 instruments and R2 916 million (2023: R2 916 million) in empowerment fund reserve.*

Consolidated statement of cash flows

for the year ended 30 June

R million	Notes	2024	2023*
Cash flows from operating activities			
Profit before income tax		**53 021**	50 849
Adjustments for non-cash items:		**(68 023)**	(61 736)
- Depreciation and amortisation		**5 098**	4 720
- Net impairment on intangible assets and property and equipment		**216**	364
- Impairment loss on advances excluding post write-off recoveries		**15 038**	13 406
- Interest and similar income		**(189 524)**	(151 897)
- Interest expenses and similar charges		**106 070**	75 460
-Net gain on investing activities		**(295)**	(1 905)
- Hyperinflation		**27**	–
- Dividends accrued		**(3 882)**	(2 937)
- Indirect tax		**1 655**	1 540
- Share of profit of associates and joint venture		**(2 426)**	(487)
- Interest received		**186 594**	150 757
- Interest paid		**(105 189)**	(74 674)
- Dividends received		**5 965**	3 557
- Dividends paid		**(23 676)**	(29 110)
- Dividends paid to non-controlling interests		**(1 093)**	(1 240)
- Taxation paid		**(13 986)**	(14 574)
- Indirect tax paid		**(1 838)**	(1 724)
- Income tax paid		**(12 147)**	(12 850)
Cash flow from operating activities before operating assets and liabilities		**33 613**	23 829
Movement in operating assets and liabilities		**(14 926)**	32 260
– Investment securities	10	**(21 686)**	(29 717)
– Advances	11	**(98 911)**	(156 574)
– Deposits	26	**106 723**	210 639
– Collateral, settlement balances and other assets	13	**(4 982)**	9 632
– Creditors, accruals and provisions	25	**450**	9 755
– Employee liabilities	22	**(340)**	3 164
– Insurance assets and liabilities	15	**(801)**	(206)
– Reinsurance assets and liabilities	15	**129**	(37)
– Policyholder liabilities under investment contracts	16	**1 433**	840
– Non-current assets and disposal groups held for sale	14	**379**	(682)
– Derivatives and short trading position liabilities		**(26 969)**	3 623
– Derivatives and commodities assets		**29 649**	(18 177)
Net cash generated from operating activities		**18 687**	56 089
Cash flows from investing activities			
Acquisition of investments in associates	17	**(622)**	(1 110)
Proceeds on disposal of investments in associates	17	**22**	38
Acquisition of investments in joint ventures	18	**(101)**	(653)
Proceeds on disposal of investments in joint ventures	18	**–**	67
Proceeds on disposal of subsidiaries	31.2.1	**398**	42
Acquisition of property and equipment		**(6 360)**	(4 730)
Proceeds on disposal of property and equipment		**929**	458
Acquisition of investment properties	21	**(323)**	–
Acquisition of intangible assets	20	**(704)**	(460)
Proceeds on disposal of non-current assets held for sale	14	**770**	2 053
Net cash outflow from investing activities		**(5 991)**	(4 295)
Cash flows from financing activities			
Proceeds on the issue of other financial liabilities	27.1	**1 026**	4 614
Redemption of other financial liabilities	27.1	**(1 612)**	(5 114)
Principal payments towards lease liabilities	27.1	**(1 071)**	(1 012)
Proceeds from issue of Tier 2 liabilities	28.1	**1 548**	7 986
Capital repaid on Tier 2 liabilities	28.1	**(1 910)**	(13 079)
Acquisition of additional interest in subsidiaries from non-controlling interest	31.1.1	**–**	(170)
Redemption of AT1 equity instruments		**(2 265)**	–

Consolidated statement of cash flows continued

R million		2 024	2023*
Redemption of preference shares	30	–	(4 519)
Proceeds from issue of AT1 equity instruments	30	**7 090**	2 804
Net cash inflow/(outflow) from financing activities		**2 806**	(8 490)
Net increase in cash and cash equivalents		**15 502**	43 304
Cash and cash equivalents at the beginning of the year	7	**147 671**	107 569
Effect of exchange rate changes on cash and cash equivalents		**(4 692)**	(3 202)
Transfer to non-current assets held for sale	14	**(4)**	–
Cash and cash equivalents at the end of the year	7	**158 477**	147 671
Cash and cash equivalents comprises:			
Coins and bank notes		**10 679**	11 094
Money at call and short notice		**88 436**	79 740
Mandatory reserves with central banks		**40 503**	40 958
Other reserves with central banks		**18 859**	15 879
Cash and cash equivalents at the end of the year	7	**158 477**	147 671

* *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.*

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements

Basis of preparation

The group's consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), including IFRIC Interpretations, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Limited Listings Requirements, and requirements of the Companies Act no. 71 of 2008.

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 30 June 2024; the income statements and statements of other comprehensive income; statements of changes in equity and statements of cash flows for the year ended; as well as the notes, which comprise a summary of significant accounting policies and other explanatory notes.

Presentation of financial statements, functional and foreign currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Presentation	The group presents its statement of financial position in order of liquidity. Where permitted or required under IFRS Accounting Standards, the group offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position, the income statement or the statement of other comprehensive income.
Materiality	IFRS Accounting Standards are only applicable to material items. Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure. Management assesses the relevance of the information to user of the financial statement and considers both qualitative and quantitative factors in determining the materiality threshold for disclosure and presentation purposes.
Functional and presentation currency of the group	South African rand (R)
Level of rounding	All amounts are presented in millions of rands. The group has a policy of rounding off to the nearest million. Amounts less than R500 000 will therefore round down to Rnil and are presented as a dash.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Basis of preparation continued

Foreign operations with a different functional currency from the group presentation currency	The financial position and results of the group's foreign operations are translated at the closing or average exchange rate, as required per IAS 21. Upon consolidation, exchange differences arising on the translation of the net investment in foreign operations are recognised as a separate component of other comprehensive income (OCI) (the foreign currency translation reserve) and are reclassified to profit or loss upon loss of control of the foreign operation. The net investment in a foreign operation includes any monetary items for which settlement is neither planned nor likely in the foreseeable future. The results, cash flows and financial position of group entities which are accounted for as entities operating in hyperinflationary economies that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its parent at the exchange rate at the reporting date. These foreign exchange gains and losses on a hyperinflationary foreign operation are presented in OCI. **Hyperinflation accounting** The financial position of an entity whose functional currency is the currency of a hyperinflationary economy is adjusted applying the general price index at the end of the reporting period. Comparative information is not restated at group. The impact of the comparative periods adjustment applying the general price index is adjusted to opening retained earnings. The group applied hyperinflationary accounting at the beginning of the current year, with components of equity and other non-monetary assets and liabilities, which were restated by applying a general price index from the dates the components were contributed or otherwise arose. The group has elected to recognise the difference between the restated comparative hyperinflated results of the subsidiary, and the previously reported consolidated subsidiary results, directly in equity (retained earnings). In subsequent reporting periods, the difference between restated comparative amounts arising in the separate subsidiary accounts and the hyperinflated consolidated position of the subsidiary at the beginning of the year will be recognised in the current period as a direct adjustment to equity (retained earnings). During the current period, the group recognises gains or losses on the net monetary position in profit or loss as part of non-interest revenue (NIR) under the "Gains and losses from investment activities" line item, calculated by applying changes in the general price index to • items of income and expenses from the date they were initially earned or incurred up to the reporting date; and • the non-monetary assets and liabilities, including components of equity (excluding retained earnings), from the beginning of the year or date of contribution, if later, up to the reporting date. Monetary items are already expressed in terms of the measuring unit current at the end of the reporting period and are therefore not hyperinflated at the end of the reporting period. The income statement, statement of financial position and statement of cash flow of the group's subsidiary which has been classified as hyperinflationary has been expressed in terms of the measuring unit current at the reporting date.
Foreign currency transactions of the group	Translated into the functional currency using the exchange rates prevailing at the date of the transactions.
Translation and treatment of foreign denominated balances	Translated at the relevant exchange rates, depending on whether it is a monetary item (in which case the closing spot rate is applied) or non-monetary items. For non-monetary items measured at cost the rate applied is the rate on transaction date. For non-monetary items measured at fair value the rate at the date the fair value is determined (reporting date) is applied. Foreign exchange gains or losses are recognised in profit or loss in fair value gains or losses. To the extent that foreign exchange gains or losses relate to financial assets held at fair value through other comprehensive income (FVOCI) the following applies: • equity instruments – recognised in OCI as part of the fair value movement; and • debt instruments – allocated between profit or loss (those that relate to changes in amortised cost) and OCI (those that relate to changes in the fair value).

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Basis of preparation continued

Application of the going concern principle

The directors reviewed the group's and company's budgets and flow of funds forecasts for the next three years and considered the group's and company's ability to continue as a going concern. Based on the projections of the impact on the group's capital, funding and liquidity requirements, all have remained within internal targets and above regulatory requirements.

Forecast growth in earnings and balance sheet risk-weighted assets (RWA) is based on the group's macroeconomic outlook and is evaluated against available financial resources, considering the requirements of capital providers, regulators and rating agencies. The expected outcomes and constraints are then stress tested, and the group sets targets through different business cycles and scenarios.

On the basis of this review, and in light of the current financial position and profitable trading history, the directors are satisfied that the group has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

The financial statements have been prepared on a basis consistent with prior year, with the exception of the adoption of IFRS 17 – *Insurance Contracts* and IAS 29 – *Financial Reporting in Hyperinflationary Economie*s.

Segmental analysis

The segmental analysis included in the segment report is based on the information reported to the chief operating decision maker (CODM) for the respective segments under the current operating business management structures. The information is prepared in terms of IFRS Accounting Standards and certain adjustments are made to the segment results in order to eliminate the effect of non-taxable income and other segment-specific items that impact certain key ratios reviewed by the CODM when assessing the operating segments' performance. In addition, certain normalised adjustments are also processed to the segment results.

Critical accounting estimates, assumptions and judgements

Introduction

In preparing the financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise, the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the material critical accounting estimates, assumptions and judgements made by the group, except those related to fair value measurement, which are included in note 35.

Impairment of financial assets

IMPAIRMENT OF ADVANCES

In determining whether an impairment loss should be recognised, the group makes judgements as to whether there is a measurable decrease in the estimated future cash flows from a portfolio of loans.

The objective of the measurement of an impairment loss is to produce a quantitative measure of the group's credit risk exposure.

The group adopts the PD/LGD approach to calculate ECL for advances. ECL is based on a weighted average of the macroeconomic scenarios selected, weighted by the probability of occurrence.

Regression modelling techniques are used to predict borrowers' behaviour and transaction characteristics in accordance with and to align with IFRS 9, based on relationships observed in historical data related to the group of accounts to which the model will be applied. Models are used to estimate impairment parameters (PD, LGD and EAD) based on the predictive characteristics identified through the regression process.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

FORWARD-LOOKING INFORMATION

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

Macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. Development of these scenarios is overseen by the FirstRand macroeconomic forum, which is responsible for oversight and is independent of credit and modelling functions.

Teams of economists, both locally and within the various subsidiaries, assess micro- and macroeconomic developments to formulate the macroeconomic forecasts. Various internal and external economists are then requested to assign a probability to each scenario. The rationale for probabilities assigned by each respondent is noted and explained at the FirstRand macroeconomic forum.

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

Quantitative techniques are applied to estimate the impact of macroeconomic factors on ECL using various techniques.

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

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

The approach applied within the UK operations is aligned with the approach applied within domestic retail portfolios, with FLI-adjusted ECL estimates determined on the basis of a combination of regression-based modelling and expert judgement.

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

For the group's South African and broader Africa operations, three macroeconomic scenarios are utilised, namely a base scenario, an upside scenario and a downside scenario.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

FORWARD-LOOKING INFORMATION continued

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

Scenario	Probability	Description
Baseline	60% (2023: 56%)	• The global economy avoids a significant slowdown and geopolitical tensions continue to add to risk premia for risk assets, including commodities. • GDP growth lifts gradually as a result of the deployment of capital into renewable energy projects while other economic reforms slowly begin to support economic activity. • The country's election outcome does not result in a change on the status quo on policy and economic reforms. Policy makers and the private sector do not make meaningful progress with structural reforms. • Climate transition progresses slowly amid lack of agreement and progress on the COP27 Energy Transition Partnerships (JETP) implementation plan. • Drought and water management targets progress gradually. • Fiscal pressures continue to build while the South African Reserve Bank (SARB) continues to implement monetary policy to achieve its inflation objectives.
Upside	15% (2023: 15%)	• The global economy avoids a significant slowdown and geopolitical tensions continue to add to risk premia for risk assets including, commodities. • GDP growth lifts meaningfully thanks to deployment of capital into renewable energy projects while other economic reforms slowly begin to support economic activity. • The country's election outcome results in a private sector friendly approach to policy and economic reforms. • Economic and policy reform progress lifts investor and consumer confidence. • Climate transition progresses slowly and meaningful implementation progress is made on the COP27 JETP implementation plan. • Drought and water management targets progress meaningfully with pockets of the economy remaining more vulnerable than others. • Fiscal pressures reduce slightly but remain elevated in the near term.
Downside	25% (2023: 29%)	• Geo-economic fragmentation, including the Ukraine war, a regional war in the Middle East and conflict in the South China Sea, drives headline inflation significantly higher and real disposable income growth significantly lower. • The country fails to implement growth-enhancing economic reforms. • The country's election outcome results in a private sector unfriendly approach to policy and economic reforms. • The South African government experiences setbacks in its efforts to manage the decarbonisation process. • South Africa's export competitiveness and trade volume growth deteriorate during the transitional and implementation phases of the European Union's Carbon Border Adjustment Mechanism. • Currency depreciation stalls the disinflation trend, together with sustained policy tightening bias with negative consequences for financial conditions and risk appetite. • Real credit extension falls and savings lift.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

FORWARD-LOOKING INFORMATION continued

The following table sets out the scenarios and the probabilities assigned to each scenario for the group's UK operations at 30 June 2024:

Scenario	Probability	Description
Base	50% (2023: 60%)	• The combination of lower agriculture and energy prices, weaker global trade and domestic growth will see inflation return to the Bank of England's (BoE) 2% target. • The BoE will hold the bank rate at 5.25% until August 2024 as services inflation and wage growth ease. • The continued impact of higher interest rates will weigh on growth in 2024. • Property prices have bottomed, however stretched affordability and a softer labour market act as a speed limit on activity.
Upside	20% (2023: 15%)	• Continued demand and supply side disinflation alleviate the cost-of-living crisis and significantly lower 12-month ahead forward expectations. • Global geopolitical tensions dissipate rapidly, and financial and commodity market risk premia recede. • Lower domestic inflation and persistence of inflation allow the BoE to begin normalising interest rates. • Excess household savings and strong savings income, as well as strong real and nominal wage growth, significantly boost consumption and economic growth. • Lower inflation and interest rates reduce government interest payments and together with high nominal growth increase fiscal headroom to raise investment and trend growth. • The UK services sector achieves an efficient and beneficial outcome for the trade relationship with the EU. • The higher interest rate environment relative to the pre-pandemic is largely offset by rising household and corporate income and the support of excess savings built up over the pandemic, resulting in a low level of redundancies and insolvencies. • A growing economy sees hiring intentions rise. Labour supply mismatches clear rapidly, and unemployment falls as the market successfully absorbs increasing labour supply. • Asset prices rise broadly as the economy recovers and interest rates fall.
Downside	20% (2023: 20%)	• Longer than previously experienced monetary policy lags feed into corporate balance sheets, whose excess savings are now depleted, causing a wave of insolvencies and redundancies and a one-year recession. • Fiscal manoeuvrability is limited given elevated debt stock and interest servicing levels, and the government is unable to quickly react. • Higher redundancies and the return of inactive workers seeking to boost income result in unemployment rising to 7%. • The loss of income through a looser labour market offsets the previous income gains from elevated interest rates, and households reduce consumption. • Brexit uncertainty limits support for business investment despite lower interest rates, disrupts trade and leads to specific skilled labour shortages. • Cratering domestic inflation sees the BoE rapidly reduce interest rates to 1.5% to support the economy, alleviating pressures on business and public balance sheets. • Rising unemployment introduces forced selling, causing a 12% fall in house prices with larger declines in regions where affordability metrics are most stretched, such as London and the South East. • Commercial real estate capital prices fall over 31%, focused on poor quality, energy inefficient and retail and office sector properties. • The BoE raises interest rates as the economic recovery unfolds, ensuring that the labour market sufficiently recovers.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

FORWARD-LOOKING INFORMATION continued

Scenario	Probability	Description
Severe downside	10% (2023: 5%)	• Geopolitical escalation leads to a significant supply side inflation shock and the risk of a wage price spiral, prompting further aggressive action from central banks and leading to a deep two-year recession. • The government is less able to provide the significant fiscal support needed due to already elevated debt levels and soaring borrowing costs. An Energy Price Guarantee is re-established, but at a higher level of £3 500, with the policy's cost limiting what other support the government can provide. • UK fails to secure any significant post-Brexit trade deals resulting in much lower trade volumes. • Due to increased fiscal vulnerability, appetite for UK assets falls causing a prolonged depreciation in sterling, which pushes up imported and producer inflation. • The resurgence in energy prices causing inflation to re-accelerate to over 8% and risk of a wage price spiral emerging prompts a second flurry of tightening from the BoE, taking the bank rate to 7%. Policy rates stays tighter for longer. • Consumer and investor sentiment falls further and spare capacity in the economy increases significantly, while economic shocks result in permanent economic scarring and lower trend growth. • Unemployment rises considerably to over 9% as business insolvencies surge and productivity and earnings growth fall sharply. • Rising mortgage rates and unemployment drive increased forced selling in a residential property market where affordability metrics are already stretched, causing a substantial correction in house prices of -23%. • Permanent decline in commercial property prices due to diminished demand and high business insolvencies.

Overview of forward-looking information included in the 30 June 2024 impairment of advances

During the year, global economic growth and inflation continued to moderate. Central banks paused the aggressive interest rate hikes that they implemented to stem inflation, resulting in a slight reduction in risk aversion in financial markets. However, uncertainty about the potential future extent of the expected economic slowdown and possible interest rate cuts, combined with a significant increase in geopolitical risk, continued to drive market volatility.

The war in Ukraine remains ongoing, and the conflict in Gaza continued to escalate, lifting regional and global geopolitical tensions. Although these tensions remain important risk factors going forward, they did not translate into a significant macroeconomic impact for the economies in which the group operates during the period under review.

South Africa

South Africa's inflation remained above the central bank's target range, but began to reduce slowly, resulting in interest rates remaining on hold. With interest rates remaining at their cyclical peak, real economic activity continued to slow down, with domestic household consumption and corporate income being impacted by high interest rates and inflation. Rolling blackouts were less severe than expected and commodity prices remained somewhat resilient for certain key export commodities. However logistics bottlenecks continued to limit both export and import growth.

Towards the end of the year, the peaceful election, and subsequent formation of a Government of National Unity, turned out to be a more market friendly result than was widely expected. An increased probability of improvements in service delivery and economic reform momentum was reflected in financial market pricing for the currency, government debt securities and other domestic risk assets including equities. Although we noted a slight improvement in economic reform implementation before the election, and the election outcome has increased the probability of further progress, the election itself has not yielded tangible economic reform developments. As such we continue to carefully monitor the economic environment for signs of economic reform progress.

United Kingdom

The UK has started the calender year on a stronger footing than it exited the last, however the impact of previous rate rises will continue to weigh on activity. Inflation is returning to the BoE's 2% target as supply side shocks continue to unwind. BoE guidance remains cautious but is evolving more dovish. We forecast that the BoE will hold the bank rate at 5.25% until August 2024. The Monetary Policy Committee's comments are becoming more balanced but they continue to state their concerns over the persistence of domestic inflation and the tightness of the labour market. While we currently mechanically forecast that rates are lowered 25bps per meeting from August, we see the growing risk that rates are not lowered uniformly, with risks of skips, or larger cuts should inflation and/or growth surprise further to the downside. Unemployment is gradually rising but we expect it to peak well below levels recorded from previous recessions. Following the rebound in house prices in the first quarter of 2024, we have raised our house price forecast for 2024. Whilst stretched affordability and a softer labour market means some months or quarters of falls should be expected, we do not expect the 6% peak-to-trough fall reported by Nationwide to be re-tested.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

FORWARD-LOOKING INFORMATION continued

Broader Africa

General

The operating environment in the group's broader Africa footprint was generally characterised by modestly stronger economic activity, still high, but moderating inflation, and elevated interest rates. Simultaneously, fiscal headwinds remained prevalent. Slow progress in addressing structural weaknesses pre-dating the Covid-19 pandemic looks set to continue hampering GDP growth over the medium term.

Namibia

Real GDP growth in Namibia remained comparatively firm. Increased mining output, ongoing fixed investment in renewable energy and in oil and gas exploration, as well as a rebound in tourism, have all supported economic activity. Impetus from these sectors should continue underpinning growth in future. Supportive too should be more favourable weather conditions as the impact of the drought on agriculture and food inflation fades. Given the currency peg with the rand, the policy rate in Namibia is tied to SA's, but not at the same level. At 7.75% the repo rate in Namibia is 50bp below SA's. The start of a cutting cycle in both countries later in 2024 will help ease the pressure on highly indebted households and firms.

Botswana

The economy remained resilient during the year. Notably lower inflation, real increases in public sector wages, low interest rates and rising credit extension all brought about much-needed support from consumer spending. Pockets of strength in sectors like transport, utilities and mining, augmented by increased fiscal support (drought related) for the agricultural sector, further underpinned GDP growth. A recovery in global demand for raw diamonds, increased copper mining activity and inflation remaining within the central bank's target range should help keep growth comparatively firm in the year ahead. Much of Botswana's longer-term growth potential will rely on the successful delivery of key public sector infrastructure projects, as well as the implementation of revised policies targeted at improving non-mining output.

SIGNIFICANT MACROECONOMIC FACTORS

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

30 June 2024

South Africa	Upside scenario			Baseline expectation			Downside scenario		
(%)	2025	2026	2027	2025	2026	2027	2025	2026	2027
				Applicable across all portfolios					
Real GDP growth	3.30	3.60	3.00	1.80	1.40	1.90	0.20	0.60	0.80
CPI inflation	3.70	3.60	4.50	4.60	4.70	4.40	6.40	6.20	5.00
Repo rate	5.50	6.00	6.00	7.75	7.50	7.50	9.50	8.00	7.25
				Retail-specific					
Retail real income growth	3.30	3.60	0.90	1.20	1.20	1.80	(2.70)	(1.10)	4.40
House price index growth*	5.10	6.00	9.50	1.90	3.10	3.40	(1.00)	0.60	3.10
Household debt to income	60.10	57.80	59.50	61.40	61.50	62.30	61.90	61.30	58.60
Employment growth	2.30	2.20	2.00	0.90	0.80	1.10	0.60	1.40	–
				Wholesale-specific					
Fixed capital formation	5.40	8.00	7.10	5.70	3.20	4.90	(0.10)	(1.10)	2.70
Foreign exchange rate (USD/ZAR)	17.20	17.10	17.40	17.70	17.90	18.60	21.90	20.80	19.50

** Applicable to the secured portfolio.*

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

SIGNIFICANT MACROECONOMIC FACTORS

UK	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
(%)	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
Real GDP growth	2.10	2.80	2.70	0.90	1.20	1.30	(1.70)	1.90	1.30	(3.60)	(0.10)	0.80
CPI inflation	1.90	2.40	2.20	2.00	2.40	2.20	0.60	2.40	2.20	6.50	1.20	1.50
BoE rate	3.00	2.50	2.50	3.50	3.50	3.50	1.50	1.75	2.75	7.00	6.00	5.00
Household disposable income growth	2.00	1.60	1.40	1.10	1.70	1.60	(1.00)	1.70	2.30	(5.80)	2.30	3.50
House price index growth	3.50	4.10	3.60	3.00	3.10	3.00	2.70	1.90	3.60	1.20	(3.90)	0.70
Unemployment rate	3.50	3.50	3.50	4.70	4.30	4.10	7.00	6.20	5.10	9.20	8.70	8.10

** Applicable to the secured portfolio.*

Broader Africa

Namibia	Upside scenario			Baseline expectation			Downside scenario		
(%)	2025	2026	2027	2025	2026	2027	2025	2026	2027
Real GDP growth	5.70	6.10	6.00	4.40	3.10	3.40	0.65	–	0.30
CPI inflation	6.30	6.50	6.60	5.30	5.20	4.90	7.65	7.80	7.80
Repo rate	6.75	6.10	6.00	7.50	7.50	7.50	10.75	9.90	7.75

Botswana	Upside scenario			Baseline expectation			Downside scenario		
(%)	2025	2026	2027	2025	2026	2027	2025	2026	2027
Real GDP growth	8.25	8.50	8.00	4.20	4.00	3.80	0.25	1.00	1.50
CPI inflation	3.60	3.00	2.70	4.10	3.70	3.50	8.50	8.00	7.00
Repo rate	2.10	2.10	2.10	2.15	2.15	2.15	3.70	3.70	3.70

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

SIGNIFICANT MACROECONOMIC FACTORS

30 June 2023

South Africa	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Applicable across all portfolios									
Real GDP growth	3.50	3.40	3.50	0.30	1.60	1.80	(0.50)	(0.50)	1.50
CPI inflation	5.50	4.10	4.00	6.00	4.90	5.00	7.90	6.80	6.00
Repo rate	8.00	6.00	5.75	8.50	7.25	7.00	9.50	8.75	7.75
Retail-specific									
Retail real income growth	12.00	1.50	1.70	0.90	0.70	0.80	(1.70)	–	0.70
House price index growth*	4.70	5.70	8.30	1.50	2.20	3.30	(2.70)	(0.70)	2.80
Household debt to income	63.50	64.40	64.80	62.20	62.20	62.20	60.40	59.20	58.60
Employment growth	2.00	1.90	1.50	1.00	0.50	0.40	(0.40)	(0.10)	0.30
Wholesale-specific									
Fixed capital formation	9.00	7.70	8.70	3.10	3.70	4.30	(5.60)	(1.10)	3.70
Foreign exchange rate (USD/ZAR)	15.90	14.80	15.20	18.80	17.40	17.90	26.30	20.90	21.50

** Applicable to the secured portfolio.*

UK	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	2.00	3.20	2.60	(0.50)	1.40	1.40	(2.40)	0.10	1.60	(3.30)	(1.60)	0.60
CPI inflation	3.20	2.00	1.80	3.70	2.10	2.10	4.40	2.60	2.00	5.60	6.10	2.10
BoE rate	4.30	3.10	3.00	4.50	3.50	3.50	5.30	4.80	4.00	5.40	6.00	5.90
Household disposable income growth	(0.40)	2.30	2.40	(0.30)	1.70	1.90	(3.10)	(0.10)	2.30	(5.00)	(2.50)	2.70
House price index growth	1.30	3.80	3.80	(4.90)	3.00	3.90	(7.70)	(2.50)	1.70	(11.50)	(7.00)	(0.30)
Unemployment rate	3.70	3.50	3.50	4.70	4.20	3.90	5.90	6.80	5.90	8.40	9.00	8.30

** Applicable to the secured portfolio.*

Broader Africa

Namibia	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	5.60	6.30	6.70	2.90	3.00	2.90	0.40	(0.30)	–
CPI inflation	4.90	4.90	5.10	4.90	4.50	4.70	7.60	7.60	7.80
Policy rate	5.25	5.25	5.25	7.25	7.25	7.00	10.00	7.50	7.50

Botswana	Upside scenario			Baseline expectation			Downside scenario		
(%)	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	7.50	7.90	8.00	3.80	4.40	4.30	1.00	1.20	1.20
CPI inflation	4.60	4.60	3.80	7.00	4.50	3.50	11.70	9.30	8.50
Policy rate	3.10	3.10	3.10	3.20	3.20	3.20	8.40	8.40	8.40

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

SIGNIFICANT MACROECONOMIC FACTORS

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

R million	IFRS 9 impairment provision	Baseline	% change in total IFRS 9 provision	Upside	% change in total IFRS 9 provision	Downside	% change in total IFRS 9 provision
Total at 30 June 2024	**23 501**	**22 469**	**(4)**	**19 790**	**(16)**	**27 173**	**16**
Retail	**10 938**	**10 504**	**(4)**	**9 077**	**(17)**	**12 762**	**17**
Commercial	**2 529**	**2 521**	**–**	**2 191**	**(13)**	**2 771**	**10**
RMB CIB	**4 584**	**4 494**	**(2)**	**4 267**	**(7)**	**4 827**	**5**
Broader Africa	**1 988**	**2 023**	**2**	**1 735**	**(13)**	**2 359**	**19**
Centre (including Group Treasury)*	**288**	**286**	**(1)**	**280**	**(3)**	**292**	**1**
UK operations*	**3 174**	**2 641**	**(17)**	**2 240**	**(29)**	**4 162**	**31**
Total at 30 June 2023	24 197	23 609	(2)	20 914	(14)	26 279	9
Retail	10 749	10 274	(4)	9 101	(15)	11 676	9
Commercial	2 459	2 438	(1)	2 199	(11)	2 618	6
RMB CIB	3 770	3 736	(1)	3 480	(8)	4 044	7
Broader Africa	2 093	2 165	3	1 898	(9)	2 374	13
Centre (including Group Treasury)	521	512	(2)	506	(3)	518	(1)
UK operations	4 605	4 484	(3)	3 730	(19)	5 049	10

* *The MotoNovo back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Prior period information has not been restated.*

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

<table>
<tr><th>Judgement</th><th>Retail and retail SME</th><th>Wholesale and commercial SME</th></tr>
<tr><td rowspan="2">Measurement of the 12-month and LECL</td><td>Parameters are determined on a basis whereby exposures are pooled at a portfolio level (at a minimum). Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour, as well as behavioural and demographic information related to individual exposures currently on book.

PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates. EAD parameter estimates are based on product characteristics in addition to historical drawdown and payment behaviour. LGDs are determined by estimating expected future cash flows, adjusted for FLI such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes.

The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within historical data will continue to be relevant in the future.</td><td>Parameters are determined based on the application of statistical models that produce estimates based on counterparty-specific financial information and transaction characteristics. These characteristics include the nature of available collateral. Due to the specialised nature of these exposures, parameters produced by models are taken through a robust review and challenge process before being applied to calculate ECL, and are required to be signed off by a committee of wholesale and commercial credit experts who can motivate adjustments to modelled parameters.</td></tr>
<tr><td colspan="2">Parameters are calibrated for the calculation of 12-month and LECL using term structures that consider borrower risk, account age, historical behaviour, transaction characteristics and correlations between parameters.

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

ECL on open accounts is discounted from the expected date of default to the reporting date, using the asset's original effective interest rate or a reasonable approximation thereof.</td></tr>
<tr><td>Determination of whether the credit risk of financial instruments have increased significantly since initial recognition (SICR)</td><td>SICR triggers continue to be based on client behaviour, client-based behaviour scores and judgemental factors.</td><td>SICR triggers continue to be determined based on client behaviour and the internal FirstRand client rating or risk score, as well as judgemental factors, which include triggers for industries in distress, potentially resulting in the client being added to the watchlist through the group's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a SICR.</td></tr>
</table>

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Impairment of financial assets continued

Judgement	Retail and retail SME	Wholesale and commercial SME
Sensitivity staging	The move from 12-month ECL (stage 1) to LECL (stage 2) can result in a substantial increase in ECL. The sensitivity information provided in the table below details the estimated additional ECL charge to the income statement that the group would need to recognise if 5% of the stage 1 GCA of advances suffered a SICR and were moved from stage 1 to stage 2 as at 30 June 2024. A 5% increase in advances categorised as stage 2 can be viewed as a reasonably possible alternative based on the current economic conditions.	

R million	30 June 2024 5% increase in gross carrying amount of exposure*	30 June 2024 Increase in the loss allowance
Retail	**35 255**	**2 835**
Wholesale, commercial and other (including Group Treasury)	**38 895**	**4 467**
Total increase in stage 2 advances and ECL	**74 150**	**7 302**
	30 June 2023	
Retail	34 634	2 504
Wholesale, commercial and other (including Group Treasury)	36 283	4 411
Total increase in stage 2 advances and ECL	70 917	6 915

* *Includes exposures across the group's exposures in South Africa, broader Africa and UK operations.*

Subsidiaries, associates and joint arrangements

SUBSIDIARIES

Only one party can have control over a subsidiary. In determining whether the group has control over an entity, consideration is given to any rights the group has that result in the ability to direct the relevant activities of the investee, and the group's exposure to variable returns.

In operating entities, shareholding is most often the clearest indication of control. However, for structured entities and investment management funds, judgement is often needed to determine which investors have control of the entity or fund. Generally, where the group's shareholding is greater than 50%, the investment is accounted for as a subsidiary.

Decision-making power

Some of the major factors considered by the group in making this determination include the following:

- the purpose and design of the entity;
- what the relevant activities of the entity are;
- who controls the relevant activities and whether control is based on voting rights or contractual agreements. This includes considering:
  - what percentage of voting rights is held by the group and the dispersion and behaviour of other investors;
  - potential voting rights and whether these increase/decrease the group's voting powers;
  - who makes the operating and capital decisions;
  - who appoints and determines the remuneration of the KMP of the entity;
  - whether any investor has any veto rights on decisions;
  - whether there are any management contracts in place that confer decision-making rights;
  - whether the group provides significant funding or guarantees to the entity; and
  - whether the group's exposure is disproportionate to its voting rights;
- whether the group is exposed to any downside risk or upside potential that the entity was designed to create;
- to what extent the group is involved in the setup of the entity; and
- to what extent the group is responsible to ensure that the entity operates as intended.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Subsidiaries, associates and joint arrangements continued

SUBSIDIARIES continued	
Exposure to variable returns	Factors considered include: • the group's rights in respect of profit or residual distributions; • the group's rights in respect of repayments and return of debt funding; • whether the group receives any remuneration from servicing assets or liabilities of the entity; • whether the group provides any credit or liquidity support to the entity; • whether the group receives any management fees and whether these are market-related; and • whether the group can obtain any synergies through the shareholding that are not available to other shareholders. Benefits could be non-financial in nature, such as employee services, etc.
Ability to use power to affect returns	Factors considered include: • whether the group is acting as an agent or principal; • whether the group has any *de facto* decision-making rights; • whether the decision-making rights the group has are protective or substantive; and • whether the group has the practical ability to direct the relevant activities.

Associates	Joint arrangements
Determining whether the group has significant influence over an entity: • Significant influence may arise from rights other than voting rights, for example management agreements. • The group considers both the rights that it has as well as currently exercisable rights that other investors have when assessing whether it has the practical ability to significantly influence the relevant activities of the investee.	Determining whether the group has joint control over an entity: • The group considers all contractual arrangements to determine whether unanimous consent is required in all circumstances. • A joint arrangement is classified as a joint venture when it is a separate legal entity, and the shareholders share in the net assets of the separate legal entity which requires consideration of the practical decision-making ability and management control over the activities of the joint arrangement.

STRUCTURED ENTITIES

Structured entities are those where voting rights generally relate to administrative tasks only and the relevant activities are determined only by means of a contractual arrangement.

When assessing whether the group has control over a structured entity, specific consideration and judgement is given to the purpose and design of the structured entity, and whether the group has power over decisions that relate to activities that the entity was designed to conduct.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Subsidiaries, associates and joint arrangements continued

INVESTMENT FUNDS

The group acts as fund manager to a number of investment funds. In terms of a mandate the group is required to make active investment management decisions in respect of the fund.

Determining whether the group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the group in the fund (comprising any direct interests in the fund and expected management fees), as well as the investors' right to remove the group as fund manager.

If the other investors are able to easily remove the group as fund manager or the group's aggregate interest is not deemed to be significant, the group does not consolidate the funds as it is merely acting as an agent for other investors. Other investors are considered to be able to easily remove the fund manager if it is possible for a small number of investors acting together to appoint a new fund manager in the absence of misconduct. Where the group has a significant investment and an irrevocable fund management agreement, the fund is consolidated.

Where such funds are consolidated, judgement is applied in determining if the non-controlling interests in the funds are classified as equity or financial liabilities. Where the external investors have the right to put their investments back into the fund, these non-controlling interests do not meet the definition of equity and are classified as financial liabilities.

Where such funds are not consolidated or equity accounted, the group accounts for the investments in the funds as investment securities in terms of IFRS 9.

Where investments in funds managed by the group meet the criteria for consolidation, but are considered to be financially inconsequential both individually and in aggregate with other inconsequential investments in funds, they are not consolidated by the group, and are recognised as marketable advances.

As decisions related to the relevant activities are based on a contractual agreement (mandate) as opposed to voting or similar rights, investment funds that are managed by the group are considered to be structured entities as defined in IFRS 12, except where other investors can easily remove the group as fund manager without cause as this represents rights similar to voting rights.

The group receives investment management fees from the funds for investment management services rendered. These fees are typical of supplier-customer relationships in the investment management industry.

Where the group provides seed funding or has any other interests in investment funds it manages, and does not consolidate, the investment is considered to represent a typical customer-supplier relationship.

IMPAIRMENT OF GOODWILL

The carrying amount of goodwill is tested annually for impairment in accordance with the group's policy. Goodwill is considered to be impaired when its recoverable amount is less than its carrying amount. The recoverable amount of the cash generating unit (CGU) is determined as the higher of the value in use or fair value less costs to sell. For impairment testing purposes, goodwill is allocated to CGUs at the lowest level of operating activity to which it relates and is therefore not combined at group level. The group's goodwill impairment test is performed on the balances as at 31 March annually, except balances for Aldermore are tested at 30 June.

The goodwill balance as at 30 June is allocated to the following significant CGUs:

R million	Segment the goodwill is allocated to	2024	2023**
Aldermore	Aldermore	**8 078**	8 389
WesBank*	WesBank	**2**	94
African operations	FNB broader Africa	**36**	38
Other	Various	**65**	125
Total		**8 181**	8 646

*A subsidiary within the WesBank segment was classified as non-current asset held for sale. The related goodwill balance of R92 million has been transferred to the disposal group. Refer to note 14.
**The goodwill was incorrectly disclosed in the prior year for Aldermore (R8 361 million) and WesBank (R122 million). The comparatives have been restated. The total for goodwill did not change.

Refer to Note 3 – Operating expenses for details of the impairment charge recognised in profit or loss.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Subsidiaries, associates and joint arrangements continued

DETERMINATION OF RECOVERABLE AMOUNT

The recoverable amount of all CGUs to which goodwill is allocated was determined using the value in use methodology. The value in use is calculated as the net present value of the discounted cash flows of the CGU. This is determined by discounting the estimated future pre-tax cash flows (cash flow projections) to its present value using a pre-tax weighted average cost of capital discount rate. In the prior year, the recoverable amount of the goodwill attributable to the WesBank segment was determined using fair value less costs to sell. The fair value was determined using the discounted cash flow methodology.

Management's judgement in estimating the recoverable amount of a CGU

The cash flow projections for each CGU are based on budgets and forecasts approved by the board as part of the annual budget and forecast process undertaken in April and May each year. The budgets and forecasts are based on historical data adjusted for management's expectation of future performance. Expected future performance is determined using both internal and external sources of information. The board challenges and endorses planning assumptions in light of the internal capital allocation decisions necessary to support strategy, current market conditions and the macroeconomic outlook.

Cash flow projections up to 2029 were prepared for Aldermore, whereas the cash flows projections until 2028 were considered for other CGUs.

The terminal cash flows are calculated from the final cash flow period, which is extrapolated into perpetuity, using the estimated growth rates stated below. These growth rates are consistent with economic reports specific to the country in which each CGU operates.

To determine the net present value, the cash flows of the CGU are discounted using the weighted average cost of capital for the specific CGU, adjusted for specific risks relating to the CGU.

DETERMINATION OF RECOVERABLE AMOUNT

The table below shows the discount rates and the growth rates used in calculating the value in use for the CGUs.

	Discount rates		Growth rates	
R million	**2024**	2023	**2024**	2023
Aldermore	**15.34**	14.59	**2.00**	2.00
WesBank	**20.34**	19.52	**3.00**	3.00
African operations	**15.45**	15.70	**5.00**	4.70
Other	**20.34**	19.52	**3.00**	3.00

Impairment results

A CGU within the Other segment was fully impaired by R60.5 million during the year. For the remaining CGUs, a reasonable change in projected cash flows, the discount rate or growth rate of the above-mentioned CGUs results in their recoverable amount being sufficiently in excess of the carrying amount resulting in changes to the assumptions not changing the final outcome of the test. The goodwill attributable to the Aldermore CGU in the current and prior period were not shown to be sensitive to changes in assumptions supporting the recoverable amount, as the recoverable amount calculated is higher than the carrying amount attributable to Aldermore.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Taxation

The group is subject to direct tax in a number of jurisdictions. As such there may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business.

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Furthermore, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets.

Provisions

PROVISIONS FOR LITIGATION
The group has a policy and process in place to determine when to recognise provisions for potential litigation and claims. The recognition of such provisions is linked to the ranking of the legal risk of potential litigation on the group's litigation database which indicates if outflow is probable.

Transactions with employees

EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS	
Determination of required funding levels	Funding levels are monitored on an annual basis and the current agreed contribution rate in respect of the defined benefit pension fund is 21% (2023: 21%) of pensionable salaries (in excess of the minimum recommended contribution rate set by the fund actuary). The group considers the recommended contribution rate as advised by the fund actuary with each actuarial valuation. In addition, the trustees of the fund target a funding position on pensioner liabilities that exceeds the value of the best estimate actuarial liability. The funding position is also considered in relation to a solvency reserve basis, which makes allowance for the discontinuance cost of outsourcing the pensions. As at the last statutory actuarial valuation of the pension fund (during June 2023), all categories of liabilities were at least 100% funded. If the member chooses to buy into the fund, the fair value of plan assets and the value of the plan liabilities on the defined benefit plan are increased by the amount of the initial contribution on the date of the purchase.
EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS	
Determination of present value of defined benefit plan obligations	The cost of the benefits and the present value of the defined benefit pension funds and post-employment medical obligations depend on a number of factors that are determined annually on an actuarial basis, by independent actuaries, using the projected unit credit method which incorporates a number of assumptions. The key assumptions used in determining the charge to profit or loss arising from these obligations include the expected long-term rate of return on the relevant plan assets, discount rate and expected salary and pension increase rates. Any changes in these assumptions will impact the charge to profit or loss and may affect planned funding of the pension plans.
CASH-SETTLED SHARE-BASED PAYMENT PLANS	
Determination of fair value of the award	The award is determined using the Black Scholes option pricing model with a zero strike price. The following estimates are included in the model to determine the value: • management's estimate of future dividends; • the risk-free interest rate; and • staff turnover and historical forfeiture rates as indicators of future conditions.
EQUITY-SETTLED SHARE-BASED PAYMENT PLANS	
Determination of fair value of the award	The total value of the services received is calculated with reference to the fair value of the award on grant date. The fair value of the award is determined excluding non-market vesting conditions. These vesting conditions are included in the assumptions of the number of awards expected to vest.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

INSURANCE CONTRACTS

Discount rate

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks to derive an expected present value.

A bottom-up approach is used to determine the discount rate for the cash flows that do not vary based on the returns on underlying items in all other contracts within the scope of IFRS 17 and is derived as the sum of the risk-free yield and an illiquidity premium (where necessary).

Discount rates are based off the RMB Government Zero Yield Curve, which is derived from the RSA Government Bond Curve with a flat extrapolation beyond February 2048. Beyond 2048, the yield curve is unobservable and a flat extrapolation methodology for the non-observable part of the curve was chosen as it supports sound investment and risk management strategies. Using a flat rate from the LOP (last observable point) is, in the group's view, more accessible and behaves in a way most consistent with near observable markets.

The table below sets out the yield curves used to discount the cash flows of insurance contracts:

Risk-free rates %	**2024**	2023
1 year	**8.95**	9.62
5 years	**10.11**	10.19
10 years	**12.23**	12.40
20 years	**13.54**	14.23
50 years	**13.63**	13.95

Risk adjustment for non-financial risk

The group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the entity to the reinsurer.

The risk adjustment was calculated at each insurance entity level and then allocated down to each group of contracts in accordance with their risk profiles.

The scenario value-at-risk approach was used to determine the overall adjustment for non-financial risk regarding the liability for remaining coverage (LRC), which includes a specified upfront confidence level (probability of sufficiency) of 80% over a one-year period. The group allows for diversification benefits across products at an overall insurance entity level.

With respect to the risk adjustment included in the fulfilment cash flows (FCF) attributable to the liability for incurred claims (LIC), the group has applied a bootstrapping approach. The bootstrapping approach makes use of the basic chain ladder as a source of input, which is a common actuarial reserving methodology.

CONTRACTS MEASURED UNDER THE GENERAL MEASUREMENT MODEL

Estimates of future cash flows

The current estimate of future cash flows to be included in the measurement of insurance contracts incorporates unbiased and probability-weighted mean of the full range of possible outcomes, which includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events, that is reasonable and supportable without undue cost or effort at the reporting date.

Consistent assumptions are used when measuring estimates of the present value of future cash flows for a group of reinsurance contracts held and estimates of the present value of future cash flows for the group(s) of underlying insurance contracts.

For contracts measured using the general measurement model (GMM), the measurement of the LRC includes cash flows within the contract boundary of the insurance contracts. Cash flows that are within the contract boundary are those that relate directly to the fulfilment of the contract, including those which the entity has discretion over the amount or timing.

Contractual service margin (CSM) amortisation – determination of coverage units

The group currently issues GMM insurance contracts without discretionary participation features. As such, the CSM is amortised to profit or loss using coverage units based on the discounted sum assured in force, which represents the proportion of actual service provided during the financial period. Amortisation of the CSM is determined by first calculating the present value of the coverage units over the remaining period. The amortisation percentage for the reporting period is then calculated as the current coverage units over the current coverage units plus the present value of future coverage units. In the formula, the current coverage unit is calculated as the expected coverage unit for the current period. Although actual coverage units for the current period should present the actual service of the actual coverage provided, as a practical expedient to alleviate operational complexity, expected coverage units for the reporting period are used, as the expected coverage unit have been found to be a close proxy to actual coverage units.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Critical accounting estimates, assumptions and judgements continued

Insurance contracts continued

KEY ASSUMPTIONS TO WHICH THE ESTIMATION OF LIABILITIES IS PARTICULARLY SENSITIVE	
Material judgement is required in determining liabilities and in the choice of assumptions. Assumptions in use are based on experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation. Assumptions are further evaluated on a continual basis in order to ensure realistic and reasonable valuations. The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:	
Mortality, retrenchment and morbidity rates	Group-specific tables, which are assessed on an annual basis, are based on standard industry tables, national tables, reinsurer tables or internal tables where sufficient data is available. These tables are modified to reflect the entity's specific recent historical experience, and differentiated by certain factors (for example gender, underwriting class and contract types, among others).
Expenses modelling	Expenses comprise all future cash flows that are directly related to the fulfilment of a group of contracts and are referred to as directly attributable expenses. For contracts measured under the GMM, the group projects the estimate of future expenses relating to fulfilment of contracts (costs of maintaining and servicing in-force policies) using current level of expenses taken as an appropriate expense base, adjusted for expected expense inflation.
Lapse and cancellation rates	Lapses relate to the termination of policies due to non-payment of premiums. Cancellations relate to the voluntary termination of policies by policyholders or the settlement or termination of financing products, to which embedded and credit life policies are linked. Policy termination assumptions are determined using statistical measures based on the group's experience and vary by product type.

Fair value

FAIR VALUE MEASUREMENT

The details of the processes, procedures and assumptions used in the determination of fair value are disclosed in note 35. In particular, the areas that involve the greatest amount of judgement and complexity include the following:

- assessing whether instruments are trading with sufficient frequency and volume that can be considered liquid;
- the inclusion of a measure of the risk of counterparty non-performance in the fair value measurement of loans and advances; and
- the inclusion of credit valuation adjustments and funding valuation adjustments in the fair value measurement of derivative instruments.

Impact of the adoption of new accounting standards

IFRS 17 TRANSITION

IMPACT OF IFRS 17 ADOPTION	
Introduction	IFRS 17 is the first IFRS Accounting Standard for measuring and reporting for insurance contracts, replacing IFRS 4. IFRS 4 allowed insurers to continue with local practices which were inconsistent amongst peers even within the same jurisdictions. The adoption of IFRS 17 does not impact the economic value of the insurance business or the total profit or loss recognised over the lifetime of any insurance contract, but rather governs the timing and amount of profit that is recognised as insurance services are rendered to the policyholder.
Overview of the group's IFRS 17 impact	The group writes insurance contracts without direct participation features and as such, where the contract boundary is less than one year, the premium allocation approach (PAA) is applied. In all other circumstances, the GMM is applied. A similar methodology is applied to reinsurance contracts. Reference to insurance contracts therefore refers to both insurance and reinsurance contracts, unless specified.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Impact of the adoption of new accounting standards continued

IFRS 17 TRANSITION continued

IMPACT OF IFRS 17 ADOPTION	
Transition approach	The default transition approach under IFRS 17 is the fully retrospective approach (FRA), where an entity calculates the impact of IFRS 17 at the transition date as though IFRS 17 had always applied. Where it is impracticable to apply the FRA, an entity is permitted to apply the modified retrospective approach (MRA), which involves specific modifications to the FRA, or to apply the fair value approach. The group applied the FRA and the MRA to all insurance and reinsurance contracts.
Measurement changes	Under IFRS 4, the group did not recognise prospective reserves nor the excess of the estimated cash inflows over the estimated cash outflows (referred to as zerorisation). As such, policyholder liabilities primarily comprised premiums received in advance, represented by the unearned premiums reserve as well as estimated claims and reported claims, represented by the incurred but not yet reported (IBNR) reserve, and the outstanding claims reserve (OCR). Similarly, for reinsurance contracts held, the reinsurance asset only included insurance premiums paid in advance as well as claims recoverable from the reinsurer. Insurance income reported in the income statement under IFRS 4 consisted of insurance premiums, reinsurance expenses, insurance benefits and claims paid, reinsurance recoveries, transfers from/(to) policyholders' liabilities (gross and reinsurance), and commissions, brokerage and participation agreements. The unit of account has been specifically defined in IFRS 17, and requires the grouping of contracts with similar risks, issued within the same time cohort (which cannot be longer than one year), and split into three groups, namely onerous contracts, contracts unlikely to become onerous and remaining contracts. In doing so, IFRS 17 attempts to ensure onerous contracts are recognised and are not masked by cross-subsidisation from other profitable insurance contracts. Where a loss on a group of onerous contracts is recognised, and such a group is subject to a reinsurance contract, the group is permitted to recognise an upfront gain on the reinsurance contract that offsets the loss on recognition of onerous contracts, to the extent the reinsurance contract provides the group protection. IFRS 17 requires recognition and measurement within insurance contract assets and liabilities, the (LRC and the LIC for both insurance contracts and reinsurance contracts, for both the GMM and the PAA. The LRC reflects an estimate of the discounted expected future cash inflows and outflows within the contract boundary of a group of insurance contracts, risk adjustment for non-financial risk (fulfilment cash flows) and the CSM. The LRC is released to the income statement as insurance revenue, which is made up of the current reporting period's expected future cash flows, release of the risk adjustment and the CSM. The risk margins applied to insurance contracts under IFRS 4 have been replaced by a risk adjustment, which is calculated with reference to the group's specific risk appetite on insurance contracts issued. Under IFRS 4 the group zerorised any assets for portfolios of contracts where the estimated future cash inflows exceeded the estimated future cash outflows, which now form part of the LRC. This resulted in the recognition of an LRC asset and a corresponding credit to retained earnings at transition date. LRC for contracts measured using the GMM is required to include the cash outflows attributable to insurance acquisition cash flows (IACF). Previously, under IFRS 4, insurance acquisition costs were immediately expensed in operating expenses. This change also results in the recognition of an LRC asset and a corresponding credit to retained earnings at transition date. The unwind of the IACF contained within the LRC is reflected in insurance revenue and insurance service costs. Under IFRS 4 the group recognised a liability for estimated and reported claims on issued insurance contracts through the IBNR and the OCR, which were not discounted for life contracts, and included explicit risk margins did not include an explicit risk adjustment even though the IBNR included explicit risk margins. The recognition of a risk adjustment and the impact of discounting in terms of IFRS 17 resulted in an insignificant impact on retained earnings. The LRC for contracts using the PAA is not required to be divided into expected future cash flows, risk adjustment and CSM, and it is permitted to recognise insurance premiums earned as insurance revenue under IFRS 17. The group elected to expense insurance acquisition cash flows immediately for contracts measured using the PAA.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Impact of the adoption of new accounting standards continued

IFRS 17 TRANSITION continued

IMPACT OF IFRS 17 ADOPTION	
Presentation changes	Presentation on the income statement for insurance income now reflects: • insurance revenue (movement in the LRC and experience adjustment); • insurance service expenses, which include actual claims and directly attributable expenses incurred (movement in the LIC); • loss on recognition of onerous contracts; • net income/expense from reinsurance contracts held and insurance contract finance income or expense; and • fees earned from commissions, brokerage and participation agreements (accounted for in terms of IFRS 15). Insurance service expenses are not limited to the movement in the LIC, including insurance benefits and claims paid, but now include directly attributable expenses relating to the issuance and continued management of insurance contracts. These costs were previously presented as part of operating expenses. Net income/expense from reinsurance contracts held comprises the movement of the LRC and LIC attributable to reinsurance contracts. Insurance and reinsurance finance income or expenses arise from discounting the fulfilment cash flows (FCF) using a current yield curve and the CSM using a locked-in yield curve determined at initial recognition. An entity can elect to present insurance finance income or expense wholly in the income statement, or to present the portion of the insurance finance income or expense that relates to changes in financial assumptions in other comprehensive income (OCI option), with the income statement reflecting insurance finance income or expense at a constant or locked-in rate. The group has elected to apply the OCI option on specifically identified portfolios of insurance contracts.

Impact due to changes in presentation and 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.

Change in the presentation and restatement of the income statement

The group refined the description of the other non-interest revenue line item in the income statement to be reflected as net other non-interest revenue, and more appropriately disaggregated the line item between other non-interest revenue and other non-interest related expense, consistent with the presentation of other items that are presented as non-interest revenue.

Change in presentation and restatement of the statement of cash flows

In the current year, the group has changed the basis of presentation of the statement of cash flow to the indirect method. The change in the presentation allows for simpler collation of information. The change in the presentation only impacted net cash flows from operating activities within the statement of cash flows for the group.

Proceeds from issue of Tier 2 liabilities and capital repaid on Tier 2 liabilities reflected in the cash flows from financing activities in the statement of cash flows have been restated by R2 500 million to correctly reflect the actual cash flows at 30 June 2023. The net cash inflow from financing activities (R8 490 million) remains unchanged.

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Impact due to changes in presentation and restatements continued

The table below illustrates the impact of the restatements on the primary financial statements, including where relevant the impact of adopting IFRS 17 as it relates to the restatements above. Refer to note 39 - *Impact due to changes in presentation and restatements* for the changes made to the other notes to the annual financial statements, which did not affect the primary financial statements.

Statement of financial position

R million	As previously reported 2022	IFRS17	Reclass-ification	Restated 2022	As previously reported 2023	IFRS17	Reclass-ification	Restated 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
Total assets	1 999 569	155	—	1 999 724	2 297 610	429	—	2 298 039
Total equity and liabilities	1 999 569	155	—	1 999 724	2 297 610	429	—	2 298 039

** Previously reported as 'Other assets'.*

Statement of cash flows

R million	As previously reported 2023	Tier 2 liabilities	Margin balances	Change in presentation	Restated 2023
Cash flows from operating activities					
Interest and fee commission receipts	191 607	–	–	(191 607)	–
- Interest received	150 756	–	–	(150 756)	–
- Fee and commission received	43 540	–	–	(43 540)	–
- Insurance income received	4 767	–	–	(4 767)	–
- Fee and commission paid	(7 456)	–	–	7 456	–
Trading and other income	3 774	–	–	(3 774)	–
Interest payments	(74 673)	–	–	74 673	–
Other operating expenses	(52 376)	–	–	52 376	–
Dividends received	3 557	–	–	(3 557)	–
Dividends paid	(29 110)	–	–	29 110	–
Dividends paid to non-controlling interest	(1 240)	–	–	1 240	–
Taxation paid	(14 574)	–	–	14 574	–
Cash generated from operating activities	26 965	–	–	(26 965)	–
Movement in operating assets and liabilities					
– Investment securities	(27 190)	–	–	27 190	–
– Advances	(157 650)	–	–	157 650	–
– Deposits	210 639	–	–	(210 639)	–
Collateral, settlement balances and other assets*	(4 756)	–	–	4 756	–
– Creditors	9 299	–	–	(9 299)	–
– Employee liabilities	(947)	–	–	947	–
– Total other liabilities	(8 705)	–	–	8 705	–
– Other operating liabilities	(9 441)	–	–	9 441	–
– Reinsurance assets	29	–	–	(29)	–
– Policyholder liabilities	707	–	–	(707)	–
Net cash generated from operating activities	47 655	–	–	(47 655)	–
Cash flow from operations (indirect method)					
Profit before income tax	—	–	–	50 849	50 849
Adjustments for non cash items:	—	–	–	(61 736)	(61 736)
- Depreciation and amortisation	—	–	–	4 720	4 720
- Net impairment on intangible assets and property and equipment	—	–	–	364	364

Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements continued

Statement of cash flows (continued)

R million	As previously reported 2023	Tier 2 liabilities	Margin balances	Change in presentation	Restated 2023
Cash flow from operations (indirect method)					
- Impairment loss on advances excluding post write-off recoveries	–	–	–	13 406	13 406
- Interest and similar income	–	–	–	(151 897)	(151 897)
- Interest expenses and similar charges	–	–	–	75 460	75 460
- Net gain/loss on investing activities	–	–	–	(1 905)	(1 905)
- Dividends accrued	–	–	–	(2 937)	(2 937)
- Indirect tax	–	–	–	1 540	1 540
- Share of profit of associates and joint ventures	–	–	–	(487)	(487)
- Interest received	–	–	–	150 757	150 757
- Interest paid	–	–	–	(74 674)	(74 674)
- Dividends received	–	–	–	3 557	3 557
- Dividends paid	–	–	–	(29 110)	(29 110)
- Dividends paid to non-controlling interests	–	–	–	(1 240)	(1 240)
-Taxation paid	–	–	–	(14 574)	(14 574)
- Indirect tax paid	–	–	–	(1 724)	(1 724)
- Income tax paid	–	–	–	(12 850)	(12 850)
Cash flow from operating activities before operating assets and liabilities	–	–	–	23 829	23 829
Movement in operating assets and liabilities					
– Investment securities	–	–	–	(29 717)	(29 717)
– Advances	–	–	–	(156 574)	(156 574)
– Deposits	–	–	–	210 639	210 639
– Collateral, settlement balances and other assets*	–	–	8 434	1 198	9 632
– Creditors, accruals and provisions	–	–	–	9 755	9 755
– Employee liabilities	–	–	–	3 164	3 164
– Insurance assets and liabilities	–	–	–	(206)	(206)
– Reinsurance assets and liabilities	–	–	–	(37)	(37)
– Policyholder liabilities under investment contracts	–	–	–	840	840
– Non-current assets and disposal groups held for sale	–	–	–	(682)	(682)
– Derivatives and short trading position liabilities	–	–	–	3 623	3 623
– Derivatives and commodities assets	–	–	–	(18 177)	(18 177)
Net cash generated from operating activities	–	–	8 434	47 655	56 089
Cash flow from investing activities	–	–	–	–	–
Cash flows from financing activities					
Proceeds from issue of Tier 2 liabilities	10 486	(2 500)	–	–	7 986
Capital repaid on Tier 2 liabilities	(15 579)	2 500	–	–	(13 079)
Net cash outflow from financing activities	(8 490)	–	–	–	(8 490)
Net increase in cash and cash equivalents	34 870	–	8 434	4 295	47 599
Cash and cash equivalents at the beginning of the year	143 636	–	(36 067)	–	107 569
Effect of exchange rate changes on cash and cash equivalents	(3 202)	–	–	–	(3 202)
Cash and cash equivalents at the end of the year	175 304	–	(27 633)	–	147 671

* *Previously reported as 'other assets'.*

Notes to the consolidated financial statements

for the year ended 30 June

1 Analysis of interest income and interest expense

1.1 Interest and similar income

R million	2024	2023
Analysis of interest and similar income		
Debt instruments at fair value through other comprehensive income	**5 058**	3 313
Instruments at fair value through profit and loss	**1 249**	2 625
Instruments at amortised cost	**183 201**	145 956
Non-financial instruments	**16**	2
Interest and similar income	**189 524**	151 896
Advances	**154 542**	123 567
– Overdrafts and cash management accounts	**11 468**	9 359
– Term loans	**10 115**	7 870
– Card loans	**7 011**	5 678
– Instalment sales and hire purchase agreements	**27 045**	21 235
– Lease payments receivable	**998**	675
– Property finance	**47 842**	38 689
– Home loans	**40 303**	32 694
– Commercial property finance	**7 539**	5 995
– Personal loans	**12 726**	11 173
– Preference share agreements	**3 125**	2 742
– Assets under agreements to resell	**1 027**	1 060
– Investment bank term loans	**19 445**	13 936
– Long-term loans to group associates and joint ventures	**69**	67
– Other customer advances	**4 415**	3 792
– Invoice finance	**2 205**	1 499
– Marketable advances	**7 051**	5 792
Cash and cash equivalents*	**5 466**	2 396
Investment securities	**25 231**	19 938
Accrued on off-market advances	**64**	61
Interest on derivatives qualifying as hedging instruments	**2 433**	3 894
Collateral, settlement balances and other*	**1 788**	2 040
Interest and similar income	**189 524**	151 896

* *Restated. Refer to note 39 Impact due to changes in presentation and restatements.*

Notes to the consolidated financial statements continued

1 Analysis of interest income and interest expense continued

1.2 Interest expense and similar charges

R million	2024	2023
Analysis of interest expense and similar charges		
Instruments at fair value through profit or loss	**(36)**	(167)
Instruments at amortised cost	**(105 829)**	(75 146)
Non-financial instruments	**(205)**	(147)
Interest expense and similar charges	**(106 070)**	(75 460)
Deposits	**(115 087)**	(81 335)
Deposits from customers	**(94 751)**	(65 327)
– Current accounts	**(11 459)**	(8 403)
– Savings deposits	**(3 516)**	(2 201)
– Call deposits	**(32 320)**	(22 619)
– Fixed and notice deposits	**(46 780)**	(30 504)
– Other deposits	**(676)**	(1 600)
Debt securities	**(16 535)**	(13 421)
– Negotiable certificates of deposit	**(6 294)**	(4 459)
– Fixed-rate and floating-rate notes	**(10 241)**	(8 962)
Securitisation issuances	**(1 374)**	(932)
Repurchase agreements	**(809)**	(450)
Securities lending	**(377)**	(150)
Cash collateral and credit-linked notes	**(1 241)**	(1 055)
Other funding liabilities	**(2 036)**	(1 263)
SARB funding facility due to Covid-19 SME government guarantee	**(93)**	(125)
Preference shares and other	**(97)**	(84)
Lease liabilities	**(189)**	(146)
Tier 2 liabilities	**(1 789)**	(1 628)
Interest on derivatives qualifying as hedging instruments	**1 836**	(162)
Other	**(214)**	(49)
Gross interest expense and similar charges	**(117 669)**	(84 791)
Less: interest expense on fair value activities reallocated*	**11 599**	9 331
Interest expense and similar charges	**(106 070)**	(75 460)

* *Relates to interest expense accrued on amortised cost financial liabilities.*

Notes to the consolidated financial statements continued

2 Non-interest revenue

R million	Notes	2024	2023
Fee and commission income		**46 475**	43 540
– Instruments at amortised cost		**37 291**	35 742
– Instruments at fair value through profit or loss		**30**	79
– Non-financial instruments		**9 154**	7 719
Fee and commission expenses		**(8 344)**	(7 387)
Net fee and commission income	2.1	**38 131**	36 153
Net insurance income		**4 420**	4 012
– Instruments mandatory at fair value through profit or loss		**11 961**	4 797
– Instruments designated at fair value through profit or loss		**(923)**	2 088
– Translation gains or losses on instruments not held at fair value through profit or loss		**(2 214)**	1 667
Fair value income and foreign exchange gains/(losses)	2.3	**8 824**	8 552
– Instruments at fair value through profit or loss		**60**	60
– Mandatory fair value through profit or loss		**50**	14
– Designated fair value through profit or loss		**10**	46
– Instruments at amortised cost		**(110)**	123
– Instruments at fair value through other comprehensive income		**103**	2
– Non-financial instruments		**650**	1 343
Gains less losses from investing activities*	2.4	**703**	1 528
Other non-interest revenue	2.5	**4 004**	3 599
Total non-interest revenue		**56 082**	53 844

* *The term investing activities used in this note does not have the same meaning as investing activities in the cash flow statement.*

Notes to the consolidated financial statements

2 Non-interest revenue continued

2.1 Net fee and commission income

R million	2024	2023
Banking fee and commission income	**40 519**	38 462
– Card commissions	**7 998**	7 224
– Cash deposit fees	**1 866**	1 823
– Commitment fees	**2 357**	1 976
– Electronic transaction fees	**1 167**	892
– Exchange commissions	**2 436**	2 487
– Brokerage income	**72**	127
– Bank charges	**24 623**	23 933
– Transaction and service fees	**8 706**	8 733
– Documentation and administration fees	**11 496**	10 931
– Cash handling fees	**3 127**	3 043
– Other	**1 294**	1 226
Knowledge-based fee and commission income	**2 088**	1 455
Management, trust and fiduciary fees	**2 649**	2 559
Other non-bank commissions*	**1 219**	1 064
Fee and commission income**	**46 475**	43 540
Transaction processing fees	**(2 683)**	(2 079)
Transaction-based fees	**(215)**	(180)
Commission paid	**(350)**	(263)
Customer loyalty programmes	**(2 362)**	(2 292)
Cash sorting, handling and transportation charges	**(1 327)**	(1 252)
Card and cheque book related	**(512)**	(404)
ATM commissions paid	**(62)**	(65)
Other	**(833)**	(852)
Fee and commission expenses	**(8 344)**	(7 387)
Net fee and commission income	**38 131**	36 153

* *In the prior year, fee and commission income from service providers of R509 million and other non-banking fee and commission income of R555 million were disclosed separately. The amounts have been aggregated in the current year as the nature of the items are similar.*

** *Revenue from contracts with customers that are within the scope of IFRS 15.*

Notes to the consolidated financial statements

2 Non-interest revenue continued

2.2 Insurance income continued

Total insurance service results

	2024					2023				
R million	Life	Non-life	Life reinsurance held	Non-life reinsurance held		Life	Non-life	Life reinsurance held	Non-life reinsurance held	
Notes	15.3	15.4	15.5	15.6	Total	15.3	15.4	15.5	15.6	Total
Insurance revenue										
Amounts relating to the changes in the LRC for insurance contracts measured under the GMM										
– Expected incurred claims and other directly attributable expenses	3 007	232	–	–	3 239	2 647	213	–	–	2 860
– Change in the risk adjustment for the risk expired	325	–	–	–	325	292	–	–	–	292
– CSM recognised for the services provided	2 162	48	–	–	2 210	1 752	118	–	–	1 870
– Experience adjustments – arising from premiums received in the period other than those that relate to future service	236	–	–	–	236	204	–	–	–	204
– Experience adjustments – arising from insurance acquisition cash flows paid in the period other than those that relate to future service	(31)	–	–	–	(31)	(48)	–	–	–	(48)
Insurance acquisition cash flows recovery	264	66	–	–	330	267	68	–	–	335
Insurance revenue from contracts measured under the GMM	5 963	346	–	–	6 309	5 114	399	–	–	5 513
Insurance revenue from contracts measured under the PAA	167	966	–	–	1 133	151	702	–	–	853
Total insurance revenue	6 130	1 312	–	–	7 442	5 265	1 101	–	–	6 366
Insurance service expenses										
Incurred claims and other directly attributable expenses	(3 111)	(991)	–	–	(4 102)	(2 970)	(870)	–	–	(3 840)
Changes that relate to past service – changes in the FCF relating to the LIC	234	89	–	–	323	685	18	–	–	703
Losses on onerous contracts and reversals of those losses	96	10	–	–	106	8	(2)	–	–	6
Insurance acquisition cash flows amortisation	(265)	(66)	–	–	(331)	(267)	(68)	–	–	(335)
Insurance acquisition cash flows immediately expensed for contracts measured under the PAA	(3)	(85)	–	–	(88)	(1)	(56)	–	–	(57)
Total insurance service expenses	(3 049)	(1 043)	–	–	(4 092)	(2 545)	(978)	–	–	(3 523)

Notes to the consolidated financial statements

2 Non-interest revenue continued

2.2 Insurance income continued

Total insurance service results continued

	2024					2023				
R million	Life	Non-life	Life reinsurance held	Non-life reinsurance held	Total	Life	Non-life	Life reinsurance held	Non-life reinsurance held	Total
Notes	15.3	15.4	15.5	15.6		15.3	15.4	15.5	15.6	
Net income (expenses) from reinsurance contracts held										
Amounts relating to the changes in the remaining coverage for reinsurance contracts held measured under GMM										
– Expected incurred claims and other directly attributable expenses recovery	–	–	(309)	(200)	(509)	–	–	(310)	(109)	(419)
– Change in the risk adjustment for the risk expired	–	–	(1)	(9)	(10)	–	–	(10)	(4)	(14)
– CSM recognised for the services rendered	–	–	34	26	60	–	–	(34)	10	(24)
– Experience adjustments – arising from ceded premiums paid in the period other than those that relate to future service	–	–	(63)	25	(38)	–	–	11	(24)	(13)
Reinsurance expenses – contracts measured under the GMM	–	–	(339)	(158)	(497)	–	–	(343)	(127)	(470)
Reinsurance expenses – contracts measured under the PAA	–	–	(134)	(107)	(241)	–	–	(119)	(120)	(239)
Incurred claims recovery	–	–	368	261	629	–	–	375	230	605
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	–	–	27	(58)	(31)	–	–	(126)	3	(123)
Income on initial recognition of onerous underlying contracts	–	–	49	12	61	–	–	58	22	80
Reinsurance contracts held under the GMM: Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	–	–	–	(11)	(11)	–	–	–	(21)	(21)
Reinsurance contracts held under the GMM: Changes in the FCF of reinsurance contracts held from onerous underlying contracts	–	–	(64)	(3)	(67)	–	–	19	–	19
Total net income (expenses) from reinsurance contracts held	–	–	(93)	(64)	(157)	–	–	(136)	(13)	(149)
Total insurance service result	3 081	269	(93)	(64)	3 193	2 720	123	(136)	(13)	2 694

Notes to the consolidated financial statements

2 Non-interest revenue continued

2.2 Insurance income continued

Net finance income and expenses from insurance activities

R million	2024 Life	2024 Non-life	2024 Life reinsurance held	2024 Non-life reinsurance held	2024 Net	2023 Life	2023 Non-life	2023 Life reinsurance held	2023 Non-life reinsurance held	2023 Net
Notes	15.3	15.4	15.5	15.6		15.3	15.4	15.5	15.6	
Net finance income (expenses) from insurance contracts issued and reinsurance contracts held										
Interest accreted	(86)	(12)	27	(2)	(73)	(34)	(10)	12	1	(31)
Effect of changes in interest rates and other financial assumptions	173	–	(5)	–	168	3	–	–	–	3
Total net finance income (expenses) from insurance contracts issued and reinsurance contracts held	87	(12)	22	(2)	95	(31)	(10)	12	1	(28)
Recognised in profit or loss	(86)	(12)	27	(2)	(73)	(34)	(10)	12	1	(31)
Recognised in other comprehensive income	173	–	(5)	–	168	3	–	–	–	3
Total net finance income (expenses) from insurance contracts issued and reinsurance contracts held	87	(12)	22	(2)	95	(31)	(10)	12	1	(28)

Additional disclosure relating to the net income (expenses) from assets backing insurance contracts

R million	2024 Life	2024 Non-life	2024 Life reinsurance held	2024 Non-life reinsurance held	2024 Net	2023 Life	2023 Non-life	2023 Life reinsurance held	2023 Non-life reinsurance held	2023 Net
Net income (expenses) from assets backing insurance contracts issued										
Interest revenue from financial assets not measured at fair value through profit or loss	151	163	–	–	314	89	141	–	–	230
Net gains or losses on financial assets measured at fair value through profit or loss	115	–	–	–	115	119	–	–	–	119
Net credit impairment losses	–	(3)	–	–	(3)	–	(1)	–	–	(1)
Net gains on investments in debt securities measured at fair value through other comprehensive income	6	8	–	–	14	16	(8)	–	–	8
Net income (expenses) from assets backing insurance contracts issued	272	168	–	–	440	224	132	–	–	356

Notes to the consolidated financial statements

2 Non-interest revenue continued

2.3 Fair value income and foreign exchange gains/losses

R million	2024	2023
Dividend income on preference shares held	**2 800**	2 087
Fair value income	**6 024**	6 465
Fair value income and foreign exchange gains/losses	**8 824**	8 552

2.4 Gains less losses from investing activities

R million	Notes	2024	2023
Gains on disposal of investment activities at amortised cost		**2**	715
Impairment loss of debt investment securities at amortised cost		**(155)**	(716)
Reclassification from other comprehensive income on the derecognition/sale of assets FVOCI		**90**	(11)
Preference share dividends from unlisted investments		**47**	124
Other dividends received		**346**	78
Gain on disposal of investments in subsidiaries		**(3)**	25
Gain on disposal of investments in associates*		**208**	1 246
Fair value remeasurements on investment properties	21	**28**	(25)
Rental income from investment properties	21	**115**	88
Other gains from investing activities		**25**	4
Gains less losses from investing activities		**703**	1 528

* *Includes a gain of R207 million (2023: R1 209 million) on the disposal of an associate that was classified as held for sale in the prior year.*

2.5 Other non-interest revenue

R million	2024	2023
Revenue from contracts with customers*	**3 713**	3 287
– Sales	**2 619**	2 240
– Other income	**1 094**	1 047
Rental income**	**1 976**	1 764
Other operating lease transactions	**328**	268
Other non-interest revenue	**6 017**	5 319
– Cost of sales	**(1 983)**	(1 675)
- Losses on disposal of property and equipment	**(23)**	(43)
- Other	**(7)**	(2)
Other non-interest related expense	**(2 013)**	(1 720)
Net other non-interest revenue	**4 004**	3 599

The note has been reorganised in the current year to present other non-interest revenue and other non-interest revenue expense separately,to reflect the updated presentation on the face of the income statement.There have been no changes to the amounts presented in the prior year. Refer to note 39 – Impact due to changes in presentation and restatements.

* *Revenue from contracts with customers that are within the scope of IFRS 15.*

** *Rental income mainly comprises operating lease income earned from vehicle leasing arrangements and speedpoint rentals.*

Notes to the consolidated financial statements

3 Operating expenses

R million	Notes	2024	2023
Auditors' remuneration		**(669)**	(594)
– Audit fees		**(641)**	(559)
– Fees for other services		**(26)**	(34)
– Prior year under accrual		**(2)**	(1)
Non-capitalised lease charges		**(551)**	(535)
– Short-term lease charge		**(374)**	(401)
– Low-value lease charge		**(199)**	(213)
– Variable lease charge		**(7)**	(12)
– Early termination gains on lease		**29**	91
Staff costs		**(44 568)**	(41 974)
– Salaries, wages and allowances		**(32 515)**	(30 692)
– Contributions to employee benefit funds		**(728)**	(554)
– Defined contribution schemes		**(625)**	(417)
– Defined benefit schemes	22.1	**(103)**	(137)
– Social security levies		**(933)**	(765)
– Share-based payments	33	**(2 963)**	(2 428)
– Movement in short-term employee benefit liabilities		**(6 282)**	(6 081)
– Other staff costs		**(1 147)**	(1 454)
Other operating costs		**(25 644)**	(24 326)
– Amortisation of intangible assets		**(759)**	(657)
– Depreciation of property and equipment		**(4 324)**	(4 041)
– Impairments incurred*		**(267)**	(368)
– Impairments reversed		**51**	4
– Insurance		**(209)**	(203)
– Advertising and marketing		**(1 904)**	(1 919)
– Maintenance		**(1 727)**	(1 568)
– Property		**(1 542)**	(1 370)
– Computer		**(5 397)**	(4 768)
– Stationery, storage and delivery		**(279)**	(277)
– Telecommunications		**(559)**	(601)
– Professional fees		**(3 981)**	(4 037)
– Donations		**(378)**	(340)
– Assets costing less than R7 000		**(86)**	(229)
– Business travel		**(491)**	(485)
– Profit share expenses		**(176)**	(85)
– Bank charges		**(101)**	(110)
– Legal fee expenses		**(353)**	(661)
– Entertainment		**(345)**	(330)
– Subscriptions and memberships		**(386)**	(392)
– Training expenses		**(410)**	(341)
– Other operating expenditure		**(2 021)**	(1 547)
Total operating expenses excluding UK motor commission matter		**(71 432)**	(67 429)
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		**(74 731)**	(67 429)

* *Included in impairments incurred is an amount for goodwill impairment in the current year of R60.5 million (2023: R338 million) relating to a CGU within the Other segment (2023: WesBank segment R223 million and FNB broader Africa segment R115 million). Other notable impairments in the current year include ECL of R115 million on non-advances.*

** *Refer to note 25 Creditors, accruals and provisions.*

Notes to the consolidated financial statements

3 Operating expenses continued

Directors' and prescribed officers' emoluments

Information relating to directors' remuneration for the year under review and dealings in FirstRand shares are set out below.

Non-executive directors' remuneration

	2024			2023		
	Services as directors			Services as directors		
R thousand	**FirstRand**	**Group**	**Total**	FirstRand	Group	Total
Independent non-executive directors						
WR Jardine (resigned 30 November 2023)	**3 756**	**204**	**3 960**	7 355	396	7 751
G Gelink	**2 632**	**1 936**	**4 568**	2 871	1 501	4 372
RM Loubser (resigned 30 November 2023)	**1 544**	**1 158**	**2 702**	3 176	2 204	5 380
TS Mashego (resigned 1 December 2022)	**–**	**–**	**–**	668	421	1 089
PD Naidoo	**1 252**	**261**	**1 513**	1 081	74	1 155
L Von Zeuner	**2 931**	**1 148**	**4 079**	2 686	720	3 406
T Winterboer	**1 943**	**1 579**	**3 522**	1 820	1 235	3 055
Z Roscherr	**2 375**	**1 982**	**4 357**	2 334	865	3 199
SP Sibisi	**1 847**	**1 251**	**3 098**	2 141	572	2 713
TC Isaacs (appointed 22 June 2023)	**1 474**	**–**	**1 474**	–	–	–
Non-executive directors						
JP Burger (appointed chairman 1 December 2023)	**5 064**	**997**	**6 061**	2 281	937	3 218
Total non-executive directors	**24 819**	**10 515**	**35 334**	26 413	8 925	35 338

Single-figure reporting

Cash package, retirement contributions and other allowances reflect what was paid to the prescribed officers during the year ended 30 June 2024. The FirstRand annual remuneration cycle runs from 1 August to 31 July.

Short term incentives (STIs) reward both group and individual performance achieved during the year. STIs that exceed a certain threshold are deferred into cash and share price linked awards (eventual payments are linked to the share price).

Long-term incentive (LTI) awards are made annually under the conditional incentive plan (CIP) and vesting is dependent on certain corporate targets being met on a cumulative basis over three years.

The following analysis provides two amounts per individual to accommodate the King IV alternative single-figure view. For King IV single-figure reporting, the value presented is the LTI settled in the financial year at original award value.

The explanation of the basis of preparation of the remuneration tables is disclosed in the FirstRand remuneration report.

Notes to the consolidated financial statements

3 Operating expenses continued

R thousand	2024	2023
AP Pullinger[1,8]		
Cash package paid during the year	**10 084**	9 639
Retirement contributions paid during the year	**229**	211
Other allowances	**372**	320
Guaranteed package	**10 685**	10 170
Performance-related STI:		
Cash	**10 800**	8 476
– Within 6 months[2]	**7 533**	5 984
– Within 1 year	**3 267**	2 492
Share linked- deferred 2 and 3 years (BCIP)[3]	**8 800**	6 476
Variable pay	**19 600**	14 952
Total guaranteed and variable pay	**30 285**	25 122
Value of LTI awards allocated during the financial year under the CIP[4]	**28 000**	26 330
Total reward including LTIs	**58 285**	51 452
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**–**	–
Single-figure reporting		
Total guaranteed and variable pay	**30 285**	25 122
Value of LTI awards settled during the financial year under the CIP[6]	**24 000**	–
Value of LTI awards settled during the financial year under the Covid-19 scheme[7]	**6 425**	6 424
Total reward including settled LTIs (single figure)	**60 710**	31 546
M Vilakazi (group CEO)[1,9]		
Cash package paid during the year	**8 973**	8 069
Retirement contributions paid during the year	**187**	162
Other allowances	**242**	209
Guaranteed package	**9 402**	8 440
Performance-related STI:		
Cash	**8 275**	6 913
– Within 6 months[2]	**5 850**	4 942
– Within 1 year	**2 425**	1 971
Share linked- deferred 2 and 3 years (BCIP)[3]	**6 275**	4 912
Variable pay	**14 550**	11 825
Total guaranteed and variable pay	**23 952**	20 265
Value of LTI awards allocated during the financial year under the CIP[4]	**16 600**	15 120
Total reward including LTIs	**40 552**	35 385
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**–**	–
Single-figure reporting		
Total guaranteed and variable pay	**23 952**	20 265
Value of LTI awards settled during the financial year under the CIP[6]	**11 184**	–
Value of LTI awards settled during the financial year under the Covid-19 scheme[7]	**5 546**	5 546
Total reward including settled LTIs (single figure)	**40 682**	25 811

Notes to the consolidated financial statements

3 Operating expenses continued

R thousand	2024	2023
M Davias (group CFO)[1,10]		
Cash package paid during the year	**6 770**	–
Retirement contributions paid during the year	**134**	–
Other allowances	**278**	–
Guaranteed package	**7 182**	–
Performance-related STI:		
Cash	**6 880**	–
– Within 6 months[2]	**4 920**	–
– Within 1 year	**1 960**	–
Share linked- deferred 2 and 3 years (BCIP)[3]	**4 880**	–
Variable pay	**11 760**	–
Total guaranteed and variable pay	**18 942**	–
Value of LTI awards allocated during the financial year under the CIP[4]	**7 441**	–
Total reward including LTIs	**26 383**	–
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**–**	–
Single-figure reporting		
Total guaranteed and variable pay	**18 942**	–
Value of LTI awards settled during the financial year under the CIP[6]	**6 000**	–
Value of LTI awards settled during the financial year under the Covid-19 scheme[7]	**2 008**	–
Total reward including settled LTIs (single figure)	**26 950**	–
HS Kellan (CEO FNB)[1,11]		
Cash package paid during the year	**9 083**	8 661
Retirement contributions paid during the year	**74**	71
Other allowances	**266**	236
Guaranteed package	**9 423**	8 968
Performance-related STI:		
Cash	**8 335**	7 363
– Within 6 months[2]	**5 890**	5 242
– Within 1 year	**2 445**	2 121
Share linked- deferred 2 and 3 years (BCIP)[3]	**6 335**	5 363
Variable pay	**14 670**	12 726
Total guaranteed and variable pay	**24 093**	21 694
Value of LTI awards allocated during the financial year under the CIP[4]	**18 317**	16 960
Total reward including LTIs	**42 410**	38 654
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**–**	–
Single-figure reporting		
Total guaranteed and variable pay	**24 093**	21 694
Value of LTI awards settled during the financial year under the CIP[6]	**13 950**	–
Value of LTI awards settled during the financial year under the Covid-19 scheme[7]	**4 240**	4 240
Total reward including settled LTIs (single figure)	**42 283**	25 934

Notes to the consolidated financial statements

3 Operating expenses continued

R thousand	2024	2023
J Celliers[12]		
Cash package paid during the year	**8 629**	8 249
Retirement contributions paid during the year	**181**	165
Other allowances	**332**	287
Guaranteed package	**9 142**	8 701
Performance-related STI:		
Cash	**10 218**	10 109
– Within 6 months[2]	**7 145**	7 073
– Within 1 year	**3 073**	3 036
Share linked- deferred 2 and 3 years (BCIP)[3]	**8 217**	8 109
Variable pay	**18 435**	18 218
Total guaranteed and variable pay	**27 577**	26 919
Value of LTI awards allocated during the financial year under the CIP[4]	**18 918**	17 664
Total reward including LTIs	**46 495**	44 583
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**–**	–
Single-figure reporting		
Total guaranteed and variable pay	**27 577**	26 919
Value of LTI awards settled during the financial year under the CIP[6]	**16 100**	–
Value of LTI awards settled during the financial year under the Covid-19 scheme[7]	**5 002**	5 003
Total reward including settled LTIs (single figure)	**48 679**	31 922
E Brown (CEO RMB)[1,13]		
Cash package paid during the year	**8 009**	7 025
Retirement contributions paid during the year	**139**	116
Other allowances	**69**	61
Guaranteed package	**8 217**	7 202
Performance-related STI:		
Cash	**11 045**	10 550
– Within 6 months[2]	**7 696**	7 367
– Within 1 year	**3 349**	3 183
Share linked- deferred 2 and 3 years (BCIP)[3]	**9 045**	8 550
Variable pay	**20 090**	19 100
Total guaranteed and variable pay	**28 307**	26 302
Value of LTI awards allocated during the financial year under the CIP[4]	**13 750**	12 500
Total reward including LTIs	**42 057**	38 802
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**–**	–
Single-figure reporting		
Total guaranteed and variable pay	**28 307**	26 302
Value of LTI awards settled during the financial year under the CIP[6]	**8 000**	–
Value of LTI awards settled during the financial year under the Covid-19 scheme[7]	**1 175**	1 175
Total reward including settled LTIs (single figure)	**37 482**	27 477

Notes to the consolidated financial statements

3 Operating expenses continued

R thousand	2024	2023
J Formby		
Cash package paid during the year	–	1 775
Retirement contributions paid during the year	–	24
Other allowances	–	44
Guaranteed package	–	1 843
Performance-related STI:		
Cash	–	–
– Within 6 months[2]	–	–
– Within 1 year	–	–
Share linked- deferred 2 and 3 years (BCIP)[3]	–	–
Variable pay	–	–
Total guaranteed and variable pay	–	1 843
Value of LTI awards allocated during the financial year under the CIP[4]	–	13 780
Total reward including LTIs	–	15 623
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	–	–
Single-figure reporting		
Total guaranteed and variable pay	–	1 843
Value of LTI awards settled during the financial year under the CIP[6]	–	–
Value of LTI awards settled during the financial year under the Covid-19 scheme[7]	–	2 900
Total reward including settled LTIs (single figure)	–	4 743

£ thousand	2024	2023
S Cooper (Aldermore CEO)[1]		
Cash package paid during the year	**796**	757
Retirement contributions paid during the year	**80**	52
Other allowances	**290**	277
Guaranteed package	**1 166**	1 086
Performance-related STI:		
Cash	**565**	581
– Within 6 months[14]	**334**	335
- More than one year (in line with CRD V regulations)[17]	**231**	246
Share linked- deferred[15]	**566**	581
Variable pay	**1 131**	1 162
Total guaranteed and variable pay	**2 297**	2 248
Value of LTI awards allocated during the financial year under the CIP[4,16]	**282**	282
Total reward including LTIs	**2 579**	2 530
Buy-out award paid in cash	–	–
Single-figure reporting		
Total guaranteed and variable pay	**2 297**	2 248
Value of LTI awards settled during the financial year under the CIP[6]	–	–
Total reward including settled LTIs (single figure)	**2 297**	2 248

Notes to the consolidated financial statements

3 Operating expenses continued

1 FirstRand defines its prescribed officers as the group's executive directors, and the CEOs of the group's Retail and Commercial, and Corporate and Institutional segments, as well as the CEO of the Aldermore Group. These officers are members of the group strategic executive committee and attend board meetings.

2 Variable compensation (STI), paid in cash in respect of the year ended June, is paid in three tranches during the following year ending on 30 June, i.e. August, December and June (with interest on the deferred payments).

3 A portion of variable compensation is deferred as share price linked awards and vests after two years. Previously vesting was split equally over two and three years for the executive directors and prescribed officers (2019 and 2020).

4 Long-term incentive awards are made annually under the CIP. Vesting is subject to performance conditions and targets on a cumulative basis over three years. The value presented in the table is the LTI allocated in the financial year and is reflected at award value at grant date. Refer to note 33.

5 The Covid-19 retention instrument was awarded in September 2020. The award is linked to the FirstRand share price and vests in three equal proportions (tranches) over three years (September 2021, 2022 and 2023), if performance conditions are met.

6 For King IV single-figure reporting, the value presented in the table is the LTI vested and settled in the financial year at original award value. It is zero if conditions are not met and awards are forfeited.

7 For King IV single-figure reporting, the value presented in the table under the Covid-19 scheme is the LTI vested and settled at original award value in the financial year. It is zero if conditions are not met and awards are forfeited.

8 Alan Pullinger stepped down as group CEO on the 31st Of March 2024 and retired on the 30th of June 2024. .His guaranteed package is reflected for the full year.

9 Mary Vilakazi was appointed group CEO on 1 April 2024, having previously held the role of group COO and an Executive Director.

10 Markos Davias was appointed as group CFO on 1 April 2024, having previously held the role of FNB CFO. His guaranteed package is reflected for the full year.

11 Harry Kellan was appointed as CEO FNB on 1 April, having previously held the role of group CFO as an Executive Director.

12 Jacques Celliers stepped down as CEO FNB on 31 March 2024. .His guaranteed package is reflected for the full year.

13 Emrie Brown was RMB CEO effective 1 October 2022.

14 The Aldermore performance-related STI cash component is paid in full in August.

15 The Aldermore performance-related STI share price linked component is released in equal annual tranches over the deferral period required by Capital Requirements Directive 5 (CRD V) Regulations.

16 The Aldermore LTI allocated amount is the on-target value assumed at 55% of maximum. The LTI is a 50% share price linked award and 50% deferred cash award.

17 The Aldermore performance-related STI deferred cash component is paid in equal tranches over the deferral period required by Capital Requirements Directive 5 (CRD V) regulations.

All executive directors and prescribed officers in South Africa have a notice period of one month. Steven Cooper has a notice period of six months. Non-executive directors are appointed for a period of three years and are subject to the Companies Act, 71 of 2008 provision relating to removal.

Notes to the consolidated financial statements

3 Operating expenses continued

Ownership of FirstRand Bank Limited

FRB is a wholly owned subsidiary of FSR.

Covid-19 instrument for executive directors and prescribed officers

The Covid-19 health crisis and the resulting economic impact have been evident in FirstRand's results. This impact has resulted in the 2017, 2018 and 2019 LTI not vesting. In September 2020, Remco introduced a one-off Covid-19 instrument that caters for the retention of employees considered critical to the ongoing sustainability of the business. The value of the Covid-19 instrument was struck at half of the original value of the 2018 and 2019 LTIs and is linked to the FirstRand share price.

For FirstRand executive directors and prescribed officers, the award vests in three equal proportions (tranches) over three years (September 2021, 2022 and 2023), if performance conditions are met, including both financial and risk elements. The financial conditions are linked to the group's ROE being within the target range.

In September 2021 and 2022 the first and second Covid-19 tranche vested as the 2018 and 2019 LTI award failed, respectively. Should an employee who receives this award resign within 12 months of a tranche of the award vesting, they will be required to repay the full amount of the vested tranche. Thereby the instrument represents a retention period of up to four-years.

At 30 June 2024, there are no outstanding balances on the Covid-19 award as the last tranche, vested in September 2023. Refer to the prescribed officers' outstanding incentives table on page B75 for details.

Long-term executive management retention scheme

LTEMRS[1] participation award realised in September 2023		
Designation	**Number of participation awards realised (thousands)**	**Participation award value realised (thousands)**
Previous Executive Director		
AP Pullinger	188	2 203
Prescribed officers		
HS Kellan	563	4 617
J Celliers	469	3 847

[1] In addition to the group's existing long-term incentive plan, and in order to better align executive interests with those of the group's shareholders, the group introduced a long-term executive management retention scheme (LTEMRS) in December 2016. This is a five-year scheme in which members of the group's strategic committee were eligible to participate, on a voluntary basis, by purchasing a predetermined fixed number of participation awards. Participants paid an upfront cash deposit of 10% for their predetermined fixed number of participation awards, with the balance being funded by the group through a facilitated mechanism. The fixed number for each participant was converted into a number of participation awards, determined by the share price of R53.33, being the three-day volume-weighted average price of the FirstRand share price at the date of award, being 15 December 2016. The scheme and the funding mechanism ensure that participants have full risk and potential reward of their participation awards (downside risk and upside potential). Continued employment is a condition for vesting of the cash settled scheme. Early termination before the expiry of three full years of service carries the full cost of early termination, including a full forfeit of any potential benefit, with a sliding scale of forfeiture being applied in years four and five. No cost to the group is associated with the LTEMRS as the scheme is economically hedged. In the 2020 financial year, Remco approved a two-year extension of the scheme, from the original vesting date of September 2021 to September 2023. If the participant leaves after September 2020 but before the amended vesting date of September 2023, the participant will forfeit 20% of the upside of the scheme and carry 100% downside risk in line with the scheme. The extension of the scheme is considered an amendment of terms and therefore an increased rate, linked to the real interest rate, has been applied to the outstanding funding. The scheme vested and terminated in September 2023.

Prescribed officers' outstanding incentives

The outstanding incentive disclosure has been prepared in the format required by King IV. King IV reporting requires disclosure of the number of units of outstanding incentive schemes, the value of outstanding incentive schemes and value on settlement. The explanation of the basis of preparation of the remuneration tables is disclosed in the FirstRand remuneration report.

Notes to the consolidated financial statements

3 Operating expenses continued

				Units					
	Issue date	Value at grant date R thousand	Settlement date	Opening balance	Awards made during year[1]	Number of awards settled in year	Number of awards forfeited in year	Closing number of awards[2,3] 30 Jun 2024	Value on settlement in 2024[4] R thousand
AP Pullinger									
Deferred share price linked STI awards									
2020 (3-year deferral)	September 2020	1 913	September 2023	48 738	–	(48 738)	–	–	3 477
2021 (2-year deferral)	September 2021	5 032	September 2023	81 658	–	(81 658)	–	–	5 922
2022 (2-year deferral)	September 2022	5 912	September 2024	95 234	–	–	–	95 234	–
2023 (2-year deferral)	September 2023	6 475	September 2025	99 844	–	–	–	99 844	–
2024 (2-year deferral)	September 2024	8 800	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		**28 132**		325 474	–	(130 396)	–	195 078	9 399
LTI awards under the CIP									
2020	September 2020	24 000	September 2023	611 621	–	(611 621)	–	–	47 604
2021	September 2021	24 840	September 2024	403 156	–	–	–	403 156	–
2022	September 2022	26 330	September 2025	424 137	–	–	–	424 137	–
2023	September 2023	28 000	September 2026	–	431 699	–	–	431 699	–
Balance LTIs		**103 170**		1 438 914	431 699	(611 621)	–	1 258 992	47 604
LTI awards under the Covid-19 scheme[5]									
2020	September 2020	6 425	September 2023	163 719	–	(163 719)	–	–	10 619
Balance Covid-19 award		**6 425**		163 719	–	(163 719)	–	–	10 619
M Vilakazi									
Deferred share price linked STI awards									
2020 (3-year deferral)	September 2020	1 013	September 2023	25 802	–	(25 802)	–	–	1 841
2021 (2-year deferral)	September 2021	3 325	September 2023	53 965	–	(53 965)	–	–	3 914
2022 (2-year deferral)	September 2022	4 406	September 2024	70 977	–	–	–	70 977	–
2023 (2-year deferral)	September 2023	4 912	September 2025	75 737	–	–	–	75 737	–
2024 (2-year deferral)	September 2024	6 275	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		**19 931**		226 481	–	(79 767)	–	146 714	5 755
LTI awards under the CIP									
2020	September 2020	11 184	September 2023	285 015	–	(285 015)	–	–	22 183
2021	September 2021	14 000	September 2024	227 221	–	–	–	227 221	–
2022	September 2022	15 120	September 2025	243 557	–	–	–	243 557	–
2023	September 2023	16 600	September 2026	–	255 936	–	–	255 936	–
Balance LTIs		**56 904**		755 793	255 936	(285 015)	–	726 714	22 183
LTI awards under the Covid-19 scheme[5]									
2020	September 2020	5 546	September 2023	141 331	–	(141 331)	–	–	9 167
Balance Covid-19 award		**5 546**		141 331	–	(141 331)	–	–	9 167

Notes to the consolidated financial statements

3 Operating expenses continued

				Units					
	Issue date	Value at grant date R thousand	Settlement date	Opening balance	Awards made during year[1]	Number of awards settled in year	Number of awards forfeited in year	Closing number of awards[2,3] 30 Jun 2024	Value on settlement in 2024[4] R thousand
MG Davias									
Deferred share price linked STI awards									
2021 (2-year deferral)	September 2021	2 400	September 2023	38 952	–	(38 952)	–	–	2 825
2022 (2-year deferral)	September 2022	3 250	September 2024	52 352	–	–	–	52 352	–
2023 (2-year deferral)	September 2023	3 640	September 2025	56 121	–	–	–	56 121	–
2024 (2-year deferral)	September 2024	4 880	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		**14 170**		147 425	–	(38 952)	–	108 473	2 825
LTI awards under the CIP									
2020	September 2020	6 000	September 2023	152 905	–	(152 905)	–	–	11 901
2021	September 2021	6 500	September 2024	105 496	–	–	–	105 496	–
2022	September 2022	6 890	September 2025	110 986	–	–	–	110 986	–
2023	September 2023	7 441	September 2026	–	114 727	–	–	114 727	–
Balance LTIs		**26 831**		369 387	114 727	(152 905)	–	331 209	11 901
LTI awards under the Covid-19 scheme[5]									
2020	September 2020	2 008	September 2023	51 180	–	(51 180)	–	–	3 320
Balance Covid-19 award		**2 008**		51 180	–	(51 180)	–	–	3 320
HS Kellan									
Deferred share price linked STI awards									
2020 (3-year deferral)	September 2020	1 150	September 2023	29 306	–	(29 306)	–	–	2 091
2021 (2-year deferral)	September 2021	3 750	September 2023	60 863	–	(60 863)	–	–	4 414
2022 (2-year deferral)	September 2022	4 838	September 2024	77 924	–	–	–	77 924	–
2023 (2-year deferral)	September 2023	5 362	September 2025	82 678	–	–	–	82 678	–
2024 (2-year deferral)	September 2024	6 335	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		**21 435**		250 771	–	(90 169)	–	160 602	6 505
LTI awards under the CIP									
2020	September 2020	13 950	September 2023	355 530	–	(355 530)	–	–	27 672
2021	September 2021	16 000	September 2024	259 682	–	–	–	259 682	–
2022	September 2022	16 960	September 2025	273 196	–	–	–	273 196	–
2023	September 2023	18 317	September 2026	–	282 405	–	–	282 405	–
Balance LTIs		**65 227**		888 408	282 405	(355 530)	–	815 283	27 672
LTI awards under the Covid-19 scheme[5]									
2020	September 2020	4 240	September 2023	108 053	–	(108 053)	–	–	7 008
Balance Covid-19 award		**4 240**		108 053	–	(108 053)	–	–	7 008

Notes to the consolidated financial statements

3 Operating expenses continued

	Issue date	Value at grant date R thousand	Settlement date	Units[8] Opening balance	Awards made during year[1]	Number of awards settled in year	Number of awards forfeited in year	Closing number of awards[2,3] 30 Jun 2024	Value on settlement in 2024[4] R thousand
J Celliers									
Deferred share price linked STI awards									
2020 (3-year deferral)	September 2020	2 075	September 2023	52 880	–	(52 880)	–	–	3 773
2021 (2-year deferral)	September 2021	5 850	September 2023	94 946	–	(94 946)	–	–	6 886
2022 (2-year deferral)	September 2022	7 357	September 2024	118 508	–	–	–	118 508	–
2023 (2-year deferral)	September 2023	8 109	September 2025	125 025	–	–	–	125 025	–
2024 (2-year deferral)	September 2024	8 217	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		**31 608**		391 359	–	(147 826)	–	243 533	10 659
LTI awards under the CIP									
2020	September 2020	16 100	September 2023	410 296	–	(410 296)	–	–	31 934
2021	September 2021	16 664	September 2024	270 458	–	–	–	270 458	–
2022	September 2022	17 663	September 2025	284 534	–	–	–	284 534	–
2023	September 2023	18 918	September 2026	–	291 674	–	–	291 674	–
Balance LTIs		**69 345**		965 288	291 674	(410 296)	–	846 666	31 934
LTI awards under the Covid-19 scheme[5]									
2020	September 2020	5 003	September 2023	127 484	–	(127 484)	–	–	8 269
Balance Covid-19 award		**5 003**		127 484	–	(127 484)	–	–	8 269
E Brown									
Deferred share price linked STI awards									
2021 (2-year deferral)	September 2021	6 350	September 2023	103 061	–	(103 061)	–	–	7 475
2022 (2-year deferral)	September 2022	8 375	September 2024	134 907	–	–	–	134 907	–
2023 (2-year deferral)	September 2023	8 550	September 2025	131 822	–	–	–	131 822	–
2024 (2-year deferral)	September 2024	9 045	September 2026	–	–	–	–	–	–
Balance deferred share price linked STIs		**32 320**		369 790	–	(103 061)	–	266 729	7 475
LTI awards under the CIP									
2020	September 2020	8 000	September 2023	203 874	–	(203 874)	–	–	15 868
2021	September 2021	8 400	September 2024	136 333	–	–	–	136 333	–
2022	September 2022	12 500	September 2025	201 353	–	–	–	201 353	–
2023	September 2023	13 750	September 2026	–	211 995	–	–	211 995	–
Balance LTIs		**42 650**		541 560	211 995	(203 874)	–	549 681	15 868
LTI awards under the Covid-19 scheme[5]									
2020	September 2020	1 175	September 2023	29 944	–	(29 944)	–	–	1 942
Balance Covid-19 award		**1 175**		29 944	–	(29 944)	–	–	1 942

Notes to the consolidated financial statements

3 Operating expenses continued

	Issue date	Value at grant date R thousand	Settlement date	Units[8] Opening balance	Awards made during year[1]	Number of awards settled in year	Number of awards forfeited in year	Closing number of awards[2,3] 30 Jun 2024	Value on settlement in 2024[4] R thousand
S Cooper (£ thousand)									
Deferred share price linked STI awards[6]									
2021 (3-year deferral)	September 2021	32	September 2022-2024	–	–	–	–	–	11
2022 (7-year deferral)	September 2022	434	September 2023-2030	–	–	–	–	–	288
2023 (7-year deferral)	September 2023	581	September 2024-2031	–	–	–	–	–	–
2024 (7-year deferral)	September 2024	566	September 2025-2032	–	–	–	–	–	–
Balance deferred share price linked STIs		**1 613**		–	–	–	–	–	299
LTI awards under the CIP[7]									
2021	September 2021	542	September 2024	–	–	–	–	–	–
2022	September 2022	282	September 2025-2030	–	–	–	–	–	–
2023	September 2023	282	September 2026-2031	–	–	–	–	–	–
Balance LTIs		**1 106**		–	–	–	–	–	–

1 *FirstRand share price linked schemes are determined on monetary value and not on the number of shares. The allocation of deferred share price linked STI awards is determined after year end, using the average three-day volume-weighted average price (VWAP) eight days after the results announcement. This means that the number of deferred share price linked STI award units allocated in 2024 is only calculated after the annual financial statements are issued.*

2 *Deferred share price linked STI awards vesting depends on continued employment as well as personal and business unit performance requirements over two years. Previously vesting was split equally over two and three years for the executive directors and prescribed officers (2019 and 2020).*

3 *FirstRand does not apply graded vesting to LTI awards allocated before September 2019, with awards thereafter having graded vesting. For these incentive schemes, LTI vesting depends on performance conditions and targets being met on a cumulative basis over three years as well as continued employment. For the unvested awards the assumption is 100% vesting up until the final remuneration committee decision, given the current environment and uncertainty in quantifying the probability of vesting. For information purposes, the maximum possible value of the unvested awards as at June 2024 is the market value of the total number of shares at R76.90 per share on the last trading day of the financial year (30 June 2024).*

4 *The values at settlement date include share price growth and interest earned (deferred share price linked STI awards) from grant date.*

5 *The Covid-19 retention instrument was awarded in September 2020. The value was converted to share price linked instruments on the award date and will vest in equal proportions (tranches) over three years (September 2021, 2022 and 2023) if the performance conditions are met*
The third and final tranche of the Covid-19 instrument vested and was settled in September 2023, with the performance conditions being tested as at June 2024 (clawback was not applied, as the Covid-19 award performance conditions were met.

6 *The Aldermore performance-related STI share price linked component is released in equal annual tranches over the deferral period required by CRD V regulations, 2022 and 2023 have been restated to only reflect equity linked deferrals.*

7 *Aldermore incentive awards are not convertible into units.*

Notes to the consolidated financial statements

4 Indirect and income tax expense

	R million	2024	2023
4.1	**Indirect tax**		
	Value-added tax (net)	**(1 644)**	(1 503)
	Securities transfer tax	**(10)**	(24)
	Other	**(1)**	(13)
	Total indirect tax	**(1 655)**	(1 540)
4.2	**Income tax expense**		
	South African income tax		
	Current	**(9 183)**	(9 354)
	– Current year	**(9 164)**	(9 425)
	– Prior year adjustment	**(19)**	71
	Deferred income tax	**417**	284
	– Current year	**448**	642
	– Prior year adjustment	**(31)**	(358)
	Total South African income tax	**(8 766)**	(9 070)
	Foreign company and withholding tax		
	Current	**(3 716)**	(2 642)
	– Current year	**(3 700)**	(2 671)
	– Prior year adjustment	**(16)**	29
	Deferred income tax	**626**	(122)
	– Current year	**573**	(83)
	– Prior year adjustment	**53**	(39)
	Total foreign company and withholding tax	**(3 090)**	(2 764)
	South African capital gains tax	**8**	(323)
	– Current	**–**	(345)
	– Deferred capital gains tax	**8**	22
	Total capital gains tax	**8**	(323)
	Customer tax adjustment account	**(1)**	(15)
	Deferred tax rate adjustment	**8**	–
	Total income tax expense	**(11 841)**	(12 172)

Tax rate reconciliation

%	2024	2023
Standard rate of income tax	**27.0**	27.0
Total tax has been affected by:		
Dividend and other exempt income	**(3.6)**	(3.0)
Other non-taxable income*	**(0.2)**	(0.6)
Rate difference	**(0.4)**	(1.1)
Prior year adjustments	**–**	0.6
Tax difference on associates	**(0.7)**	(0.2)
Tax difference on joint ventures	**(0.4)**	(0.1)
Disallowed expenditure**	**1.2**	1.0
Other	**(0.6)**	0.3
Effective rate of tax	**22.3**	23.9

* *The majority of other non-taxable income relates to non-taxable translation (gains)/losses on preference shares.*
** *The majority of the disallowed expense relates to non-recoverable expenses from foreign operations that are non-deductible.*

Notes to the consolidated financial statements

5 Headline earnings, earnings and dividends per share

		Earnings attributable			
		R million		Cents per share	
	Notes	**2024**	2023*	**2024**	2023*
Headline earnings					
– Basic	5.2	**38 054**	36 700	**679.0**	654.7
– Diluted	5.2	**38 054**	36 700	**679.0**	654.7
Earnings attributable to ordinary equityholders					
– Basic	5.2	**38 191**	36 331	**681.4**	648.1
– Diluted	5.2	**38 191**	36 331	**681.4**	648.1
Dividends – ordinary					
– Interim paid				**200.0**	189.0
– Final declared/paid				**215.0**	195.0
Dividends – preference**					
– Interim paid				**–**	52.2
– Final declared/paid				**–**	–

* *Restated due to the adoption of IFRS 17.*

** *The listing was terminated on 27 September 2022.*

5.1 Weighted average number of shares

	2024	2023
Weighted average number of shares before treasury shares	**5 609 488 001**	5 609 488 001
Less: treasury shares	**(4 954 913)**	(3 768 649)
– Shares for client trading	**(4 954 913)**	(3 768 649)
Weighted average number of shares in issue	**5 604 533 088**	5 605 719 352
Diluted weighted average number of shares in issue	**5 604 533 088**	5 605 719 352

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

5.2 Headline earnings reconciliation

	2024		2023*	
R million	**Gross**	**Net**	Gross	Net
Earnings attributable to ordinary equityholders		**38 191**		36 331
Adjusted for:				
Gains on disposal of non-private equity associates	**(208)**	**(208)**	–	–
Loss/(gain) on disposal of investments in subsidiaries	**3**	**2**	(25)	(25)
Loss on disposal of property and equipment	**23**	**18**	43	36
Impairment of goodwill	**61**	**61**	342	295
Fair value movement on investment properties	**(28)**	**(18)**	25	18
Impairment/(reversal of impairment) of assets in terms of IAS 36	**11**	**8**	61	45
Headline earnings attributable to ordinary equityholders		**38 054**		36 700

* *Restated due to the adoption of IFRS 17.*

Notes to the consolidated financial statements

6 Analysis of assets and liabilities

6.1 Analysis of assets

The following table analyses the assets in the statement of financial position per category of financial instrument, according to the measurement basis.

R million	Notes	Amortised cost	At fair value through profit or loss: Mandatory	At fair value through profit or loss: Designated	At fair value through other comprehensive income: Debt	At fair value through other comprehensive income: Equity	Derivatives designated as hedging instruments	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
		2024									
ASSETS											
Cash and cash equivalents	7	**158 477**	**–**	**–**	**–**	**–**	**–**	**–**	**158 477**	**158 477**	**–**
Derivative financial instruments	8	**–**	**46 007**	**–**	**–**	**–**	**9 277**	**–**	**55 284**	**48 302**	**6 982**
Investment securities*	10	**241 559**	**112 232**	**9 609**	**69 728**	**388**	**–**	**–**	**433 516**	**209 769**	**223 747**
Advances	11	**1 498 197**	**98 111**	**15 233**	**–**	**–**	**–**	**–**	**1 611 541**	**487 771**	**1 123 770**
Collateral, settlement balances and other assets	13	**33 511**	**–**	**–**	**–**	**–**	**–**	**2 541**	**36 052**	**30 585**	**5 467**
Non-current assets and disposal groups held for sale	14	**814**	**–**	**–**	**–**	**–**	**–**	**684**	**1 498**	**1 498**	**–**
Insurance contract assets		**–**	**–**	**–**	**–**	**–**	**–**	**760**	**760**	**191**	**569**
Reinsurance contract assets		**–**	**–**	**–**	**–**	**–**	**–**	**509**	**509**	**137**	**372**
Non-financial assets		**–**	**–**	**–**	**–**	**–**	**–**	**71 702**	**71 702**	**15 552**	**56 150**
Total assets		**1 932 558**	**256 350**	**24 842**	**69 728**	**388**	**9 277**	**76 196**	**2 369 339**	**952 282**	**1 417 057**
		2023									
Cash and cash equivalents**	7	147 671	–	–	–	–	–	–	147 671	147 671	–
Derivative financial instruments	8	–	65 389	–	–	–	20 567	–	85 956	71 803	14 153
Investment securities*	10	226 136	128 708	9 578	54 333	385	–	–	419 140	219 650	199 490
Advances	11	1 409 450	117 794	12 131	–	–	–	–	1 539 375	465 069	1 074 306
Collateral, settlement balances and other assets**	13	36 177	–	–	–	–	–	(4 989)	31 188	33 972	(2 784)
Non-current assets and disposal groups held for sale	14	793	–	–	–	–	–	566	1 359	1 359	–
Insurance contract assets		–	–	–	–	–	–	555	555	300	255
Reinsurance contract assets		–	–	–	–	–	–	610	610	366	244
Non-financial assets		–	–	–	–	–	–	72 185	72 185	18 170	54 015
Total assets (restated)		1 820 227	311 891	21 709	54 333	385	20 567	68 927	2 298 039	958 360	1 339 679

* *All non-recourse investments are included in the investment securities balance held at mandatory FVTPL.*

** *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.*

Notes to the consolidated financial statements

6 Analysis of assets and liabilities continued

6.2 Analysis of liabilities

The following table analyses the liabilities in the statement of financial position per category of financial instrument, according to measurement basis and in order of when the liabilities are expected to be settled.

		2024							
			At fair value through profit or loss						
R million	Notes	Amortised cost	Mandatory	Designated	Derivatives designated as hedging instruments	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
LIABILITIES									
Short trading positions	24	–	10 273	–	–	–	10 273	10 273	–
Derivative financial instruments	8	–	43 439	–	1 206	–	44 645	43 272	1 373
Creditors, accruals and provisions	25	22 888	–	–	–	19 559	42 447	31 470	10 977
Liabilities directly associated with disposal groups held for sale	14	281	–	–	–	845	1 126	1 126	–
Deposits	26	1 937 166	55 761	10 224	–	–	2 003 151	1 746 352	256 799
Other liabilities	27	2 695	–	49	–	3 062	5 806	1 535	4 271
Insurance contract liabilities		–	–	–	–	968	968	448	520
Reinsurance contract liabilities		–	–	–	–	48	48	35	13
Policyholder liabilities under investment contracts	16	–	–	7 669	–	–	7 669	2 479	5 190
Tier 2 liabilities	28	17 268	–	–	–	–	17 268	–	17 268
Non-financial liabilities		–	–	–	–	18 134	18 134	10 191	7 943
Total liabilities		1 980 298	109 473	17 942	1 206	42 616	2 151 535	1 847 181	304 354

		2023							
LIABILITIES									
Short trading positions	24	–	12 753	–	–	–	12 753	12 753	–
Derivative financial instruments	8	–	68 909	–	1 445	–	70 354	69 662	692
Creditors, accruals and provisions	25	29 966	–	–	–	13 297	43 263	34 904	8 359
Liabilities directly associated with disposal groups held for sale	14	–	–	–	–	–	–	–	–
Deposits	26	1 863 525	49 012	10 566	–	–	1 923 103	1 674 928	248 175
Other liabilities	27	3 923	–	84	–	3 026	7 033	2 068	4 965
Insurance contract liabilities		–	–	–	–	1 392	1 392	455	937
Reinsurance contract liabilities		–	–	–	–	24	24	21	3
Policyholder liabilities under investment contracts	16	–	–	6 236	–	–	6 236	1 573	4 663
Tier 2 liabilities	28	16 869	–	–	–	–	16 869	1 924	14 945
Non-financial liabilities		–	–	–	–	18 578	18 578	10 830	7 748
Total liabilities		1 914 283	130 674	16 886	1 445	36 317	2 099 605	1 809 118	290 487

Notes to the consolidated financial statements

7 Cash and cash equivalents

R million	2024	2023*
Coins and bank notes	**10 679**	11 094
Money at call and short notice*	**88 436**	79 740
Balances with central banks	**59 362**	56 837
Mandatory reserve balances with central banks	**40 503**	40 958
Other balances with central banks	**18 859**	15 879
Total cash and cash equivalents**	**158 477**	147 671

* *Restated. Refer to Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in preparation and restatements. Refer to note 39 Impact due to changes in presentation and restatements.*

** *ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach and is immaterial.*

Banks across the group are required to deposit a minimum average balance, calculated monthly, with their respective central bank, which is available for use subject to certain restrictions and limitations levelled by the central banks within the countries of operation. These deposits bear little or no interest. Amounts that do not meet the definition of cash and cash equivalents are included in collateral, settlements balances and other assets.

8 Derivative financial instruments

Use of derivatives

The group transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the group's own risk. The group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels, with offsetting deals being utilised to achieve this where necessary.

Derivative instruments are classified either as held for trading or formally designated as hedging instruments. The group applies IFRS 9 for cash flow and fair value micro hedges. IAS 39 is applied to portfolio hedges, which the group refers to as macro hedges, to which fair value hedge accounting has been applied.

For further details on the valuation of derivatives refer to note 35.

Qualifying for hedge accounting

Where all required criteria are met, derivatives are classified as qualifying for hedge accounting. Hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying hedged item. All qualifying hedging relationships are designated as either fair value or cash flow hedges. The group applies hedge accounting in respect of specified interest rate risk and equity price risk detailed in this note.

The group defines interest rate risk in the banking book (IRRBB) as the sensitivity of the statement of financial position and income statement to unexpected adverse movements in interest rates. IRRBB and equity price risks are managed by Group Treasury and the FirstRand asset, liability and capital committee (ALCCO) under approved policies. Aldermore manages its interest rate risk through its own treasury department and ALCCO. For further details on the group's approach to managing interest rate risk and market risk, refer to note 38.

IRRBB is expected within a banking operation and can be an important source of profitability and shareholder value. It is therefore managed from an earnings approach, with the aim to protect and enhance net interest income (NII). Therefore, both fair value and cash flow hedge accounting are applied to provide a better reflection of how IRRBB is managed in profit or loss.

Notes to the consolidated financial statements

8 Derivative financial instruments continued

Qualifying for hedge accounting continued

The group is exposed to equity price risk through its obligation under its employee share incentive schemes, the future cash outflows of which are directly impacted by changes in FirstRand share price. This equity price risk is managed by purchasing equity derivatives which mitigate the exposure to variability in cash outflows as a result of FirstRand's share price movements. Cash flow hedge accounting is employed to provide a better reflection of how equity price risk is managed in profit or loss.

IFRS 9 does not specify a method for assessing hedge effectiveness. The group uses the regression analysis approach to quantitatively assess hedge effectiveness for all the cash flow and fair value hedges and it considers this approach to accurately capture the characteristics of the hedging relationships and sources of ineffectiveness. The hedge effectiveness results are assessed against the effectiveness range of 80% and 125%. Even though this quantitative measure is not required under IFRS 9, the group believes that this is a benchmark which has been extensively used in the past and is a prudent approach to determining the effectiveness of the hedge relationship in line with the group's risk management strategy.

Held for trading activities

Most of the group's derivative transactions relate to sales activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take on, transfer, modify or reduce current or expected risks.

Notional amounts represent the gross notional amount of all outstanding contracts at year end. The gross notional amount is the sum of the absolute purchase and sales of derivative instruments. The notional amounts do not represent amounts exchanged by the parties and therefore represent only the measure of involvement by the group in the derivative contracts and not its exposures to risk. Notional amounts that are denominated in foreign currency are translated to the group functional currency at the spot rate of exchange. Exchange rate fluctuations impact the value of the notional.

The following tables reflect the notional and fair values of the derivative instruments that qualify for hedge accounting or are held for trading. The notional amounts for derivative instruments qualifying for fair value hedge accounting include macro hedging portfolios.

Derivative financial instruments

	2024				
R million	Notional asset	Notional liability	Total notional	Fair value assets	Fair value liabilities
Qualifying for hedge accounting	523 433	496 717	1 020 150	11 148	1 206
Fair value hedge accounting	244 166	124 378	368 544	9 430	740
– Interest rate derivatives*	244 166	124 378	368 544	9 430	740
Cash flow hedge accounting	279 267	372 339	651 606	1 718	466
– Interest rate derivatives*	271 908	372 339	644 247	187	466
– Equity derivatives	7 359	–	7 359	1 531	–
Held for trading	11 675 458	11 383 616	23 059 074	44 136	43 439
– Currency derivatives	375 656	287 438	663 094	9 968	9 911
– Interest rate derivatives*	11 208 943	11 025 219	22 234 162	27 913	29 826
– Equity derivatives	44 543	45 608	90 151	4 211	2 440
– Commodity derivatives	39 472	23 252	62 724	1 793	1 140
– Energy derivatives	1 852	995	2 847	78	26
– Credit derivatives	4 992	1 104	6 096	173	96
Total derivative assets/liabilities	12 198 891	11 880 333	24 079 224	55 284	44 645
Exchange traded	16 594	33 713	50 307	17	6
Over the counter	12 182 297	11 846 620	24 028 917	55 267	44 639
Total derivative assets/liabilities	12 198 891	11 880 333	24 079 224	55 284	44 645

* *Includes derivatives cleared by a central clearing counterparty and whose fair value is reflected on a net basis, although the notional continues to be reflected on a gross basis.*

Notes to the consolidated financial statements

8 Derivative financial instruments continued

Derivative financial instruments

	2023				
R million	Notional asset	Notional liability	Total notional	Fair value assets	Fair value liabilities
Qualifying for hedge accounting	426 230	454 267	880 497	20 567	1 445
Fair value hedge accounting	244 380	124 573	368 953	17 242	750
– Interest rate derivatives*	244 380	124 573	368 953	17 242	750
Cash flow hedge accounting	181 850	329 694	511 544	3 325	695
– Interest rate derivatives*	174 322	329 694	504 016	1 216	695
– Equity derivatives	7 528	–	7 528	2 109	–
Held for trading	11 365 703	11 695 263	23 060 966	65 389	68 909
– Currency derivatives	321 084	297 827	618 911	14 765	17 546
– Interest rate derivatives*	10 942 087	11 312 700	22 254 787	44 857	47 945
– Equity derivatives	69 434	69 949	139 383	3 845	2 789
– Commodity derivatives	27 330	10 616	37 946	1 731	507
– Energy derivatives	480	508	988	59	54
– Credit derivatives	5 288	3 663	8 951	132	68
Total derivative assets/liabilities	11 791 933	12 149 530	23 941 463	85 956	70 354
Exchange traded	15 815	41 068	56 883	290	149
Over the counter	11 776 118	12 108 462	23 884 580	85 666	70 205
Total derivative assets/liabilities	11 791 933	12 149 530	23 941 463	85 956	70 354

** Include derivatives cleared by a central clearing counterparty and whose fair value is reflected on a net basis, although the notional continues to be reflected on a gross basis.*

Fair value hedges

Interest rate risk

The group defines interest rate risk, to which fair value hedge accounting is applied, as the potential variations in NII due to the group issuing portfolios of fixed-rate long-dated term financial liabilities and holding investment securities, as well as fixed-rate advances, which may result from:

- mismatches in the repricing of assets and liabilities;
- increases or decreases in the absolute levels of interest rates and/or changes in the shape of the term structure of interest rates when applied to the group's balance sheet; and
- behavioural uncertainties of the underlying hedged item, for example increased defaults, prepayments or early deposit withdrawals.

Where a hedging relationship involves government bonds classified at amortised cost and FVOCI as the designated hedged item, the hedged risk is the change in the fair value due to changes in the benchmark interest rate. However, only the benchmark interest rate component of the coupon cash flows plus the principal are designated as the hedged item. The interest rate swap curve is regarded as the best indicator of the interest rate risk and as such the benchmark interest rate is obtained from the interest rate swap curve denominated in the exposure's currency. The swap curve enables the measurement of the benchmark interest rate component on designation. The difference between the benchmark rate and the base rate is therefore excluded from the hedge risk designated.

As such, the benchmark interest rate risk is the component being hedged, while other risks such as credit risk are managed but not hedged by the group. This benchmark interest rate risk comprises the majority of the hedged items fair value risk.

Notes to the consolidated financial statements

8 Derivative financial instruments continued

For all other hedged items, the complete cash flow of the underlying financial asset or financial liability is designated as the hedged item, where the credit risk is proven not to dominate the fair value movements as a result of this risk.

The following are the identified hedged items subject to fair value interest rate risk hedge accounting and the related hedging instrument:

- Specified long-term fixed-rate investment securities, advances and other funding liabilities measured at amortised cost, as well as investment securities measured at amortised cost and FVOCI. To manage the interest rate risk associated with such risk exposures, the group uses a variety of cash collateralised vanilla fixed-for-floating interest rate swap derivatives.
- Interest rate exposure on a portfolio of fixed-rate high-quality liquid assets (HQLA) measured at amortised cost and FVOCI; and advances and deposits measured at amortised cost in Aldermore, where Aldermore enters into interest rate swaps on a monthly basis. The exposure from these portfolios frequently changes due to new transactions being entered into, contractual repayments, prepayments and early withdrawals. As a result, Aldermore has adopted a dynamic hedging strategy (macro hedging), to hedge the exposure profile by de-designating and re-designating interest rate swaps agreements at each month end to reach offsetting positions.

The designated hedged items attract fixed-interest cash flows, which expose the group to the risk of changes in the hedged item's fair value attributable to changes in the benchmark interest rate embedded in the hedge item. The group presents the change in value (fair value of the interest rate component of the hedged portfolio) of the hedged item in an asset position within collateral, settlement balances and other assets and for a hedged item in a liability position within creditors and accruals.

The group enters into a variety of collateralised fixed-for-floating vanilla interest rate swaps. As such there is an expectation that the changes in fair value of the hedged item would move in the opposite direction to changes in the interest rate swaps as a result of movements in the benchmark interest rate swap curve. The swap prices off the swap curve denominated in the exposure's currency, which is regarded as the best indicator of the interest rate risk present in the hedged item.

In certain circumstances, the economic relationship is evident due to critical terms such as the denominated currency, nominal amount, duration and either the fixed rate on the hedged item or the benchmark rate component of the hedged item and the interest rate swap matching. In other instances, the hedge accounting relationship is designated based on matching the PV01 of the hedging instrument to the hedged item. In both instances, the group uses regression analyses to quantitatively prove the economic relationship.

The outcome of this is that for most hedge accounting relationships a 1:1 hedge ratio is maintained throughout the duration of the relationship. Some hedge accounting relationships do not have 1:1 hedge ratios as the designations are not based on matching notional amounts, but rather on matching the PV01 associated with the hedged item to that of the hedging instrument.

In the fair value hedge relationships for interest rate risk, the following may lead to ineffectiveness:

- the designated fixed interest rate on the hedged item differs from the offsetting rate of the interest rate swap;
- the unwinding of the time value of money element contained within the fair value of the hedging instrument on designation date;
- prepayment risk on macro hedging portfolios on the date of designating the hedge relationship;
- day 1 gains or losses on the hedging instrument at the inception of the hedge;
- differences in maturities of the interest rate swap and the hedged item;
- where applicable, the effects of the interest rates reforms, as the amendments to the terms of the hedging instrument and the related hedged item could take effect at different times;
- different reset and or settlement dates for the hedging instrument and the hedged items; and
- difference in the notional amounts of the hedging instrument and the hedged items.

Notes to the consolidated financial statements

8 Derivative financial instruments continued

The following table discloses the maturity of the hedging instruments and the average interest rate included in fair value hedging relationships, excluding the maturity of the macro hedging portfolios.

	2024	2024	2023	2023
	Interest rate risk	**Average interest rate**	Interest rate risk	Average interest rate
R million	**Notional amount**	**risk (%)**	Notional amount	(%)**
4 – 12 months	**–**	**–**	41 936	2
1 – 5 years*	**9 619**	**4**	7 903	5
>5 years*	**19 094**	**5**	21 751	5
Total	**28 713**		71 590	

* The bucketing has been disaggregated to reflect the 1 – 5 years bucket and over 5 years bucket. The total notional amount remains unchanged.
** In the prior year 9% was presented for the 1 - 5 years bucket. The numbers have been restated to reflect the average interest rate risk.

The following table discloses the average interest rate of the hedging instruments included in fair value hedging relationships, according to their respective maturity buckets, excluding macro hedging portfolios.

The following table sets out information about hedged items in fair value hedging relationships.

	2024		
R million	**Advances**	**Investment securities**	**Funding liabilities****
Interest rate risk — hedged items			
Carrying amount excluding fair value hedge adjustments	**164 382**	**53 162**	**129 854**
Accumulated fair value hedge adjustments for instruments that are actively hedged*	**(2 998)**	**(2 102)**	**(151)**
Total carrying amount of hedged items	**161 384**	**51 060**	**129 703**
Accumulated fair value hedge adjustments for items that have ceased to be adjusted for fair value hedge gains and losses	**26**	**(267)**	**–**
	2023		
Interest rate risk — hedged items			
Carrying amount excluding fair value hedge adjustments	182 004	51 124	98 855
Accumulated fair value hedge adjustments for instruments that are actively hedged**	(10 017)	(5 206)	504
Total carrying amount of hedged items	171 987	45 918	99 359
Accumulated fair value hedge adjustments for items that have ceased to be adjusted for fair value hedge gains and losses	–	(29)	–

* Accumulated fair value hedge adjustments for instruments that are actively hedged reflected under advances includes the macro hedges employed by Aldermore. The hedged items that form part of the macro hedges include advances, investment securities and funding liabilities. The accumulated fair value hedge balance attributable to these macro hedges is presented in collateral,settlement balances and other assets and in creditors, accruals and provisions.
** Deposits and Tier 2 liabilities presented on the statement of financial position are aggregated and reflected as funding liabilities.

The following amounts were recognised in NII and NIR for the year in respect of both single and macro fair value hedging relationships.

R million	2024	2023
Interest rate risk		
Changes in fair value for the year arising on hedging instruments	**(9 876)**	6 680
– Interest rate derivatives	**(9 876)**	6 680
Changes in fair value on the hedged items attributable to the hedged risk	**9 503**	(5 979)
– Advances	**6 537**	(4 929)
– Investment securities – amortised cost	**(40)**	530
– Investment securities – FVOCI	**3 640**	(1 386)
– Funding liabilities*	**(634)**	(194)
Ineffectiveness recognised in NIR	**(373)**	701

* Deposits and Tier 2 liabilities presented on the statement of financial position are aggregated and reflected as funding liabilities.

Notes to the consolidated financial statements

8 Derivative financial instruments continued

Cash flow hedges

The group employs cash flow hedge accounting to mitigate changes in future cash flows on variable rate financial instruments with the objective of mitigating variability in future cash flows resulting from changes in market rates. The following are the identified hedged items subject to cash flow hedge accounting:

- prime-linked advances (cash flow interest rate risk);
- variable Johannesburg Interbank Average Rate-linked (JIBAR-linked) advances (cash flow interest rate risk);
- variable overnight financial liabilities (cash flow interest rate risk); and
- the group's share incentive scheme (cash flow equity price risk).

Interest rate risk

Cash flow hedges of interest rate risk relate to exposures to the variability in future interest cash flows due to the movement of benchmark interest rates on recognised financial assets and financial liabilities. The change in the interest cash flows attributable to the change in benchmark rate is designated as the hedged risk for hedge accounting purposes. This variability in cash flows is hedged by cash collateralised vanilla interest rate swaps, fixing the hedged cash flows.

The variable interest rate on JIBAR-linked assets and overnight financial liabilities exposes the group to volatility in interest cash flows as the variable benchmark interest rate varies over time. To manage the cash flow risk, the group enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rates, reset dates, payment dates, maturities and notional amounts. Variable rate assets are hedged with receive fixed pay float interest rate swaps, and variable rate liabilities are hedged with receive float pay fixed interest rate swaps. The changes in the cash flows on the hedging instruments are therefore expected to offset the changes in the cash flows on hedged items, resulting in an economic relationship.

A 1:1 hedge ratio is applied as the nominal amount of the hedging instruments and the designated hedged item is the same.

In the cash flow hedge of interest rate risk, the main sources of ineffectiveness are:

- day 1 gains or losses on the hedging instrument at the inception of the hedge;
- benchmark rate differences (basis risk) arising from the use of prime and JIBAR-linked swaps to hedge overnight financial liabilities; and
- designation of JIBAR-linked advances between JIBAR fixing dates.

Equity price risk

Equity price risk exists within the group's employee share incentive schemes that enable key management personnel (KMP) and employees to benefit from the performance of FirstRand's share price. Refer to note 33 for further details. These share incentive schemes, which are accounted for as cash-settled share-based payment (SBP) in terms of IFRS 2, expose the group to cash equity price risk due to volatility in FirstRand's share price.

The fair value of the IFRS 2 liability, which is predominantly driven by movements in the FirstRand share price, is economically hedged with total return swaps (TRS). When the share price increases/decreases, the SBP expense increases/decreases in line with the share price movement. Similarly, the fair value of the TRS will increase/decrease for the share price component of the derivative in line with the increase/decrease in share price. Changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other, resulting in an economic relationship being present between the SBP expense and the TRS. The number of FirstRand shares covered by the TRS is 119 million (2023: 143 million).

In cash flow hedging for equity price risk hedge relationships, the main sources of ineffectiveness are:

- mismatches in the critical terms (including differences between the notional amount of the hedging instrument and the actual number of grants vested or expected to vest) of the hedged item and the hedging instrument;
- actual number of shares that vest versus the vesting probabilities used in the calculation of the cash-settled SBP;
- funding costs associated with the hedging instrument; and
- the complete fair value of the hedging instrument at inception as well as the unwinding of the time value of money element contained within the fair value of the hedging instrument on designation date.

Notes to the consolidated financial statements

8 Derivative financial instruments continued

The following table discloses the maturity of the hedging instruments included in cash flow hedging relationships.

	2024		2023	
	Notional amount		Notional amount	
R million	Interest rate risk	Equity price risk	Interest rate risk	Equity price risk
1 – 3 months	**98 772**	**–**	26 387	–
4 – 12 months	**224 677**	**6 137**	136 740	5 409
1 – 5 years*	**279 533**	**1 223**	300 146	2 119
>5 years*	**41 265**	**–**	40 743	–
Total	**644 247**	**7 360**	504 016	7 528

* *The bucketing has been disaggregated to reflect the 1 – 5 years bucket and over 5 years bucket. The total notional amount remains unchanged.*

The following table discloses the average interest rate and share price which the hedging instruments included in cash flow hedging relationships are based on, according to their respective maturity buckets.

	2024		2023	
	Average rate/share price		Average rate/share price	
R million	Interest rate risk (%)	Equity price risk (ZAR)	Interest rate risk (%)	Equity price risk (ZAR)
Derivative assets				
1 – 3 months	**7**	**–**	5	–
4 – 12 months	**7**	**62**	7	56
1 – 5 years*	**7**	**63**	7	56
>5 years*	**8**	**–**	8	–
Derivative liabilities				
1 – 3 months	**8**	**–**	7	–
4 – 12 months	**7**	**–**	7	–
1 – 5 years*	**7**	**–**	8	–
>5 years*	**8**	**–**	8	–

* *The bucketing has been disaggregated to reflect the 1 – 5 years bucket and over 5 years bucket.*

The following amounts were recorded in NIR for the year in respect of cash flow hedging relationships.

	2024			2023		
R million	Interest rate risk	Equity price risk	Total	Interest rate risk	Equity price risk	Total
Changes in fair value for the year						
On the hedging instruments	**3 022**	**723**	**3 745**	(685)	683	(2)
– Interest rate derivatives	**3 022**	**–**	**3 022**	(685)	–	(685)
– Equity derivatives	**–**	**723**	**723**	–	683	683
On the hedged item subject to the hedged risk	**(2 929)**	**(765)**	**(3 694)**	642	(960)	(318)
– Advances	**(6 152)**	**–**	**(6 152)**	614	–	614
– Other funding liabilities	**3 223**	**–**	**3 223**	28	–	28
– Share-based payment	**–**	**(765)**	**(765)**	–	(960)	(960)
Ineffectiveness in NIR	**93**	**–**	**93**	(42)	–	(42)

Notes to the consolidated financial statements

8 Derivative financial instruments continued

The following amounts relate to the fair value and cash flow movements in other comprehensive income on hedging instruments included in cash flow hedging relationships. Debit balances are reflected as a negative in the table below.

R million	Interest rate risk	Equity price risk	Total
As at 30 June 2024			
Cash flow hedge reserve – opening balance	**(3 721)**	**626**	**(3 095)**
Gains recognised in reserves in the current year	**1 780**	**768**	**2 548**
Deferred tax on reserve movement	**(907)**	**41**	**(866)**
Transfers to NII and operating expenses (staff costs)	**1 577**	**(889)**	**688**
– Hedged item affects profit or loss	**1 215**	**(889)**	**326**
– Hedged future cash flows no longer expected to occur	**362**	**–**	**362**
Cash flow hedge reserve – closing balance	**(1 271)**	**546**	**(725)**
Cash flow hedge reserve relating to continuing hedges	**(1 447)**	**544**	**(903)**
Cash flow hedge reserve relating to discontinued hedges	**176**	**2**	**178**
Cash flow hedge reserve – closing balance	**(1 271)**	**546**	**(725)**
As at 30 June 2023			
Cash flow hedge reserve – opening balance	(3 001)	644	(2 357)
(Losses)/gains recognised in reserves in the current year	(745)	1 027	282
Deferred tax on reserve movement	266	47	313
Transfers to NII, operating staff costs and tax expense	(241)	(1 092)	(1 333)
– Hedged item affects profit or loss	(145)	(1 092)	(1 237)
– Hedged future cash flows no longer expected to occur	(96)	–	(96)
Cash flow hedge reserve – closing balance	(3 721)	626	(3 095)
Cash flow hedge reserve relating to continuing hedges	(3 485)	625	(2 860)
Cash flow hedge reserve relating to discontinued hedges	(236)	1	(235)
Cash flow hedge reserve – closing balance	(3 721)	626	(3 095)

9 Commodities

R million	2024	2023
Agricultural commodities	**1 426**	2 164
Gold	**13 611**	14 931
Platinum group metals	**72**	157
Total commodities	**15 109**	17 252

Notes to the consolidated financial statements

10 Investment securities

R million	2024	2023
Negotiable certificates of deposit	**39**	359
Treasury bills	**94 391**	116 578
Other government and government-guaranteed stock	**277 977**	251 222
Other dated securities	**30 786**	25 793
Other undated securities	**1 495**	500
Non-recourse investments	**4 830**	3 758
Equities	**18 412**	15 761
Other	**6 424**	5 949
Total gross carrying amount of investment securities	**434 354**	419 920
Loss allowance on investment securities	**(838)**	(780)
Total investment securities	**433 516**	419 140

10.1 Analysis of impairment stages of investment securities

	Amortised cost		FVOCI (debt)	
R million	Carrying amount	ECL allowance	Carrying amount	ECL allowance*
As at 30 June 2024				
Stage 1	**241 863**	**822**	**69 728**	**–**
Stage 2	**–**	**1**	**–**	**–**
Stage 3	**43**	**15**	**–**	**–**
Purchased or originated credit impaired	**491**	**–**	**–**	**–**
Total investment securities	**242 397**	**838**	**69 728**	**–**
As at 30 June 2023				
Stage 1	226 252	695	54 333	–
Stage 2	–	–	–	–
Stage 3	195	85	–	–
Purchased or originated credit impaired	468	–	–	–
Total investment securities	226 915	780	54 333	–

** ECL for FVOCI debt instruments are calculated using the loss rate approach and is immaterial.*

The Ghanaian government bonds were classified as originated credit impaired (stage 4), post the restructure in the prior year which resulted in the original instruments being derecognised and new instruments recognised.

Notes to the consolidated financial statements

10 Investment securities continued

10.2 Non-recourse investments at fair value through profit or loss

The group entered into the following transactions with its consolidated structured entities over the course of many years.

SPV	Type of SPV	Instruments
iNkotha Investments Limited	Call bond programme	Overnight high credit quality
iVuzi Investments Limited	Asset-backed commercial paper programme	Short-dated high credit quality
iNguza Investments Limited	Repack programme	Debentures or notes linked to underlying credit exposure

The performance on the commercial paper is directly linked to the performance and risk of the underlying portfolio of the special purpose vehicle (SPV). The group has no obligations towards other investors beyond the amount already invested. Information regarding other investments is kept at the group's registered offices. iVuzi Investments Limited is in the process of being wound down.

The aggregated fair value of the non-recourse investments and associated liabilities are R4 831 million (2023: R3 758 million) and R4 831 million (2023: R3 758 million) respectively.

10.3 Repurchase agreements and securities lending transactions

The table below sets out the details of investment securities that have been transferred in terms of repurchase agreements, but not derecognised.

	Investment securities (carrying amount)		Associated liabilities recognised in deposits (carrying amount)	
R million	**2024**	2023	**2024**	2023
Repurchase agreements	**7 871**	4 705	**7 271**	3 848

Transferred investments and related deposits under repurchase agreements are either measured at amortised cost or at fair value through profit or loss (FVTPL).

The fair value of the investment securities transferred under repurchase agreements is R7 271 million (2023: R4 006 million) and that of the associated liabilities is R7 271 million (2023: R3 847 million).

10.4 Equity investments designated at fair value through other comprehensive income

Strategic equity investments which the group does not plan on selling are designated as non-trading equity instruments classified on initial recognition as measured at FVOCI. The fair values of these investments are R389 million (2023: R384 million).

Notes to the consolidated financial statements

11 Advances

11.1 Category analysis of advances

R million	Notes	2024	2023
Overdrafts and cash management accounts		**97 614**	91 880
Term loans		**112 983**	97 108
Card loans		**46 357**	41 725
Instalment sales, hire purchase agreements and lease payments receivable	11.2	**290 871**	288 284
Property finance		**550 693**	536 558
Personal loans		**61 235**	57 425
Preference share agreements		**41 453**	40 928
Investment bank term loans		**243 900**	205 380
Long-term loans to group associates and joint ventures		**2 919**	2 696
Other		**70 921**	65 100
Total customer advances		**1 518 946**	1 427 084
Marketable advances		**78 952**	83 953
Assets under agreements to resell		**67 808**	79 410
Gross value of advances		**1 665 706**	1 590 447
Impairment and credit of fair value advances	12.1	**(54 165)**	(51 072)
Net advances		**1 611 541**	1 539 375
Gross advances – amortised cost		**1 551 374**	1 459 196
Impairment of advances – amortised cost		**(53 177)**	(49 746)
Net advances – amortised cost		**1 498 197**	1 409 450
Gross advances – fair value		**114 332**	131 251
Impairment of advances – fair value		**(988)**	(1 326)
Net advances – fair value		**113 344**	129 925
Net advances		**1 611 541**	1 539 375

11.2 Analysis of instalment sales, hire purchase agreements and lease payments receivable

R million	2024	2023
Within 1 year	**46 131**	49 450
Between 1 and 2 years	**42 800**	43 547
Between 2 and 3 years	**35 829**	37 990
Between 3 and 4 years	**22 304**	26 980
Between 4 and 5 years	**5 985**	6 480
More than 5 years	**5 108**	3 113
Total gross amount*	**158 157**	167 560
Unearned finance charges	**(24 973)**	(25 649)
Net amount of hire purchase and lease payments receivable	**133 184**	141 911
Instalment sales	**157 687**	146 373
Total instalment sales, hire purchase agreements and lease payments receivable	**290 871**	288 284

* *Hire purchase agreements and lease payment receivables relate to leases for motor vehicles and equipment. The agreements do not include contingent rentals. The decrease in the gross amount is attributable to weaker demand reflecting the impact of economic pressure on customers, and increased redemptions from a maturing portfolio in the UK operations.*

Notes to the consolidated financial statements

11 Advances continued

11.3 Securitisation transactions

The following bankruptcy remote structured entities were created over the course of many years to facilitate traditional securitisation transactions for WesBank retail instalment sale advances (FAST, Nitro Programme and Turbo Finance 9), for MotoNovo retail hire purchase advances (MotoMore) and for Aldermore residential mortgage advances (Oak 3 and Oak 4). During the financial year, Turbo Finance 9 was closed out and the Lehae securitisation, relating to FNB residential mortgages, was launched.These structured entities are consolidated by the FirstRand. The table below discloses the carrying amount of advances and related assets held by the structured entities at 30 June, as well as the financial liabilities incurred to fund the initial acquisitions and other related liabilities.

			Carrying value of assets		Carrying value of liabilities	
			R million		R million	
Name of securitisation	Established	Initial transaction value	**2024**	2023	**2024**	2023
FAST	July 2016	R6.8 billion	**1 919**	3 846	**704**	2 772
Nitro Programme	May 2019	R2 billion	**2**	215	**–**	170
Oak 3	September 2019	£344 million	**1 579**	2 602	**1 572**	2 464
MotoMore	September 2019	£250 million	**9 786**	17 753	**9 593**	17 400
Turbo Finance 9	October 2020	£583 million	**–**	2 626	**–**	2 596
Oak 4	May 2023	£447 million	**6 914**	9 756	**6 993**	9 686
Lehae	September 2023	R2.04 billion	**1 980**	–	**1 971**	–

Notes to the consolidated financial statements

11 Advances continued

11.4 Analysis of advances per class

Basis of preparation of the analysis of advances per class

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

The UK operations retail portfolio consists of property finance and motor finance. Commercial represents the structured and specialised finance business.

Voluntary changes in presentation

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 period information has not been restated.

11.5 Reconciliation of the gross advances and loss allowance on total advances per class

Basis of preparation of the reconciliation

The reconciliation of the gross carrying amount (GCA) and ECL has been prepared using a year-to-date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. The reconciliation distinguishes between the back book and new business as this provides meaningful information to the user in gaining an understanding of the performance of advances overall.

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

The movement on GCA is split between:

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

Current year ECL provided/(released) relates to:

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

New business is broadly defined as any new product issued to a new or existing customer during the current financial year. All new business is reflected based on the impairment stage at the end of the reporting period. Therefore, exposures in the new business lines can be reported in stage 3 at the end of the reporting date.

The majority of the fair value advances is originated within the RMB corporate and investment banking portfolio.

The decrease in the advance as a result of a write-off is equal to the decrease in the ECL (bad debts written off), as exposures are 100% provided for before being written off. There is however an exception in the RMB corporate and investment banking portfolio, where partial write-offs are permitted on a case-by-case basis.

Additional information relating to advances

The total contractual amount outstanding on amortised cost advances that were written off during the period and are still subject to enforcement activity is R12 124 million (30 June 2023: R11 948 million).

Included in the core lending advances are advances of R1 632 million (30 June 2023: R1 815 million) for which no ECL is raised due to over-collateralisation. These advances are originated in FNB commercial and RMB corporate and investment banking. Advances under agreements to resell are also fully collateralised and therefore no ECL is raised for these advances either. All advances under agreements to resell are classified in stage 1.

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

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

Amortised cost – 30 June 2024

	Retail secured		Retail unsecured			Retail secured and unsecured	Corporate and commercial						UK operations		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)*	Retail*	Commercial	Total
GCA reported as at 1 July 2023	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196
– Stage 1	223 096	90 310	30 073	35 024	5 843	–	102 500	–	49 682	311 754	65 913	40 861	259 928	77 780	1 292 764
– Stage 2	22 466	12 300	3 019	7 501	639	–	8 655	–	3 464	19 495	7 346	–	18 256	6 636	109 777
– Stage 3	14 073	6 169	4 057	7 547	924	–	4 773	–	1 066	3 577	3 545	–	8 724	1 418	55 873
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	782	–	–	–	–	782
Transfers between stages	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers to/(from) stage 1	(4 661)	(4 132)	(1 733)	(5 211)	(261)	–	(1 761)	–	(827)	(8 134)	(1 519)	9	708	(5 585)	(33 107)
– Transfers into stage 1	6 758	2 606	1 066	1 443	177	–	3 297	–	2 745	1 312	5 010	21	10 117	2 437	36 989
– Transfers out of stage 1	(11 419)	(6 738)	(2 799)	(6 654)	(438)	–	(5 058)	–	(3 572)	(9 446)	(6 529)	(12)	(9 409)	(8 022)	(70 096)
Transfers to/(from) stage 2	(572)	890	(634)	130	19	–	240	–	484	7 689	240	12	(4 671)	4 404	8 231
– Transfers into stage 2	10 455	5 770	1 221	3 920	342	–	4 293	–	3 238	9 081	5 814	8	7 101	7 322	58 565
– Transfers out of stage 2	(11 027)	(4 880)	(1 855)	(3 790)	(323)	–	(4 053)	–	(2 754)	(1 392)	(5 574)	4	(11 772)	(2 918)	(50 334)
Transfers to/(from) stage 3	5 233	3 242	2 367	5 081	242	–	1 521	–	343	445	1 279	(21)	3 963	1 181	24 876
– Transfers into stage 3	6 913	4 129	2 464	5 821	358	–	1 822	–	607	445	1 529	22	4 628	1 285	30 023
– Transfers out of stage 3	(1 680)	(887)	(97)	(740)	(116)	–	(301)	–	(264)	–	(250)	(43)	(665)	(104)	(5 147)
Current year movement	13 240	6 091	6 190	9 127	559	–	14 512	–	6 125	65 057	8 702	(2 623)	800	3 489	131 269
New business – changes in exposure	40 258	38 672	3 735	20 785	1 207	–	28 911	–	20 517	131 950	18 839	3 013	62 091	28 465	398 443
Back book – current year movement	(27 018)	(32 581)	2 455	(11 658)	(648)	–	(14 399)	–	(14 392)	(66 951)	(10 137)	(5 636)	(61 291)	(24 976)	(267 232)
– Exposures with a change in measurement basis from 12 months to LECL	(1 229)	(2 092)	198	(1 251)	1	–	(567)	–	(590)	(2 019)	(109)	(24)	(3 241)	(2 520)	(13 443)
– Other current year change in exposure/net movement on GCA	(25 789)	(30 489)	2 257	(10 407)	(649)	–	(13 832)	–	(13 802)	(64 932)	(10 028)	(5 612)	(58 050)	(22 456)	(253 789)
Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	58	–	–	–	–	58
Acquisition/(disposal) of advances	–	–	–	–	–	–	–	–	–	(3 737)	–	–	–	–	(3 737)
Transfers from/(to) other divisions	(28)	–	–	–	28	–	–	–	–	–	–	1 592	(1 592)	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–	–	–	(1 653)	(4 452)	(44)	(11 460)	(3 524)	(21 133)
Bad debts written off	(447)	(1 779)	(1 869)	(5 263)	(648)	–	(1 412)	–	(119)	(487)	(645)	(34)	(317)	(340)	(13 360)
Modifications that did not give rise to derecognition	(37)	(47)	(96)	(650)	(31)	–	–	–	–	–	–	–	–	–	(861)
GCA as at 30 June 2024	272 363	113 044	41 374	53 286	7 314	–	129 028	–	60 218	394 788	80 409	39 752	274 339	85 459	1 551 374
– Stage 1	231 891	93 276	33 111	35 345	5 715	–	115 394	–	55 268	366 607	69 393	39 106	253 218	73 262	1 371 586
– Stage 2	22 249	12 552	3 030	8 933	584	–	8 901	–	3 841	24 451	7 071	13	10 923	10 324	112 872
– Stage 3	18 223	7 216	5 233	9 008	1 015	–	4 733	–	1 109	2 890	3 945	633	10 198	1 873	66 076
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	840	–	–	–	–	840
Core lending advances	272 363	113 044	41 374	53 286	7 314	–	129 028	–	60 218	394 712	80 409	32 296	274 339	85 459	1 543 842
Assets under agreements to resell	–	–	–	–	–	–	–	–	–	76	–	7 456	–	–	7 532
Total GCA of advances as at 30 June 2024	272 363	113 044	41 374	53 286	7 314	–	129 028	–	60 218	394 788	80 409	39 752	274 339	85 459	1 551 374

* *The MotoNovo back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Comparatives have not been restated.*

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

11.5.2 Reconciliation of the loss allowance on total advances per class

Amortised cost – 30 June 2024

	Retail secured		Retail unsecured			Retail secured and unsecured	Corporate and commercial						UK operations		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)*	Retail*	Commercial	Total
ECL reported as at 1 July 2023	4 356	5 862	4 767	9 289	1 248	–	4 952	–	733	5 210	4 140	531	6 866	1 792	49 746
– Stage 1	432	995	1 165	2 069	310	–	907	–	228	1 334	1 285	370	2 372	962	12 429
– Stage 2	1 076	1 879	754	1 901	168	–	1 213	–	111	2 436	808	151	889	382	11 768
– Stage 3	2 848	2 988	2 848	5 319	770	–	2 832	–	394	1 195	2 047	10	3 605	448	25 304
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	245	–	–	–	–	245
Transfers between stages	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers to/(from) stage 1	187	200	81	(327)	8	–	206	–	62	67	188	9	190	9	880
– Transfers into stage 1	226	290	234	326	30	–	282	–	81	112	255	9	244	93	2 182
– Transfers out of stage 1	(39)	(90)	(153)	(653)	(22)	–	(76)	–	(19)	(45)	(67)	–	(54)	(84)	(1 302)
Transfers to/(from) stage 2	(337)	(609)	(422)	(1 024)	(21)	–	(324)	–	(34)	(82)	(239)	–	(265)	(58)	(3 415)
– Transfers into stage 2	157	144	79	486	58	–	96	–	29	43	79	3	76	79	1 329
– Transfers out of stage 2	(494)	(753)	(501)	(1 510)	(79)	–	(420)	–	(63)	(125)	(318)	(3)	(341)	(137)	(4 744)
Transfers to/(from) stage 3	150	409	341	1 351	13	–	118	–	(28)	15	51	(9)	75	49	2 535
– Transfers into stage 3	304	501	395	1 633	67	–	225	–	17	15	102	2	159	76	3 496
– Transfers out of stage 3	(154)	(92)	(54)	(282)	(54)	–	(107)	–	(45)	–	(51)	(11)	(84)	(27)	(961)
Current year provision created/ (released)	1 612	2 176	2 807	6 122	752	–	1 531	–	302	1 360	868	(420)	(7)	300	17 403
New business – impairment charge/ (release)	362	1 280	328	2 779	161	–	511	–	225	497	469	–	428	273	7 313
Back book – impairment charge/ (release)	1 250	896	2 479	3 343	591	–	1 020	–	77	526	399	(420)	(435)	27	9 753
– Exposures with a change in measurement basis from 12 months to LECL	119	(187)	171	52	15	–	189	–	31	296	49	(2)	(7)	1	727
– Other current year impairment charge/ (release)	1 131	1 083	2 308	3 291	576	–	831	–	46	230	350	(418)	(428)	26	9 026
Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	337	–	–	–	–	337
Acquisition/(disposal) of advances	–	–	–	–	–	–	–	–	–	(9)	–	–	–	–	(9)
Transfers from/(to) other divisions	(70)	–	–	95	(25)	–	–	–	–	–	–	827	(827)	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–	–	–	(16)	(239)	(27)	(242)	(79)	(603)
Bad debts written off	(447)	(1 779)	(1 869)	(5 263)	(648)	–	(1 412)	–	(119)	(487)	(645)	(34)	(317)	(340)	(13 360)
ECL as at 30 June 2024	5 451	6 259	5 705	10 243	1 327	–	5 071	–	916	6 058	4 124	877	5 473	1 673	53 177
– Stage 1	414	982	1 157	1 884	284	–	1 189	–	245	1 347	1 134	229	1 460	701	11 026
– Stage 2	1 290	1 877	773	2 112	167	–	947	–	147	3 238	854	57	580	433	12 475
– Stage 3	3 747	3 400	3 775	6 247	876	–	2 935	–	524	891	2 136	591	3 433	539	29 094
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	582	–	–	–	–	582
Current year provision created/ (released) per impairment stage	1 612	2 176	2 807	6 122	752	–	1 531	–	302	1 360	868	(420)	(7)	300	17 403
– Stage 1	(133)	(215)	(90)	46	(9)	–	76	–	(44)	(31)	(287)	(152)	(1 019)	(237)	(2 095)
– Stage 2	550	607	442	1 235	20	–	58	–	70	884	356	(102)	(12)	125	4 233
– Stage 3	1 195	1 784	2 455	4 841	741	–	1 397	–	276	170	799	(166)	1 024	412	14 928
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	337	–	–	–	–	337

* *The MotoNovo back book is now included in the Centre and is no longer reported in the UK operations, effective 1 July 2023. Comparatives have not been restated.*

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

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

Fair value – 30 June 2024

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2023	520	130 400	255	76	131 251
– Stage 1	520	124 776	255	33	125 584
– Stage 2	–	4 847	–	43	4 890
– Stage 3	–	777	–	–	777
– Purchased or originated credit impaired	–	–	–	–	–
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	(1 068)	–	43	(1 025)
– Transfers into stage 1	–	–	–	43	43
– Transfers out of stage 1	–	(1 068)	–	–	(1 068)
Transfers to/(from) stage 2	–	1 064	–	(43)	1 021
– Transfers into stage 2	–	1 064	–	–	1 064
– Transfers out of stage 2	–	–	–	(43)	(43)
Transfers to/(from) stage 3	–	4	–	–	4
– Transfers into stage 3	–	4	–	–	4
– Transfers out of stage 3	–	–	–	–	–
Current year movement	296	(16 638)	176	82	(16 084)
New business – changes in exposure	320	15 016	353	38	15 727
Back book – current year movement	(24)	(31 654)	(177)	44	(31 811)
– Exposures with a change in measurement basis from 12 months to LECL	–	(22)	–	–	(22)
– Other current year change in exposure/ net movement on GCA	(24)	(31 632)	(177)	44	(31 789)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Exchange rate differences	–	(385)	(78)	–	(463)
Bad debts written off	–	(372)	–	–	(372)
GCA as at 30 June 2024	816	113 005	353	158	114 332
– Stage 1	816	110 087	353	158	111 414
– Stage 2	–	1 994	–	–	1 994
– Stage 3	–	924	–	–	924
– Purchased or originated credit impaired	–	–	–	–	–
Core lending advances	816	52 780	302	158	54 056
Assets under agreements to resell	–	60 225	51	–	60 276
Total GCA of advances as at 30 June 2024	816	113 005	353	158	114 332

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

11.5.4 Reconciliation of the loss allowance on total advances per class

Fair value – 30 June 2024

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2023	51	1 258	–	17	1 326
– Stage 1	51	295	–	4	350
– Stage 2	–	483	–	4	487
– Stage 3	–	480	–	9	489
– Purchased or originated credit impaired	–	–	–	–	–
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	(2)	–	13	11
– Transfers into stage 1	–	3	–	13	16
– Transfers out of stage 1	–	(5)	–	–	(5)
Transfers to/(from) stage 2	–	2	–	(5)	(3)
– Transfers into stage 2	–	5	–	–	5
– Transfers out of stage 2	–	(3)	–	(5)	(8)
Transfers to/(from) stage 3	–	–	–	(8)	(8)
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	(8)	(8)
Current year provision created/(released)	(45)	100	1	(10)	46
New business – impairment charge/(release)	5	92	–	–	97
Back book – impairment charge/(release)	(50)	8	1	(10)	(51)
– Exposures with a change in measurement basis from 12 months to LECL	–	(162)	–	–	(162)
– Other current year impairment charge/(release)	(50)	170	1	(10)	111
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Exchange rate differences	–	(12)	–	–	(12)
Bad debts written off	–	(372)	–	–	(372)
ECL as at 30 June 2024	6	974	1	7	988
– Stage 1	6	604	1	7	618
– Stage 2	–	109	–	–	109
– Stage 3	–	261	–	–	261
– Purchased or originated credit impaired	–	–	–	–	–
Current year provision created/(released) per impairment stage	(45)	100	1	(10)	46
– Stage 1	(45)	313	1	(10)	259
– Stage 2	–	(365)	–	–	(365)
– Stage 3	–	152	–	–	152
– Purchased or originated credit impaired	–	–	–	–	–

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

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

Amortised cost – 30 June 2023

	Retail secured		Retail unsecured			Retail secured and unsecured	Corporate and commercial						UK operations		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
GCA reported as at 1 July 2022	242 757	99 354	32 821	46 623	7 907	–	107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
– Stage 1	211 306	82 088	26 914	32 510	6 045	(2 688)	95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
– Stage 2	19 649	11 063	2 229	7 149	586	2 688	7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
– Stage 3	11 802	6 203	3 678	6 964	1 276	–	4 627	–	903	2 572	3 318	–	6 965	963	49 271
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	733	–	–	–	–	733
Transfers between stages	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers to/(from) stage 1	(6 016)	(3 071)	(1 802)	(3 242)	(321)	–	(3 130)	–	708	(5 974)	(3 280)	–	2 151	(1 094)	(25 071)
– Transfers into stage 1	5 873	2 418	641	1 085	156	–	2 388	–	3 070	1 714	1 173	–	9 760	3 002	31 280
– Transfers out of stage 1	(11 889)	(5 489)	(2 443)	(4 327)	(477)	–	(5 518)	–	(2 362)	(7 688)	(4 453)	–	(7 609)	(4 096)	(56 351)
Transfers to/(from) stage 2	2 130	740	96	(195)	69	–	1 303	–	(1 120)	3 675	2 680	–	(3 424)	624	6 578
– Transfers into stage 2	11 272	4 805	1 292	2 628	369	–	4 591	–	2 025	7 219	4 214	–	6 831	3 639	48 885
– Transfers out of stage 2	(9 142)	(4 065)	(1 196)	(2 823)	(300)	–	(3 288)	–	(3 145)	(3 544)	(1 534)	–	(10 255)	(3 015)	(42 307)
Transfers to/(from) stage 3	3 886	2 331	1 706	3 437	252	–	1 827	–	412	2 299	600	–	1 273	470	18 493
– Transfers into stage 3	5 585	3 242	1 822	4 086	375	–	1 894	–	500	2 299	755	–	2 242	749	23 549
– Transfers out of stage 3	(1 699)	(911)	(116)	(649)	(123)	–	(67)	–	(88)	–	(155)	–	(969)	(279)	(5 056)
Current year movement	17 452	11 256	6 082	8 647	311	–	9 914	–	9 262	50 565	10 875	(6 423)	9 149	(868)	126 222
New business – changes in exposure	45 431	43 635	3 467	21 297	1 024	–	18 585	–	22 321	109 953	16 946	578	102 265	26 933	412 435
Back book – current year movement	(27 979)	(32 379)	2 615	(12 650)	(713)	–	(8 671)	–	(13 059)	(59 468)	(6 071)	(7 001)	(93 116)	(27 801)	(286 293)
– Exposures with a change in measurement basis from 12 months to LECL	(1 505)	(1 992)	185	(1 108)	1	–	(496)	–	(2 344)	(1 942)	(186)	–	(8 718)	(2 441)	(20 546)
– Other current year change in exposure/net movement on GCA	(26 474)	(30 387)	2 430	(11 542)	(714)	–	(8 175)	–	(10 715)	(57 526)	(5 885)	(7 001)	(84 398)	(25 360)	(265 747)
Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	80	–	–	–	–	80
Acquisition/(disposal) of advances	–	–	–	–	–	–	(90)	–	–	(3 932)	–	–	86	–	(3 936)
Transfers from/(to) other divisions	(11)	–	–	–	11	–	–	–	–	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	(44)	–	–	(785)	–	(829)
Exchange rate differences	–	–	–	–	–	–	–	–	–	5 265	(529)	13	47 496	14 425	66 670
Bad debts written off	(438)	(1 777)	(1 639)	(4 895)	(745)	–	(1 612)	–	(178)	(387)	(760)	–	(475)	(132)	(13 038)
Modifications that did not give rise to derecognition	(125)	(54)	(115)	(303)	(78)	–	5	–	–	–	–	–	–	–	(670)
GCA as at 30 June 2023	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196
– Stage 1	223 096	90 310	30 073	35 024	5 843	–	102 500	–	49 682	311 754	65 913	40 861	259 928	77 780	1 292 764
– Stage 2	22 466	12 300	3 019	7 501	639	–	8 655	–	3 464	19 495	7 346	–	18 256	6 636	109 777
– Stage 3	14 073	6 169	4 057	7 547	924	–	4 773	–	1 066	3 577	3 545	–	8 724	1 418	55 873
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	782	–	–	–	–	782
Core lending advances	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	334 969	76 804	26 456	286 908	85 834	1 444 152
Assets under agreements to resell	–	–	–	–	–	–	–	–	–	639	–	14 405	–	–	15 044
Total GCA of advances as at 30 June 2023	259 635	108 779	37 149	50 072	7 406	–	115 928	–	54 212	335 608	76 804	40 861	286 908	85 834	1 459 196

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

11.5.6 Reconciliation of the loss allowance on total advances per class

Amortised cost – 30 June 2023

	Retail secured		Retail unsecured			Retail secured and unsecured	Corporate and commercial						UK operations		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario	FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
ECL reported as at 1 July 2022	4 084	5 396	4 361	8 681	1 585	317	5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
– Stage 1	609	802	1 130	2 065	385	156	1 030	23	186	1 200	1 035	361	1 271	529	10 782
– Stage 2	939	1 344	620	1 727	147	161	1 059	32	193	2 420	876	149	746	182	10 595
– Stage 3	2 536	3 250	2 611	4 889	1 053	–	3 145	–	416	1 873	1 945	–	2 548	410	24 676
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	83	–	–	–	–	83
Transfers between stages	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers to/(from) stage 1	123	94	46	(145)	17	–	98	–	127	32	21	–	224	21	658
– Transfers into stage 1	189	149	171	244	39	–	192	–	143	74	72	–	279	76	1 628
– Transfers out of stage 1	(66)	(55)	(125)	(389)	(22)	–	(94)	–	(16)	(42)	(51)	–	(55)	(55)	(970)
Transfers to/(from) stage 2	(92)	(296)	(281)	(727)	(23)	–	(270)	–	(113)	(178)	(48)	–	(175)	(8)	(2 211)
– Transfers into stage 2	238	116	79	360	61	–	91	–	19	36	77	–	110	59	1 246
– Transfers out of stage 2	(330)	(412)	(360)	(1 087)	(84)	–	(361)	–	(132)	(214)	(125)	–	(285)	(67)	(3 457)
Transfers to/(from) stage 3	(31)	202	235	872	6	–	172	–	(14)	146	27	–	(49)	(13)	1 553
– Transfers into stage 3	171	299	295	1 109	68	–	215	–	10	146	72	–	101	22	2 508
– Transfers out of stage 3	(202)	(97)	(60)	(237)	(62)	–	(43)	–	(24)	–	(45)	–	(150)	(35)	(955)
Current year provision created/ (released)	640	2 243	2 045	5 468	513	(317)	1 330	(55)	116	720	927	(11)	1 655	514	15 788
New business – impairment charge/ (release)	388	1 501	275	2 831	91	–	259	–	237	647	543	(21)	900	418	8 069
Back book – impairment charge/ (release)	252	742	1 770	2 637	422	(317)	1 071	(55)	(121)	(123)	384	10	755	96	7 523
– Exposures with a change in measurement basis from 12 months to LECL	43	(63)	190	(119)	14	–	299	–	(28)	(16)	69	–	(107)	30	312
– Other current year impairment charge/ (release)	209	805	1 580	2 756	408	(317)	772	(55)	(93)	(107)	315	10	862	66	7 211
Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	196	–	–	–	–	196
Acquisition/(disposal) of advances	–	–	–	–	–	–	–	–	–	(723)	–	22	–	–	(701)
Transfers from/(to) other divisions	70	–	–	35	(105)	–	–	–	–	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–	–	–	–	(36)	–	–	–	–	(36)
Exchange rate differences	–	–	–	–	–	–	–	–	–	60	117	–	1 121	289	1 587
Bad debts written off	(438)	(1 777)	(1 639)	(4 895)	(745)	–	(1 612)	–	(178)	(387)	(760)	10	(475)	(132)	(13 028)
ECL as at 30 June 2023	4 356	5 862	4 767	9 289	1 248	–	4 952	–	733	5 210	4 140	531	6 866	1 792	49 746
– Stage 1	432	995	1 165	2 069	310	–	907	–	228	1 334	1 285	370	2 372	962	12 429
– Stage 2	1 076	1 879	754	1 901	168	–	1 213	–	111	2 436	808	151	889	382	11 768
– Stage 3	2 848	2 988	2 848	5 319	770	–	2 832	–	394	1 195	2 047	10	3 605	448	25 304
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	245	–	–	–	–	245
Current year provision created/ (released) per impairment stage	640	2 243	2 045	5 468	513	(317)	1 330	(55)	116	720	927	(11)	1 655	514	15 788
– Stage 1	(370)	100	(10)	112	15	(156)	(220)	(23)	(85)	55	188	(11)	512	268	375
– Stage 2	229	830	415	902	44	(161)	424	(32)	31	189	(23)	–	180	155	3 183
– Stage 3	781	1 313	1 640	4 454	454	–	1 126	–	170	280	762	–	963	91	12 034
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	196	–	–	–	–	196

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

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

Fair value – 30 June 2023

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2022	112	96 655	29	485	97 281
– Stage 1	112	93 082	29	442	93 665
– Stage 2	–	2 691	–	43	2 734
– Stage 3	–	799	–	–	799
– Purchased or originated credit impaired	–	83	–	–	83
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	(319)	–	–	(319)
– Transfers into stage 1	–	1 312	–	–	1 312
– Transfers out of stage 1	–	(1 631)	–	–	(1 631)
Transfers to/(from) stage 2	–	319	–	–	319
– Transfers into stage 2	–	1 631	–	–	1 631
– Transfers out of stage 2	–	(1 312)	–	–	(1 312)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current year movement	(44)	32 270	365	93	32 684
New business – changes in exposure	–	19 849	–	194	20 043
Back book – current year movement	(44)	12 422	365	(101)	12 642
– Exposures with a change in measurement basis from 12 months to LECL	–	1 016	–	–	1 016
– Other current year change in exposure/ net movement on GCA	(44)	11 406	365	(101)	11 626
Purchased or originated credit impaired	–	(1)	–	–	(1)
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	502	–	–	(502)	–
Exchange rate differences	–	1 557	(139)	–	1 418
Bad debts written off	(50)	(82)	–	–	(132)
GCA as at 30 June 2023	520	130 400	255	76	131 251
– Stage 1	520	124 776	255	33	125 584
– Stage 2	–	4 847	–	43	4 890
– Stage 3	–	777	–	–	777
– Purchased or originated credit impaired	–	–	–	–	–
Core lending advances	520	66 289	–	76	66 885
Assets under agreements to resell	–	64 111	255	–	64 366
Total GCA of advances as at 30 June 2023	520	130 400	255	76	131 251

Notes to the consolidated financial statements

11 Advances continued

11.5 Reconciliation of the gross advances and loss allowance on total advances per class continued

11.5.8 Reconciliation of the loss allowance on total advances per class

Fair value – 30 June 2023

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2022	3	1 488	–	107	1 598
– Stage 1	3	276	–	102	381
– Stage 2	–	649	–	5	654
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	175	–	–	175
– Transfers into stage 1	–	181	–	–	181
– Transfers out of stage 1	–	(6)	–	–	(6)
Transfers to/(from) stage 2	–	(175)	–	–	(175)
– Transfers into stage 2	–	6	–	–	6
– Transfers out of stage 2	–	(181)	–	–	(181)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current year provision created/(released)	(1)	(210)	–	9	(202)
New business – impairment charge/(release)	–	189	–	9	198
Back book – impairment charge/(release)	(1)	(399)	–	–	(400)
– Exposures with a change in measurement basis from 12 months to LECL	–	9	–	–	9
– Other current year impairment charge/(release)	(1)	(408)	–	–	(409)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	99	–	–	(99)	–
Exchange rate differences	–	62	–	–	62
Bad debts written off	(50)	(82)	–	–	(132)
ECL as at 30 June 2023	51	1 258	–	17	1 326
– Stage 1	51	295	–	4	350
– Stage 2	–	483	–	4	487
– Stage 3	–	480	–	9	489
– Purchased or originated credit impaired	–	–	–	–	–
Current year provision created/(released) per impairment stage	(1)	(210)	–	9	(202)
– Stage 1	(51)	(169)	–	1	(219)
– Stage 2	–	(41)	–	1	(40)
– Stage 3	50	–	–	7	57
– Purchased or originated credit impaired	–	–	–	–	–

Notes to the consolidated financial statements

11 Advances continued

11.6 Modified advances measured at amortised cost

The following table provides information on advances that were modified while they had a loss allowance measured at an amount equal to LECL and the modification resulted in a modification gain or loss being recognised.

	2024				2023			
	Stage 2 and stage 3				Stage 2 and stage 3			
R million	**Gross carrying amount before modification**	**Loss allowance before modification**	**Amortised cost before modification**	**Modification gain/(loss)**	Gross carrying amount before modification	Loss allowance before modification	Amortised cost before modification	Modification gain/(loss)
Residential mortgages	**941**	**(85)**	**856**	**(37)**	11 612	(137)	11 475	(101)
WesBank VAF	**1 495**	**(348)**	**1 147**	**(47)**	1 279	(282)	997	(54)
Total retail secured	**2 436**	**(433)**	**2 003**	**(84)**	12 891	(419)	12 472	(155)
FNB card	**823**	**(434)**	**389**	**(96)**	582	(284)	298	(115)
Personal loans	**2 810**	**(1 163)**	**1 647**	**(650)**	2 619	(921)	1 698	(303)
Retail other	**99**	**(50)**	**49**	**(31)**	124	(55)	69	(78)
Total retail unsecured	**3 732**	**(1 647)**	**2 085**	**(777)**	3 325	(1 260)	2 065	(496)
FNB commercial	**43**	**(3)**	**40**	**–**	208	(9)	199	5
Total	**6 211**	**(2 083)**	**4 128**	**(861)**	16 424	(1 688)	14 736	(646)

The GCA in stage 2 or stage 3 of advances that previously had been modified but not derecognised, and whose improvement in credit risk in the current year has moved into stage 1, amounted to R561 million (2023: R341 million).

Notes to the consolidated financial statements

12 Impairment of advances

12.1 Analysis of the loss allowance closing balance

	2024				
	Loss allowance				
R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
Amount as at 30 June 2024	**54 165**	**11 644**	**12 584**	**29 355**	**582**
Amortised cost	**53 177**	**11 026**	**12 475**	**29 094**	**582**
Fair value	**988**	**618**	**109**	**261**	**–**
Included in the total loss allowance					
– On- and off-balance sheet exposure*	**53 955**	**11 540**	**12 482**	**29 351**	**582**
– Letters of credit and guarantees	**210**	**104**	**102**	**4**	**–**
Components of total loss allowance as at 30 June 2024					
– Forward-looking information**	**2 836**	**1 164**	**1 200**	**472**	**–**
– Model updates#	**22**	**59**	**(58)**	**21**	**–**
	2023				
Amount as at 30 June 2023	51 072	12 779	12 255	25 793	245
Amortised cost	49 746	12 429	11 768	25 304	245
Fair value	1 326	350	487	489	–
Included in the total loss allowance					
– On- and off-balance sheet exposure*	50 848	12 662	12 157	25 784	245
– Letters of credit and guarantees	224	117	98	9	–
Components of total loss allowance as at 30 June 2023					
– Forward-looking information**,†	4 830	2 180	1 967	683	–
– Model updates#	(534)	477	(69)	(942)	–

* *Includes loan commitments as the credit risks is managed and monitored with the drawn component as a single EAD. The EAD on the entire facility is used to calculate the ECL and is therefore included in the ECL allowance.*

** *This represents the total ECL closing balance as at 30 June that is attributable to incorporating FLI macroeconomic information into the ECL calculations. For more detail on the process of incorporating FLI into the ECL calculation refer to the critical accounting estimates and judgements on page B39.*

\# *This represents the total ECL closing balance as at 30 June that is attributable to model recalibrations or refinements in the impairment methodology used that has been approved by a governance body. The amount reflected is the additional ECL recognised at the point/date that the model update was implemented.*

† *Restated. Refer to note 39 – Impact due to changes in presentation and restatements on page B208.*

Notes to the consolidated financial statements

12 Impairment of advances continued

12.2 Breakdown of ECL created in the reporting period

12.2.1 Breakdown of ECL created in the reporting period per impairment charge

R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
	2024				
Current period ECL provided	**17 449**	**(1 836)**	**3 868**	**15 080**	**337**
Interest suspended on stage 3 advances	**(3 272)**	**–**	**–**	**(3 215)**	**(57)**
Current period change in ECL provided after interest suspended on stage 3 advances	**14 177**	**(1 836)**	**3 868**	**11 865**	**280**
Post write-off recoveries	**(2 483)**	**–**	**–**	**(2 483)**	**–**
Modification losses	**861**	**–**	**106**	**755**	**–**
Impairment recognised in the income statement for the period ended 30 June 2024	**12 555**	**(1 836)**	**3 974**	**10 137**	**280**
Amortised cost	**12 510**	**(2 095)**	**4 339**	**9 986**	**280**
Fair value*	**45**	**259**	**(365)**	**151**	**–**
	2023				
Current period ECL provided	15 586	156	3 143	12 091	196
Interest suspended on stage 3 advances	(2 850)	–	–	(2 847)	(3)
Current period change in ECL provided after interest suspended on stage 3 advances	12 736	156	3 143	9 244	193
Post write-off recoveries	(2 457)	–	–	(2 457)	–
Modification losses	670	24	75	571	–
Impairment recognised in the income statement for the period ended 30 June 2023	10 949	180	3 218	7 358	193
Amortised cost	11 151	400	3 258	7 300	193
Fair value*	(202)	(220)	(40)	58	–

* *No material recoveries of bad debts written off or modification losses are attributable to advances measured at fair value.*

Notes to the consolidated financial statements

12 Impairment of advances continued

12.2 Breakdown of ECL created in the reporting period continued

12.2.2 Breakdown of ECL created in the reporting period per key driver

The table below provides a breakdown of the change in the ECL impairment recognised in the current period based on the key drivers. The key components of the ECL impairment recognised in the current period are as follows:

Income statement component	Definition and key drivers
Volume change in stage 1	This represents the change in the impairment on stage 1 core lending advances, assuming that the coverage ratio has remained unchanged from the prior year. It is calculated as the movement in the GCA of stage 1 advances (current year less prior year) multiplied by the prior year stage 1 coverage ratio. The key drivers relate to the change in volume of stage 1 advances due to new business, stage migrations and loans commencing in the period in stage 1 subsequently written off or curing.
Change in stage 1 coverage	This represents the change in the impairment on stage 1 core lending advances due to a change in the coverage ratio for stage 1 advances. This is calculated as the GCA of stage 1 advances at the current year-end multiplied by the difference in the current year and prior year stage 1 coverage ratio.
Volume change in stage 2	This represents the change in the impairment on stage 2 core lending advances, assuming that the coverage ratio remained unchanged from the prior year. This is calculated as the movement in the GCA of stage 2 advances (current year less prior year) multiplied by the prior year stage 2 coverage ratio. This column therefore represents the change in volume of stage 2 advances due to stage migration, or loans commencing the period in stage 2 subsequently migrating to stage 3 or curing.
Change in stage 2 coverage	This represents the change in the impairment on stage 2 core lending advances due to a change in the coverage ratio for stage 2 advances. This is calculated as the gross carrying amount of stage 2 advances at the current year-end multiplied by the difference in the current year and prior year stage 2 coverage ratio.
Change in stage 3 provisions (NPLs)	This represents the change in the impairment on stage 3 core lending advances due to a change in the coverage ratio and volume changes due to loans commencing in the period in stage 3 subsequently written off or curing.
Modification gains or losses	Gains or losses recognised on modified exposures that are not derecognised.
Write-offs and other charges	Gross advances written off and other movements (foreign exchange movements, acquisition and disposal of advances and transfers to non-current assets held for sale).

Notes to the consolidated financial statements

12 Impairment of advances continued

12.2 Breakdown of ECL created in the reporting period continued

12.2.2 Breakdown of ECL created in the reporting period per key driver continued

	2024												
	Movement in the balance sheet provisions					Movement in the balance sheet provisions				Recognised directly in the income statement			
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/ (decrease)	Gross write-off and other	Current year ECL provided	Modi-fication loss	Interest suspended on stage 3 advances	Post write-off recoveries**	Total
Total retail secured	**50**	**(81)**	**28**	**184**	**181**	**1 311**	**1 492**	**2 296**	**3 788**	**84**	**(647)**	**(239)**	**2 986**
Total retail unsecured	**123**	**(342)**	**385**	**(156)**	**10**	**1 961**	**1 971**	**7 711**	**9 682**	**777**	**(1 746)**	**(1 059)**	**7 654**
Temporary stress scenario	**–**	**–**	**–**	**–**	**–**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total retail secured and unsecured	**173**	**(423)**	**413**	**28**	**191**	**3 272**	**3 463**	**10 007**	**13 470**	**861**	**(2 393)**	**(1 298)**	**10 640**
Total FNB commercial	**113**	**124**	**34**	**(300)**	**(29)**	**103**	**74**	**1 412**	**1 486**	**—**	**(495)**	**(147)**	**844**
– FNB commercial	**113**	**124**	**34**	**(300)**	**(29)**	**103**	**74**	**1 412**	**1 486**	**—**	**(495)**	**(147)**	**844**
– Temporary stress scenario	**–**	**–**	**–**	**–**	**–**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
WesBank corporate and commercial	**26**	**(9)**	**12**	**24**	**53**	**130**	**183**	**119**	**302**	**—**	**(36)**	**(13)**	**253**
RMB corporate and investment banking	**169**	**153**	**416**	**12**	**750**	**(186)**	**564**	**896**	**1 460**	**—**	**(93)**	**(5)**	**1 362**
Total corporate and commercial	**308**	**268**	**462**	**(264)**	**774**	**47**	**821**	**2 427**	**3 248**	**—**	**(624)**	**(165)**	**2 459**
Broader Africa	**89**	**(239)**	**6**	**40**	**(104)**	**89**	**(15)**	**883**	**868**	**—**	**(180)**	**(202)**	**486**
Centre (including Group Treasury)*	**75**	**(216)**	**(108)**	**2**	**(247)**	**(244)**	**(491)**	**61**	**(430)**	**—**	**3**	**(171)**	**(598)**
UK operations*	**(142)**	**(1 028)**	**(175)**	**(75)**	**(1 420)**	**735**	**(685)**	**978**	**293**	**—**	**(78)**	**(647)**	**(432)**
Total	**503**	**(1 638)**	**598**	**(269)**	**(806)**	**3 899**	**3 093**	**14 356**	**17 449**	**861**	**(3 272)**	**(2 483)**	**12 555**
	2023												
Total retail secured	114	(98)	285	387	688	50	738	2 144	2 882	179	(455)	(438)	2 168
Total retail unsecured	278	(314)	341	(12)	293	384	677	7 349	8 026	496	(1 618)	(1 327)	5 577
Temporary stress scenario	(156)	–	(161)	–	(317)	—	(317)	—	(317)	—	—	—	(317)
Total retail secured and unsecured	236	(412)	465	375	664	434	1 098	9 493	10 591	675	(2 073)	(1 765)	7 428
Total FNB commercial	47	(145)	143	(21)	24	(313)	(289)	1 563	1 274	(5)	(464)	(190)	615
– FNB commercial	70	(145)	175	(21)	79	(313)	(234)	1 563	1 329	(5)	(464)	(190)	670
– Temporary stress scenario	(23)	–	(32)	–	(55)	—	(55)	—	(55)	—	—	—	(55)
WesBank corporate and commercial	48	(6)	(54)	(28)	(40)	(22)	(62)	178	116	—	(23)	(35)	58
RMB corporate and investment banking	405	(252)	(47)	(103)	3	(599)	(596)	1 105	509	—	(40)	(42)	427
Total corporate and commercial	500	(403)	42	(152)	(13)	(934)	(947)	2 846	1 899	(5)	(527)	(267)	1 100
Broader Africa	124	126	236	(304)	182	102	284	644	928	—	(201)	(232)	495
Centre (including Group Treasury)	83	(172)	–	1	(88)	19	(69)	69	—	—	—	—	—
UK operations	432	1 102	94	249	1 877	1 095	2 972	(804)	2 168	—	(49)	(193)	1 926
Total	1 375	241	837	169	2 622	716	3 338	12 248	15 586	670	(2 850)	(2 457)	10 949

* *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.*

** *Post write-off recoveries collected in the financial year consist of exposures written off over multiple previous reporting periods, including amounts written off under IAS 39. Under IAS 39, the group followed a conservative approach to writing off exposures and reflected high levels of post write-off recoveries. The absolute level of recoveries post the implementation of IFRS 9 (1 July 2018) continues to be impacted by amounts written off under the previous conservative write-off policy.*

Notes to the consolidated financial statements

13 Collateral, settlement balances and other assets

R million	2024	2023*
Items in transit	**4 397**	3 363
Interest and commission accrued	**19**	33
Prepayments	**3 493**	2 783
Properties in possession	**55**	72
Sundry debtors	**1 645**	1 423
Fair value hedge liability**	**(2 998)**	(10 007)
Dividends receivable	**292**	481
– Profit share receivable on insurance cells	**231**	393
– Other dividends receivable	**61**	88
Accounts receivable and other#	**8 010**	5 028
Collateral and settlement balances	**21 625**	28 460
– Variation margin – unsettled balances	**454**	827
– Variation margin	**4 754**	6 727
– Initial margin	**16 417**	20 906
Total gross carrying amount of other assets	**36 538**	31 636
– Financial	**33 997**	36 625
– Non-financial	**2 541**	(4 989)
– Loss allowance on other financial assets†	**(486)**	(448)
Total collateral, settlement balances and other assets	**36 052**	31 188

* *Restated. Refer to basis of preparation, critical accounting estimates, assumptions and impact due to changes in preparation and restatements, in addition to note 39 - Impact due to changes in presentation and restatements.*

** *The balance reflected relates to the fair value of the interest rate risk component of the hedged items designated in the group's fair value macro hedge accounting relationship.*

In the prior year, the description for this line was accounts receivable. The description has been changed to accounts receivable and other in the current year.

† *No further information is provided on the loss allowance on other assets, as the amounts are immaterial.*

14 Non-current assets and disposal groups held for sale

R million	2024	2023
ASSETS		
Cash and cash equivalents*	**4**	–
Investment securities*	**692**	–
Advances*	**–**	829
Impairment of advances	**–**	(36)
Collateral, settlement balances and other assets	**180**	–
Current tax assets	**19**	–
Property and equipment	**115**	–
Intangible assets	**114**	–
Investment in associates	**147**	566
Deferred income tax asset	**227**	–
Total assets classified as a disposal group held for sale	**1 498**	1 359
LIABILITIES		
Creditors, accruals and provisions	**452**	–
Current tax liability	**12**	–
Other liabilities*	**63**	–
Deferred tax liability	**121**	–
Employee benefit liabilities	**50**	–
Insurance contract liabilities	**428**	–
Total liabilities classified as a disposal group held for sale	**1 126**	–
Net assets of disposal group held for sale	**372**	1 359

* *Carrying amount approximates fair value.*

Notes to the consolidated financial statements

14 Non-current assets and disposal groups held for sale continued

14.1 Investment in subsidiary held for sale

During the current year, the group approved the plan to dispose of a subsidiary within the WesBank segment and an international asset manager within the RMB segment. The carrying amount of the investment in subsidiaries is less than the fair value less cost to sell.

14.2 Investment in associate held for sale

In the prior year, the group agreed to a share-buy-back initiated by the parent of one of its associates. The completion of the share-buy-back was finalised in October 2023.

14.3 Advances

In the prior year, the group entered into an agreement to sell its working capital finance loan portfolio held in Aldermore. The sale was completed in July 2023 for a consideration equal to the carrying amount of the loan portfolio.

15 Insurance and reinsurance contract assets and liabilities

R million	Life	Non-life	Life reinsurance held	Non-life reinsurance held	Total
Notes	**15.3**	**15.4**	**15.5**	**15.6**	
As at 30 June 2024					
Insurance contract assets	**760**	**–**	**–**	**–**	**760**
Insurance contract liabilities	**(686)**	**(282)**	**–**	**–**	**(968)**
Net insurance contract liabilities	**74**	**(282)**	**–**	**–**	**(208)**
Reinsurance contract assets	**–**	**–**	**484**	**25**	**509**
Reinsurance contract liabilities	**–**	**–**	**(29)**	**(19)**	**(48)**
Net reinsurance contract assets	**–**	**–**	**455**	**6**	**461**
As at 30 June 2023					
Insurance contract assets	555	–	–	–	555
Insurance contract liabilities	(638)	(754)	–	–	(1 392)
Net insurance contract liabilities	(83)	(754)	–	–	(837)
Reinsurance contract assets	–	–	533	77	610
Reinsurance contract liabilities	–	–	(2)	(22)	(24)
Net reinsurance contract assets	–	–	531	55	586

15.1 Expected timing of the release of the CSM for insurance contracts issued

R million	2024	2023
Life insurance contracts issued		
Within 1 year	**(1 350)**	(1 101)
Between 1 and 5 years	**(2 340)**	(2 016)
More than 5 years	**(4 285)**	(3 769)
Total	**(7 975)**	(6 886)
Non-life insurance contracts issued		
Within 1 year	**–**	(48)
Between 1 and 5 years	**–**	(71)
More than 5 years	**–**	–
Total	**–**	(119)
Total CSM for insurance contracts issued		
Within 1 year	**(1 350)**	(1 149)
Between 1 and 5 years	**(2 340)**	(2 087)
More than 5 years	**(4 285)**	(3 769)
Total	**(7 975)**	(7 005)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.2 Expected timing of the release of the CSM for reinsurance contracts held

R million	2024	2023
Life reinsurance		
Within 1 year	**23**	8
Between 1 and 5 years	**38**	22
More than 5 years	**59**	48
Total	**120**	78
Non-life reinsurance		
Within 1 year	**(34)**	(16)
Between 1 and 5 years	**–**	(37)
More than 5 years	**–**	–
Total	**(34)**	(53)
Total reinsurance contracts held		
Within 1 year	**(11)**	(8)
Between 1 and 5 years	**38**	(15)
More than 5 years	**59**	48
Total	**86**	25

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.3 Life – insurance contracts issued

15.3.1 Life insurance contracts – reconciliation of the liability for remaining coverage and the liability for incurred claims

	2024						2023					
	LRC		LIC for contracts under PAA				LRC		LIC for contracts under PAA			
R million	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Net insurance contract liabilities as at 1 July	1 463	(585)	(768)	(191)	(2)	(83)	1 570	(544)	(1 215)	(145)	(6)	(340)
- Insurance contract assets as at 1 July	1 295	(332)	(408)	–	–	555	670	(197)	(166)	–	–	307
- Insurance contract liabilities as at 1 July	168	(253)	(360)	(191)	(2)	(638)	900	(347)	(1 049)	(145)	(6)	(647)
Insurance revenue	6 130	–	–	–	–	6 130	5 265	–	–	–	–	5 265
Insurance service expenses	(265)	96	(2 707)	(158)	(12)	(3 046)	(267)	8	(2 168)	(121)	4	(2 544)
Incurred claims and other directly attributable expenses	–	166	(2 982)	(117)	(12)	(2 945)	–	191	(2 820)	(150)	–	(2 779)
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	275	(41)	–	234	–	–	652	29	4	685
Losses on onerous contracts and reversals of those losses	–	(70)	–	–	–	(70)	–	(183)	–	–	–	(183)
Insurance acquisition cash flows amortisation	(265)	–	–	–	–	(265)	(267)	–	–	–	–	(267)
Insurance service result	5 865	96	(2 707)	(158)	(12)	3 084	4 998	8	(2 168)	(121)	4	2 721
Net finance expenses from insurance contracts issued	183	(63)	(22)	(11)	–	87	31	(49)	(9)	(3)	–	(30)
Total amounts recognised in comprehensive income	6 048	33	(2 729)	(169)	(12)	3 171	5 029	(41)	(2 177)	(124)	4	2 691
Transfer to working capital/other balance sheet accounts	–	–	660	32	–	692	–	–	645	35	–	680
Cash flows	(5 857)	–	2 074	77	–	(3 706)	(5 136)	–	1 980	43	–	(3 113)
Premiums received	(6 518)	–	–	–	–	(6 518)	(5 757)	–	–	–	–	(5 757)
Claims and other directly attributable expenses paid	–	–	2 074	77	–	2 151	–	–	1 980	43	–	2 023
Insurance acquisition cash flows	661	–	–	–	–	661	621	–	–	–	–	621
Net insurance contract assets/(liabilities) as at 30 June	1 654	(553)	(762)	(251)	(14)	74	1 463	(585)	(768)	(191)	(2)	(83)
- Insurance contract assets as at 30 June	1 437	(298)	(379)	–	–	760	1 295	(332)	(408)	–	–	555
- Insurance contract liabilities as at 30 June	217	(255)	(383)	(251)	(14)	(686)	168	(253)	(360)	(191)	(2)	(638)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.3 Life – insurance contracts issued continued

15.3.2 Life insurance contracts - Reconciliation of the measurement components of insurance contract balances measured under the GMM

	2024				2023			
R million	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Net insurance contract assets/ (liabilities) as at 1 July	**7 882**	**(886)**	**(6 886)**	**110**	6 007	(827)	(5 370)	(190)
- Insurance contract assets as at 1 July	**6 966**	**(751)**	**(5 660)**	**555**	3 692	(473)	(2 913)	306
- Insurance contract liabilities as at 1 July	**916**	**(135)**	**(1 226)**	**(445)**	2 315	(354)	(2 457)	(496)
Changes that relate to current service	**373**	**348**	**2 162**	**2 883**	171	295	1 752	2 218
CSM recognised for the services provided	**–**	**–**	**2 162**	**2 162**	–	–	1 752	1 752
Change in the risk adjustment for the risk expired	**–**	**348**	**–**	**348**	–	295	–	295
Experience adjustments								
- Relating to premiums received in the period that relate to current service	**236**	**–**	**–**	**236**	204	–	–	204
- Relating to insurance acquisition cash flows incurred in the period	**(31)**	**–**	**–**	**(31)**	(48)	–	–	(48)
- Relating to insurance service expenses	**168**	**–**	**–**	**168**	15	–	–	15
Changes that relate to future service	**2 796**	**(403)**	**(2 464)**	**(71)**	2 836	(313)	(2 707)	(184)
Changes in estimates that adjust the CSM	**813**	**(102)**	**(711)**	**–**	1 254	(81)	(1 174)	(1)
Changes in estimates that result in onerous contract losses or reversal of losses	**125**	**(11)**	**–**	**114**	12	14	–	26
Contracts initially recognised in the period	**1 858**	**(290)**	**(1 753)**	**(185)**	1 570	(246)	(1 533)	(209)
Changes that relate to past service	**253**	**22**	**–**	**275**	625	27	–	652
Changes that relate to past service – changes in the FCF relating to the LIC	**253**	**22**	**–**	**275**	625	27	–	652
Insurance service result	**3 422**	**(33)**	**(302)**	**3 087**	3 632	9	(955)	2 686
Net finance expenses from insurance contracts issued	**996**	**(110)**	**(788)**	**98**	604	(69)	(561)	(26)
Total amounts recognised in comprehensive income	**4 418**	**(143)**	**(1 090)**	**3 185**	4 236	(60)	(1 516)	2 660
Transfer to working capital/other balance sheet accounts	**660**	**–**	**–**	**660**	645	–	–	645
Cash flows	**(3 615)**	**–**	**–**	**(3 615)**	(3 005)	–	–	(3 005)
Premiums received	**(6 350)**	**–**	**–**	**(6 350)**	(5 606)	–	–	(5 606)
Claims and other directly attributable expenses paid	**2 074**	**–**	**–**	**2 074**	1 980	–	–	1 980
Insurance acquisition cash flows	**661**	**–**	**–**	**661**	621	–	–	621
Net insurance contract assets as at 30 June	**9 345**	**(1 029)**	**(7 975)**	**341**	7 882	(886)	(6 886)	110
- Insurance contract assets as at 30 June	**8 089**	**(870)**	**(6 457)**	**762**	6 966	(751)	(5 660)	555
- Insurance contract liabilities as at 30 June	**1 256**	**(159)**	**(1 518)**	**(421)**	916	(135)	(1 226)	(445)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.3 Life – insurance contracts issued continued

15.3.3 Life insurance contracts – Impact of GMM contracts recognised during the period

	2024			2023		
R million	**Non-onerous contracts**	**Onerous contracts**	**Total**	Non-onerous contracts	Onerous contracts	Total
Estimates of the present value of future cash outflows	**(2 057)**	**(846)**	**(2 903)**	(1 954)	(892)	(2 846)
- Insurance acquisition cash flows	**(373)**	**(249)**	**(622)**	(353)	(220)	(573)
- Claims and other directly attributable expenses	**(1 684)**	**(597)**	**(2 281)**	(1 601)	(672)	(2 273)
Estimates of the present value of future cash inflows	**4 065**	**696**	**4 761**	3 704	712	4 416
Risk adjustment	**(255)**	**(35)**	**(290)**	(217)	(29)	(246)
CSM	**(1 753)**	**–**	**(1 753)**	(1 533)	–	(1 533)
Increase in insurance contract liabilities from contracts recognised in the period	**–**	**(185)**	**(185)**	–	(209)	(209)

15.3.4 Life insurance contracts – Insurance revenue and CSM by transition method for contracts measured under GMM

	2024	2023
R million	**New contracts and contracts measured under the full retrospective approach at transition**	New contracts and contracts measured under the full retrospective approach at transition
Insurance revenue for the period	**5 963**	5 114
CSM as at 1 July	**(6 886)**	(5 370)
Changes that relate to current service	**2 163**	1 752
CSM recognised for the services provided	**2 163**	1 752
Changes that relate to future service	**(2 464)**	(2 707)
Changes in estimates that adjust the CSM	**(711)**	(1 174)
Contracts initially recognised in the period	**(1 753)**	(1 533)
Net finance expenses from insurance contracts issued	**(788)**	(561)
CSM as at 30 June	**(7 975)**	(6 886)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.4 Non-life – insurance contracts issued

15.4.1 Non-life insurance contracts – reconciliation of the liability for remaining coverage and the liability for incurred claims

	2024						2023					
	LRC		LIC for contracts under PAA				LRC		LIC for contracts under PAA			
R million	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	LIC for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Net insurance contract liabilities as at 1 July	(433)	(11)	(19)	(265)	(26)	(754)	(479)	(9)	(19)	(179)	(12)	(698)
- Insurance contract liabilities as at 1 July	(433)	(11)	(19)	(265)	(26)	(754)	(479)	(9)	(19)	(179)	(12)	(698)
Insurance revenue	1 312	–	–	–	–	1 312	1 101	–	–	–	–	1 101
Insurance service expenses	(66)	10	(232)	(676)	6	(958)	(68)	(2)	(213)	(626)	(13)	(922)
Incurred claims and other directly attributable expenses	–	–	(232)	(740)	(19)	(991)	–	–	(213)	(634)	(23)	(870)
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	–	64	25	89	–	–	–	8	10	18
Losses on onerous contracts and reversals of those losses	–	10	–	–	–	10	–	(2)	–	–	–	(2)
Insurance acquisition cash flows amortisation	(66)	–	–	–	–	(66)	(68)	–	–	–	–	(68)
Insurance service result	1 246	10	(232)	(676)	6	354	1 033	(2)	(213)	(626)	(13)	179
Net finance expenses from insurance contracts issued	–	–	–	(12)	(1)	(13)	–	–	–	(10)	(1)	(11)
Total amounts recognised in comprehensive income	1 246	10	(232)	(688)	5	341	1 033	(2)	(213)	(636)	(14)	168
Transfer to working capital/other balance sheet accounts	–	–	14	123	–	137	–	–	–	117	–	117
Cash flows	(1 274)	–	221	619	–	(434)	(988)	–	213	432	–	(343)
Premiums received	(1 340)	–	–	–	–	(1 340)	(1 056)	–	–	–	–	(1 056)
Claims and other directly attributable expenses paid	–	–	221	619	–	840	–	–	213	432	–	645
Insurance acquisition cash flows	66	–	–	–	–	66	68	–	–	–	–	68
Transfer to/from non-current assets and disposal groups held for sale	412	–	16	–	–	428	–	–	–	–	–	–
Net insurance contract liabilities as at 30 June	(49)	(1)	–	(211)	(21)	(282)	(433)	(11)	(19)	(265)	(26)	(754)
- Insurance contract liabilities as at 30 June	(49)	(1)	–	(211)	(21)	(282)	(433)	(11)	(19)	(265)	(26)	(754)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.4 Non-life – insurance contracts issued continued

15.4.2 Non-life insurance contracts – reconciliation of the measurement components of insurance contract balances measured under the GMM

	2024				2023			
R million	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Net insurance contract liabilities as at 1 July	**(295)**	**(12)**	**(119)**	**(426)**	(354)	(12)	(119)	(485)
- Insurance contract liabilities as at 1 July	**(295)**	**(12)**	**(119)**	**(426)**	(354)	(12)	(119)	(485)
Changes that relate to current service	**–**	**–**	**48**	**48**	–	–	118	118
CSM recognised for the services provided	**–**	**–**	**48**	**48**	–	–	118	118
Changes that relate to future service	**8**	**–**	**–**	**8**	118	–	(118)	–
Changes in estimates that adjust the CSM	**–**	**–**	**–**	**–**	118	–	(118)	–
Changes in estimates that result in onerous contract losses or reversal of losses	**8**	**–**	**–**	**8**	–	–	–	–
Insurance service result	**8**	**–**	**48**	**56**	118	–	–	118
Total amounts recognised in comprehensive income	**8**	**–**	**48**	**56**	118	–	–	118
Transfer to working capital/other balance sheet accounts	**14**	**–**	**–**	**14**	–	–	–	–
Cash flows	**(73)**	**–**	**–**	**(73)**	(59)	–	–	(59)
Premiums received	**(360)**	**–**	**–**	**(360)**	(340)	–	–	(340)
Claims and other directly attributable expenses paid	**221**	**–**	**–**	**221**	213	–	–	213
Insurance acquisition cash flows	**66**	**–**	**–**	**66**	68	–	–	68
Transfer to/from non-current assets and disposal groups held for sale	**345**	**12**	**71**	**428**	–	–	–	–
Net insurance contract assets/ (liabilities) as at 30 June	**–**	**–**	**–**	**–**	(295)	(12)	(119)	(426)
- Insurance contract liabilities as at 30 June	**–**	**–**	**–**	**–**	(295)	(12)	(119)	(426)

15.4.3 Non-life insurance contracts – insurance revenue and CSM by transition method for contracts measured under the GMM

	2024		2023	
R million	Contracts measured under the modified retrospective approach at transition	Total	Contracts measured under the modified retrospective approach at transition	Total
Insurance revenue for the period	**346**	**346**	399	399
CSM as at 1 July	**(119)**	**(119)**	(119)	(119)
Changes that relate to current service	**48**	**48**	118	118
CSM recognised for the services provided	**48**	**48**	118	118
Changes that relate to future service	**–**	**–**	(118)	(118)
Changes in estimates that adjust the CSM	**–**	**–**	(118)	(118)
Transfer to/from non-current assets and disposal groups held for sale	**71**	**71**	–	–
CSM as at 30 June	**–**	**–**	(119)	(119)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.5 Life reinsurance held

15.5.1 Life reinsurance contracts – reconciliation of the remaining coverage and the incurred claims components

	2024						2023					
	Remaining coverage			Incurred claims for contracts under PAA			Remaining coverage			Incurred claims for contracts under PAA		
R million	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Net reinsurance contract assets as at 1 July	(179)	238	261	209	2	531	(227)	198	383	144	5	503
- Reinsurance contract assets as at 1 July	(177)	238	261	209	2	533	(227)	198	383	144	5	503
- Reinsurance contract liabilities as at 1 July	(2)	–	–	–	–	(2)	–	–	–	–	–	–
Net income (expense) from reinsurance contracts held	(473)	(62)	322	109	11	(93)	(462)	19	232	78	(3)	(136)
Reinsurance expenses	(473)	–	–	–	–	(473)	(462)	–	–	–	–	(462)
Incurred claims recovery and other directly attributable expenses	–	(47)	333	71	11	368	–	(58)	328	104	1	375
Changes that relate to past service – changes in the FCF relating to the incurred claims recovery	–	–	(11)	38	–	27	–	–	(96)	(26)	(4)	(126)
Income on initial recognition of onerous underlying contracts	–	49	–	–	–	49	–	58	–	–	–	58
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	–	(64)	–	–	–	(64)	–	19	–	–	–	19
Insurance service result	(473)	(62)	322	109	11	(93)	(462)	19	232	78	(3)	(136)
Net finance income from reinsurance contracts held	(15)	25	2	10	–	22	(12)	20	1	3	–	12
Total amounts recognised in comprehensive income	(488)	(37)	324	119	11	(71)	(474)	39	233	81	(3)	(124)
Cash flows	423	–	(352)	(76)	–	(5)	522	–	(354)	(16)	–	152
Premiums paid net of ceding commissions and other directly attributable expenses paid	423	–	–	–	–	423	522	–	–	–	–	522
Recoveries from reinsurance	–	–	(352)	(76)	–	(428)	–	–	(354)	(16)	–	(370)
Net reinsurance contract assets as at 30 June	(244)	201	233	252	13	455	(179)	238	261	209	2	531
- Reinsurance contract assets as at 30 June	(204)	201	225	249	13	484	(177)	238	261	209	2	533
- Reinsurance contract liabilities as at 30 June	(40)	–	8	3	–	(29)	(2)	–	–	–	–	(2)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.5 Life reinsurance held continued

15.5.2 Life reinsurance contracts – reconciliation of the measurement components of reinsurance contract balances measured under the GMM

R million	2024 Present value of future cash flows	2024 Risk adjustment	2024 CSM	2024 Total	2023 Present value of future cash flows	2023 Risk adjustment	2023 CSM	2023 Total
Net reinsurance contract assets as at 1 July	**227**	**45**	**78**	**350**	320	47	38	405
- Reinsurance contract assets as at 1 July	**229**	**45**	**78**	**352**	320	47	38	405
- Reinsurance contract liabilities as at 1 July	**(2)**	**–**	**–**	**(2)**	–	–	–	–
Changes that relate to current service	**(88)**	**(1)**	**34**	**(55)**	(38)	(8)	(34)	(80)
CSM recognised for the services received	**–**	**–**	**34**	**34**	–	–	(34)	(34)
Change in the risk adjustment for the risk expired	**–**	**(1)**	**–**	**(1)**	–	(8)	–	(8)
Experience adjustments								
- Relating to premiums paid in the period that relate to current service	**(63)**	**–**	**–**	**(63)**	11	–	–	11
- Relating to incurred claims and other directly attributable expenses recovery	**(25)**	**–**	**–**	**(25)**	(49)	–	–	(49)
Changes that relate to future service	**(36)**	**20**	**1**	**(15)**	(1)	5	72	76
Changes in estimates that adjust the CSM	**49**	**10**	**(59)**	**–**	13	(8)	(5)	–
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	**(64)**	**–**	**–**	**(64)**	19	–	–	19
Contracts initially recognised in the period	**(21)**	**10**	**11**	**–**	(33)	13	20	–
CSM adjustment for income on initial recognition of onerous underlying contracts	**–**	**–**	**49**	**49**	–	–	57	57
Changes that relate to past service	**(7)**	**(4)**	**–**	**(11)**	(93)	(3)	–	(96)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**(7)**	**(4)**	**–**	**(11)**	(93)	(3)	–	(96)
Insurance service result	**(131)**	**15**	**35**	**(81)**	(132)	(6)	38	(100)
Net finance income from reinsurance contracts held	**(1)**	**7**	**7**	**13**	3	4	2	9
Total amounts recognised in comprehensive income	**(132)**	**22**	**42**	**(68)**	(129)	(2)	40	(91)
Cash flows	**(18)**	**–**	**–**	**(18)**	36	–	–	36
Premiums paid net of ceding commissions and other directly attributable expenses paid	**334**	**–**	**–**	**334**	390	–	–	390
Recoveries from reinsurance	**(352)**	**–**	**–**	**(352)**	(354)	–	–	(354)
Net reinsurance contract assets as at 30 June	**78**	**67**	**120**	**265**	227	45	78	350
- Reinsurance contract assets as at 30 June	**150**	**61**	**73**	**284**	229	45	78	352
- Reinsurance contract liabilities as at 30 June	**(72)**	**6**	**47**	**(19)**	(2)	–	–	(2)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.5 Life reinsurance held continued

15.5.3 Life reinsurance contracts – impact of GMM contracts recognised during the period

R million	2024 Contracts originated not in a net gain	2024 Contracts originated in a net gain	2024 Total	2023 Contracts originated not in a net gain	2023 Contracts originated in a net gain	2023 Total
Estimates of the present value of future cash outflows	**(302)**	**–**	**(302)**	(327)	–	(327)
Estimates of the present value of future cash inflows	**282**	**–**	**282**	294	–	294
Risk adjustment	**10**	**–**	**10**	13	–	13
CSM	**10**	**–**	**10**	20	–	20
Increase in reinsurance contract assets from contracts recognised in the period	**–**	**–**	**–**	–	–	–

15.5.4 Life reinsurance contracts held – CSM by transition method for contracts measured under GMM

R million	2024 New contracts and contracts measured under the full retrospective approach at transition	2023 New contracts and contracts measured under the full retrospective approach at transition
CSM as at 1 July	**78**	38
Changes that relate to current service	**34**	(34)
CSM recognised for the services received	**34**	(34)
Changes that relate to future service	**1**	72
Changes in estimates that adjust the CSM	**(59)**	(5)
Contracts initially recognised in the period	**60**	77
Net finance income from reinsurance contracts held	**7**	2
CSM as at 30 June	**120**	78

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.6 Non-life – reinsurance contracts held

15.6.1 Non-life reinsurance contracts – reconciliation of the remaining coverage and the incurred claims components

	2024						2023					
	Remaining coverage			Incurred claims for contracts under PAA			Remaining coverage			Incurred claims for contracts under PAA		
R million	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total	Excluding loss recovery component	Loss recovery component	Incurred claims for contracts under GMM	Present value of future cash flows	Risk adjustment	Total
Net reinsurance contract assets/ (liabilities) as at 1 July	**(55)**	**2**	**27**	**72**	**9**	**55**	–	1	28	16	1	46
- Reinsurance contract assets as at 1 July	**(33)**	**2**	**27**	**72**	**9**	**77**	–	1	28	16	1	46
- Reinsurance contract liabilities as at 1 July	**(22)**	**–**	**–**	**–**	**–**	**(22)**	–	–	–	–	–	–
Net income (expense) from reinsurance contracts held	**(265)**	**(2)**	**151**	**57**	**(5)**	**(64)**	(247)	1	113	112	8	(13)
Reinsurance expenses	**(265)**	**–**	**–**	**–**	**–**	**(265)**	(247)	–	–	–	–	(247)
Incurred claims recovery and other directly attributable expenses	**–**	**–**	**164**	**93**	**4**	**261**	–	–	119	102	9	230
Changes that relate to past service – changes in the FCF relating to the incurred claims recovery	**–**	**–**	**(13)**	**(36)**	**(9)**	**(58)**	–	–	(6)	10	(1)	3
Income on initial recognition of onerous underlying contracts	**–**	**12**	**–**	**–**	**–**	**12**	–	22	–	–	–	22
Reversals of a loss recovery component other than changes in the FCF of reinsurance contracts held	**–**	**(11)**	**–**	**–**	**–**	**(11)**	–	(21)	–	–	–	(21)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	**–**	**(3)**	**–**	**–**	**–**	**(3)**	–	–	–	–	–	–
Insurance service result	**(265)**	**(2)**	**151**	**57**	**(5)**	**(64)**	(247)	1	113	112	8	(13)
Net finance income from reinsurance contracts held	**(5)**	**–**	**1**	**2**	**–**	**(2)**	(1)	–	1	1	–	1
Total amounts recognised in comprehensive income	**(270)**	**(2)**	**152**	**59**	**(5)**	**(66)**	(248)	1	114	113	8	(12)
Cash flows	**232**	**–**	**(119)**	**(95)**	**–**	**18**	192	–	(115)	(57)	–	20
Premiums paid net of ceding commissions and other directly attributable expenses paid	**232**	**–**	**–**	**–**	**–**	**232**	192	–	–	–	–	192
Recoveries from reinsurance	**–**	**–**	**(119)**	**(95)**	**–**	**(214)**	–	–	(115)	(57)	–	(172)
Net reinsurance contract assets/ (liabilities) as at 30 June	**(93)**	**–**	**60**	**35**	**4**	**6**	(55)	2	27	72	9	55
- Reinsurance contract assets as at 30 June	**(15)**	**–**	**1**	**35**	**4**	**25**	(33)	2	27	72	9	77
- Reinsurance contract liabilities as at 30 June	**(78)**	**–**	**59**	**–**	**–**	**(19)**	(22)	–	–	–	–	(22)

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.6 Non-life – reinsurance contracts held continued

15.6.2 Non-life reinsurance contracts – reconciliation of the measurement components of reinsurance contract balances measured under the GMM

	2024				2023			
R million	Present value of future cash flows	Risk adjustment	CSM	Total	Present value of future cash flows	Risk adjustment	CSM	Total
Net reinsurance contract (liabilities)/assets as at 1 July	**24**	**26**	**(53)**	**(3)**	59	19	(49)	29
- Reinsurance contract assets as at 1 July	**24**	**26**	**(53)**	**(3)**	59	19	(49)	29
Changes that relate to current service	**(17)**	**(4)**	**26**	**5**	(12)	(5)	10	(7)
CSM recognised for the services received	**–**	**–**	**26**	**26**	–	–	10	10
Change in the risk adjustment for the risk expired	**–**	**(4)**	**–**	**(4)**	–	(5)	–	(5)
Experience adjustments								
- Relating to incurred claims and other directly attributable expenses recovery	**(42)**	**–**	**–**	**(42)**	12	–	–	12
- Relating to premiums paid in the period that relate to current service	**25**	**–**	**–**	**25**	(24)	–	–	(24)
Changes that relate to future service	**(3)**	**3**	**(2)**	**(2)**	1	11	(11)	1
Changes in estimates that adjust the CSM	**(7)**	**1**	**6**	**–**	2	12	(14)	–
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	**–**	**–**	**(11)**	**(11)**	–	(1)	(20)	(21)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	**(3)**	**–**	**–**	**(3)**	–	–	–	–
Contracts initially recognised in the period	**7**	**2**	**(9)**	**–**	–	–	–	–
CSM adjustment for income on initial recognition of onerous underlying contracts	**–**	**–**	**12**	**12**	–	–	22	22
- Experience adjustments – arising from ceded premiums paid in the period that relate to future service	**–**	**–**	**–**	**–**	(1)	–	1	–
Changes that relate to past service	**(11)**	**(2)**	**–**	**(13)**	(6)	–	–	(6)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**(11)**	**(2)**	**–**	**(13)**	(6)	–	–	(6)
Insurance service result	**(31)**	**(3)**	**24**	**(10)**	(17)	6	(1)	(12)
Net finance income from reinsurance contracts held	**–**	**2**	**(5)**	**(3)**	2	1	(3)	–
Total amounts recognised in comprehensive income	**(31)**	**(1)**	**19**	**(13)**	(15)	7	(4)	(12)
Cash flows	**3**	**–**	**–**	**3**	(20)	–	–	(20)
Premiums paid net of ceding commissions and other directly attributable expenses paid	**121**	**–**	**–**	**121**	95	–	–	95
Recoveries from reinsurance	**(118)**	**–**	**–**	**(118)**	(115)	–	–	(115)
Net reinsurance contract liabilities as at 30 June	**(3)**	**25**	**(34)**	**(12)**	24	26	(53)	(3)
- Reinsurance contract assets as at 30 June	**8**	**2**	**(9)**	**1**	24	26	(53)	(3)
- Reinsurance contract liabilities as at 30 June	**(11)**	**23**	**(25)**	**(13)**	–	–	–	–

Notes to the consolidated financial statements

15 Insurance and reinsurance contract assets and liabilities continued

15.6 Non-life – reinsurance contracts held continued

15.6.3 Non-life reinsurance contracts – impact of GMM contracts recognised during the period

	2024			2023		
R million	Contracts originated not in a net gain	Contracts originated in a net gain	Total	Contracts originated not in a net gain	Contracts originated in a net gain	Total
Estimates of the present value of future cash outflows	–	(45)	(45)	–	–	–
Estimates of the present value of future cash inflows	–	52	52	–	–	–
Risk adjustment	–	2	2	–	–	–
CSM	–	(9)	(9)	–	–	–
Increase in reinsurance contract assets from contracts recognised in the period	–	–	–	–	–	–

15.6.4 Non-life reinsurance contracts held – CSM by transition method for contracts measured under GMM

	2024	2023
R million	New contracts and contracts measured under the full retrospective approach at transition	New contracts and contracts measured under the full retrospective approach at transition
CSM as at 1 July	(53)	(49)
Changes that relate to current service	26	10
CSM recognised for the services received	26	10
Changes that relate to future service	(2)	(11)
Changes in estimates that adjust the CSM	6	(14)
Contracts initially recognised in the period	3	22
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	(11)	(20)
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	–	1
Net finance income from reinsurance contracts held	(5)	(3)
CSM as at 30 June	(34)	(53)

16 Policyholder liabilities under investment contracts

R million	2024	2023
Opening balance	6 236	5 396
Premiums received	1 394	1 062
Fees deducted from account balances	(51)	(48)
Policyholder benefits on investment contracts	(515)	(855)
Fair value adjustments recognised in fair value gains or losses	605	681
Closing balance	7 669	6 236

Notes to the consolidated financial statements

17 Investments in associates

R million	2024	2023
Analysis of the carrying value of associates		
Shares at cost less impairment	**6 508**	6 932
Share of post-acquisition reserves	**3 824**	3 468
Total investments in associates	**10 332**	10 400
Movement in the carrying value of associates		
Opening balance	**10 400**	8 178
Share of profit of associates after tax	**1 466**	332
– Income before tax for the year	**1 977**	1 318
– Net impairments of associates incurred	**(114)**	(611)
– Tax for the year	**(397)**	(375)
Net movement resulting from acquisitions, disposals and transfers	**(312)**	2 360
– Acquisition of associates	**1 002**	2 831
– Cash consideration	**622**	1 110
– Non-cash consideration	**380**	1 721
– Transfer to marketable advances	**(1 314)**	(1)
– Transfer to non-current assets and disposal groups held for sale	**–**	(470)
Movement in other reserves	**14**	(4)
Exchange rate differences	**(1)**	21
Dividends received for the year	**(1 235)**	(487)
Closing balance	**10 332**	10 400

During the current year R604 million (2023: R64 million) in losses were not recognised. The cumulative share of losses from associates not recognised is R1 206 million (2023: R478 million). During the current year, group transferred a portion of its interest in a fund that has been classified as an associate to marketable advances for R1.3 billion. No gain or loss was recognised on the transfer.

The group has no exposure to contingent liabilities as a result of its relationships with associates.

Notes to the consolidated financial statements

17 Investments in associates continued

Financial information of significant associates

	Toyota Financial Services Proprietary Limited		Primedia Holdings Proprietary Limited		Volkswagen Financial Services SA Proprietary Limited	
Nature of business	**Vehicle finance**		**Broadcasting**		**Vehicle finance**	
Place of business	**South Africa**		**South Africa**		**South Africa**	
% ownership	**33**		**22**		**49**	
% voting rights	**33**		**22**		**49**	
R million	**2024**	2023	**2024**	2023	**2024**	2023
Amounts recognised in profit or loss and other comprehensive income of the investee						
Dividends received	**56**	139	**–**	–	**175**	–
Revenue	**2 123**	1 874	**2 318**	1 954	**1 688**	1 694
Profit or loss from continuing operations after tax	**569**	410	**284**	194	**258**	194
Total comprehensive income	**569**	410	**284**	194	**258**	194
Amounts recognised on the statement of financial position of the investee						
Total assets	**52 054**	46 086	**4 750**	4 563	**39 257**	36 221
– Current assets	**13 980**	13 672	**784**	676	**20 874**	18 129
– Non-current assets	**38 074**	32 414	**3 966**	3 887	**18 383**	18 092
Total liabilities	**(47 109)**	(41 313)	**(2 947)**	(2 931)	**(36 273)**	(33 495)
– Current liabilities	**(14 153)**	(13 756)	**(886)**	(726)	**(22 103)**	(14 361)
– Non-current liabilities	**(32 956)**	(27 557)	**(2 061)**	(2 205)	**(14 170)**	(19 134)
Net asset value	**4 945**	4 773	**1 803**	1 632	**2 984**	2 726
Group's share of net asset value	**1 632**	1 575	**397**	359	**1 462**	1 336
Other adjustments to net asset value	**(34)**	(142)	**(252)**	(259)	**(110)**	37
Carrying value of investments	**1 598**	1 433	**145**	100	**1 352**	1 373
Acquisitions of associates						
Total consideration transferred	**–**	–	**–**	–	**–**	–
– Discharged by cash	**–**	–	**–**	–	**–**	–

Notes to the consolidated financial statements

17 Investments in associates continued

Financial information of individually immaterial associates

	RMB private equity associates		Other individually immaterial associates	
R million	**2024**	2023	**2024**	2023
Carrying amount	**5 124**	4 216	**2 113**	3 278
Group's share of profit or loss after tax from continuing operations	**1 024**	219	**23**	(107)
Group's share of other comprehensive loss	**13**	8	**–**	–
Group's share of total comprehensive income/(loss)	**1 037**	227	**23**	(107)
Acquisitions of associates				
Acquisition date	**Various**	Various	**Various**	Various
Interest acquired (%)	**Various**	Various	**Various**	Various
Total consideration transferred	**882**	960	**120**	1 871
– Discharged by cash	**502**	839	**120**	271
– Non-cash consideration and other purchases	**380**	121	**–**	1 600
Disposal of associates				
Disposal date	**Various**	Various	**Various**	Various
Interest disposed (%)	**Various**	Various	**Various**	Various
Total consideration received	**8**	38	**1 307**	–
– Discharged by cash	**7**	38	**15**	–
– Non-cash consideration and other purchases	**1**	–	**1 292**	–
Carrying value of the associate on disposal	**(7)**	(1)	**(1 307)**	–
Gains on disposal of associates	**1**	37	**–**	–

Significant acquisitions, disposal and impairment of associates 2024

Impairment of associates

The net impairment of R114 million (2023: R611 million) recognised is driven by impairments arising from two associates. Macro economic factors necessitated impairments to these investee companies. The carrying value of the investments are based on their fair value less cost to sell and was determined using an earnings multiple approach, with the key assumptions being the earnings multiples and sustainable earnings. The fair values less cost to sell is level 3 of the fair value hierarchy.

Significant acquisition, disposal and impairment of associates 2023

Impairment of associates

In 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 while the other was settled according to the contractual terms of the loan. A gain of R715 million was recognised in investment income relating to the portion of the loan that was converted to equity (refer note 2.4). The portion of the advance settled resulted in R105 million release in impairment on amortised cost advances, with the majority of the loan being written off of R716 million (refer to note 2.4). The impairment of the equity portion resulting from the restructure amounted to R650 million in joint ventures and R149 million in associates.The net earnings impact of this transaction is zero.

The remaining impairment recognised relates to the group's investment in private equity associates and other individually immaterial associates, evidencing continued weakening macro economic conditions in South Africa due to rising interest rates, elevated inflation, a weakening Rand and power shortages. The carrying value of these investments are based on their fair value less costs to sell and was determined using an earnings multiple approach with the key assumptions being the earnings multiples and sustainable earnings. The fair value less costs to sell is level 3 of the fair value hierarchy.

Reclassification of investment in associates to non-current assets held for sale

In the prior year, the group's investment in a associate was reclassified to non-current asset held for sale. This investment forms part of the FNB segment. Refer to note 14 for more detail.

Notes to the consolidated financial statements

18 Investments in joint ventures

R million	2024	2023
Analysis of carrying value of joint ventures		
Shares at cost less impairment	**535**	454
Share of post-acquisition reserves	**2 975**	2 651
Carrying value of investments in joint ventures	**3 510**	3 105
Movement in the carrying value of joint ventures		
Opening balance	**3 105**	2 618
Share of profit of joint ventures after tax	**960**	155
– Income before tax for the year	**1 093**	905
– Net impairments of joint ventures incurred	**(25)**	(650)
– Tax for the year	**(108)**	(100)
Net movement resulting from acquisitions and disposals	**101**	639
– Acquisition of joint ventures	**101**	706
– Disposal of joint ventures	**–**	(67)
Movement in other reserves	**2**	1
Dividends received for the year	**(658)**	(308)
Closing balance	**3 510**	3 105

Notes to the consolidated financial statements

18 Investments in joint ventures continued

Financial information of significant joint ventures

	RMB Morgan Stanley	
Nature of business	**Equity sales, trading and research**	
Place of business	**South Africa**	
% ownership	**50**	
% voting rights	**50**	
R million	**2024**	2023
Amounts recognised in profit or loss and other comprehensive income of the investee		
Dividends received	**80**	77
Revenue	**851**	995
Profit or loss from continuing operations after tax	**160**	303
Total comprehensive income	**160**	303
Amounts recognised in the statement of financial position of the investee		
Total assets	**27 585**	22 908
– Current assets	**27 003**	21 800
– Non-current assets	**582**	1 108
Total liabilities	**(26 041)**	(21 365)
– Current financial liabilities	**(22 719)**	(14 825)
– Current non-financial liabilities	**(2 731)**	(5 425)
– Non-current financial liabilities	**(540)**	(1 045)
– Non-current non-financial liabilities	**(51)**	(70)
Net asset value	**1 544**	1 543
Group's share of net asset value	**772**	772
Other adjustments to net asset value	**35**	31
Carrying value of investment	**807**	803
Included in total assets, liabilities and comprehensive income		
Cash and cash equivalents	**548**	(2 635)
Depreciation and amortisation	**(11)**	(13)
Interest income	**21**	46
Interest expense	**(304)**	(757)
Income tax	**(59)**	(64)

Notes to the consolidated financial statements

18 Investments in joint ventures continued

Financial information of individually immaterial joint ventures

R million	RMB private equity joint ventures		Other	
	2024	2023	**2024**	2023
Carrying amount	**2 350**	2 032	**353**	270
Group’s share of profit or loss after tax from continuing operations	**842**	(57)	**34**	67
Group’s share of other comprehensive income	**2**	1	**–**	–
Group's share of total comprehensive (loss)/income	**844**	(56)	**34**	67
Acquisition of joint ventures				
Acquisition date	**Various**	Various	**Various**	Various
Interest acquired (%)	**Various**	Various	**Various**	Various
Total consideration transferred	**6**	671	**95**	35
– Discharged by cash	**6**	618	**95**	35
– Non-cash consideration	**–**	53	**–**	–
Disposal of joint ventures				
Disposal date	**Various**	Various	**Various**	Various
Interest disposed of (%)	**Various**	Various	**Various**	Various
Total consideration received	**–**	67	**–**	–
– Discharged by cash	**–**	67	**–**	–
Carrying value of the joint venture on disposal date	**–**	(67)	**–**	–
Gain on disposal of joint ventures	**–**	–	**–**	–

During the current year losses of R244 million (2023: R384 million) were not recognised as the balance of the investment in the joint venture was Rnil. The cumulative share of losses from joint ventures not recognised is R1 148 million (2023: R1 021 million).

Impairments recognised for other joint ventures of R25 million (2023: R671 million) relates mainly to an underlying investment holding in a listed share that devalued during the year. A net reversal of impairment in the prior year of R21 million was recognised.

The group has exposure to contingent liabilities of R150 million (2023: R150 million) as a result of its relationships with its joint ventures.

Notes to the consolidated financial statements

19 Property and equipment

R million	Freehold property	Right of use property	Right of use equip-ment	Assets held under leasing agree-ments	Computer equip-ment	Other equip-ment	Total
Net book value at 1 July 2022	6 765	5 115	458	153	2 845	4 389	19 725
Cost	10 164	9 214	938	344	9 890	9 241	39 791
Accumulated depreciation	(3 399)	(4 099)	(480)	(191)	(7 045)	(4 852)	(20 066)
Movement for the year	29	580	(55)	(26)	632	270	1 430
Acquisitions*	440	1 610	155	18	1 835	1 774	5 832
Disposals	(75)	(29)	–	(5)	–	(374)	(483)
Acquisitions of subsidiaries	–	–	–	–	–	–	–
Exchange rate difference	(16)	205	4	(6)	12	10	209
Depreciation charge for the year	(320)	(1 189)	(192)	(37)	(1 215)	(1 092)	(4 045)
Impairments recognised	–	(17)	–	–	–	(48)	(65)
Early terminations/modification of leases	–	–	(22)	–	–	–	(22)
Impairments reversed	–	–	–	4	–	–	4
Net book value at 30 June 2023	**6 794**	**5 695**	**403**	**127**	**3 477**	**4 659**	**21 155**
Cost	**10 421**	**10 324**	**871**	**319**	**8 414**	**9 014**	**39 363**
Accumulated depreciation	**(3 627)**	**(4 629)**	**(468)**	**(192)**	**(4 937)**	**(4 355)**	**(18 208)**
Movement for the year	**(27)**	**38**	**(20)**	**(22)**	**878**	**1 324**	**2 171**
Acquisitions*	**433**	**1 579**	**173**	**45**	**2 324**	**3 323**	**7 877**
Disposals	**(41)**	**(34)**	**–**	**(25)**	**(10)**	**(853)**	**(963)**
Acquisitions of subsidiaries	**–**	**–**	**–**	**–**	**3**	**–**	**3**
Exchange rate difference	**(27)**	**(93)**	**(1)**	**(5)**	**(43)**	**(34)**	**(203)**
Depreciation charge for the year	**(315)**	**(1 287)**	**(175)**	**(31)**	**(1 391)**	**(1 130)**	**(4 329)**
Impairments recognised	**(20)**	**–**	**–**	**(6)**	**(5)**	**(29)**	**(60)**
Early terminations/modification of leases	**–**	**(71)**	**(17)**	**–**	**–**	**–**	**(88)**
Impairments reversed	**–**	**2**	**–**	**–**	**–**	**47**	**49**
Transfer to non-current asset and disposal groups held for sale	**(57)**	**(58)**	**–**	**–**	**–**	**–**	**(115)**
Net book value at 30 June 2024	**6 767**	**5 733**	**383**	**105**	**4 355**	**5 983**	**23 326**
Cost	**10 672**	**10 597**	**744**	**290**	**9 184**	**10 114**	**41 601**
Accumulated depreciation	**(3 905)**	**(4 864)**	**(361)**	**(185)**	**(4 829)**	**(4 131)**	**(18 275)**

* *Include capitalised improvements to property leases of R235 million (2023: R663 million).*

Notes to the consolidated financial statements

20 Intangible assets

R million	Goodwill	Broker relation-ship	Software and develop-ment costs	Trade-marks	Other	Total
Net book value at 1 July 2022	7 722	893	643	47	152	9 457
Cost	8 674	2 633	2 281	335	471	14 394
Accumulated amortisation and impairment	(952)	(1 740)	(1 638)	(288)	(319)	(4 937)
Movement for the year	924	(357)	275	(10)	(12)	820
Acquisitions and capitalisations	–	–	454	–	6	460
Exchange rate differences	1 266	120	–	–	(9)	1 377
Amortisation for the year	–	(477)	(179)	(10)	(9)	(675)
Impairments recognised	(342)	–	–	–	–	(342)
Net book value at 30 June 2023	**8 646**	**536**	**918**	**37**	**140**	**10 277**
Cost	**9 861**	**3 161**	**2 502**	**343**	**481**	**16 348**
Accumulated amortisation and impairment	**(1 215)**	**(2 625)**	**(1 584)**	**(306)**	**(341)**	**(6 071)**
Movement for the year	**(465)**	**(536)**	**451**	**(10)**	**(16)**	**(576)**
Acquisitions and capitalisations	**–**	**–**	**704**	**–**	**–**	**704**
Transfer to non-current asset and disposal groups held for sale	**(92)**	**–**	**(22)**	**–**	**–**	**(114)**
Exchange rate differences	**(312)**	**(9)**	**(9)**	**–**	**(6)**	**(336)**
Amortisation for the year	**–**	**(527)**	**(222)**	**(10)**	**(10)**	**(769)**
Impairments recognised	**(61)**	**–**	**–**	**–**	**–**	**(61)**
Net book value at 30 June 2024	**8 181**	**–**	**1 369**	**27**	**124**	**9 701**
Cost	**9 113**	**3 034**	**2 973**	**340**	**460**	**15 920**
Accumulated amortisation and impairment	**(932)**	**(3 034)**	**(1 604)**	**(313)**	**(336)**	**(6 219)**

In the current year, goodwill and software and development costs of R91 million and R24 million respectively have been transferred to non-current assets held for sale. Refer to note 14.1 for more information.

21 Investment properties

R million	Notes	2024	2023
Opening balance		**353**	698
Fair value remeasurements	2.4	**28**	(25)
Additions		**323**	–
Acquisition/(disposal) of subsidiaries		**–**	(320)
Closing balance		**704**	353

The following amounts have been disclosed in profit or loss with respect to investment property:

R million	2024	2023
Rental income from investment property	**115**	88
Direct operating expenses on investment property that generated rental income	**74**	43

In the current and prior year the group has no contractual obligations to purchase, construct or develop investment property, nor were there material costs incurred for repairs, maintenance and enhancements of investment property.

External valuations are performed every two years, with the last external valuation conducted in 2023. A desktop valuation is undertaken in the years where an external valuation is not performed, so as to ensure significant changes in fair value of investment properties are reported.

Refer to note 35 for the significant inputs used to determine the fair value of investment properties.

Notes to the consolidated financial statements

22 Employee liabilities and related costs

R million	Notes	2024	2023
Liability for short-term employee benefits		**9 541**	9 353
Share-based payment liability (detailed in note 33)		**5 540**	6 321
Defined benefit post-employment liability	22.1	**1 420**	1 335
Other long-term employee benefit liability		**71**	65
Defined contribution post-employment liability	22.2	**–**	–
Total employee liabilities		**16 572**	17 074
Defined benefit post-employment asset	22.1	**(7)**	(25)
Net amount due to employees		**16 565**	17 049

22.1 Defined benefit post-employment liability

The group has financial liabilities in respect of two defined benefit arrangements in South Africa – a plan that provides defined post-employment medical benefits to retired employees, and a defined benefit pension plan. In terms of these plans, the group is liable to the employees for specific payments from retirement and for any deficit in the provision of these benefits from the plan assets. The liabilities and assets of these plans are reflected as an asset or liability on the statement of financial position.

NATURE OF BENEFITS	
Pension	**Medical**
The pension plan (FirstRand Retirement Fund) provides retired employees with a pension benefit after service. A separate account (the fund) has been established. The account holds assets that are used solely to pay pension benefits. For current pensioners the fund pays a pension to the members and a dependants' pension to the spouse and eligible children on death of the pensioner. There is also a small number of active members whose benefit entitlement will be determined on a defined benefit basis as prescribed by the rules of the fund. For this small number of defined benefit contributing members in the pension plan (12 members), the group is liable for any deficit in the value of accrued benefits exceeding the assets in the fund earmarked for these liabilities. The liability of the plan in respect of defined contribution members is equal to the member's fund credit, which is determined as the accumulation of the member's contributions (net of deduction for fund expenses and cost of death benefits) as well as any amounts transferred into the fund by the member, increased with the net investment returns earned (positive or negative) on the member's assets. The fund provides a pension that can be purchased with the member's fund credit (equal to member contributions at retirement should the member so choose).	The medical plan scheme provides retired employees with medical benefits. The employer's post-employment healthcare liability consists of a commitment to pay a portion of the members' post-employment medical plan scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member. Members employed on or after 1 December 1998 do not qualify for a post-employment medical subsidy.

Notes to the consolidated financial statements

22 Employee liabilities and related costs continued

22.1 Defined benefit post-employment liability continued

NATURE OF BENEFITS	
Pension	**Medical**
In terms of the existing pensioners in the pension plan, the trustees are responsible for setting the pension increase policy and for granting pension increases subject to the ring-fenced pensioner assets of the fund supporting such increases. Should the pension account in the fund be in deficit to the extent that current pensions in payment cannot be maintained, the group is liable to maintain the nominal value of pensions in payment. The fund also provides death, retrenchment and withdrawal benefits.	

GOVERNANCE	
Pension	**Medical**
The pension plan is regulated by the Financial Sector Conduct Authority in South Africa. Responsibility for governance of the plans, including investment decisions, lies with the board of trustees. Contribution categories available to members are jointly determined by the group and board of trustees. The board of trustees must be composed of representatives of the group and plan participants in accordance with the plans' regulations. The board consists of four representatives of the group and four representatives of the plan participants in accordance with the plans' regulations. The trustees serve on the board for four years and may be re-elected a number of times. An external auditor performs an audit of the fund on an annual basis and such annual financial statements are submitted to the Registrar of Pension Funds (i.e. to the Financial Sector Conduct Authority). A full actuarial valuation of the pension fund is submitted to the Financial Sector Conduct Authority every three years. The 30 June 2023 valuation is the last valuation that has been submitted to the Financial Sector Conduct Authority. Annual interim actuarial valuations are performed for the trustees and for IAS 19 purposes. At the last valuation date the fund was financially sound.	The medical plan is regulated by the registrar of the Council for Medical Schemes in South Africa. Governance of the post-employment medical aid subsidy policy lies with the group. The group has established a committee that meets regularly to discuss and review the management of the medical plan scheme and the subsidy. This committee is managed and governed by the FirstRand group financial resource management executive committee and the FirstRand group ALCCO. The committee also considers administration and data management issues and analyses demographic and economic risks inherent in the subsidy policy.

Notes to the consolidated financial statements

22 Employee liabilities and related costs continued

22.1 Defined benefit post-employment liability continued

ASSET-LIABILITY MATCHING STRATEGIES

The group ensures that the investment positions are managed within an asset and liability matching (ALM) framework that has been developed to achieve long-term investment returns that are in line with the obligations under the schemes. Within this framework, the group's ALM objective is to match assets to the pension obligations by investing in long-term fixed-interest securities with maturities that match the benefit payments as they fall due. The group actively monitors how the duration and expected yield of the investments match the expected cash outflows arising from the pension obligations. Investments are well diversified so that the failure of any single investment would not have a material impact on the overall level of assets.

The trustees of the fund have adopted an investment strategy in respect of the pensioner liabilities that largely follows an 80% exposure in fixed-interest instruments to immunise against interest rate and inflation risk, and 20% exposure to local and foreign growth assets. An overlay comprising 20% exposure of high-quality corporate credit fixed-income instruments is funded through a repo transaction of a portion of the South African government-issued inflation-linked bonds to improve the probability of achieving the performance objective.

The fixed-interest instruments consist mainly of long-dated South African government-issued inflation-linked bonds, while the growth assets are allocated to selected local and foreign asset managers. The trustees receive monthly reports on the funding level of the pensioner liabilities and an in-depth attribution analysis in respect of changes in the pensioner funding level.

The trustees of the fund aim to apportion an appropriate level of balanced portfolio, conservative portfolio, and inflation-linked and money market assets to match the maturing defined benefit active member liabilities. It should be noted that this is an approximate matching strategy, as elements such as salary inflation and decrement rates cannot be matched. This is, however, an insignificant liability compared to the total liability of the pension fund.

RISK ASSOCIATED WITH THE PLANS

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below.

Asset volatility – Assets are held in order to provide a return to back the plans' obligations, therefore any volatility in the value of these assets relative to the value of the liabilities would create a mismatch profit or deficit.

Inflation risk – The plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. Consumer price inflation and healthcare cost inflation form part of the financial assumptions used in the valuation.

Life expectancy – The plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

Demographic movements – The plans' liabilities are determined based on a number of best estimate assumptions based on the demographic movements of participants, including withdrawal and early retirement rates. This is especially relevant to the post-employment medical aid subsidy liabilities. Should fewer eligible employees withdraw and/or should more eligible employees retire earlier than assumed, the post-employment healthcare liabilities could be understated.

Notes to the consolidated financial statements

22 Employee liabilities and related costs continued

22.1 Defined benefit post-employment liability continued

Details of the gross defined benefit plan assets and fund liability and net fund asset/liability are shown below.

		2024			2023*		
R million	Notes	Pension	Medical**	Total	Pension	Medical**	Total
Post-employment benefit fund liability							
Present value of funded obligation		**7 522**	**3 234**	**10 756**	7 784	3 135	10 919
Fair value of plan assets		**(8 555)**	**(1 823)**	**(10 378)**	(8 474)	(1 818)	(10 292)
– Listed equity instruments		**(2 243)**	**–**	**(2 243)**	(2 036)	–	(2 036)
– Cash and cash equivalents		**(216)**	**–**	**(216)**	(247)	–	(247)
– Debt instruments		**(2 318)**	**–**	**(2 318)**	(2 410)	–	(2 410)
– Derivatives		**(20)**	**–**	**(20)**	(13)	–	(13)
– Qualifying insurance policy		**–**	**(1 823)**	**(1 823)**	–	(1 818)	(1 818)
– Other		**(3 758)**	**–**	**(3 758)**	(3 768)	–	(3 768)
Total employee (asset)/liability*		**(1 033)**	**1 411**	**378**	(690)	1 317	627
Limitation imposed by IAS 19 asset ceiling		**1 035**	**–**	**1 035**	683	–	683
Other		**–**	**–**	**–**	–	–	–
Total net post-employment liabilities/ (asset)		**2**	**1 411**	**1 413**	(7)	1 317	1 310
Total amount recognised on the income statement (included in staff costs)	3	**(77)**	**180**	**103**	(33)	170	137
Movement in post-employment benefit fund liability*							
Present value at the beginning of the year		**7 784**	**3 135**	**10 919**	8 453	3 159	11 612
Exchange differences		**(3)**	**–**	**(3)**	38	–	38
Current service cost		**11**	**30**	**41**	4	32	36
Interest expense		**892**	**365**	**1 257**	858	369	1 227
Remeasurements: recognised in OCI		**(189)**	**(71)**	**(260)**	(857)	(190)	(1 047)
– Actuarial gains from changes in demographic		**(5)**	**–**	**(5)**	–	–	–
– Actuarial (losses)/gains from financial assumptions		**(261)**	**(33)**	**(294)**	(818)	(116)	– (934)
– Other remeasurements		**77**	**(38)**	**39**	(39)	(74)	(113)
Benefits paid		**(973)**	**(225)**	**(1 198)**	(712)	(235)	(947)
Employer contribution		**–**	**–**	**–**	–	–	–
Employee contribution		**–**	**–**	**–**	–	–	–
Closing balance		**7 522**	**3 234**	**10 756**	7 784	3 135	10 919

* *In the prior year, the present value of funded obligation movement reconciliation was not disclosed. The note has been updated and comparatives provided as required by IAS 19.*

** *The medical plan asset is an insurance policy with a limit of indemnity. The insurance policy is backed by assets held through an insurance cell captive. The excess assets of the cell captive belong to a subsidiary of the group and are recognised in accounts receivable. The group's liability is therefore sufficiently funded.*

Notes to the consolidated financial statements

22 Employee liabilities and related costs continued

22.1 Defined benefit post-employment liability continued

	2024			2023		
R million	Pension	Medical*	Total	Pension	Medical*	Total
Movement in the fair value of plan assets:						
Opening balance	**8 474**	**1 818**	**10 292**	8 816	1 915	10 731
Interest income	**980**	**215**	**1 195**	895	231	1 126
Remeasurements: recognised in OCI	**61**	**(25)**	**36**	(571)	(117)	(688)
Exchange differences	**(8)**	**–**	**(8)**	44	–	44
Employer contributions	**14**	**37**	**51**	1	21	22
Employee contributions	**7**	**–**	**7**	1	–	1
Benefits paid and settlements	**(973)**	**(222)**	**(1 195)**	(712)	(232)	(944)
Closing balance	**8 555**	**1 823**	**10 378**	8 474	1 818	10 292
Reconciliation of limitation imposed by IAS 19 asset ceiling						
Opening balance	**683**	**–**	**683**	344	–	344
Interest income	**85**	**–**	**85**	37	–	37
Change in the asset ceiling, excluding amounts included in interest	**267**	**–**	**– 267**	302	–	302
Closing balance	**1 035**	**–**	**1 035**	683	–	683
Actual return on plan assets	**12 %**			12 %		
Included in plan assets were the following:						
FirstRand Limited ordinary shares with a fair value of	**34**	**–**	**34**	31	–	31
Total	**34**	**–**	**34**	31	–	31

* *The medical plan asset is an insurance policy with a limit of indemnity. The insurance policy is backed by assets held through an insurance cell captive. The excess assets of the cell captive belong to a fellow subsidiary of the group and are recognised as an account receivable. FirstRand group's liability is therefore sufficiently funded.*

Net defined benefit fund asset/liability reconciliation

The table below provides the reconciliation of the net opening balance to the net closing balance for the post-employment benefit fund liability, taking into consideration the effect of the plan asset ceiling.

	2024			2023		
R'million	Pension	Medical	Total	Pension	Medical	Total
Movement in post-employment benefit fund liability						
Present value at the beginning of the year	**(7)**	**1 317**	**1 310**	(19)	1 244	1 225
Exchange differences	**5**	–	**5**	(6)	–	(6)
Current service cost	**11**	**30**	**41**	4	32	36
Net interest	**(88)**	**150**	**62**	(37)	138	101
Remeasurements: recognised in OCI	**102**	**(46)**	**56**	53	(73)	(20)
– Actuarial losses from changes in demographic	**(5)**	–	**(5)**	–	–	–
– Actuarial losses from financial assumptions	**(261)**	**(33)**	**(294)**	(818)	(116)	(934)
– Other remeasurements	**368**	**(13)**	**355**	871	43	914
Benefits paid	–	**(3)**	**(3)**	–	(3)	(3)
Employer contribution	**(14)**	**(37)**	**(51)**	(1)	(21)	(22)
Employee contribution	**(7)**	–	**(7)**	(1)	–	(1)
Closing balance	**2**	**1 411**	**1 413**	(7)	1 317	1 310

Notes to the consolidated financial statements

22 Employee liabilities and related costs continued

22.1 Defined benefit post-employment liability continued

Each sensitivity analysis is based on changing one assumption while keeping all other remaining assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity analysis has been calculated in terms of the projected unit credit method and illustrates how the value of the liability would change in response to certain changes in actuarial assumptions.

	2024		2023	
%	**Pension**	**Medical**	Pension	Medical
The principal actuarial assumptions used for accounting purposes were:				
Expected rates of salary increases %	**8.4**	**—**	8.7	—
Discount rate %	**12.5**	**11.8**	12.4	12.1
Long-term increase in health costs %	**—**	**9.1**	—	8.7
The effects of a 1% movement in the assumed health cost rate (medical) and the expected rates of salary (pension) were:				
Increase of 1%				
Effect on the defined benefit obligation (R million)	**2.2**	**335.3**	2.6	325.4
Effect on the aggregate of the current service cost and interest cost (R million)	**0.4**	**44.5**	0.5	44.3
Decrease of 1%				
Effect on the defined benefit obligation (R million)	**(2.1)**	**(287.5)**	(2.5)	(279.0)
Effect on the aggregate of the current service cost and interest cost (R million)	**(0.5)**	**(38.0)**	(0.6)	(37.8)
The effects of a change in the average life expectancy of a pensioner retiring at age 65:				
Increase in life expectancy by 1 year				
Effect on the defined benefit obligation (R million)	**226.7**	**99.9**	237.5	96.9
Effect on the aggregate of the current service cost and interest cost (R million)	**45.8**	**12.5**	49.1	12.4
Decrease in life expectancy by 1 year				
Effect on the defined benefit obligation (R million)	**(226.0)**	**(99.8)**	(236.5)	(96.8)
Effect on the aggregate of the current service cost and interest cost (R million)	**(45.8)**	**(12.5)**	(49.0)	(12.4)
Estimated contributions expected to be paid to the plan in the next annual period (R million)	**2**	**—**	2	—
Net increase in rate used to value pensions, allowing for pension increases (%)	**5.3**	**3.2**	4.9	3.1
The weighted average duration of the defined benefit obligation (years)	**8.0**	**10.5**	8.2	10.6

The expected maturity analysis of undiscounted pension and post-employment medical benefits is given below.

R million	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Pension benefits	**843**	**3 434**	**46 422**	**50 699**
Post-employment medical benefits	**229**	**1 096**	**20 462**	**21 787**
Total as at 30 June 2024	**1 072**	**4 530**	**66 884**	**72 486**
Pension benefits	828	3 468	52 972	57 268
Post-employment medical benefits	217	1 050	22 696	23 963
Total as at 30 June 2023	1 045	4 518	75 668	81 231

The interest income is determined using a discount rate with reference to high-quality government bonds.

Notes to the consolidated financial statements

22 Employee liabilities and related costs continued

22.1 Defined benefit post-employment liability continued

Mortality rates

The normal retirement age for active members of the pension fund and post-employment medical benefit scheme is between 60 and 65.

The mortality rate table used for active members and pensioners of the pension fund and post-employment medical benefits is PA (90)-2. It refers to standard actuarial mortality tables for current and prospective pensioners on a defined benefit plan where the possibility of passing away after early or normal retirement is expressed at each age for each gender. The two-year age rating allows for the longer than average life expectancy of the retirees compared to general annuitant mortality. In addition, allowance is made for future expected improvements in annuitant mortality based on the income level of the annuitant (on average 0.50% p.a.).

The mortality rate table used for the active members of the post-employment medical plan fund is SA 85-90. It refers to standard actuarial mortality tables for active members on a defined benefit plan where the possibility of passing away before normal retirement is expressed at each age for each gender.

The average life expectancy in years of an employee retiring at age 65 on the reporting date for pension and medical is 17 for males and 21 for females. The average life expectancy of an employee retiring at age 65 in 20 years after the reporting date for pension and medical is 18 for males and 22 for females.

	2024	2023
Pension		
The number of employees covered by the scheme		
Active members	**2 448**	2 495
Pensioners	**5 073**	5 212
Deferred plan participants	**252**	255
Total employees	**7 773**	7 962
Defined benefit obligation amounts due to		
Benefits vested at the end of the reporting period (R million)	**7 522**	7 784
Conditional benefits (R million)	**175**	257
Amounts attributable to future salary increases (R million)	**50**	64
Other benefits (R million)	**7 297**	7 462
Medical		
The number of employees covered by the scheme		
Active members	**2 090**	2 318
Pensioners	**5 019**	5 130
Total employees	**7 109**	7 448
Defined benefit obligation amounts due to		
Benefits vested at the end of the reporting period (R million)	**2 373**	2 274
Benefits accrued but not vested at the end of the reporting period (R million)	**862**	861
Conditional benefits (R million)	**897**	891
Other benefits (R million)	**2 338**	2 244

22.2 Defined contribution post-employment liability

R million	2024	2023
Post-employment defined contribution plan		
Present value of obligation	**36 639**	33 270
Present value of assets	**(36 639)**	(33 270)
Net defined contribution liability	**–**	–

The defined contribution scheme allows active members to purchase a pension on retirement. The purchase price for the pension is determined based on the purchasing member's demographic details, the pension structure and economic assumptions at time of purchase. Should a member elect to purchase a pension, the group becomes exposed to longevity and other actuarial risks. However, because of the way that the purchase is priced, the employer is not exposed to any asset return risk prior to the election of this option. On the date of the purchase the defined benefit liability and the plan assets will increase with the purchase amount and thereafter the accounting treatment applicable to defined benefit plans will be applied to the purchased pension. It should be noted that the purchase price for a new retiree would be slightly larger than the liability determined on the accounting valuation, as the purchase price allows for a more conservative mortality assumption based on the solvency reserves of the fund.

Notes to the consolidated financial statements

23 Deferred income tax

R million	2024	2023
Deferred income tax asset		
Opening balance	**8 693**	8 052
Acquisitions of subsidiaries	**(3)**	(9)
Exchange rate difference including the effect of hyperinflation	**(63)**	27
Release to profit or loss	**966**	220
Deferred income tax on amounts charged directly to other comprehensive income	**(797)**	394
Transfer to non-current assets and disposal group held for sale	**(225)**	–
Other	**(9)**	9
Total deferred income tax asset	**8 562**	8 693
Deferred income tax liability		
Opening balance	**(1 033)**	(997)
Disposals of subsidiaries	**–**	44
Exchange rate difference including the effect of hyperinflation	**5**	(26)
Release to profit or loss	**93**	(36)
Deferred income tax on amounts charged directly to other comprehensive income	**(42)**	(2)
Transfer to non-current assets and disposal group held for sale	**118**	–
Other	**16**	(16)
Total deferred income tax liability	**(843)**	(1 033)
Net deferred income tax asset	**7 719**	7 660

	As at 30 June		*Recognised on income statement*	
R million	*2024*	*2023*	*2024*	*2023*
Deferred income tax asset				
Tax losses	*28*	*33*	*42*	*9*
Provision for loan impairment	*4 511*	*4 255*	*272*	*43*
Provision for post-employment benefits	*374*	*350*	*15*	*29*
Other provisions	*1 959*	*1 329*	*700*	*(138)*
Cash flow hedges	*327*	*1 193*	*–*	*–*
Financial instruments	*65*	*33*	*33*	*17*
Instalment credit assets	*(172)*	*(200)*	*28*	*(15)*
Accruals	*110*	*89*	*21*	*29*
Debt instruments designated at FVOCI	*(35)*	*(124)*	*–*	*–*
Capital gains tax	*411*	*365*	*45*	*35*
Equity instruments designated at FVOCI	*98*	*97*	*–*	*–*
Foreign currency translation reserve	*–*	*–*	*29*	*(107)*
Financial liabilities classified at FVTPL	*14*	*13*	*1*	*13*
Share-based payments	*1 296*	*1 471*	*(175)*	*568*
Deferred revenue and deferred expenses	*(476)*	*(276)*	*(70)*	*(123)*
Intangible assets	*50*	*61*	*(11)*	*(47)*
Other	*2*	*4*	*36*	*(93)*
Total deferred income tax asset	*8 562*	*8 693*	*966*	*220*
Deferred income tax liability				
Provision for loan impairment	*138*	*147*	*(14)*	*(22)*
Provision for post-employment benefits	*10*	*11*	*(1)*	*1*
Other provisions	*(60)*	*(73)*	*14*	*3*
Financial instruments	*(5)*	*–*	*(4)*	*(54)*
Instalment credit assets	*(101)*	*(75)*	*(26)*	*2*
Accruals	*(288)*	*(281)*	*(7)*	*(143)*
Available-for-sale securities	*(11)*	*(2)*	*–*	*–*
Capital gains tax	*1*	*2*	*(2)*	*61*
Equity instruments designated at FVOCI	*5*	*5*	*–*	*–*
Intangible assets	*(36)*	*(146)*	*107*	*91*
*Other**	*(496)*	*(621)*	*26*	*25*
Total deferred income tax liability	*(843)*	*(1 033)*	*93*	*(36)*

** Other relates mainly to prepayments and fixed assets.*

Dividends declared by South African entities are subject to shareholders' withholding tax. The group would therefore incur no additional tax if the total reserves of R187 576 million (2023: R173 384 million) were declared as dividends. The group has not recognised a deferred tax asset amounting to R247 million (2023: R367 million) relating to tax losses because there was insufficient taxable income. None of these losses have an expiry date.

Notes to the consolidated financial statements

23 Deferred income tax continued

South Africa's Minister of Finance indicated in the 2024 Budget Review on 21 February 2024 that South Africa will be implementing the Organisation for Economic Co-Operation and Development's (OECD's) Pillar Two Model Rules with effect from years of assessment commencing on or after 1 January 2024. The group is within the scope of the Pillar Two global minimum tax rules. Therefore a minimum effective corporate tax rate of 15% will be required to be applied in each jurisdiction that the group operates in. Assuming the legislation becomes effective as the Draft Global Minimum Tax Bill proposes, the Pillar Two rules will apply to FirstRand's 2025 financial year. Based on a preliminary assessment of the current draft legislation, the Pillar Two rules are estimated to increase the effective tax rate in Mauritius to 15% from 1 July 2024. The amendments had no current tax impact for the group for the current financial year and the group has applied the mandatory deferred tax exemption in IAS 12. Within the United Kingdom, the Pillar Two rules are effective for accounting periods beginning on or after 31 December 2023, thus applying to group's UK entities from their 2025 financial year. The new rules will not result in an increase in the effective tax rate within the UK as the rate already exceeds 15%.

The group will continue to monitor the position across all jurisdictions it operates in as new legislation and guidance is issued.

24 Short trading positions

R million	2024	2023
Government and government-guaranteed stock	**9 819**	12 480
Other dated securities	**46**	230
Undated securities	**408**	43
Total short trading positions	**10 273**	12 753

25 Creditors, accruals and provisions

R million	2024	2023
Accounts payable	**28 987**	32 264
Accrued expenses	**4 014**	4 180
Audit fees accrued	**376**	384
Customer loyalty programme liability*	**2 039**	2 060
Contract liabilities*, **	**399**	647
Payments received in advance**	**277**	362
Fair value hedge interest asset#	**151**	(504)
Provisions (including litigations and claims)†	**5 340**	3 022
Withholding tax for employees	**864**	848
Total creditors, accruals and provisions	**42 447**	43 263

* *These balances meet the definition of contract liabilities measured and recognised in terms of IFRS 15. Contract liabilities relates to service fees that are earned on value-added products provided to customers and the revenue is recognised over the contract period. The customer loyalty programme liability relates to eBucks, and is determined based on the value of unredeemed eBucks in issue that have not been converted to cash or redeemed by the customer. The timing of the customer's use of these eBucks as reward credits redeemable against future purchases with the group or a loyalty programme strategic partner is purely at the customer's discretion.*

** *In the prior year, deferred revenue R608 million and contract liabilities R100 million were disclosed separately. The balances have been aggregated in the current period to reflect the nature of the balance. An amount of R346 million was reclassified from payments received in advance to contract liabilities.*

The balance reflected relates to the fair value of the interest rate risk component of the hedged items designated in macro hedge accounting relationships in Aldermore.

† *On 11 January 2024, the Financial Conduct Authority (FCA), announced a review of historic motor finance commission arrangements and sales by the mainstream lenders in the UK motor finance market. The FCA currently expects to report on next steps on this matter during May 2025.*

The group welcomes the regulator's decision to undertake this review but continues to believe that its own practices were compliant with the laws and regulations in place at the time. In April 2024 the FCA formally communicated its expectation that the firms which fall within the remit of the process must, at all times, maintain adequate financial resources that consider their own specific circumstances. The FCA further indicated that their process may result in establishing an industry-wide redress scheme and therefore the group has raised a provision of £127.4 million (R3.0 billion). The provision is based on probability-weighted scenarios constructed from the group's own data analysis, assumptions and emerging estimates and includes probable legal, operational and redress costs (using a range of judgemental assumptions for commissions, interest rates, redress approaches and uphold rates). The amount covers origination up 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.

Given the extended timeline of the FCA's review process, and ongoing legal cases proceeding through the courts, significant uncertainty remains regarding any potential industry-wide customer remediation outcome. IFRS Accounting Standards require that the group disclose the fact that this uncertainty could result in a higher or lower eventual financial impact. The group however believes that the current provision is appropriate based on the information available at the time of reporting.

Notes to the consolidated financial statements

25 Creditors, accruals and provisions continued

Reconciliation of contract liabilities

R million	2024	2023*
Opening balance	**2 707**	2 528
Increases due to cash received and other increases in contract liabilities	**2 773**	3 071
Transfer to non-current assets and disposal group held for sale	**(166)**	–
Revenue recognised that was included in the contract liability balance at the beginning of the period	**(2 876)**	(2 892)
Closing balance	**2 438**	2 707

* *In the prior year, the balance excluded contract liabilities of R346 million which was included in payments received in advance. The amounts have been restated. Refer to note 39 - Impact due to changes in presentation and restatements.*

Reconciliation of provision

R million	2024	2023
Opening balance	**3 022**	2 481
Transfer to non-current assets and disposal groups held for sale	**(69)**	–
Exchange rate differences	**(126)**	260
Charge to profit or loss	**3 792**	439
– Additional provisions created	**3 916**	1 038
– Unused provisions reversed	**(124)**	(599)
Utilised	**(1 279)**	(158)
Closing balance	**5 340**	3 022

26 Deposits

R million	2024	2023
Category analysis		
Deposits from customers	**1 724 773**	1 620 458
– Current accounts	**401 012**	395 075
– Call deposits	**483 271**	440 392
– Savings accounts	**56 130**	44 448
– Fixed and notice deposits	**720 727**	662 525
– Other deposits from customers	**63 633**	78 018
Debt securities	**196 823**	209 379
– Negotiable certificates of deposit	**69 118**	74 522
– Fixed-rate and floating-rate notes	**125 172**	132 940
– Exchange-traded notes	**2 533**	1 917
Asset-backed securities	**24 666**	34 454
– Securitisation issuances	**19 835**	30 696
– Non-recourse deposits	**4 831**	3 758
Other	**56 889**	58 812
– Repurchase agreements	**20 529**	19 759
– Securities lending	**1 658**	4 331
– Cash collateral and credit-linked notes	**33 174**	32 645
– SARB funding facility	**1 528**	2 077
Total deposits	**2 003 151**	1 923 103

Notes to the consolidated financial statements

27 Other liabilities

R million	2024	2023
Lease liabilities	**3 062**	3 026
Funding liabilities	**2 744**	4 007
– Preference shares	**1 286**	935
– Other*	**1 458**	3 072
Total other liabilities	**5 806**	7 033

* *Other includes commercial paper issued to the Central Bank of Nigeria and funding received for FNB Ghana of R263 million (2023: R1.3 billion) and R906 million (2023: R1.26 billion) respectively.*

27.1 Other liabilities reconciliation

	2024			2023		
R million	**Funding liabilities**	**Lease**	**Total**	Funding liabilities	Lease	Total
Opening balance	**4 007**	**3 026**	**7 033**	5 414	2 834	8 248
Cash flow movements	**(701)**	**(1 246)**	**(1 947)**	(1 219)	(1 148)	(2 367)
– Proceeds from the issue of other liabilities	**1 026**	**–**	**1 026**	4 614	–	4 614
– Redemption of other liabilities	**(1 612)**	**–**	**(1 612)**	(5 114)	–	(5 114)
– Principal payments towards lease liabilities	**–**	**(1 071)**	**(1 071)**	–	(1 012)	(1 012)
– Interest paid	**(115)**	**(175)**	**(290)**	(719)	(136)	(855)
Non-cash flow movements	**(562)**	**1 282**	**720**	(188)	1 340	1 152
– Fair value movement	**(5)**	**69**	**64**	21	1	22
– Transfers to non-current asset and disposal group held for sale	**–**	**(72)**	**(72)**	–	(3)	(3)
– Foreign exchange	**(856)**	**(60)**	**(916)**	(836)	173	(663)
– New leases recognised during the year	**–**	**1 273**	**1 273**	–	1 136	1 136
– Early termination/modification of lease	**–**	**(117)**	**(117)**	–	(113)	(113)
– Interest accrued	**299**	**189**	**488**	627	146	773
Total other liabilities	**2 744**	**3 062**	**5 806**	4 007	3 026	7 033

The group's significant leases relate to property rentals of office premises and the various branch network channels represented by full-service and mini branches, agencies, ATM lobbies and Smartboxes. The rentals have fixed monthly payments. Escalation clauses are based on market-related rates and vary between 5% and 12%.

The leases are usually for a period of one to five years. The leases are non-cancellable and some of the leases have an option to renew for a further leasing period at the end of the original lease term.

Restrictions are more of an exception than the norm and usually relate to the restricted use of the asset for the business purposes specified in the lease contract.

For details on the contractual maturity of lease liabilities, refer to Note 38.2.1 – Liquidity risk.

Notes to the consolidated financial statements

28 Tier 2 liabilities

R million	Call dates*	Maturity dates	Interest rate	2024	2023
Fixed-rate bonds				**1 518**	1 521
– ZAR denominated	19 April 2026 to 3 June 2026	19 April 2031 to 3 June 2031	8.155% – 10.19%	**1 430**	1 430
– Other currencies	15 December 2026	15 December 2031	7.2%	**88**	91
Floating-rate bonds				**15 750**	15 348
– ZAR denominated	19 April 2026 to 11 March 2030	19 April 2031 to 11 March 2035	3-month JIBAR 186 bps – 234 bps	**15 328**	14 907
– Other currencies	2 December 2024 to 15 December 2026	2 December 2029 to 15 December 2031	461 bps – 511 bps above relevant reference rate**	**422**	441
Total Tier 2 liabilities				**17 268**	16 869

** Redemption subject to regulatory approval.*

*** Monetary policy rate.*

28.1 Tier 2 liabilities reconciliation

R million	2024	2023*
Opening balance	**16 869**	20 937
Cash flow movements	**(1 370)**	(6 651)
– Proceeds from the issue of Tier 2 liabilities*	**1 548**	7 986
– Capital repaid on Tier 2 liabilities*	**(1 910)**	(13 079)
– Interest paid on Tier 2 liabilities	**(1 008)**	(1 558)
Non-cash flow movements	**1 769**	2 583
– Foreign exchange	**(20)**	815
– Fair value hedging adjustment	**–**	146
– Interest accrued	**1 789**	1 622
Total Tier 2 liabilities	**17 268**	16 869

* *Proceeds from the issue of Tier 2 liabilities and capital repaid on Tier 2 liabilities reflected in the cash flows from financing activities in the statement of cash flows have been restated by R2 500 million to correctly reflect the actual cash flows at 30 June 2023. The net cash flow inflow from financing activities (R8 490million) remains unchanged.*

29 Share capital, share premium and other reserves

29.1 Share capital and share premium

Authorised shares

	2024	2023
Ordinary shares	**6 001 688 450**	6 001 688 450

Issued shares

	2024			2023		
	Number of shares	**Ordinary share capital R million**	**Share premium R million**	Number of shares	Ordinary share capital R million	Share premium R million
Opening balance	**5 609 488 001**	**56**	**7 860**	5 609 488 001	56	7 905
Shares issued	**–**	**–**	**–**	–	–	–
Total issued ordinary share capital and share premium	**5 609 488 001**	**56**	**7 860**	5 609 488 001	56	7 905
Treasury shares	**(5 764 883)**	**–**	**(220)**	(2 900 304)	–	(45)
Total issued share capital attributable to equityholders of the group	**5 603 723 118**	**56**	**7 640**	5 606 587 697	56	7 860

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

The shareholding of subsidiaries in FirstRand Limited was 0.1% (2023: 0.05%) of total issued ordinary shares and these shares have been treated as treasury shares.

Notes to the consolidated financial statements

29 Share capital, share premium and other reserves continued

29.2 Other reserves

Other reserves are made up of the following:

R million	2024	2023
Regulatory reserves raised by African subsidiaries*	**1 275**	1 205
General risk reserve raised by African subsidiaries	**66**	60
Insurance contingency reserve	**189**	189
FVOCI reserve – debt instruments	**85**	329
FVOCI reserve – equity instruments	**(337)**	(334)
Other attributable reserves of associates and joint ventures	**115**	101
Reserves arising on acquisition of subsidiaries	**(140)**	(140)
Insurance and reinsurance finance reserve	**189**	66
Other reserves	**316**	233
Total	**1 758**	1 709

* *The balance consists of reserves as required by law in certain jurisdictions where the group operates, namely Eswatini, Mozambique and Nigeria..*

30 Other equity instruments and reserves

Authorised preference shares

	2024	2023
A preference shares – unlisted variable rate cumulative convertible redeemable*	**198 311 550**	198 311 550
B preference shares – listed variable rate non-cumulative non-redeemable*	**100 000 000**	100 000 000
C preference shares – unlisted variable rate convertible non-cumulative redeemable*	**100 000 000**	100 000 000
D preference shares – unlisted variable rate cumulative redeemable*	**100 000 000**	100 000 000

* *No preference shares are in issue.*

Additional Tier 1 capital and other reserves

R million	Rate	2024	2023
FRB24	3-month JIBAR plus 445 basis points	**–**	2 265
FRB25	3-month JIBAR plus 440 basis points	**3 461**	3 461
FRB28	3-month JIBAR plus 440 basis points	**1 400**	1 400
FRB34	3-month JIBAR plus 340 basis points	**2 804**	2 804
FRB37	3-month JIBAR plus 310 basis points	**1 387**	–
FRB38	3-month JIBAR plus 296 basis points	**2 039**	–
FRB39	3-month JIBAR plus 290 basis points	**1 574**	–
FRB41	3-month JIBAR plus 290 basis points	**2 090**	–
Total additional Tier 1 capital		**14 755**	9 930
Empowerment Fund reserve*		**2 916**	2 916
Total other equity instruments and reserves		**17 671**	12 846

* *The Empowerment Fund reserve includes the impacts of consolidating the fully vested empowerment vehicles. Refer to note 36 for more information.*

FRB's AT1 capital instruments are perpetual and pay non-cumulative, discretionary coupons on a quarterly basis. The terms and conditions provide for an issuer call option after at least five years, and at every coupon payment date that follows. In addition, at the discretion of the Prudential Authority (PA), FRB may write off the notes, in whole or in part, with no obligation to pay compensation to the noteholders upon the earlier of:

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

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

The total coupon paid during the financial year was R1 518 million (2023: R957 million). Current tax of R410 million (2023: R258 million) was recognised in the income statement.

Notes to the consolidated financial statements

31 Subsidiaries and non-controlling interests

The group has a portfolio of integrated financial services businesses comprising FNB, RMB, WesBank and Aldermore. 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.

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

Subsidiary	Operation
FirstRand Bank Limited	SA banking activities and foreign branches in London and Guernsey
FirstRand EMA Holdings Proprietary Limited	Broader Africa subsidiaries
FirstRand International Limited (Guernsey)	UK banking and hard currency platform
FirstRand Insurance Holdings Proprietary Limited	Insurance
FirstRand Investment Management Holdings Limited	Investment management
FirstRand Investment Holdings Proprietary Limited	Other activities

There are no significant restrictions on the ability to transfer cash or other assets to or from entities within the group.

Impact of hyperinflation

The Ghanaian economy was assessed to be hyperinflationary for the current reporting period, and hyperinflation accounting was applied for the year ended 30 June 2024. Accordingly, the results, cash flows and financial position of the group's subsidiary, First National Bank Ghana Ltd have been expressed in terms of the measuring unit current at the reporting date.

The hyperinflation impact reduced the group's profit after tax by R61 million. The consumer price indices (which represent the general price indices), as published by the Ghana Statistical Services, were used in adjusting the historic cost local currency results and financial positions of the subsidiary. The CPI for June 2024 was 224%. As at 30 June 2024, the cumulative three-year inflation rate was 125%.

Notes to the consolidated financial statements

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FirstRand Bank Limited (FRB)	100% FirstRand EMA Holdings (Pty) Ltd (FREMA)	100% FirstRand International Limited (Guernsey) (FRI)	100% FirstRand Insurance Holdings (Pty) Ltd	100% FirstRand Investment Management Holdings Limited	100% FirstRand Investment Holdings (Pty) Ltd (FRIHL)
SA banking	**Broader Africa**	**UK banking and hard currency platform**	**Insurance**	**Investment management**	**Other activities**
First National Bank*	58% FirstRand Namibia	100% Aldermore Group	100% FirstRand Life Assurance	100% Ashburton Fund Managers	100% RMB Private Equity Holdings
WesBank*	70% FNB Botswana	100% Aldermore Bank‡	100% FirstRand Short Term Insurance (STI)	100% Ashburton Management Company (RF)	100% RMB Private Equity
Rand Merchant Bank*	75% FNB Eswatini	100% MotoNovo Finance‡	100% FirstRand Insurance Services Company (FRISCOL)	100% Ashburton Jersey	100% RMB Securities
FirstRand Bank London**	100% FNB Mozambique	100% FirstRand Investment Holdings Guernsey		100% FNB International Trustees	50% RMB Morgan Stanley
FirstRand Bank Guernsey**,#	100% FNB Zambia	100% FirstRand Securities		100% FNB Investor Services	100% RMB Investments and Advisory
FirstRand Bank Kenya†	100% FNB Lesotho	100% RMB Securities (USA)^		100% FNB CIS Management Company (RF)	100% FNB Stockbroking and Portfolio Management
FirstRand Bank Angola†	100% First National Bank Ghana	100% RMB International Mauritius		100% Various general partners◊	81% MotoVantage
FirstRand Bank Shanghai†	100% RMB Nigeria	100% RMB Capital India			100% Hyphen Technology
FirstRand Bank New York†					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.

Notes to the consolidated financial statements

31 Subsidiaries and non-controlling interests

31.1 Acquisitions of subsidiaries

31.1.1 Transactions that do not result in a change of control in subsidiaries

	Other insignificant acquisitions	
R million	**2024**	2023
Carrying amount of non-controlling interest acquired	**–**	67
Consideration paid to non-controlling interest acquired	**–**	(65)
– Discharged by cash consideration	**–**	(170)
– Non-cash consideration	**–**	105
Gain recognised directly in equity	**–**	2

In the prior year, the group increased its shareholding in various subsidiaries of RMB Private Equity Holdings (Pty) Ltd and RMB Private Equity (Pty) Ltd by purchasing the interest previously held by selected non-controlling interests. The gain on the transaction was recognised directly in equity as it was a transaction between the owners of the entities in their capacity as owners.

31.2 Disposals of subsidiaries

31.2.1 Disposals of interest in subsidiaries with loss of control

	Other insignificant disposals	
R million	**2024**	2023
ASSETS		
Cash and cash equivalents	**1**	–
Collateral settlement balances and other assets	**8**	337
Total assets disposed of	**9**	337
LIABILITIES		
Creditors and accruals	**2**	11
Other liabilities	**1**	309
Total liabilities disposed of	**3**	320
Net asset value as at date of disposal	**6**	17
Total gain on disposal is calculated as follows:		
Total consideration	**(3)**	(42)
Total cash consideration received	**(3)**	(42)
Non-cash consideration	**–**	–
Add: non-controlling share of net asset value at disposal date	**–**	–
Less: group's portion of the net asset value on disposal	**–**	–
Loss/(gain) on disposal of controlling interest in a subsidiaries	**3**	(25)
Cash flow information		
Discharged by cash consideration	**4**	42
Less: cash and cash equivalents disposed of in the subsidiary	**(1)**	–
Net cash inflow on disposal of subsidiaries	**3**	42

Disposals in 2024

The group, through it's subsidiary FREMA disposed of two subsidiaries and realised a net loss of R3 million.

Disposals in 2023

The group, through it's subsidiary RMB Investments and Advisory (RMBIA) (Pty) Ltd, disposed of a private equity subsidiary and realised a profit of R25 million.

Notes to the consolidated financial statements

31 Subsidiaries and non-controlling interests continued

31.2.2 Disposals that do not result in a change of control

	Other insignificant disposals	
R million	**2024**	2023
Carrying amount of non-controlling interest acquired	**(257)**	–
Consideration received from non-controlling interests	**394**	–
– Discharged by cash consideration	**394**	–
– Non-cash consideration	**–**	–
Gain recognised directly in equity	**137**	–

In the current year, First National Bank Eswatini commenced trading on the Eswatini Stock Exchange (ESE), the listing required the group to dispose 20% of its shareholding to the local investors. The disposal resulted in the introduction of minority interests and a gain on the disposal was recognised directly in equity as it was a transaction between equity participants.

31.3 Non-controlling interests

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

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

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

	FirstRand Namibia Limited		First National Bank of Botswana Limited	
Country of incorporation		**Namibia**		**Botswana**
% ownership held by non-controlling interests		**41.0**		**30.5**
% voting rights by non-controlling interests		**41.0**		**30.5**
R million	**2024**	2023	**2024**	2023
Balances included in the consolidated statement of financial position				
Total assets	**60 803**	58 326	**49 267**	41 998
Balances with central banks	**560**	537	**827**	719
Total liabilities	**54 563**	52 342	**43 566**	36 718
Balances included in the consolidated statement of comprehensive income				
Interest and similar income	**6 048**	4 961	**3 297**	2 648
Non-interest revenue	**2 526**	2 278	**2 238**	2 067
Profit before tax	**2 419**	2 262	**2 489**	1 952
Total comprehensive income	**1 703**	1 567	**1 630**	1 732
Amounts attributable to non-controlling interests				
Dividends paid to non-controlling interests	**600**	780	**378**	290
Profit attributable to non-controlling interests	**709**	649	**573**	454
Accumulated balance of non-controlling interests	**2 530**	2 421	**1 687**	1 557

Notes to the consolidated financial statements

31 Subsidiaries and non-controlling interests continued

31.4 Consolidated structured entities

The group holds certain interests in consolidated structured entities to ring-fence certain risks and/or achieve specific objectives. Structured entities are entities that have been designed so that voting roles are not the predominant factor in deciding who controls the entity.

The group has identified the following consolidated structured entities:

- FirstRand Empowerment Foundation
- Social investing foundations and trusts
- Securitisations
- Structured investment vehicles

Name of entity	Country of incorporation	Nature of business
FirstRand Empowerment Foundation	South Africa	Promote the educational and professional development of historically disadvantaged South Africans.
Social Investing Trusts	South Africa	Provides funding for community upliftment and to assist black employees of the companies in the group with the educational, health care and other needs the employees and the members of their immediate families.
Structured Investment Vehicles	South Africa	Originate or acquire advances and issue notes that are referenced to these loans to investors.
Securitisations	South Africa or United Kingdom	Refer to note 11.3.

The group did not incur any losses related to the group's interests in consolidated structured entities in the current financial period (2023: Rnil).

Notes to the consolidated financial statements

31 Subsidiaries and non-controlling interests continued

31.5 Unconsolidated structured entities

The level of risk that the group is exposed to is determined by the nature and purpose of it holding an interest in the entity. The group does not consolidate these structured entities as either it does not have the power to control the investment decisions or it is not exposed to significant variable returns of these structured entities.

Structured investment vehicles

The group provides financing to a number of structured entities, established and managed by clients, in the form of investing in debt instruments of the structured entity, subscription for cumulative redeemable preference shares and advancement of credit loan facilities. The group's involvement is predominantly to provide financing and the group's rights under its involvement is limited to typical lender protection rights. The financing and the group's investment in the preference shares or notes issued by the entities are considered to be made at market related terms. As such the relationship between the group and the structured entities is considered to be a typical customer supplier relationship. The group does not have the ability to direct the relevant business activities in these entities and therefore in the absence of control, the entities are not consolidated.

The group earns interest income on the loans advanced to the customer, notes and preference shares issued by the structured entities.

An entity was established for the purpose of creating high-quality liquid assets (HQLA) that can be pledged as collateral under the South African Reserve Bank's (SARB's) committed liquidity facility if required. The entity is merely a mechanism to facilitate the transaction and as there was no drawdown on the facility in the current or prior year, the entity has no economic substance. The group has not provided any additional financial or other support to this entity in the current or prior year. The group does not have the intention to provide additional support in the foreseeable future and, as such, is not exposed to any additional risks from the relationship with this entity.

Investment in funds and asset management

The group acts as fund manager to a number of investments funds. The group's interest is generally restricted to fund services and asset management fees, which are based on assets under management. The group may hold direct interests in a number of the funds, however, the magnitude of such interest varies with sufficient regularity. Whether the group consolidates any of these funds through its direct interest depends on the purpose and magnitude of the interest held therein, as well as on the group's ability to direct the relevant activities of the fund, either directly or indirectly. The group earns management fee income from its involvement in the funds, as well as unrealised gains and losses as a result of revaluations of the units held directly in the funds. Refer to note 32 for information on the assets under management.

The following table reflects the carrying amount of the group's recorded interest in and maximum exposure to risk due to these exposures arising from unconsolidated structured entities and asset management activities.

	2024			2023		
	Structured investment vehicles	**Investment in funds**	**Total**	Structured investment vehicles	Investment in funds	Total
Advances	**87**	**150**	**237**	428	60	488
Total Assets	**87**	**150**	**237**	428	60	488
Total Liabilities	**—**	**—**	**—**	—	—	—
Off-balance sheet exposures	**—**	**—**	**—**	—	—	—
Maximum exposure to loss*	**498**	**150**	**648**	460	60	520

* *The group's maximum exposures to losses from its interests in unconsolidated structured entities is limited to the group's interests in these entities.*

The group did not incur losses related to the group's interests in unconsolidated structured entities in the current financial reporting period (2023: Rnil). The group did not provide any financial support during the current financial reporting period to unconsolidated structured entities.

Notes to the consolidated financial statements

32 Assets under management

The following table sets out the market value of assets for which the group earns fees as part of providing investment management services but does not recognise on its statement of financial position.

R million	2024	2023
Assets under management	**225 048**	212 491
– Traditional products	**220 300**	185 299
– Alternative products	**4 748**	27 192

Traditional products comprise collective investment schemes, exchange-traded funds and discretionary mandates. Alternative products managed by the group include credit funds, private equity funds, structured products and other unregulated funds and mandates.

33 Remuneration schemes

R million	Notes	2024	2023
The charge to profit or loss for share-based payments is as follows:			
Conditional and deferred incentive plan		**2 963**	2 428
Amount included in profit or loss	3	**2 963**	2 428

The purpose of these schemes is to appropriately attract, incentivise and retain managers and employees within the group.

Description of the scheme and vesting conditions:

<table>
<tr><th colspan="3">CONDITIONAL AND DEFERRED INCENTIVE PLANS (AWARDS)</th></tr>
<tr><th>IFRS 2 treatment</th><th>Cash settled*</th><th>Equity settled**</th></tr>
<tr><td>Description</td><td>The award is a notional share award based on the FirstRand share price.</td><td>The award is a notional share based on the FirstRand share price, which must be settled in FirstRand shares.</td></tr>
<tr><td>Vesting conditions</td><td colspan="2">Deferred bonus awards
Short-term incentives over a specified threshold are converted to notional share awards and vests after 24 months to ensure these payments are share price linked. These awards are subject to employment conditions, personal and business unit performance requirements and have been included in the share awards outstanding tables below.

Deferred incentive and conditional incentive awards
These awards vest up to three years after the initial award.

The deferred incentive plan (DIP) awards are subject to employment conditions and personal performance requirements. The conditional incentive plan (CIP) awards are subject to employment conditions and vesting conditions relating to group performance.

CIP vesting conditions are subject to specified financial performance targets set annually by the group’s remuneration committee. These corporate performance targets (CPTs) are set out below.</td></tr>
<tr><td>Valuation methodology</td><td>The awards are valued using the Black Scholes option pricing model. The awards are cash settled and are repriced at each reporting date.</td><td>The awards are valued using the Black Scholes option pricing model. The awards are equity settled and measured using the price at grant date.</td></tr>
<tr><th colspan="3">VALUATION ASSUMPTIONS</th></tr>
<tr><td>Dividend data</td><td colspan="2">Management’s estimates of future discrete dividends.</td></tr>
<tr><td>Market related</td><td colspan="2">Interest rate is the risk-free rate of return as recorded on the last day of the financial year, on a funding curve of a term equal to the remaining expected life of the plan.</td></tr>
<tr><td>Employee related</td><td colspan="2">The weighted average forfeiture rate used is based on historical forfeiture data observed over all schemes.</td></tr>
</table>

* *The UK conditional award for UK-based employees (including Aldermore) differs from the rest of the group. The scheme is based on an initial sterling amount which varies in response to the FirstRand share price. The scheme has a liability of R281 million (2023: R280 million).*

** *The equity-settled scheme is immaterial, with an SBP reserve of R25 million (2023: R12 million), which all relates to Aldermore staff.*

Notes to the consolidated financial statements

33 Remuneration schemes continued

Corporate performance targets

The FirstRand remuneration committee sets the CPTs for each award based on expected macroeconomic conditions, group earnings and returns forecasts over the performance period. These criteria vary from year to year, depending on the expectations for each of the aforementioned variables. For vesting to occur, the criteria must be met or exceeded. If the performance conditions are not met, the award fails. The awards have a graded vesting structure. The level of vesting is correlated to the earnings growth achieved relative to macroeconomic variables or set normalised EPS growth targets and minimum return on equity (ROE) requirements. The vesting outcome is based on the delivery of the performance conditions and this level is finally determined and calculated by the group remuneration committee. The remuneration committee is permitted to adjust the final outcome of the graded vesting level downwards for predetermined issues. In terms of the scheme rules, participants are not entitled to dividends on their conditional share awards during the vesting period. For the 2020 awards, 50% of the awards granted to non-senior employees are subject only to continued employment for the award to vest, with the remaining 50% subject to performance conditions. From 2021, awards with only time-based vesting conditions were introduced as a short-term incentive category for staff not eligible for the CIP. These are referred to as the DIP. The criteria for the expired and currently open schemes are set out below.

Expired schemes

2020 (Awards vested at vesting date in September 2023) – The awards for all top and certain senior management have performance conditions applied to 100% of the award. For all other participants, 50% of the award seeks to drive retention and will vest in three years without performance conditions, provided the participant remains in employment of the group. The remaining 50% of the award is subject to corporate performance conditions. For the awards subject to corporate performance conditions, graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a maximum target with linear grading correlated to normalised EPS growth between targets. If the minimum conditions are met, vesting will commence at 70% and if these are not met, the award will lapse. The remuneration committee (Remco) has the right to adjust the vesting level downward by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group’s businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the risk, capital management and compliance committee (RCCC); and
- concerns regarding adherence to the liquidity and capital management strategies in place.

The performance conditions for the 2020 award include prudential targets relating to liquidity and capital ratios, a normalised EPS growth target and an ROE target. The table below further stipulates the performance conditions to be fulfilled by the company and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. To achieve minimum vesting of 70%, the group must exceed the liquidity and capital targets set by the board and measured at 31 March 2023. If the conditions set for 70% vesting are not met, the award lapses and none of the other conditions described below are assessed. For any vesting above 70%, both the ROE and normalised earnings growth targets below must be met.

Vesting level*	Performance conditions	
	Minimum ROE requirement at 30 June 2023**	**Normalised earnings per share growth requirement (3-year CAGR)**
70.1% to 99.9%	For grading above 95%, ROE must be more than cost of equity as at issue date of award, i.e. net income after capital charge (NIACC) positive	Grading based on minimum CAGR of 4.3% up to <13.4%
100%	ROE must be more than cost of equity as at issue date of award, i.e. NIACC positive	Minimum CAGR of 13.4% up to <17.5% (100% vesting only for all growth outcomes in the range above)
100.1% to 119.9%	ROE of at least 18%	Minimum CAGR of 17.5% up to <22%
120%	ROE of at least 20%	Minimum CAGR of 22%
120.1% to 150% (maximum vesting of 150%)	ROE of at least 22%	Minimum CAGR above 22% and up to 28.2% to calculate linear grading up to 150% vesting

* *Linear grading between these vesting levels based on the growth achieved.*

** *In the event that the ROE target is not met for the higher vesting level, the vesting outcome will be constrained to the outcome relative to the ROE target even if the earnings growth outcome could result in higher vesting outcomes.*

Notes to the consolidated financial statements

33 Remuneration schemes continued

During the year, it was determined by Remco that the group delivered the performance conditions with vesting to the extent of 120%. The group delivered three-year compound normalised earnings growth of 28.5% and the ROE at 30 June 2023 of 21.2%. Earnings growth delivered was at the 150% vesting level, however, the ROE outcome of 21.2% constrained the vesting outcome to 120%. The liquidity and capital targets set by the board for 31 March 2023 were met. Remco concluded that no downward adjustment of the vesting outcome was necessary.

During September 2023, the third tranche of the group's Covid-19 instrument vested. This award was introduced as a one-off Covid-19 instrument in 2020 for employees considered critical to the ongoing sustainability of the business following multiple years of vestings impacted by Covid-19. The settlement of the award was extended over three years to enhance retention. The third and final tranche vested during September 2023 with clawback until September 2024 if the employee leaves the group within the 12 months of the payment of this tranche.

Currently open

2021 (Vesting date in September 2024) – From 2021, all CIP awards have performance conditions applied to 100% of the award. The group implemented a DIP without corporate performance conditions for certain employees and no longer issues CIP awards with only employment as a condition for vesting. Graded vesting applies to all CIP awards. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a maximum (super stretch) target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:
- issues that materially damaged the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- concerns regarding adherence to the liquidity and capital management strategies in place; and
- lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

	Performance conditions		
	Vesting level should both conditions be met*	**ROE target - minimum ROE requirement at 30 June 2024****	**Normalised earnings per share growth requirement (3-year CAGR)** FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth# on a cumulative basis over the three-year performance period from the base year end, being 30 June 2021, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥17%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 1%
On-target performance	100%	≥18%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 3%
Stretch†	120%	≥20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 5%
Super stretch†	150%	≥20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 8%

* *Linear grading between these vesting levels based on the growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.*

** *The ROE is measured at 30 June 2024. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS Accounting Standards changes or changes in volatile reserves.*

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† *For vesting at 120% or above, ROE of ≥20% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 8% over the three-year period.*

Notes to the consolidated financial statements

33 Remuneration schemes continued

Currently open continued

2022 (Vesting date in September 2025) – All CIP awards are subject to performance conditions. For all the awards graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super stretch target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- concerns regarding adherence to the liquidity and capital management strategies in place; and
- lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

		Performance conditions (both conditions must be met)	
	Vesting level*	**Minimum ROE requirement****	**Normalised earnings per share growth requirement (3-year CAGR)#** FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2022, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥19%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 1.5%
On-target performance	100%	≥20.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 2.5%
Stretch†	120%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 5%
Super stretch†	150%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 9%

* *Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.*

** *The ROE is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS Accounting Standards changes or volatile reserves.*

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† *For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 9% over the three-year period.*

Notes to the consolidated financial statements

33 Remuneration schemes continued

Currently open continued

2023 (Vesting date in September 2026) - All CIP awards are subject to performance conditions. For all the awards graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super stretch target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- concerns regarding adherence to the liquidity and capital management strategies in place; and
- lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

		Performance conditions (both conditions must be met)	
	Vesting level*	**Minimum ROE requirement****	**Normalised earnings per share growth requirement (3-year CAGR)#** FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2023, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥20%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI
On-target performance	100%	≥21%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 4%
Stretch†	120%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 6.5%
Super stretch†	150%	≥22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 10.5%

* *Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.*

** *The ROE is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS Accounting Standards changes or volatile reserves.*

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† *For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 10.5% over the three-year period.*

Notes to the consolidated financial statements

33 Remuneration schemes continued

The significant weighted average assumptions used to estimate the fair value of the conditional share awards granted are detailed below.

	Conditional and deferred incentive plans (FirstRand shares)	
	2024	2023
Award life (years)	**1 – 3**	1 – 4
Risk-free rate (%)	**8.43 – 8.83**	8.58 – 9.45

	Conditional and deferred incentive plans (FirstRand shares)	
Share awards outstanding	**2024**	2023
Number of awards in force at the beginning of the year (millions)	**147.0**	122.1
Number of awards granted during the year (millions)	**48.7**	49.1
Number of awards exercised/released during the year (millions)	**(66.9)**	(16.6)
– Market value range at date of exercise/release (cents)*	**6 089 – 7 381**	6 017 – 6 726
– Weighted average (cents)	**6 533**	6 209
Number of awards forfeited during the year (millions)	**(11.7)**	(7.6)
Number of awards in force at the end of the year (millions)	**117.1**	147.0

	Conditional and deferred incentive plan (FirstRand shares)*			
	2024		2023	
Awards outstanding**	**Weighted average remaining life (years)**	**Outstanding awards (millions)**	Weighted average remaining life (years)	Outstanding awards (millions)
Vesting during 2023	**–**	**0.1**	0.3	66.5
Vesting during 2024	**0.3**	**40.4**	1.4	43.4
Vesting during 2025	**1.4**	**39.7**	2.4	37.0
Vesting during 2026	**2.3**	**36.8**		
Total conditional awards		**117.1**	–	147.0
Number of participants		**5 319**		5 563

* *Market values indicated above include those instances where a probability of vesting is applied to accelerated share award vesting prices due to a no-fault termination, as per the rules of the scheme.*

** *Years referenced in the rows related to calendar years and not financial years.*

Notes to the consolidated financial statements

34 Contingencies and commitments

R million	2024	2023
Committed capital expenditure*	**4 892**	5 164
Legal proceedings**	**168**	220
Total contingencies and commitments	**5 060**	5 384

The note has been updated to reflect only committed capital expenditure and legal proceedings as commitments and contingencies. In the prior year, this note included commitments relating to guarantees, letters of credit and irrevocable commitments. These financial commitments are reflected in Note 38.1 Credit risk and Note 38.2 Liquidity risk.

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

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

34.1 Future minimum lease payments receivable under operating leases where the bank is the lessor

The group owns various assets that are leased to third parties under non-cancellable operating leases as part of the group's revenue-generating operations.

The minimum future lease payments under non-cancellable operating leases on assets where the group is the lessor are detailed below.

	2024			
R million	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property	**93**	**251**	**102**	**446**
Motor vehicles	**1 361**	**2 207**	**304**	**3 873**
Total operating lease commitments	**1 454**	**2 458**	**406**	**4 319**
	2023			
Property	77	270	136	483
Motor vehicles	1 151	1 927	230	3 308
Total operating lease commitments	1 228	2 197	366	3 791

Notes to the consolidated financial statements

35 Fair value measurements

35.1 Valuation methodology

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

35.2 Fair value hierarchy and measurements

Measurement of assets and liabilities at level 2 and level 3

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
DERIVATIVE FINANCIAL INSTRUMENTS				
Forward rate agreements, forwards and swaps	Discounted cash flow	Future cash flows are projected using a related forecasting curve or referencing a traded future contract price and then discounted using a market-related discounting curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, future contract prices, credit and currency basis curves and spot prices	Unobservable market interest rates, credit and currency basis curves
Options and equity derivatives	Option pricing and industry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option, market-related discount rate, spot or forward rate, the volatility of the underlying, dividends and listed share prices	Volatilities, dividends and unlisted share prices
ADVANCES TO CUSTOMERS				
Advances under repurchase agreements and other advances	Discounted cash flow	Future cash flows are discounted using market-related interest rates adjusted for credit inputs over the contractual period. For advances under repurchase agreements, credit inputs are an insignificant input as the advance is fully collateralised. For some advances under repurchase agreements, the amount repayable is referenced to a listed price of an underlying. In the case where the fair value of the credit is not significant year-on-year but may become significant in future, and where the South African counterparties do not have actively traded or observable credit spreads, the group classifies other loans and advances to customers as level 3 in the fair value hierarchy.	Market interest rates, credit inputs and listed prices of an underlying	Credit inputs and market risk correlation factors
Corporate and investment banking book	Discounted cash flow	Future cash flows are discounted using market-related interest rates, adjusted for credit inputs. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. Where credit risk has a significant impact on the fair value measurement, these advances are classified as level 3 in the fair value hierarchy.	Market interest rates	Credit inputs

Notes to the consolidated financial statements

35 Fair value measurements continued

35.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3 continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
INVESTMENT SECURITIES				
Equities listed in an inactive market	Discounted cash flow	For listed equities, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using a market-related interest rate.	Market interest rates	Price earnings (P/E) ratios
Unlisted equities	P/E model and discounted cash flow	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings, depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount rate for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions and market interest rates	Growth rates and P/E ratios
Unlisted bonds, bonds listed in an inactive market or negotiable certificates of deposit (NCD)	Discounted cash flow	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period. Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate. Where the valuation technique incorporates significant inputs for credit risk, level 3 of the fair value hierarchy is deemed appropriate.	Market interest rates, credit inputs and market quotes for NCD instruments	Credit inputs
Treasury bills and other government and government-guaranteed stock	Exchange prices. Exchange yields converted into a price using specific debt market bond pricing models. Discounted cash flow.	Instrument fair values are determined by either marking to exchange traded prices, converting exchange yields into prices by applying the specific debt market trading models, for example JSE/Bond Exchange of South Africa (BESA) or by discounting the cash flows off an appropriate curve.	Market quotes for money market and fixed-income instruments. Market interest rates	N/A
Non-recourse investments	Discounted cash flow	Future cash flows are discounted using a discount rate which is determined as a base rate plus a margin. The base rate is determined by legal agreements as either a bond or swap curve. The margin approximates the level of risk attached to the cash flows. When there is a change in the base rate of the market, the valuation is adjusted accordingly. The valuation model is calibrated to reflect transaction price at initial recognition.	Market interest rates	N/A

Notes to the consolidated financial statements

35 Fair value measurements continued

35.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3 continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
INVESTMENT SECURITIES continued				
Investments in funds and unit trusts	Third-party valuations	For certain investments in funds (such as hedge funds) or unit trusts, where an internal valuation technique is not applied, the group places reliance on valuations from third parties, such as broker quotes or valuations from asset managers. Where considered necessary, the group applies minority and marketability or liquidity discount adjustments to these third-party valuations. Third-party valuations are reviewed by the relevant operating business's investment committee on a regular basis Where these underlying investments are listed, third-party valuations can be corroborated with reference to listed share prices and other market data and are thus classified as level 2 of the fair value hierarchy.	Equity listed prices	Third-party valuations used, minority and marketability adjustments
INVESTMENT PROPERTIES				
Investment properties	Discounted cash flow	The fair value of investment properties is determined by obtaining a valuation from an independent professional valuer not related to the group. This fair value is based on a discounted cash flow model which is the sum of the present values of a stream of cash flows into the future, with an appropriate exit or terminal value. Considerations related to above-market and below-market rentals, fluctuating expenses and general property risk are factored into the model. Variables are obtained through surveys and comparable recent market transactions not publicly quoted. Professional valuations are performed every two years and are reviewed internally by management. The fair value was based on unobservable income capitalisation rate inputs.	N/A	Expected rentals, capitalisation and exit/ terminal rates

Notes to the consolidated financial statements

35 Fair value measurements continued

35.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3 continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs – level 2	Unobservable inputs – level 3
DEPOSITS				
Call and non-term deposits	Discounted cash flow or the undiscounted amount is used	Cash flows are discounted with the interest rates derived from the appropriate curve to arrive at the present value. Where the deposit has a demand feature, the undiscounted amount of the deposit is the fair value due to the short-term nature of the instruments. The fair value is not less than the amount payable on demand, i.e. the undiscounted amount of the deposit.	Market interest rates	N/A
Non-recourse deposits and other liabilities	Discounted cash flow	Future cash flows are discounted using market-related interest rates. Fair value incorporates interest rate risk with no valuation adjustment for own credit risk. Valuation adjustments are affected by changes in the applicable credit ratings of the assets. Where the value of a liability is linked to the performance of an underlying and the underlying is observable, these liabilities are classified as level 2.	Market interest rates or performance of underlying	Performance of underlying contracts
Deposits referencing credit-linked instruments and other deposits	Discounted cash flow	The related forecasting curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates	Credit inputs, market risk and correlation factors
POLICYHOLDER LIABILITIES UNDER INVESTMENT CONTRACTS				
Unit-linked contracts or contracts without fixed benefits	Adjusted value of underlying assets	The underlying assets related to the contracts are recognised by the group. The investment contracts require the group to use these assets to settle the liabilities. The fair value of investment contract liabilities, therefore, is determined with reference to the fair value of the underlying assets. The fair value is determined using the current unit price of the underlying unitised assets linked to the liability and multiplied by the number of units attributed to the policyholders at reporting date. The fair value of the liability is never less than the amount payable on surrender, discounted for the required notice period where applicable.	Spot price of underlying	N/A
Contracts with fixed and guaranteed terms	Discounted cash flow	The liability fair value is the present value of future payments, adjusted using appropriate market-related yield curves to maturity.	Market interest rates	N/A
OTHER				
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flow	Future cash flows are discounted using market-related interest rates and curves adjusted for credit inputs.	Market interest rates	Credit inputs

Notes to the consolidated financial statements

35 Fair value measurements continued

35.2.1 Fair value hierarchy

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

	2024				2023			
R million	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Assets								
Recurring fair value measurements								
Derivative financial instruments	**18**	**54 637**	**629**	**55 284**	291	84 713	952	85 956
Advances	**–**	**58 672**	**54 672**	**113 344**	–	63 199	66 726	129 925
Investment securities*	**156 249**	**26 383**	**4 494**	**187 126**	143 781	40 841	4 624	189 246
Non-recourse investments	**1 281**	**3 550**	**–**	**4 831**	888	2 870	–	3 758
Commodities	**15 109**	**–**	**–**	**15 109**	17 252	–	–	17 252
Investment properties	**–**	**–**	**704**	**704**	–	–	353	353
Non-recurring fair value measurements								
Disposal groups held for sale – financial assets	**–**	**14**	**35**	**49**	–	–	–	–
Total fair value assets	**172 657**	**143 256**	**60 534**	**376 447**	162 212	191 623	72 655	426 490
Liabilities								
Recurring fair value measurements								
Short trading positions	**9 443**	**830**	**–**	**10 273**	12 273	480	–	12 753
Derivative financial instruments	**6**	**42 786**	**1 853**	**44 645**	149	67 728	2 477	70 354
Deposits	**1 546**	**49 007**	**10 601**	**61 154**	1 324	47 656	6 840	55 820
Non-recourse deposits	**–**	**4 831**	**–**	**4 831**	–	3 758	–	3 758
Other liabilities	**–**	**49**	**–**	**49**	–	78	6	84
Policyholder liabilities under investment contracts	**–**	**7 669**	**–**	**7 669**	–	6 236	–	6 236
Non-recurring fair value measurements								
Disposal groups held for sale – financial liabilities	**–**	**–**	**–**	**–**	–	–	–	–
Total fair value liabilities	**10 995**	**105 172**	**12 454**	**128 621**	13 746	125 936	9 323	149 005

* *In the prior year, listed bonds and treasury bills of R21 749 million were incorrectly classified as level 2. The comparatives have been restated to reflect these securities as level 1.*

Notes to the consolidated financial statements

35 Fair value measurements continued

35.3 Additional disclosures for level 3 financial instruments

35.3.1 Transfers between fair value hierarchy levels

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

	2024			2023		
R million	Transfers in	Transfers out	Reasons for significant transfers in	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	**316**	**(606)**	The inputs used to determine the fair value of certain investments securities have become observable during the current year as a result of increased liquidity in the market. This resulted in transfers from level 3 to level 1.	–	(679)	–
Level 2	**492**	**–**	The inputs used to determine the fair value of certain structured deposits have become observable during the current year, resulting in the transfer from level 3 to level 2.	507	(22)	Increased liquidity for derivative financial instruments (options) that are approaching maturity, resulted in transfers from level 3 to level 2 due to the significant inputs becoming more observable during the current period.
Level 3	**606**	**(808)**	The inputs used to determine the fair value of certain investment securities have become unobservable due to the market being illiquid. This resulted in transfers from level 1 to level 3.	701	(507)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1 as the market has become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	**1 414**	**(1 414)**		1 208	(1 208)	

Notes to the consolidated financial statements

35 Fair value measurements continued

35.3 Additional disclosures for level 3 financial instruments continued

35.3.2 Changes in level 3 instruments with recurring fair value measurements

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

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Short-term trading positions	Derivative financial liabilities	Other liabilities	Deposits
Balance as at 30 June 2022	646	47 299	3 040	698	9	2 207	3	5 621
Gains or losses recognised in profit or loss	1 030	6 145	401	(25)	–	1 553	5	897
Losses recognised in other comprehensive income	–	–	38	–	–	–	–	–
Purchases, sales, issue and settlements	(334)	12 137	373	–	(9)	(1 166)	–	312
Acquisitions/disposals of subsidiaries	–	–	15	(320)	–	–	(2)	–
Net transfer to level 3	(390)	–	701	–	–	(117)	–	–
Exchange rate differences	–	1 145	56	–	–	–	–	10
Balance as at 30 June 2023	**952**	**66 726**	**4 624**	**353**	**–**	**2 477**	**6**	**6 840**
Gains or losses recognised in profit or loss	**483**	**5 457**	**947**	**22**	**–**	**787**	**–**	**902**
Gains recognised in other comprehensive income	**–**	**–**	**(5)**	**–**	**–**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**(806)**	**(17 222)**	**(1 335)**	**5**	**–**	**(1 410)**	**(6)**	**3 350**
Acquisitions/disposals of subsidiaries	**–**	**5**	**(5)**	**324**	**–**	**–**	**–**	**–**
Net transfer (to)/from level 3	**–**	**–**	**290**	**–**	**–**	**(1)**	**–**	**(490)**
Exchange rate differences	**–**	**(294)**	**(22)**	**–**	**–**	**–**	**–**	**(1)**
Balance as at 30 June 2024	**629**	**54 672**	**4 494**	**704**	**–**	**1 853**	**–**	**10 601**

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

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

Notes to the consolidated financial statements

35 Fair value measurements continued

35.3 Additional disclosures for level 3 financial instruments continued

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

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

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

	2024		2023	
R million	**Gains/(losses) recognised in the income statement**	**Gains/(losses) recognised in other comprehensive income**	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income
Assets				
Derivative financial instruments	**483**	**–**	640	–
Advances*	**4 773**	**–**	5 509	–
Investment securities	**657**	**–**	419	8
Investment properties	**22**	**–**	(25)	–
Total	**5 935**	**–**	6 543	8
Liabilities				
Derivative financial instruments	**(786)**	**–**	(1 448)	–
Deposits	**(1 137)**	**–**	(1 053)	–
Total	**(1 923)**	**–**	(2 501)	–

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

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

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

<table>
<tr><th>Asset/liability</th><th>Unobservable input to which reasonably possible changes are applied</th><th>Reasonably possible changes applied</th></tr>
<tr><td>Derivative financial instruments</td><td>Volatilities, yields, interest rates, credit spreads</td><td>A 10% relative stress (i.e. (1 ± 10%) * base input) of the following base inputs
<table>
<tr><th>Exposure</th><th>Unobservable Input</th></tr>
<tr><td>Options</td><td>Volatility</td></tr>
<tr><td>Nominal Bonds</td><td>Yield</td></tr>
<tr><td>Inflation Bonds</td><td>Real Yield</td></tr>
<tr><td>Currency basis</td><td>Rate Curve</td></tr>
<tr><td>Credit</td><td>Credit spreads</td></tr>
<tr><td>Interest rates</td><td>Rate Curve</td></tr>
</table></td></tr>
<tr><td>Advances</td><td>Credit migration matrix</td><td>The PD adjusted either upwards or downwards in relation to the base case.</td></tr>
<tr><td>Investment securities</td><td>Credit, growth rates or P/E ratios of unlisted investments</td><td>Increased and decreased by between 7% and 10%, depending on the nature of the instrument.</td></tr>
<tr><td>Investment properties</td><td>Escalation rates applied to rentals and discount rates</td><td>Expected rentals are adjusted for comparable rentals. A range of capitalisation rates was used to assess reasonability of the rate(s) used.</td></tr>
<tr><td>Deposits</td><td>Credit inputs, correlation and devaluation parameters</td><td>The sensitivity to credit risk has been assessed in the same way as for advances, using the credit migration matrix, with the deposit representing the cash collateral component thereof.</td></tr>
</table>

Notes to the consolidated financial statements

35 Fair value measurements continued

35.3 Additional disclosures for level 3 financial instruments continued

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

	2024			2023		
		Reasonably possible alternative fair value			Reasonably possible alternative fair value	
R million	Fair value	Using more positive assump-tions	Using more negative assump-tions	Fair value	Using more positive assump-tions	Using more negative assump-tions
Assets						
Derivative financial instruments	**629**	**676**	**579**	952	1 029	875
Advances	**54 672**	**54 857**	**54 445**	66 726	66 847	66 614
Investment securities	**4 494**	**4 796**	**4 287**	4 624	4 831	4 433
Investment properties	**704**	**775**	**639**	353	389	323
Total financial assets measured at fair value in level 3	**60 499**	**61 104**	**59 950**	72 655	73 096	72 245
Liabilities						
Derivative financial instruments	**1 853**	**1 800**	**1 905**	2 477	2 394	2 542
Deposits	**10 601**	**10 205**	**10 734**	6 840	6 686	6 995
Other liabilities	**–**	**–**	**–**	6	5	7
Total financial liabilities measured at fair value in level 3	**12 454**	**12 005**	**12 639**	9 323	9 085	9 544

35.4 Financial instruments not measured at fair value

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

	2024				
R million	Carrying value	Total fair value	Level 1	Level 2	Level 3
Assets					
Advances	**1 498 197**	**1 501 967**	**–**	**175 544**	**1 326 423**
Investment securities	**241 559**	**237 400**	**146 202**	**83 046**	**8 152**
Total financial assets at amortised cost	**1 739 756**	**1 739 367**	**146 202**	**258 590**	**1 334 575**
Liabilities					
Deposits	**1 937 166**	**1 939 957**	**1 647**	**1 500 933**	**437 376**
Other liabilities	**2 695**	**2 706**	**–**	**1 010**	**1 697**
Tier 2 liabilities	**17 268**	**17 379**	**–**	**17 379**	**–**
Total financial liabilities at amortised cost	**1 957 129**	**1 960 042**	**1 647**	**1 519 322**	**439 073**
			2023		
Assets					
Advances	1 409 450	1 410 802	–	148 220	1 262 582
Investment securities	226 136	219 592	133 289	74 409	11 894
Total financial assets at amortised cost	1 635 586	1 630 394	133 289	222 629	1 274 476
Liabilities					
Deposits	1 863 525	1 861 259	2 292	1 433 571	425 396
Other liabilities*	3 923	3 923	–	1 383	2 539
Tier 2 liabilities	16 869	16 953	–	16 953	–
Total financial liabilities at amortised cost	1 884 317	1 882 135	2 292	1 451 907	427 935

* *In the prior year, other funding liabilities of R1.3 billion was classified as level 1, the comparative has been restated to correctly reflect the liability as level 3.*

Notes to the consolidated financial statements

35 Fair value measurements continued

35.5 Day 1 profit or loss

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

R million	2024	2023
Opening balance	**211**	343
Day 1 profits or losses not initially recognised on financial instruments in the current year	**308**	237
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(332)**	(369)
Closing balance	**187**	211

35.6 Financial instruments designated at fair value through profit or loss

FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Different methods are used to determine the current period and cumulative changes in fair value attributable to credit risk due to the differing inherent credit risk of these instruments. These are the methods used.

Financial assets	**Advances** The change in credit risk is the difference between the fair value of advances, based on the original credit spreads (as determined using the group's credit spread pricing matrix), and the fair value of advances based on the most recent credit inputs where there has been a change in the credit risk of the counterparty. The group uses its own annual credit review process to determine if there has been a change in the credit rating or PD of the counterparty. **Investment securities** The change in fair value due to credit risk for investments designated at FVTPL is calculated by stripping out the movements that result from a change in market factors that give rise to market risk. The change in fair value due to credit risk is then calculated as the balancing figure, after deducting the movement due to market risk from the total movement in fair value.
Financial liabilities	Determined with reference to changes in the mark-to-market yields of own issued bonds. The change in fair value of financial liabilities due to changes in credit risk is immaterial.

35.6.1 Financial assets designated at fair value through profit or loss

The group has designated certain financial assets at FVTPL that would otherwise have been measured at amortised cost or FVOCI. The table below contains details on the change in credit risk attributable to these financial assets. Losses are indicated in brackets.

	2024			
			Change in fair value due to credit risk	
R million	Fair value	Mitigated credit risk	Current period	Cumulative
Advances	**16 221**	**857**	**129**	**45**
Investment securities	**9 586**	**–**	**–**	**–**
Total	**25 807**	**857**	**129**	**45**
	2023			
Advances	13 457	772	(79)	273
Investment securities	9 415	–	–	–
Total	22 872	772	(79)	273

Losses are included in brackets

Notes to the consolidated financial statements

35 Fair value measurements continued

35.6 Financial instruments designated at fair value through profit or loss continued

35.6.2 Financial liabilities designated at fair value through profit or loss

	2024		2023	
R million	**Fair value**	**Contractually payable at maturity**	Fair value	Contractually payable at maturity
Deposits	**5 393**	**4 808**	6 808	6 123
Non-recourse deposits	**4 831**	**3 080**	3 758	2 426
Other liabilities	**49**	**49**	84	84
Policyholder liabilities under investment contracts	**7 669**	**7 669**	6 236	6 236
Total	**17 942**	**15 606**	16 886	14 869

35.7 Total fair value income included in profit or loss for the year

R million	2024	2023
Total fair value income for the year has been disclosed as:		
Fair value gains and losses included in non-interest revenue*	**8 824**	8 552
Fair value of credit of advances included in impairment of advances	**(45)**	202

** Refer to note 2.3.*

36 Segment information

36.1 Reportable segments

SEGMENT REPORTING	
Group's chief operating decision maker	Chief executive officer (CEO)
Identification and measurement of operating segments	Aligned to internal reporting provided to the CEO and reflects the risks and rewards related to the segments' specific products and services offered in their specific markets. Operating segments of which total revenue, absolute profit or loss for the period or total assets that constitute 10% or more of all the segments' revenue, profit or loss or total assets are reported separately.
Major customers	The FirstRand group has no major customer as defined (i.e. revenue from the customer exceeds 10% of total revenue) and is therefore not reliant on revenue from one or more major customers.

REPORTABLE SEGMENTS		
RETAIL AND COMMERCIAL		
	Products and services	**Footprint**
FNB	FNB represents the group's activities in the retail and commercial segments in South Africa and broader Africa. FNB offers a diverse set of financial products and services to market segments including retail (personal and private), SMEs, business, agriculture, medium corporate, and public sector entities. FNB's products cover the entire spectrum of financial services – transactional, lending, insurance, investment management and savings. Products include mortgage loans and commercial property finance; credit and debit cards (card issuing); personal loans (including loans offered by DirectAxis); debtor and leveraged finance; securities-based lending; foreign exchange; funeral, credit life, life and short-term insurance policies; and savings and investment products. Services include transactional and deposit taking, card-acquiring, credit facilities, insurance, trust and fiduciary services, rewards programme (eBucks), FNB Connect (a mobile virtual network operator), merchant services (card acquiring) and cash management solutions, amongst others.	FNB operates in South Africa, Namibia, Botswana, Lesotho, Eswatini, Zambia, Mozambique and Ghana. FNB's distribution channels include the branch network and other physical representation points, ATMs, call centres, an app, cellphone banking (USSD) and online banking

Notes to the consolidated financial statements

36 Segment information continued

36.1 Reportable segments continued

REPORTABLE SEGMENTS		
	Products and services	**Footprint**
WesBank	WesBank represents the group's asset-based finance activities and in the retail, commercial and corporate segments in South Africa. It is a leading provider of vehicle finance and fleet management in the country. MotoVantage provides value-added products and services (VAPS) related to vehicle ownership. These include maintenance and service plans, warranties, and credit life and shortfall cover.	WesBank operates in South Africa.
CORPORATE AND INSTITUTIONAL		
RMB	RMB represents the group's activities in the corporate and institutional segments in South Africa and on the broader African continent. In addition it has niche offerings in the UK and India, and a broker-dealer business and representative office in the USA. RMB offers corporate finance, leveraged finance, resource sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate broking, loan syndications, coverage, advisory, corporate transactional banking and principal investments. From a markets perspective it offers market making, financial risk management and investment across interest rate, currency, commodity, equity and credit asset classes as well as execution, asset financing, custody and clearing services. The results of Ashburton Investments, the group's asset management business, are also reported as part of RMB.	RMB operates in South Africa, Namibia, Botswana, Eswatini, Lesotho, Mozambique, Zambia, Ghana and Nigeria, and manages FirstRand Bank's representative offices in Kenya, Angola, Shanghai and New York. RMB has niche offerings in the UK (London branch) and India. It has established a broker-dealer business in the USA.
ALDERMORE		
Aldermore	The UK operations include Aldermore Bank and MotoNovo (front book). As the MotoNovo 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. The portfolio consists of specialist lending for property finance (individuals and landlords), structured and specialist finance for SMEs, motor finance (provided by MotoNovo), and retail and business savings products. The UK operations are funded mainly by retail deposits from UK savers. 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.	Aldermore and MotoNovo operate in the UK.
CENTRE (INCLUDING GROUP TREASURY)		
Centre (including Group Treasury)	The Centre represents group-wide functions, including Group Treasury, Group Finance, Group Tax, Enterprise Risk Management (ERM), Group Compliance and Group Internal Audit. The reportable segment includes all management accounting and consolidated entries and the total operational performance of MotoNovo's back book (i.e. business written prior to the integration with Aldermore).	

Notes to the consolidated financial statements

36 Segment information continued

36.2 Description of normalised adjustments

NORMALISED ADJUSTMENTS	
The group presents normalised earnings which take into account non-operational and accounting anomalies. Normalised earnings are the measurement basis used by the CODM to manage the group. Normalised earnings adjustments include reallocation entries where amounts are moved between income statement lines and lines of the statement of financial position, without having an impact on the IFRS profit or loss for the year or total assets and total liabilities reported in terms of IFRS Accounting Standards. Other normalised adjustments have an impact on the profit or loss reported for the period.	
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 also 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, 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 either required to or has elected to measure certain financial assets and liabilities at FVTPL. 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 FVTPL; • 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 US dollar funding and liquidity pool.

Notes to the consolidated financial statements

36 Segment information continued

36.2 Description of normalised adjustments continued

NORMALISED ADJUSTMENTS	
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 OCI. 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 OCI. 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 OCI. Economically, the value of the plan asset has simply reduced with claims paid. Normalised results are adjusted to reflect this by increasing staff costs to the value of the interest on the plan assets and increasing OCI.
Realisations 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. This 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 TRSs with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's share schemes. The expense resulting from these share option 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 SBP 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 SBP expense will manifest in the group's results. This reflects the economic substance of the hedge and associated SBP expense for the group for the share schemes that are not hedge accounted. In addition, the portion of the SBP 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 SBP expense included in operating expenses that remains 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 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 that are 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.

Notes to the consolidated financial statements

36 Segment information continued

36.2 Description of normalised adjustments continued

	2024									
	Retail and commercial				Corporate and institutional					
	FNB									
R million	FNB SA	FNB Broader Africa	WesBank	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Net interest income before impairment of advances	41 191	5 832	5 869	52 892	12 269	14 232	6 712	86 105	(2 651)	83 454
Impairment charge	(9 686)	(462)	(2 051)	(12 199)	(1 386)	432	598	(12 555)	–	(12 555)
Net interest income after impairment of advances	31 505	5 370	3 818	40 693	10 883	14 664	7 310	73 550	(2 651)	70 899
Non-interest revenue	33 135	5 411	3 661	42 207	15 229	(264)	(4 299)	52 873	3 209	56 082
Net income from operations	64 640	10 781	7 479	82 900	26 112	14 400	3 011	126 423	558	126 981
Operating expenses	(35 762)	(7 057)	(5 223)	(48 042)	(14 506)	(8 231)	(3 626)	(74 405)	(326)	(74 731)
Share of profit of associates and joint ventures after tax	39	–	527	566	2 356	–	(500)	2 422	4	2 426
Income before tax	28 917	3 724	2 783	35 424	13 962	6 169	(1 115)	54 440	236	54 676
Indirect tax	(826)	(234)	(40)	(1 100)	(285)	(207)	(63)	(1 655)	–	(1 655)
Profit for the year before tax	28 091	3 490	2 743	34 324	13 677	5 962	(1 178)	52 785	236	53 021
Income tax expense	(7 640)	(1 072)	(746)	(9 458)	(3 671)	(1 588)	2 907	(11 810)	(31)	(11 841)
Profit for the year	20 451	2 418	1 997	24 866	10 006	4 374	1 729	40 975	205	41 180
The income statement includes										
Staff expenditure	(23 804)	(3 864)	(1 887)	(29 555)	(7 672)	(4 319)	(2 754)	(44 300)	(268)	(44 568)
Depreciation	(2 584)	(422)	(815)	(3 821)	(183)	(263)	(57)	(4 324)	–	(4 324)
Amortisation	(41)	(9)	(18)	(68)	(49)	–	(642)	(759)	–	(759)
Net impairment charges (non-financial asset)	(118)	1	(3)	(120)	(6)	–	(19)	(145)	(71)	(216)
Non-interest revenue includes the following external revenue from contracts with customers*										
Banking fees and commissions	30 551	5 380	640	36 571	5 936	148	(48)	42 607	–	42 607
Other non-banking fees and commissions	937	115	6	1 058	68	46	47	1 219	–	1 219
Insurance income (excluding risk-related income)	694	233	376	1 303	–	(9)	6	1 300	–	1 300
Management, trust and fiduciary fees	1 289	34	575	1 898	728	–	23	2 649	–	2 649
Other non-interest revenue from customers	2 216	3	1 216	3 435	374	21	(82)	3 748	(35)	3 713
The statement of financial position includes										
Investments in associated companies	520	–	2 956	3 476	5 666	–	1 190	10 332	–	10 332
Investments in joint ventures	–	–	4	4	3 471	–	(17)	3 458	52	3 510
Total assets	519 625	65 973	174 791	760 389	726 475	472 299	407 652	2 366 815	2 524	2 369 339
Total liabilities**	489 166	62 374	172 072	723 612	709 546	431 728	286 649	2 151 535	–	2 151 535

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

* *The vast majority of external revenue from contracts with customers was recognised at a point in time.*

** *Total liabilities are net of interdivisional balances.*

Notes to the consolidated financial statements

36 Segment information continued

36.2

Description of normalised adjustments continued

	2023									
	Retail and commercial				Corporate and institutional					
	FNB									
R million	FNB SA	FNB Broader Africa	WesBank	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Net interest income before impairment of advances	39 093	5 139	5 098	49 330	11 315	13 236	4 734	78 615	(2 179)	76 436
Impairment charge	(6 373)	(371)	(1 728)	(8 472)	(551)	(2 415)	489	(10 949)	–	(10 949)
Net interest income after impairment of advances	32 720	4 768	3 370	40 858	10 764	10 821	5 223	67 666	(2 179)	65 487
Non-interest revenue	31 810	4 917	3 504	40 231	14 700	1 357	(4 388)	51 900	1 944	53 844
Net income from operations	64 530	9 685	6 874	81 089	25 464	12 178	835	119 566	(235)	119 331
Operating expenses*	(35 672)	(6 578)	(4 710)	(46 960)	(13 176)	(7 032)	(152)	(67 320)	(109)	(67 429)
Share of profit of associates and joint ventures after tax	85	–	327	412	520	11	(450)	493	(6)	487
Income before tax	28 943	3 107	2 491	34 541	12 808	5 157	233	52 739	(350)	52 389
Indirect tax	(717)	(205)	(53)	(975)	(226)	(383)	44	(1 540)	–	(1 540)
Profit for the year before tax	28 226	2 902	2 438	33 566	12 582	4 774	277	51 199	(350)	50 849
Income tax expense	(7 620)	(1 003)	(576)	(9 199)	(3 261)	(1 101)	1 392	(12 169)	(3)	(12 172)
Profit for the year	20 606	1 899	1 862	24 367	9 321	3 673	1 669	39 030	(353)	38 677
The income statement includes										
Staff expenditure	(23 241)	(3 528)	(2 145)	(28 914)	(7 221)	(3 562)	(2 551)	(42 248)	274	(41 974)
Depreciation	(2 425)	(405)	(817)	(3 647)	(172)	(202)	(20)	(4 041)	–	(4 041)
Amortisation	(41)	(20)	(20)	(81)	(81)	(4)	(491)	(657)	–	(657)
Net impairment charges	(174)	(4)	10	(168)	(8)	–	215	39	(403)	(364)
Non-interest revenue includes the following external revenue from contracts with customers**										
Banking fees and commissions	29 135	4 888	737	34 760	4 983	211	(37)	39 917	–	39 917
Other non-banking fees and commissions	773	113	10	896	61	51	56	1 064	–	1 064
Insurance income (excluding risk-related income)	812	139	395	1 346	–	3	–	1 349	–	1 349
Management, trust and fiduciary fees	1 290	33	537	1 860	701	–	(2)	2 559	–	2 559
Other non-interest revenue from customers#	2 214	36	1 259	3 509	221	53	(460)	3 323	(36)	3 287
The statement of financial position includes										
Investments in associated companies	481	–	2 810	3 291	4 626	–	2 483	10 400	–	10 400
Investments in joint ventures	–	–	6	6	3 067	–	(16)	3 057	48	3 105
Total assets	485 606	62 058	163 851	711 515	720 698	477 424	385 637	2 295 274	2 765	2 298 039
Total liabilities*, †	458 500	58 142	161 018	677 660	706 772	440 574	274 599	2 099 605	–	2 099 605

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

* *The Centre cost allocation model was refined during the current year. The comparatives have been restated due to re-allocation of costs between certain segments.*

** *The vast majority of external revenue from contracts with customers was recognised at a point in time.*

Restated due to the change in presentation of other non-interest revenue. Refer to note 2.5.

† *Total liabilities are net of interdivisional balances.*

Notes to the consolidated financial statements

36 Segment information continued

Geographical segments

R million	South Africa	Broader Africa	United Kingdom	Other	Total
			2024		
Net interest income after impairment	**45 618**	**8 957**	**15 687**	**637**	**70 899**
Non-interest revenue	**49 627**	**8 314**	**554**	**13**	**58 508**
– Non-interest revenue from contracts with customers**	**41 913**	**6 607**	**903**	**52**	**49 475**
– Other non-interest revenue	**5 287**	**1 707**	**(349)**	**(39)**	**6 606**
– Share of profits of associates and joint ventures after tax	**2 427**	**–**	**–**	**–**	**2 427**
Non-current assets*	**36 253**	**2 876**	**8 441**	**3**	**47 573**
			2023		
Net interest income after impairment	45 426	8 081	11 482	498	65 487
Non-interest revenue	45 189	7 299	1 803	40	54 331
– Non-interest revenue from contracts with customers**	39 686	6 136	576	58	46 456
– Other non-interest revenue	5 026	1 163	1 216	(17)	7 388
– Share of profits of associates and joint ventures after tax	477	–	11	(1)	487
Non-current assets*	33 258	2 757	9 272	3	45 290

* *Excludes financial instruments, other assets, deferred income tax assets, current tax assets, post-employment benefit assets and rights arising under insurance contracts.*

** *Includes other non-interest related expenses which mostly relate to South Africa.*

Notes to the consolidated financial statements

37 Related parties

37.1 Balances with related parties

R million	2024	2023
Advances		
Associates	**25 176**	20 053
Joint ventures	**5 645**	7 657
Key management personnel	**41**	9
Other assets		
Associates	**914**	786
Joint ventures	**9 855**	8 596
Derivative assets		
Joint ventures	**–**	3
Investment securities		
Associates	**492**	397
Deposits		
Associates	**1 683**	1 086
Joint ventures	**12 616**	5 451
Key management personnel	**87**	92
Accounts payable		
Associates	**7**	6
Derivative liabilities		
Joint ventures	**4 152**	118
Commitments		
Associates	**401**	186
Joint ventures	**5 886**	5 182

Refer to the remuneration disclosures on page B175 for details of the compensation payable to KMP.

Transactions with related parties occur in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those for comparable transactions with other external parties. These transactions do not involve more than the normal risk of collectability or present other unfavourable features.

The amounts advanced to KMP consist of mortgages, instalment finance agreements, credit cards and other loans. The amounts deposited by KMP are held in cheque and current accounts, savings accounts and other term accounts. Market-related rates and terms and conditions apply to transactions with related parties, including KMP.

Included in advances to associates is supplier development financing to the Vumela Enterprise Development Fund for R841 million (2023: R753 million). The fund focuses on the provision of growth finance to early stage SMEs.

Notes to the consolidated financial statements

37 Related parties continued

37.2 Transactions with related parties appear below

R million	2024	2023
Interest received		
Associates	**1 408**	965
Joint ventures	**1 156**	1 390
Key management personnel	**7**	2
Interest paid		
Associates	**(97)**	(74)
Joint ventures	**(345)**	(112)
Key management personnel	**(11)**	(7)
Non-interest revenue		
Associates	**2 983**	936
Joint ventures	**1 543**	1 187
Key management personnel	**–**	1
Operating expenses		
Associates	**(964)**	(851)
Dividends received		
Associates	**862**	239
Joint ventures	**1 117**	3 100
Salaries and other employee benefits		
Key management personnel	**317**	278
– Salaries and other short-term benefits	**207**	170
– Share-based payments	**110**	108

Deferred compensation of R57 million (2023: R51 million) is due to KMP and settlement value is linked to the FirstRand shares. A list of the board of directors of the group is available in the *Corporate governance* section of this report.

During the financial year, no contracts were entered into in which directors or officers of the group had an interest and which significantly affected the business of the group.

The directors had no interest in any third party or company responsible for managing any of the business activities of the group.

37.3 Post-retirement benefit fund

Details of transactions between the group and the group's post-employment benefit plan are listed below.

R million	2024	2023
Dividend income	**21**	26
Deposits held with the group	**702**	737
Interest income	**53**	46

Refer to note 22 for details of the closing balance of the group's post-employment benefit plan.

Notes to the consolidated financial statements

38 Financial and insurance risks

Risk governance in the group

FirstRand believes that effective risk, performance and financial resource management is key to its success and underpins the delivery of sustainable returns to shareholders. These disciplines are, therefore, deeply embedded in the group's operational, tactical and strategic decision-making.

Effective risk management is supported by effective governance structures, robust policy frameworks and a risk-focused culture. Strong governance structures and policy frameworks foster the embedding of risk considerations in business processes and ensure that consistent standards exist across the group. In line with the group's corporate governance framework, the board retains ultimate responsibility for providing strategic direction, approving risk appetite and ensuring that risks are adequately identified, measured, monitored, managed and reported on.

The group's risk management framework describes the group's risk governance structures and approach to risk management. Effective risk management requires three lines of control or safeguards that should consistently be applied at various levels throughout the organisation.

The primary board committee overseeing risk matters across the group is the FirstRand RCCC. It has delegated responsibility for a number of specialist risk types to various subcommittees. Additional risk, audit and compliance committees exist in the operating businesses, segments and subsidiaries, whose governance structures align closely with that of the group.

A detailed overview of the group's risk governance process is provided in the group's unaudited Pillar 3 disclosure on the FirstRand website at www.firstrand.co.za/investors/basel-pillar-3-disclosure.

Overview of financial and insurance risks

The financial instruments recognised on the group's statement of financial position expose the group to various financial risks.

The information presented in this note represents the information required by IFRS 7 and sets out the group's exposure to these financial and insurance risks. This section also contains details on the group's capital management process.

<table>
<tr><th colspan="3">OVERVIEW OF FINANCIAL AND INSURANCE RISKS</th></tr>
<tr><td rowspan="2">Credit risk</td><td colspan="2">The risk of loss due to the non-performance of a counterparty in respect of any financial or other obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk also includes credit default, pre-settlement, country, concentration and securitisation risk.</td></tr>
<tr><td>Credit risk arises primarily from the following instruments:
• advances;
• certain investment securities; and
• off-balance sheet exposures.
Other sources of credit risk are:
• reinsurance assets;
• cash and cash equivalents;
• accounts receivable included in Collateral, settlement balances and other assets; and
• derivative balances.</td><td>The following information is presented for these assets:
• credit assets and concentration risk (38.1.1);
• information about the quality of credit assets (38.1.2 and 38.1.3); and
• credit risk mitigation techniques and collateral held (38.1.4).</td></tr>
<tr><td rowspan="2">Liquidity risk</td><td colspan="2">The risk that the group will not be able to effectively meet current and future cash flow and collateral requirements without negatively affecting the normal course of business, financial position or reputation.</td></tr>
<tr><td>All assets and liabilities with differing maturity profiles expose the group to liquidity risk.</td><td>The following information is presented for these assets and liabilities:
• undiscounted cash flow analysis of financial liabilities (38.2.1);
• discounted cash flow analysis of total assets and liabilities (38.2.2);
• collateral pledged (38.2.3) and
• concentration analysis of deposits (38.2.4).</td></tr>
</table>

Notes to the consolidated financial statements

38 Financial and insurance risks continued

Overview of financial and insurance risks continued

<table>
<tr><th colspan="3">OVERVIEW OF FINANCIAL AND INSURANCE RISKS</th></tr>
<tr><td rowspan="4">Market risk</td><td colspan="2">The group distinguishes between traded market risk and non-traded market risk. For non-traded market risk the group distinguishes between interest rate risk in the banking book and structural foreign exchange risk.

Traded market risk is the risk of adverse revaluation of any financial instrument as a consequence of changes in the market prices or rates.</td></tr>
<tr><td>Traded market risk (38.3.1) emanates mainly from the provision of hedging solutions for clients, market-making activities and term-lending products, and is taken and managed by RMB.</td><td>10-day 99% Value-at-Risk (VaR) analysis has been presented for traded market risk.</td></tr>
<tr><td>Interest rate risk in the banking book (38.4.1) is the sensitivity of a bank's financial position and earnings to unexpected, adverse movements in interest rates. It originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products.</td><td>The following information is presented for interest rate risk in the banking book:
• projected NII sensitivity to interest rate movements; and
• banking book NAV sensitivity to interest rate movements as a percentage of total group capital.</td></tr>
<tr><td>Structural foreign exchange risk (38.4.2) is the risk of an adverse impact on the group's financial position and earnings or other key ratios as a result of movements in foreign exchange rates impacting balance sheet exposures.
It arises from balances denominated in foreign currencies and group entities with functional currencies other than the South African rand.</td><td>Information on the group's net structural foreign exposures and sensitivity of these exposures are presented.</td></tr>
<tr><td rowspan="2">Equity investment risk</td><td colspan="2">The risk of an adverse change in the fair value of an investment in a company, fund or listed, unlisted or bespoke financial instruments.</td></tr>
<tr><td>Equity investment risk (38.5) arises primarily from equity exposures from private equity and corporate and investment banking activities in RMB, and strategic investments held by WesBank, FNB, Aldermore and the Centre. Ashburton Investments also contributes to equity investment risk through the short-term seeding of new traditional and alternative funds, both locally and offshore, which exposes the group until these investments are taken up by external parties. Long-term seeding is also provided where there is alignment with strategy and the business case meets the internal return hurdle requirements. Any equity investments in any types of funds held in the bank's banking book, including money market funds, are treated as part of equity investment risk.</td><td>The following information is presented for equity investments:
• investment risk exposure, risk-weighted assets (RWA) and sensitivity analysis of investment risk; and
• estimated sensitivity of remaining investment balances.</td></tr>
<tr><td rowspan="2">Insurance risk</td><td colspan="2">Insurance risk arises from the inherent uncertainties of liabilities payable under an insurance contract. These uncertainties can result in the occurrence, amount or timing of the liabilities differing from expectations. Insurance risk can arise throughout the product cycle and is related to product design, pricing, underwriting or claims management.</td></tr>
<tr><td colspan="2">The insurance risk arises from the group's long-term insurance operations, underwritten through its subsidiary FirstRand Life Assurance Limited (FirstRand Life), and short-term insurance operations, underwritten through its subsidiary FirstRand Short Term Insurance (FirstRand STI).</td></tr>
<tr><td rowspan="2">Tax risk</td><td colspan="2">The risk of financial loss due to the final determination of the tax treatment of a transaction by revenue authorities being different from the implemented tax consequences of such a transaction, combined with the imposition of penalties, sanction or reputational damage due to:
• non-compliance with the various revenue acts; and/or
• the inefficient use of available mechanisms to benefit from tax dispensations.</td></tr>
<tr><td colspan="2">Any event, action or inaction in the strategy, operations, financial reporting or compliance that either adversely affects the entity's tax or business position, or results in unanticipated penalties, assessments, additional taxes, harm to reputation, lost opportunities or financial statement exposure is regarded as tax risk.</td></tr>
<tr><td>Capital management</td><td colspan="2">The overall capital management objective is to maintain sound capital ratios and a strong credit rating to ensure confidence in the group's solvency and quality of capital during calm and turbulent periods in the economy and financial markets. The group, therefore, maintains capitalisation ratios aligned with its risk appetite and appropriate for safeguarding operations and stakeholder interests. The key focus areas and considerations of capital management are to ensure an optimal level and mix of capital, effective allocation of resources including capital and risk capacity, and a dividend strategy to provide shareholders with an appropriate, sustainable payout over the long term.</td></tr>
</table>

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk

Credit risk is a loss due to the non-performance of a counterparty in respect of any financial or other obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk considerations extend to pre-settlement, country, industry, concentration, securitisation and climate (physical and transitional) risks.

The objective of credit risk management is to optimise the group's measure of economic profit, i.e., NIACC, within acceptable levels of earnings volatility by maintaining credit risk exposures and credit performance within acceptable parameters.

Assessment and management

Credit risk is managed through the implementation of comprehensive policies, processes and controls. This ensures consistent high-quality execution across the credit value chain, including credit risk appetite, underwriting, risk-based pricing, portfolio monitoring and reporting, impairing for expected credit losses (ECL), capital assessment, stress testing, collections and recoveries.

Credit risk management across the group is split into three distinct portfolios, which are aligned to customer profiles. These portfolios are retail, commercial and corporate.

The assessment of credit risk across the group relies on internally developed quantitative models for addressing regulatory and business needs. These models are used for the internal assessment of the three primary credit risk components:

- PD;
- EAD; and
- LGD.

Management of the credit portfolio is reliant on these three credit risk measures. PD, EAD and LGD are inputs into the portfolio and group-level credit risk assessment where the measures are combined with estimates of correlations between individual counterparties, industries and portfolios to reflect diversification benefits across the portfolio.

The group employs a granular, 100-point master rating scale, which has been mapped to the continuum of default probabilities, as illustrated in the following table. FirstRand rating 1 is the lowest PD and FirstRand rating100 the highest in the FirstRand rating scale. These mappings are reviewed and updated on a regular basis. External ratings have also been mapped to the master rating scale for reporting purposes.

Mapping of FirstRand grades to rating agency scales

FirstRand rating	Midpoint PD	International scale mapping (based on S&P)*
1 – 14	0.06 %	AAA, AA+, AA, AA-, A+, A, A-
15 – 25	0.29 %	BBB+, BBB(upper), BBB, BBB-(upper), BBB-, BB+(upper)
26 – 32	0.77 %	BB+, BB(upper), BB, BB-(upper)
33 – 39	1.44 %	BB-, B+(upper)
40 – 53	2.52 %	B+
54 – 83	6.18 %	B(upper), B, B-(upper)
84 – 90	13.68 %	B-
91 – 99	59.11 %	CCC+, CCC
100	100 %	D (defaulted)

* *Indicative mapping to the international rating scales of S&P Global Ratings. The group currently only uses mapping to S&P rating scales.*

38.1.1 Credit assets and concentration risk

The assets and off-balance sheet amounts included in the table below expose the group to credit risk. For all on-balance sheet exposures, the gross amount disclosed represents the maximum exposure to credit risk, before taking collateral and other credit enhancements into account. Off-balance sheet exposures disclosed includes loan commitments as defined in the group's accounting policy.

Revocable loan commitments which the group can cancel at any time amounted to R106 983 million (2023: R98 586 million).

Credit concentration risk is the risk of loss to the group arising from an excessive concentration of exposure to a single counterparty, industry, market, product, financial instrument or type of security, country or region, maturity or climate risk (physical and transitional risks). This concentration typically exists when several counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentration risk is managed based on the nature of the credit concentration within each portfolio.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.1 Credit assets and concentration risk continued

Geographic concentration of significant credit asset exposure

The following table provides a breakdown of credit exposure across geographical areas.

	2024						2023					
R million	South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	Total	South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	Total
On-balance sheet exposures												
Cash and short-term funds*	**57 393**	**10 599**	**59 328**	**7 558**	**12 920**	**147 798**	51 233	11 420	55 969	5 808	12 147	136 577
Total advances	**1 102 898**	**144 569**	**384 368**	**17 696**	**16 175**	**1 665 706**	1 015 147	135 615	394 661	19 841	25 183	1 590 447
Stage 3 advances**	**49 869**	**5 206**	**12 713**	**30**	**22**	**67 840**	41 454	5 713	10 149	10	106	57 432
Derivatives	**23 422**	**1 565**	**21 259**	**8 914**	**124**	**55 284**	35 932	5 231	33 650	10 885	258	85 956
Debt investment securities*,#	**284 803**	**39 869**	**30 324**	**14 472**	**41 644**	**411 112**	275 553	38 589	26 463	16 694	43 102	400 401
Collateral, settlement balances and other financial assets*	**22 079**	**3 942**	**5 346**	**1 472**	**1 158**	**33 997**	18 928	1 250	9 938	5 975	534	36 625
Insurance contract assets*	**760**	**–**	**–**	**–**	**–**	**760**	555	–	–	–	–	555
Reinsurance contract assets*	**499**	**10**	**–**	**–**	**–**	**509**	585	25	–	–	–	610
Off-balance sheet exposures												
Guarantees, acceptances and letters of credit	**41 917**	**9 399**	**34 763**	**2 682**	**3 068**	**91 829**	35 819	8 154	24 293	3 401	6 335	78 002
Loan commitments	**159 966**	**9 823**	**16 558**	**8 886**	**3 122**	**198 355**	153 948	13 407	13 466	7 328	4 877	193 026

* *Restated.Refer to note 39 – Impact due to changes in presentation and restatements on page B208.*

** *Include purchased or originated credit impaired advances.*

Exclude non-recourse investments.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.1 Credit assets and concentration risk continued

Breakdown of advances per class

R million	2024	2023
Retail secured	**385 407**	368 414
– Residential mortgages	**272 363**	259 635
– WesBank VAF*	**113 044**	108 779
Retail unsecured**	**101 974**	94 627
– FNB card	**41 374**	37 149
– Personal loans	**53 286**	50 072
– Retail other	**7 314**	7 406
Corporate and commercial	**697 855**	636 668
– FNB commercial	**129 844**	116 448
– WesBank corporate and commercial	**60 218**	54 212
– RMB corporate and investment banking	**507 793**	466 008
Broader Africa	**80 762**	77 059
Centre (including Group Treasury)	**39 910**	40 937
UK operations	**359 798**	372 742
– Retail	**274 339**	286 908
– Commercial	**85 459**	85 834
Gross advances	**1 665 706**	1 590 447

* *Includes public sector.*
** *Includes acceptances.*

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.1 Credit assets and concentration risk continued

Sector analysis concentration of advances

Advances expose the group to concentration risk in various industry sectors. The following tables set out the group's exposure to various industry sectors for total advances and credit-impaired advances.

	2024			
		Stage 3		
R million	Total advances	Advances	Security held and expected recoveries	Impairment
Sector analysis				
Agriculture	**61 671**	**1 906**	**1 189**	**717**
Banks	**30 301**	**–**	**–**	**–**
Financial institutions	**211 465**	**316**	**132**	**184**
Building and property development	**94 213**	**2 990**	**1 969**	**1 021**
Government, Land Bank and public authorities	**33 286**	**1 162**	**1 028**	**134**
Individuals	**721 132**	**51 601**	**29 478**	**22 123**
Manufacturing and commerce	**235 392**	**4 856**	**1 504**	**3 352**
Mining	**23 462**	**178**	**71**	**107**
Transport and communication	**64 197**	**897**	**448**	**449**
Other services	**190 587**	**3 934**	**2 084**	**1 850**
Total advances	**1 665 706**	**67 840**	**37 903**	**29 937**
	2023			
Sector analysis				
Agriculture	59 067	2 578	1 232	1 346
Banks	45 654	–	–	–
Financial institutions	199 191	289	77	212
Building and property development	93 456	1 701	865	836
Government, Land Bank and public authorities	31 047	2 150	1 871	279
Individuals	727 042	41 895	23 272	18 623
Manufacturing and commerce	199 573	4 591	1 904	2 687
Mining	14 249	158	44	114
Transport and communication	50 786	995	610	385
Other services	170 382	3 075	1 519	1 556
Total advances	1 590 447	57 432	31 394	26 038

38.1.2 Quality of credit assets

The following table shows the GCA of advances carried at amortised cost and the fair value of advances measured at FVTPL, as well as the exposure to credit risk of loan commitments and financial guarantees per class of advance and per internal credit rating.

The amounts in stage 3 that do not have a FirstRand rating of 91-100 relate to technical cures (performing accounts that have previously defaulted but do not meet the 12-month curing definition and therefore remain in stage 3) and paying debt-review customers, as the PDs on these customers are lower than operational stage 3 advances and the PD drives the FirstRand rating. In addition, where the group holds a guarantee against a stage 3 advance, the FirstRand rating would reflect the same.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.2 Quality of credit assets continued

30 June 2024

	Retail secured		Retail unsecured			Corporate and commercial					UK operations		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
Total on-balance sheet	272 363	113 044	41 374	53 286	7 314	129 844	60 218	507 793	80 762	39 910	274 339	85 459	1 665 706
FirstRand rating 1-25 on-balance sheet	104 305	–	462	208	303	–	10 157	151 405	2 882	6 920	90 979	11 014	378 635
– Stage 1	104 109	–	462	50	303	–	10 147	151 405	2 871	6 920	90 975	10 853	378 095
– Stage 2	196	–	–	158	–	–	10	–	11	–	4	161	540
– Stage 3	–	–	–	–	–	–	–	–	–	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
FirstRand rating 26-90 on-balance sheet	140 586	102 504	34 045	36 270	5 452	122 616	48 432	349 627	69 959	32 345	166 568	69 212	1 177 616
– Stage 1	127 518	93 129	32 209	33 955	5 319	116 095	44 906	325 289	65 986	32 345	161 370	61 869	1 099 990
– Stage 2	13 068	9 375	1 836	2 315	124	6 466	3 526	23 711	3 970	–	5 198	7 343	76 932
– Stage 3	–	–	–	–	9	55	–	627	3	–	–	–	694
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
FirstRand rating 91-100 on-balance sheet	27 472	10 540	6 867	16 808	1 559	7 228	1 629	6 761	7 921	645	16 792	5 233	109 455
– Stage 1	264	147	440	1 340	93	115	215	–	889	–	873	540	4 916
– Stage 2	8 985	3 177	1 194	6 460	460	2 435	305	2 734	3 090	12	5 721	2 820	37 393
– Stage 3	18 223	7 216	5 233	9 008	1 006	4 678	1 109	3 187	3 942	633	10 198	1 873	66 306
– Purchased or originated credit impaired	–	–	–	–	–	–	–	840	–	–	–	–	840
Total off-balance sheet	46 988	–	–	–	412	14 031	2 766	166 957	12 266	35 747	8 642	2 375	290 184
FirstRand rating 1-25 off-balance sheet	43 794	–	–	–	66	–	2 766	75 451	3 572	–	–	–	125 649
– Stage 1	43 788	–	–	–	66	–	2 766	75 451	3 572	–	–	–	125 643
– Stage 2	6	–	–	–	–	–	–	–	–	–	–	–	6
– Stage 3	–	–	–	–	–	–	–	–	–	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
FirstRand rating 26-90 off-balance sheet	3 169	–	–	–	343	13 919	–	90 086	8 294	35 747	8 642	2 375	162 575
– Stage 1	3 121	–	–	–	343	13 694	–	88 625	7 662	35 747	8 642	2 375	160 209
– Stage 2	48	–	–	–	–	224	–	1 461	632	–	–	–	2 365
– Stage 3	–	–	–	–	–	1	–	–	–	–	–	–	1
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
FirstRand rating 91-100 off-balance sheet	25	–	–	–	3	112	–	1 420	400	–	–	–	1 960
– Stage 1	2	–	–	–	3	7	–	609	360	–	–	–	981
– Stage 2	9	–	–	–	–	51	–	729	18	–	–	–	807
– Stage 3	14	–	–	–	–	54	–	82	22	–	–	–	172
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
Total exposure	319 351	113 044	41 374	53 286	7 726	143 875	62 984	674 750	93 028	75 657	282 981	87 834	1 955 890
– Stage 1	278 802	93 276	33 111	35 345	6 127	129 911	58 034	641 379	81 340	75 012	261 860	75 637	1 769 834
– Stage 2	22 312	12 552	3 030	8 933	584	9 176	3 841	28 635	7 721	12	10 923	10 324	118 043
– Stage 3	18 237	7 216	5 233	9 008	1 015	4 788	1 109	3 896	3 967	633	10 198	1 873	67 173
– Purchased or originated credit impaired	–	–	–	–	–	–	–	840	–	–	–	–	840

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.2 Quality of credit assets continued

30 June 2023

R million	Retail secured		Retail unsecured			Corporate and commercial					UK operations		
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
Total on-balance sheet	259 635	108 779	37 149	50 072	7 406	116 448	54 212	466 008	77 059	40 937	286 908	85 834	1 590 447
FirstRand rating 1-25 on-balance sheet	103 785	–	546	397	1 291	267	9 568	157 951	2 383	5 023	56 711	4 066	341 988
– Stage 1	103 693	–	542	320	1 285	267	9 568	157 951	2 262	5 023	56 689	3 977	341 577
– Stage 2	92	–	4	77	–	–	–	–	119	–	22	89	403
– Stage 3	–	–	–	–	6	–	–	–	2	–	–	–	8
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
FirstRand rating 26-90 on-balance sheet	132 655	99 430	31 605	34 566	4 612	108 483	43 021	300 840	67 478	35 914	209 932	76 748	1 145 284
– Stage 1	119 109	90 176	29 350	32 990	4 466	102 643	39 865	278 486	62 833	35 871	201 755	72 600	1 070 144
– Stage 2	13 546	9 254	2 255	1 576	146	5 785	3 156	21 738	4 615	43	8 177	4 148	74 439
– Stage 3	–	–	–	–	–	55	–	616	30	–	–	–	701
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
FirstRand rating 91-100 on-balance sheet	23 195	9 349	4 998	15 109	1 503	7 698	1 623	7 217	7 198	–	20 265	5 020	103 175
– Stage 1	294	134	181	1 714	92	110	249	93	1 073	–	1 484	1 203	6 627
– Stage 2	8 828	3 046	760	5 848	493	2 870	308	2 604	2 612	–	10 057	2 399	39 825
– Stage 3	14 073	6 169	4 057	7 547	918	4 718	1 066	3 738	3 513	–	8 724	1 418	55 941
– Purchased or originated credit impaired	–	–	–	–	–	–	–	782	–	–	–	–	782
Total off-balance sheet	49 166	–	–	–	589	24 051	3 657	146 875	12 134	25 085	2 218	7 252	271 027
FirstRand rating 1-25 off-balance sheet	45 021	–	–	–	134	–	3 657	72 350	1 986	–	–	–	123 148
– Stage 1	45 015	–	–	–	134	–	3 657	72 350	1 986	–	–	–	123 142
– Stage 2	6	–	–	–	–	–	–	–	–	–	–	–	6
– Stage 3	–	–	–	–	–	–	–	–	–	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
FirstRand rating 26-90 off-balance sheet	4 118	–	–	–	289	23 891	–	73 246	9 170	25 085	2 218	7 252	145 269
– Stage 1	4 053	–	–	–	289	23 694	–	71 917	8 916	25 085	2 218	7 252	143 424
– Stage 2	65	–	–	–	–	197	–	1 285	254	–	–	–	1 801
– Stage 3	–	–	–	–	–	–	–	–	–	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–	–	–	–	44	–	–	–	–	44
FirstRand rating 91-100 off-balance sheet	27	–	–	–	166	160	–	1 279	978	–	–	–	2 610
– Stage 1	1	–	–	–	166	5	–	456	809	–	–	–	1 437
– Stage 2	16	–	–	–	–	71	–	771	149	–	–	–	1 007
– Stage 3	10	–	–	–	–	84	–	52	20	–	–	–	166
– Purchased or originated credit impaired	–	–	–	–	–	–	–	–	–	–	–	–	–
Total exposure	308 801	108 779	37 149	50 072	7 995	140 499	57 869	612 883	89 193	66 022	289 126	93 086	1 861 474
– Stage 1	272 165	90 310	30 073	35 024	6 432	126 719	53 339	581 253	77 879	65 979	262 146	85 032	1 686 351
– Stage 2	22 553	12 300	3 019	7 501	639	8 923	3 464	26 398	7 749	43	18 256	6 636	117 481
– Stage 3	14 083	6 169	4 057	7 547	924	4 857	1 066	4 406	3 565	–	8 724	1 418	56 816
– Purchased or originated credit impaired	–	–	–	–	–	–	–	826	–	–	–	–	826

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.2 Quality of credit assets continued

Analysis of impaired advances (stage 3)

The following table represents an analysis of impaired advances (stage 3) for financial assets measured at amortised cost, and debt instruments measured at both FVOCI and FVTPL, in line with the manner in which the group manages credit risk.

	2024			2023		
R million	Total	Security held and expected recoveries	Stage 3 impairment	Total	Security held and expected recoveries	Stage 3 impairment
Stage 3 by class						
Total retail secured	25 439	18 292	7 147	20 242	14 406	5 836
– Residential mortgages	18 223	14 476	3 747	14 073	11 225	2 848
– WesBank VAF	7 216	3 816	3 400	6 169	3 181	2 988
Total retail unsecured	15 256	4 358	10 898	12 528	3 591	8 937
– FNB card	5 233	1 458	3 775	4 057	1 209	2 848
– Personal loans	9 008	2 761	6 247	7 547	2 228	5 319
– Retail other	1 015	139	876	924	154	770
Total retail secured and unsecured	40 695	22 650	18 045	32 770	17 997	14 773
Total corporate and commercial*	10 496	5 303	5 193	10 975	5 829	5 146
– FNB commercial	4 733	1 798	2 935	4 773	1 941	2 832
– WesBank corporate and commercial	1 109	585	524	1 066	672	394
– RMB corporate and investment banking	4 654	2 920	1 734	5 136	3 216	1 920
Broader Africa	3 945	1 809	2 136	3 545	1 498	2 047
Centre (including Group Treasury) – unsecured	633	42	591	–	(19)	19
UK operations*	12 071	8 099	3 972	10 142	6 089	4 053
– Retail	10 198	6 765	3 433	8 724	5 119	3 605
– Commercial	1 873	1 334	539	1 418	970	448
Total stage 3	67 840	37 903	29 937	57 432	31 394	26 038
Stage 3 by category						
Overdrafts and cash management accounts	3 729	802	2 927	3 401	679	2 722
Term loans	2 113	928	1 185	1 923	860	1 063
Card loans	5 590	1 510	4 080	4 419	1 238	3 181
Instalment sales and hire purchase agreements	13 428	5 884	7 544	11 001	4 471	6 530
Lease payments receivable	127	44	83	376	214	162
Property finance	28 990	22 991	5 999	23 456	18 520	4 936
– Home loans	26 578	21 346	5 232	21 122	16 990	4 132
– Commercial property finance	2 412	1 645	767	2 334	1 530	804
Personal loans	9 432	2 880	6 552	7 873	2 264	5 609
Preference share agreements	394	38	356	276	–	276
Investment bank term loans	3 364	2 372	992	3 213	2 649	564
Long-term loans to group associates and joint ventures	104	–	104	196	–	196
Other	569	454	115	1 298	499	799
Total stage 3	67 840	37 903	29 937	57 432	31 394	26 038

** The vast majority of total corporate and commercial is secured with collateral.*

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.3 Quality of credit assets – non-advances

The following table shows the GCA of non-advances carried at amortised cost and the fair value of non-advances measured at FVTPL or through OCI per external credit rating.

	2024		
R million	AAA to BBB	BB+ to B-	CCC
Investment securities			
Investment securities at amortised cost	35 099	199 643	7 655
– Stage 1	35 099	199 643	7 121
– Stage 3	–	–	43
– Purchased or originated credit impaired	–	–	491
Investment securities at fair value through other comprehensive income	50 586	18 466	676
– Stage 1	50 586	18 466	676
Investment securities at fair value through profit or loss	20 661	77 884	442
Total investment securities	106 346	295 993	8 773
Collateral, settlement balances and other financial assets			
– Stage 1*	4 792	16 834	–
– Stage 2	2 726	6 712	2 715
– Stage 3	–	117	101
Total collateral, settlement balances and other financial assets	7 518	23 663	2 816
Cash and cash equivalents			
– Stage 1	79 723	61 737	6 316
– Purchased or originated credit impaired	22	–	–
Total cash and cash equivalents	79 745	61 737	6 316
Derivative assets	33 791	21 431	62

* *Collateral balances are similar in nature to cash and cash equivalents and are included in stage 1.*

	2023		
R million	AAA to BBB	BB+ to B-	CCC
Investment securities			
Investment securities at amortised cost	33 604	182 832	10 479
– Stage 1	33 604	182 832	9 816
– Stage 3	–	–	195
– Purchased or originated credit impaired	–	–	468
Investment securities at fair value through other comprehensive income	36 446	17 287	601
– Stage 1	36 446	17 287	601
Investment securities at fair value through profit or loss**	28 167	90 651	335
Total investment securities**	98 217	290 770	11 415
Collateral, settlement balances and other financial assets			
– Stage 1*	15 973	11 437	–
– Stage 2	567	8 169	328
– Stage 3	–	68	83
Total collateral, settlement balances and other financial assets**	16 540	19 674	411
Cash and cash equivalents			
– Stage 1	77 075	56 040	3 437
– Purchased or originated credit impaired	25	–	–
Total cash and cash equivalents**	77 100	56 040	3 437
Derivative assets	50 480	35 444	32

* *Collateral balances are similar in nature to cash and cash equivalents and are included in stage 1.*

** *Restated. Refer to note 39 – Impact due to changes in presentation and restatements on page B208.*

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.4 Credit risk mitigation and collateral held

Managing credit risk is core to all lending activities which are a material driver of earnings growth and return profile.The group therefore aims to optimise the amount of credit risk it takes to achieve its growth and return objectives. Mitigation of credit risk is an important component of this, beginning with the structuring and approval of facilities only for those clients and within those parameters that fall within risk appetite.

Although, in principle, credit assessment focuses on the counterparty's ability to repay the debt, credit mitigation instruments are used where appropriate to reduce the group's lending risk, resulting in security against the majority of exposures. These include financial or other collateral, netting agreements, guarantees or credit derivatives. The collateral types are determined by portfolio, product or counterparty type.

Credit risk mitigation instruments:

- Mortgage and instalment finance portfolios in FNB, WesBank and Aldermore are secured by the underlying assets financed.
- FNB and Aldermore commercial credit exposures are secured by the assets of the SME counterparties and Commercial property finance deals are secured by the underlying property and associated cash flows.
- Personal loans, overdrafts and credit card exposures are generally unsecured or secured by guarantees and sureties.
- For FNB and WesBank retail customers, life insurance and insurance against disability, and retrenchment insurance are prescribed, where applicable.
- Structured facilities in RMB are secured as part of the structure through financial or other collateral, including guarantees, credit derivative instruments and assets.
- Counterparty credit risk in RMB is mitigated through the use of netting agreements and financial collateral. For additional information relating to the use of the netting agreements refer to note 38.1.4.
- Working capital facilities in RMB can be secured or unsecured.

The group employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement, and subsequently where necessary through physical inspection or index valuation methods. For corporate and commercial counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained. For mortgage portfolios, collateral is revalued on an ongoing basis using an index model, and physical inspection is performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.Concentrations in credit risk mitigation types, such as property, are monitored and managed at a product and segment level, in line with the requirements of the group credit risk/appetite framework. Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes.

The following table represents an analysis of the maximum exposure to credit risk for financial assets at amortised cost and debt instruments at FVTPL, as well as a breakdown of collateral, both financial and non-financial, held against the exposure along with any other credit enhancements and netting arrangements.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.4 Credit risk mitigation and collateral held continued

R million	Gross carrying amount	Off-balance sheet exposure	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Unsecured	Secured*
				2024			
Residential mortgages	**272 363**	**46 988**	**(5 451)**	**313 900**	**1 686**	**68**	**312 146**
WesBank VAF	**113 044**	**–**	**(6 259)**	**106 785**	**–**	**–**	**106 785**
FNB card	**41 374**	**–**	**(5 705)**	**35 669**	**–**	**35 669**	**–**
Personal loans	**53 286**	**–**	**(10 243)**	**43 043**	**–**	**43 043**	**–**
Retail other	**7 314**	**412**	**(1 327)**	**6 399**	**388**	**3 775**	**2 236**
FNB commercial	**129 844**	**14 031**	**(5 077)**	**138 798**	**7 353**	**22 081**	**109 364**
WesBank corporate and commercial	**60 218**	**2 766**	**(916)**	**62 068**	**–**	**69**	**61 999**
RMB corporate and investment banking	**507 793**	**166 957**	**(7 032)**	**667 718**	**2 107**	**141 329**	**524 282**
Broader Africa	**80 762**	**12 266**	**(4 125)**	**88 903**	**3 849**	**30 389**	**54 665**
Centre (including Group Treasury)	**39 910**	**35 747**	**(884)**	**74 773**	**–**	**64 932**	**9 841**
UK operations	**359 798**	**11 017**	**(7 146)**	**363 669**	**–**	**8 701**	**354 968**
– Retail	**274 339**	**8 642**	**(5 473)**	**277 508**	**–**	**–**	**277 508**
– Commercial	**85 459**	**2 375**	**(1 673)**	**86 161**	**–**	**8 701**	**77 460**
Total advances	**1 665 706**	**290 184**	**(54 165)**	**1 901 725**	**15 383**	**350 056**	**1 536 286**
Investment securities**	**411 112**	**–**	**(838)**	**410 274**	**14 803**	**385 647**	**9 824**
Cash and cash equivalents	**147 798**	**–**	**–**	**147 798**	**5 123**	**142 675**	**–**
Collateral, settlement balances and other financial assets	**33 997**	**–**	**(486)**	**33 511**	**15 898**	**17 538**	**75**
Derivatives	**55 284**	**–**	**–**	**55 284**	**37 506**	**17 778**	**–**
				2023			
Residential mortgages	259 635	49 165	(4 356)	304 444	3 641	–	300 803
WesBank VAF	108 779	–	(5 862)	102 917	–	–	102 917
FNB card	37 149	–	(4 767)	32 382	–	32 382	–
Personal loans	50 072	–	(9 289)	40 783	–	40 783	–
Retail other	7 406	590	(1 248)	6 748	–	4 282	2 466
FNB commercial	116 448	24 051	(5 003)	135 496	6 724	18 313	110 459
WesBank corporate and commercial	54 212	3 657	(733)	57 136	–	47	57 089
RMB corporate and investment banking	466 008	146 875	(6 468)	606 415	3 722	134 141	468 542
Broader Africa	77 059	12 134	(4 140)	85 053	4 256	31 696	49 101
Centre (including Group Treasury)	40 937	25 085	(548)	65 474	(10)	54 939	10 545
UK operations	372 742	9 470	(8 658)	373 554	–	9 544	364 010
– Retail	286 908	2 218	(6 866)	282 260	–	–	282 260
– Commercial	85 834	7 252	(1 792)	91 294	–	9 544	81 750
Total advances	1 590 447	271 027	(51 072)	1 810 402	18 343	326 127	1 465 932
Investment securities**	400 401	–	(780)	399 621	21 249	364 502	13 870
Cash and cash equivalents#	136 577	–	–	136 577	3 933	132 644	–
Collateral, settlement balances and other financial assets#	36 625	–	(448)	36 177	22 394	13 777	6
Derivatives	85 956	–	–	85 956	73 593	12 363	–

* *Secured represent balances which have non-financial collateral attached to the financial asset.*

** *Include debt instruments measured at fair value but exclude equity and non-recourse investments.*

\# *Restated. Refer to note 39 – Impact due to changes in presentation and restatements on page B208.*

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

38.1.4 Credit risk mitigation and collateral held continued

Collateral held against derivative positions

The table below sets out the cash collateral held against the net derivative position.

R million	2024	2023
Cash collateral held	**8 741**	2 795

The table below reflects the collateral that the group holds where it has the ability to sell or repledge in the absence of default by the owner of the collateral.

Collateral held in structured transactions

	2024		2023	
R million	**Fair value**	**Fair value of collateral sold or repledged in the absence of default**	Fair value	Fair value of collateral sold or repledged in the absence of default
Cash and cash equivalents	**14 346**	**–**	20 885	–
Advances	**67 808**	**25 379**	79 410	28 202
Investment securities	**4 131**	**4 131**	3 828	3 828
Total collateral pledged	**86 285**	**29 510**	104 123	32 030

Investment securities exclude securities lending transactions where securities are obtained as collateral for securities lent. This is in line with industry practice.

Collateral taken possession of

When the group takes possession of collateral that is neither cash nor readily convertible into cash, the group determines a minimum sale amount (pre-set sale amount) and auctions the asset for the pre-set sale amount. Where the group is unable to obtain the pre-set sale amount at an auction, it will continue to hold the asset while actively marketing it to ensure an appropriate value is obtained. Properties taken possession of amounted to R55 million (2023: R72 million).

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.1 Credit risk continued

The financial collateral included in the previous table is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The collateral amount included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a group-wide level, the collateral amount included in this table could increase. The total amount reported on the statement of financial position is the sum of the net amount reported in the statement of financial position and the financial instruments amount not subject to offset or master netting agreement (MNA).

	Derivatives		Structured transactions		Other advances/deposits	
R million	**2024**	2023	**2024**	2023	**2024**	2023
Assets						
Offsetting applied						
Gross amount	**102 191**	161 374	**91 156**	95 444	**1 543 733**	1 460 903*
Amount offset*	**(46 907)**	(75 418)	**(23 348)**	(16 034)	**–**	(938)
Net amount reported on the statement of financial position	**55 284**	85 956	**67 808**	79 410	**1 543 733**	1 459 965*
Offsetting not applied						
Financial instruments subject to MNAs and similar agreements	**(28 874)**	(55 284)	**(1 184)**	(7 455)	**–**	–
Financial collateral	**(8 632)**	(18 309)	**(40 930)**	–	**–**	–
Net amount	**17 778**	12 363	**25 694**	71 955	**1 543 733**	1 459 965*
Liabilities						
Offsetting applied						
Gross amount	**92 771**	146 711	**45 484**	40 123	**1 981 894**	1 899 013
Amount offset**	**(48 126)**	(76 357)	**(23 297)**	(16 034)	**(930)**	–
Net amount reported on the statement of financial position	**44 645**	70 354	**22 187**	24 090	**1 980 964**	1 899 013
Offsetting not applied						
Financial instruments subject to MNAs and similar agreements	**(28 874)**	(55 284)	**(1 184)**	(7 455)	**–**	–
Financial collateral	**(7 386)**	(14 869)	**(11 850)**	(13 085)	**–**	–
Net amount	**8 385**	201	**9 153**	3 550	**1 980 964**	1 899 013

* *The comparative has been restated to exclude advances that were all also disclosed in structured transactions.*

** *Amounts offset under derivatives are contracts that are set off under netting agreements, such as the MNA or derivative clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting is applied across all outstanding transactions covered by these agreements.*

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.2 Liquidity risk

Objective

Liquidity risk arises from the group's potential inability to meet its payment obligations when they fall due, or only being able to meet these obligations by incurring excessive costs. Liquidity risk is driven by the maturity profile of the group's assets and liabilities as well as client behaviour. 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 to enable its businesses to operate in an efficient and sustainable manner.

Compliance with the Basel III liquidity ratios influences the group's funding strategy, particularly as it seeks to price appropriately for liquidity on a risk-adjusted basis. The group continues to offer innovative and competitive products to further grow its deposit franchise whilst also optimising its institutional funding profile. These initiatives continue to improve the funding and liquidity profile of the group and provide for natural liquidity risk buffers.

Assessment and management

The group focuses on continually monitoring and analysing the impact of potential risks on its funding and liquidity position to ensure business activities are preserved and funding is available and stable. This ensures the group can operate through periods of stress when access to funding is constrained.

Mitigation of market and funding liquidity risks is achieved via contingent liquidity risk management. A portfolio of high-quality liquid assets with appropriate buffers are held either to be sold into the market or to serve as collateral for loans to cover any unforeseen cash shortfalls that may arise.

The group's approach to liquidity risk management distinguishes between structural, daily, structural and contingency liquidity risk management across all currencies, and various approaches are employed in the assessment and management of these on a daily, weekly and monthly basis, as illustrated in the following table.

DAILY LIQUIDITY RISK	STRUCTURAL LIQUIDITY RISK	CONTINGENCY LIQUIDITY RISK
Ensuring that intraday and day-to-day anticipated and unforeseen payment obligations can be met by maintaining a sustainable balance between liquidity inflows and outflows.	Managing the risk that structural, long-term on- and off-balance sheet exposures cannot be funded timeously or at reasonable cost.	Maintaining several contingency funding sources to draw upon in times of economic stress.

Regular and rigorous stress tests are conducted on the funding profile and liquidity position as part of the overall stress testing framework with a focus on:

- quantifying the potential exposure to future liquidity stresses;
- analysing the possible impact of economic and event risks on cash flows, liquidity, profitability and solvency position; and
- proactively evaluating the potential secondary and tertiary effects of other risks on the group.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.2 Liquidity risk continued

38.2.1 Undiscounted cash flows

The following table presents the group's undiscounted cash flows of financial liabilities and off-balance sheet amounts, and includes all cash outflows related to principal amounts, as well as future payments.

	2024			
		Term to maturity		
R million	**Undiscounted carrying amount**	**Call to 3 months**	**4 –12 months**	**>12 months and non-contractual**
On-balance sheet exposures				
Deposits and current accounts	**2 116 430**	**1 456 790**	**314 712**	**344 928**
Short trading positions	**10 273**	**10 273**	**–**	**–**
Derivative financial instruments	**44 470**	**41 837**	**879**	**1 754**
Creditors, accruals and provisions	**42 925**	**30 659**	**1 050**	**11 216**
Tier 2 liabilities	**22 951**	**–**	**63**	**22 888**
Other liabilities	**3 185**	**275**	**277**	**2 633**
Lease liabilities	**3 535**	**291**	**778**	**2 466**
Policyholder liabilities under investment contracts	**7 669**	**738**	**1 740**	**5 191**
Off-balance sheet exposures				
Financial and other guarantees	**91 829**	**55 802**	**1 141**	**34 886**
Other contingencies and commitments	**5 206**	**2 570**	**2 432**	**204**
Loan commitments	**198 355**	**198 355**	**–**	**–**
	2023			
On-balance sheet exposures				
Deposits and current accounts	2 020 941	1 383 200	311 869	325 872
Short trading positions	12 753	12 753	–	–
Derivative financial instruments	80 642	65 662	2 996	11 984
Creditors, accruals and provisions	41 529	32 079	937	8 513
Tier 2 liabilities	23 211	–	2 117	21 094
Other liabilities	4 255	215	894	3 146
Lease liabilities	3 411	240	786	2 385
Policyholder liabilities under investment contracts	6 236	440	1 132	4 664
Off-balance sheet exposures				
Financial and other guarantees	78 002	50 873	2 215	24 914
Other contingencies and commitments	5 254	2 039	3 067	148
Loan commitments	193 026	193 026	–	–

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.2 Liquidity risk continued

38.2.2 Discounted cash flows

The following table represents the group's contractual discounted cash flows of total assets, liabilities and equity. Relying solely on the contractual liquidity mismatch when assessing a bank's maturity analysis would overstate risk, since this represents a worst-case assessment of cash flows at maturity rather than the underlying aggregate client behaviour.

Banks tend to have a particularly pronounced contractual negative gap in the shorter term due to predominately transactional and savings deposits (contractually available on demand) supplemented by short-term institutional funding representing a significant proportion of banks' liabilities. South Africa's structurally lower discretionary savings rate results in South African banks' placing additional reliance on short term wholesale funding. The group's funding strategy is led by a client deposit focus to mitigate and offset the inherent liquidity risk of funding long-term assets, e.g. the mortgages.

Discounted cash flow analysis – maturity analysis of total assets, liabilities and equity based on the present value of the expected payment

	2024			
		Term to maturity		
R million	Discounted carrying amount	Call to 3 months	4 – 12 months	>12 months and non-contractual
Total assets	**2 369 339**	**673 531**	**278 751**	**1 417 057**
Total equity and liabilities	**2 369 339**	**1 543 516**	**303 665**	**522 158**
Net liquidity gap	**–**	**(869 985)**	**(24 914)**	**894 899**
Cumulative liquidity gap	**–**	**(869 985)**	**(894 899)**	**–**
		2023		
Total assets	2 298 039	682 399	275 961	1 339 679
Total equity and liabilities	2 298 039	1 502 593	306 525	488 921
Net liquidity gap	–	(820 194)	(30 564)	850 758
Cumulative liquidity gap	–	(820 194)	(850 758)	–

38.2.3 Collateral pledged

The group pledges assets under the following terms and conditions:

- assets are pledged as collateral under repurchase agreements with other banks and for security deposits relating to local futures and options; and
- collateral in the form of cash and other investment securities is pledged when the group borrows equity securities from third parties. These transactions are conducted under the terms and conditions that are usual and customary to standard securities lending arrangements.

All other pledges are conducted under terms which are usual and customary to lending arrangements.

The following assets have been pledged to secure the liabilities set out in the table below. These assets are not available in the normal course of business.

R million	2024	2023*
Cash and collateral balances	**19 030**	25 444
Advances	**60 718**	62 455
Investment securities – held under repurchase agreements*	**7 871**	7 405
Investment securities – other	**12 040**	5 385
Total assets pledged	**99 659**	100 689

* *The prior year, investment securities – held under repurchase agreements was reflected as R4 705 million.To correctly reflect the assets pledged, the comparative has been restated.*

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.2 Liquidity risk continued

38.2.3 Collateral pledged continued

The following liabilities have been secured by the group pledging either its own or borrowed financial assets, except for the short-trading positions, which are covered by borrowed securities only.

R million	2024	2023
Short-trading positions	**10 273**	12 753
Total deposits	**48 074**	50 554
– Deposits under repurchase agreements	**20 529**	19 759
– Deposits in securities lending transactions*	**1 658**	4 331
– Other secured deposits	**25 887**	26 464
Derivative liabilities	**17 605**	22 666
Other	**1 772**	2 069
Total	**77 724**	88 042

* *Securities lending transactions include only those where cash is placed against the securities borrowed. Transactions where securities are lent and borrowed and other securities placed against the borrowing and lending are excluded*

38.2.4 Concentration analysis of deposits

R million	2024	2023
Sector analysis		
Deposit current accounts and other loans		
Sovereigns, including central banks	**83 429**	95 611
Public sector entities	**98 723**	93 640
Local authorities	**16 197**	20 106
Banks	**83 520**	79 862
Securities firms	**20 018**	29 078
SME, commercial and corporate*	**995 914**	942 095
Retail customers	**698 393**	655 348
Other	**6 957**	7 363
Total deposits	**2 003 151**	1 923 103
Geographical analysis		
South Africa	**1 349 918**	1 286 374
Broader Africa	**149 410**	131 974
UK	**446 967**	451 926
Other	**56 856**	52 829
Total deposits	**2 003 151**	1 923 103

*****_The description for this line has been changed from Corporate customers to SME, commercial and corporate customers to better reflect the nature of this balance._

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.3 Market risk

38.3.1 Traded market risk

Objective

Traded market risk for the group includes traded equity and credit risk, commodity risk, foreign exchange risk and interest rate risk in the trading book, as well as interest rate risk in the RMB banking book.

Assessment and management

The group uses the internal models approach (IMA) for its domestic trading units, which is based on its internal VaR Model supplemented with a stressed VaR (sVaR). In addition, risk related to market risk-taking activities is also measured using an internal ETL measure, as a proxy for economic capital).

Management and monitoring of interest rate risk in the domestic banking book is discussed in the *Interest rate risk in the banking book (IRRBB)* section of this note. RMB manages a portion of the interest rate risk in its banking book under the market risk framework, with risk measured and monitored according to the same principles and processes outlined in this section for the trading book, and management oversight provided by the FirstRand market and investment risk committee. This portion of the RMB banking book interest rate risk exposure was R92 million on a 10-day expected tail loss (ETL) basis at 30 June 2024 (2023: R103 million).

The market risk model has performed as expected and the market risk framework continues to ensure adequate management of exposures. All measures have remained within board approved limits over the period.

Quantification of risk exposures

ETL	The internal measure of risk is an ETL metric at the 99% confidence level under a full revaluation methodology using historical risk factor scenarios (historical simulation method). To accommodate the regulatory stress loss imperative, the set of scenarios used for revaluation of the current portfolio comprises historical scenarios which incorporate both the past 260 trading days and at least one static period of market stress, which is currently the 2008/2009 period. The stress period is periodically reviewed for suitability. The ETL measure may be liquidity adjusted for exposures deemed illiquid. Holding periods, ranging between 10 and 90 days or more, are used in the calculation and are based on an assessment of stressed liquidity of portfolios.
VaR and sVaR	Both VaR and sVar are calculated using historical risk factor scenarios as an input into a full revaluation methodology. VaR is calculated at the 99% 10-day holding period level in order to best reflect the current business environment. For regulatory capital purposes, this is supplemented with a sVaR, calculated at the 99% 10-day holding period level using a static stress period. The stress period currently applied is the 2008/2009 period which has been assessed as the most volatile in recent history. This is reviewed periodically for suitability. When simulating potential movements in risk factors, both absolute and relative risk factors are used. VaR calculations over a holding period of one day are used as an additional tool in the assessment of market risk. The updating of historical scenarios is kept within the one-month regulatory requirement and is monitored on a daily basis.

38.3.2 Market risk in the trading book

Market risk in the trading book is taken and managed in line with risk limits and management frameworks approved by the C&I FRM executive committee and MIRC. ETL and VaR limits are set for portfolios and risk types, with market liquidity being a primary factor in determining the level of limits set. Market risk limits are governed according to the market risk framework. The ETL/VaR model is designed to take into account a comprehensive set of risk factors across all asset classes.

During the period global economies continued to be characterised by slow economic growth, sovereign currency devaluation in some Africa markets, elevated inflation and interest rates which continue to significantly impact currency strength and emerging markets. The market risk measurement framework continued to perform well during the review period and all exposures remained within approved limits

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.3 Market risk continued

38.3.2 Market risk in the trading book

VaR analysis by risk type

The following table reflects the 10-day VaR and sVaR at a 99% confidence level. The 10-day VaR calculation is performed using 10-day scenarios created from the past 260 trading days, whereas the 10-day sVaR is calculated using scenario data from the static stress period.

	2024*							2023*						
R million	Equities	Interest rates**	Foreign exchange	Com-modities	Traded credit	Diversi-fication effect	Diversified total	Equities	Interest rates**	Foreign exchange	Com-modities	Traded credit	Diversi-fication effect	Diversified total
VaR (10-day 99%)														
Maximum value#	58.2	550.2	474.8	72.1	17.2	–	448.4	79.3	520.6	114.0	69.5	49.3	–	435.5
Average value	20.5	284.3	217.9	24.7	6.7	–	279.5	22.9	309.0	54.8	33.1	15.2	–	266.6
Minimum value#	4.5	138.3	77.1	8.1	2.5	–	170.4	5.8	134.0	13.9	17.4	1.8	–	140.5
Period end	20.0	166.7	357.8	17.6	6.2	(210.6)	357.7	14.0	296.9	91.6	31.6	11.4	(172.2)	273.3
sVaR (10-day 99%)														
Maximum value#	106.7	590.9	412.4	87.8	30.5	–	374.7	84.2	553.6	248.7	79.5	211.1	–	479.9
Average value	51.4	312.0	184.3	36.7	11.4	–	247.3	30.8	349.4	101.2	42.4	72.4	–	296.2
Minimum value#	7.0	148.0	29.3	9.4	3.4	–	131.8	10.4	168.1	21.9	27.8	2.7	–	173.1
Period end	16.6	176.0	70.4	30.9	6.2	(168.3)	131.8	25.5	225.2	166.7	58.3	12.6	(225.1)	263.1

* *Excludes foreign branches and subsidiaries, which are reported on in the standardised approach for market risk. The sVaR numbers relate to FirstRand Bank South Africa only.*

** *Interest rate risk in the trading book.*

The maximum and minimum VaR figures for each asset class did not necessarily occur on the same day. Consequently, a diversification effect was omitted from the above table.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.4 Non-traded market risk

38.4.1 Interest rate risk in the banking book

Assessment and management

FirstRand Bank (South Africa)

The measurement techniques used to monitor IRRBB include NII sensitivity/earnings risk, NAV/economic value of equity (EVE) sensitivity and the closely related daily PV01 measure. A repricing gap is also generated to better understand the repricing characteristics of the balance sheet. In calculating the repricing gap, all banking book assets, liabilities and derivative instruments are placed in gap intervals based on repricing characteristics.

The internal funds transfer pricing process is used to transfer interest rate risk from the operating businesses to Group Treasury. This process allows risk to be managed centrally and holistically in line with the group's macroeconomic outlook.

Management of the resultant risk position is achieved by balance sheet optimisation or through the use of financial market instruments such as government bonds or derivative transactions. Interest rate swaps, for which a liquid market exists, are the main instruments utilised and where possible, hedge accounting treatment is applied to minimise any accounting mismatches, thus ensuring that amounts deferred in equity are released to the income statement at the same time as movements attributable to the underlying hedged asset/liability. Interest rate risk from the fixed-rate book is managed to low levels, with remaining risk stemming from timing and basis risk.

Foreign operations

Management of IRRBB across broader Africa, Aldermore and the bank's foreign branches is the responsibility of in-country management teams with oversight provided by Group Treasury and FCC Risk Management. For subsidiaries, earnings sensitivity measures are used to monitor and manage interest rate risk in line with the group's appetite. Where applicable, NAV sensitivity risk limits are also used for endowment hedges.

Sensitivity analysis

A change in interest rates impacts both the earnings potential of the banking book (as underlying assets and liabilities reprice to new rates) and the economic value/NAV of an entity (as a result of a change in the fair value of any open risk portfolios used to manage the earnings risk). The role of management is to protect both the financial performance as a result of a change in earnings and the long-term economic value. To achieve this, both earnings sensitivity and economic sensitivity measures are monitored and managed within appropriate risk limits and appetite levels, considering the macroeconomic environment and factors which could cause a change in rates.

The sensitivities have been calculated in accordance with amendments to the Banks Act as per Directive 2 of 2023. The updated IRRBB methodology ensures that:

1. Client behaviour is considered in the management of IRRBB. Relevant behavioural adjustments that capture modelled customer behaviour (where they have legal discretion to repay or withdraw funds) are incorporated into the calculation. This allows for a more effective assessment of IRRBB and aligns with how the group manages this risk.
2. There is a more effective and transparent measure of the risk associated with specific currency exposures which are exposed to different interest rates, and different possible shocks.
3. There is a more explicit consideration of basis risk and credit spread risk.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.4 Non-traded market risk continued

38.4.1 Interest rate risk in the banking book continued

Assessment and management continued

Earnings sensitivity

Earnings models are run monthly to provide a measure of the NII sensitivity of the existing banking book balance sheet to shocks in interest rates. The calculation assumes a constant balance sheet size and product mix over the forecast horizon. A pass-through assumption is applied in relation to non-maturing deposits, which reprice at the group's discretion. This assumption is based on historical product behaviour.

The following tables show the 12-month NII sensitivity for sustained, instantaneous parallel downward and upward shocks to interest rates. The size of the shocks are consistent with the regulatory prescribed shocks per currency. The most material shocks applied are 400bps for rand exposures, 200bps for USD exposures and 250bps for GBP exposures.

Most of the group's NII sensitivity relates to the endowment book mismatch. The group's average endowment book was R362 billion, excluding Aldermore, for the year ended 30 June 2024 (2023: R355 billion).

Projected ZAR NII sensitivity to interest rate movements

	2024		
	Change in projected 12-month NII		
R million	FirstRand Bank South Africa	Subsidiaries and foreign branches	Total FirstRand
Downward	**(2 160)**	**(1 294)**	**(3 454)**
Upward	**1 801**	**911**	**2 712**
		2023	
Downward	(2 196)	(1 056)	(3 252)
Upward	1 933	822	2 755

Assuming no change in the balance sheet and no management action in response to interest rate movements, an instantaneous, sustained parallel decrease in interest rates would result in a reduction in projected 12-month NII of R3 454 million (2023: R3 252 million). A similar increase in interest rates would result in an increase in projected 12-month NII of R2 712 million (2023: R2 755 million).

Effect of reference rate reform

The group has a steering committee consisting of key finance, risk, IT, treasury, legal and compliance personnel, as well as external advisors, which oversees the group's interbank offered rate reform transition. The committee developed a transition process for affected contracts and potential future contracts with the aim of minimising the potential disruption to business, mitigating operational and conduct risks, and possible financial losses.

The JIBAR will be replaced by South African Rand Overnight Index Average Rate (ZARONIA). Prior to the choice of ZARONIA, several proposed alternative reference rates and calculation methodologies were released by the SARB. However, following an observation period between 1 November 2022 and 31 October 2023 ZARONIA was identified and endorsed as the successor to JIBAR. The SARB has indicated that JIBAR cessation is likely to take place at the end of 2026. It will confirm the cessation date in December 2025. There are several notable milestones in the lead-up to cessation, which are contained in the industry timeline published by the SARB. These include ZARONIA first for derivatives in November 2024, ZARONIA first for the cash market in June 2025 and "No new JIBAR" scheduled for March 2026. The group currently has a number of contracts, including derivatives, which reference JIBAR. The group's South African rates reform steering committee will apply the same transitioning policies to affected JIBAR contracts as those it effected for interbank offered rates.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.4 Non-traded market risk continued

38.4.1 Interest rate risk in the banking book continued

Effect of reference rate reform continued

Financial assets that are impacted by reference rate reform:

R million	2024 ZAR JIBAR
Assets recognised on the balance sheet	
Derivative financial instruments (assets)*	**8 659 479**
Investment securities	**28 076**
Advances	**202 952**
Collateral settlement balances and other assets	**4 487**
Total assets recognised on the balance sheet subject to reference rate reform	**8 894 994**
Off-balance sheet items	
Loan commitments	**26 823**
Total off-balance sheet exposure subject to reference rate reform	**26 823**
Total asset exposure subject to reference rate reform	**8 921 817**

Financial liabilities that are impacted by reference rate reform:

R million	2024 ZAR JIBAR
Liabilities recognised on the balance sheet	
Derivative financial instruments (liabilities)*	**8 710 585**
Deposits	**68 956**
Other liabilities	**86**
Tier 2 liabilities	**15 129**
Total liabilities recognised subject to reference rate reform	**8 794 756**

* *These balances represent the notional amount directly impacted by the reference rate reform.*

Economic value of equity

An EVE sensitivity measure is used to assess the impact of a shock to the underlying rates on the total NAV of the group. Unlike the trading book, where a change in rates will impact fair value income and reportable earnings of an entity when a rate change occurs, the realisation of a rate move in the banking book will impact the distributable and non-distributable reserves to varying degrees and is reflected in the NII margin more as an opportunity cost/benefit over the life of the underlying positions. As a result, a purely forward-looking EVE sensitivity measure is applied to the banking book, and is monitored relative to the total risk limits, appetite levels and current economic conditions.

Six EVE shock scenarios are applied based on regulatory guidelines. The most material of the scenarios comprises sustained, instantaneous parallel downward and upward shocks to interest rates. These shocks are applied to all banking book positions.

The following table:

- highlights the sensitivity of banking book NAV as a percentage of total Tier 1 capital; and
- reflects a point-in-time view which is dynamically managed and can fluctuate over time.

Banking book NAV sensitivity to interest rate movements as a percentage of total group Tier 1 capital

	2024	2023
Downward	**9.09**	9.74
Upward	**(8.24)**	(8.22)

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.4 Non-traded market risk continued

38.4.2 Structural foreign exchange risk

Objective

The group is exposed to foreign exchange risk as a result of on-balance sheet transactions in a currency other than the rand, as well as structural foreign exchange risk from the translation of its foreign operations' results into rand.

Group Treasury is responsible for oversight of structural foreign exchange risk and produces reports that are submitted to group ALCCO, a subcommittee of the RCCC. It is also responsible for reporting on and the management of the group's foreign exchange exposure and macroprudential limit utilisation.

Assessment and management

The ability to transact on-balance sheet in a currency other than the home currency (rand) is governed by in-country macroprudential and regulatory limits. In the group, additional board limits and management risk appetite levels are set for this exposure. The impact of any residual on-balance positions is managed as part of the market risk reporting process (see Note 38.3.1 Traded market risk section).

Structural foreign exchange risk impacts the current NAV of the group as well as future profitability and earnings potential. Economic hedging is undertaken where viable, given market constraints and within risk appetite levels.

The following table provides an overview of the group's exposure to entities with functional currencies other than the rand, and the pre-tax impact on equity of a 15% change in the exchange rate between the rand and the relevant functional foreign currencies. There were no significant structural hedging strategies employed by the group in the current financial year.

Net structural foreign exposures due to investments in foreign entities

	2024		2023	
R million	**Carrying value of net investment**	**Pre-tax impact on equity from 15% currency translation shock**	Carrying value of net investment	Pre-tax impact on equity from 15% currency translation shock
Functional currency				
Botswana pula	**6 212**	**932**	5 812	872
US dollar	**14 547**	**2 182**	13 429	2 014
Sterling	**45 252**	**6 788**	44 678	6 702
Nigerian naira	**1 148**	**172**	1 777	267
Zambian kwacha	**2 234**	**335**	2 251	338
Mozambican metical	**1 207**	**181**	1 067	160
Indian rupee	**1 078**	**162**	1 045	157
Ghanaian cedi	**426**	**64**	397	60
Tanzanian shilling	**42**	**6**	51	8
Common Monetary Area (CMA) countries*	**7 860**	**1 179**	7 346	1 102
Total	**80 006**	**12 001**	77 853	11 680

* *Currently Namibia, Eswatini and Lesotho are part of the CMA. Unless these countries decide to exit the CMA, rand volatility will not impact these countries' rand reporting values.*

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.5 Equity investment risk

Assessment and management

The equity investment risk portfolio is managed through a rigorous valuation and review process from the inception to exit of a transaction. All investments are subject to a comprehensive due diligence process, during which a thorough understanding of the target company's business, risks, challenges, competitors, management team and unique advantage or value proposition is developed.

For each transaction, an appropriate structure is put in place, which aligns the interests of all parties involved through the use of incentives and constraints for management and other investors. Where appropriate, the group seeks to take a number of seats on the company's board and maintains close oversight through monitoring of operations and financial discipline.

The investment thesis, results of the due diligence process and investment structure are discussed at the investment committee before final approval is granted. In addition, normal biannual reviews are performed for the portfolio and crucial parts of these reviews, such as valuation estimates, are scrutinised at the appropriate governance forums .

The table below shows the equity investment risk exposure and sensitivity. The 10% sensitivity movement is calculated on the carrying value of investments, excluding those subject to the ETL process, and including the carrying value of investments in associates and joint ventures.

Investment risk exposure and sensitivity of investment risk

R million	2024	2023
Listed investment risk exposure included in the equity investment risk ETL process	19	17
Estimated sensitivity of remaining investment balances		
Sensitivity to 10% movement in market value on investment fair value	492	311

38.6 Insurance risk

Risk management

Ensuring that insurance risk is understood and priced correctly is an important component of managing insurance risk. This is achieved through:

- Rigorous and proactive risk management processes that ensure sound product design and accurate pricing, which include:
  - independent model validation;
  - challenging assumptions, methodologies and results;
  - debating and challenging design, relevance, target market and market competitiveness, and treating customers fairly;
  - identifying potential risks;
  - monitoring business mix and risk of new business; and
  - thoroughly reviewing policy terms and conditions.
- Life policies are underwritten. This allows underwriting limits and risk-based pricing to be applied to manage the insurance risk. Where specific channels introduce the risk of anti-selection, mix of business by channel is monitored. On non-underwritten products insurance risk can be controlled through lead selection for outbound sales and product features such as waiting periods.
- The design of appropriate reinsurance structures is an important component of the pricing and product design to keep risk exposure within appetite.

The assessment and management of insurance risk of the in-force book use the following:

- Monitoring and reporting of claims experience by considering incidence rates, claims ratios and business mix.
- The actuarial valuation process for life insurance products involves the long-term projection of in-force policies and the setting up of insurance liabilities. This provides insight into the longer-term evolution of the risks on the portfolio. Adequate reserves are set for future and current claims and expenses.
- Experience investigations are performed annually to understand the actual experience compared to the basis used in valuations and pricing. These investigations are signed off by the head of the actuarial function. Where required, changes are made to bases and product design.
- There are also reinsurance agreements in place to mitigate various insurance risks and manage catastrophe risk.
- Asset/liability management is performed to ensure that assets backing insurance liabilities are appropriate and liquid.
- Stress and scenario analyses are performed and provide insights into the risk profile and future capital position.

The management of insurance risk is governed by a suite of group policies and processes. Tools and systems are available in the business to assess and manage insurance risk.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.6 Insurance risk continued

An own risk and solvency assessment (ORSA) process is performed at least annually. ORSA is defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report on short-term and long-term risks that the group faces or might face, and to determine the funds necessary to ensure that the overall solvency needs of each insurance entity in the group are met at all times and are sufficient to achieve the individual entities' business strategy. An ORSA report is produced annually.

Detailed risk management per risk type:

Mortality risk is the risk that mortality rates and the associated cash flows are different from those assumed. The risk is managed as follows:

- For underwritten products, underwriting is a key control.
- For non-underwritten products the mix of business by various factors is monitored and outbound sales leads are selected to influence the desired mix and product features such as waiting periods.
- Reinsurance is used to control exposure to large risks. The retention limits vary by portfolio.
- Validation and fraud checks are performed at claim stage to ensure only valid claims in line with the terms and conditions of the policy are paid.

Morbidity risk is the risk that morbidity rates and the associated cash flows are different from those assumed. The risk is managed as follows:

- Quota share reinsurance on underwritten products where there is limited data.
- Monitoring of trends in experience on credit life business.
- Validation and fraud checks are performed at claim stage to ensure only valid claims in line with the terms and conditions of the policy are paid.

Retrenchment risk is the risk that retrenchment rates and the associated cash flows are different from those assumed. The risk is managed as follows:

- Selection of retrenchment risk is controlled by FNB's credit scoring or internal selection models.
  - Additional margins are allowed in pricing assumptions to allow for potential cyclicality in experience.
  - Regular monitoring of exposure by industry, and employer and feedback into risk selection takes place.
  - Validation and fraud checks are performed at the claim stage to ensure only valid claims in line with the terms and conditions of the policy are paid.

Catastrophe risk is the risk that stems from extreme or irregular events contingent on insured events, the effects of which are not expected. The risk is managed by catastrophe reinsurance, limiting exposure to extreme events. The group is, however, not covered for pandemics. The limits are reviewed annually based on the composition of the book and risk appetite. No cover is in place against retrenchment catastrophe as this is not available at a reasonable cost. Additional capital is held in economic capital to cover a retrenchment catastrophe scenario.

Lapse risk is the risk that lapse rates and the associated cash flows are different from those assumed, as well as the risk of a mass lapse in policies. The risk is managed as follows:

- Collection strategies are regularly reviewed to ensure they are optimal.
- Changes to product lapse rules are made where more lenient lapse rules can benefit both the customer and the group.

Expenses risk is the risk that expenses and/or expense inflation is different from that assumed in pricing and valuations. The group has a rigorous budgeting process in place to manage this risk.

The overall responsibility for risk management resides with the board. The board committees of FirstRand Insurance Holdings include an audit and risk committee, which provides oversight over risk management, and ALCCO, which is responsible for:

- providing oversight of the product suite;
- approving new products;
- financial resource management; and
- governance and challenging input models and results of pricing valuations.

These committees are supported by management committees.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.6 Insurance risk continued

Life insurance products

Overview and governance

The risk arises from the group's long-term insurance operations, underwritten through its subsidiary, FirstRand Life Assurance Limited (FirstRand Life).

FirstRand Life currently underwrites a range of insurance products such as life, disability, funeral, credit life (against FNB credit products) and annuity policies. These policies are all originated through the FNB business. FirstRand Life also writes linked-investment policies. There is, however, no insurance risk associated with these policies.

FirstRand Life is exposed to insurance risk from the policies underwritten as indicated in the following table.

<table>
<tr><th></th><th></th><th>GROUPING</th><th>DESCRIPTION</th><th>CORE PRODUCT TYPE</th><th>RISK</th></tr>
<tr><td rowspan="13">Catastrophe risk</td><td rowspan="13">Lapse risk</td><td rowspan="10">Core life products</td><td rowspan="10">Simple, non-underwritten products that are sold in the open market and are subject to simple sales processes.</td><td>Funeral policies</td><td>Mortality</td></tr>
<tr><td colspan="2">Benefit paid upon death of life assured</td></tr>
<tr><td>Health cash plans</td><td>Hospitalisation</td></tr>
<tr><td colspan="2">Benefit paid per day the policyholder is hospitalised</td></tr>
<tr><td>Accidental death plans</td><td>Mortality</td></tr>
<tr><td colspan="2">Benefit paid upon death of policyholder</td></tr>
<tr><td>Lifestyle protection plans</td><td>Morbidity</td></tr>
<tr><td colspan="2">Benefit paid upon death or disability</td></tr>
<tr><td>PayProtect policies</td><td>Morbidity and retrenchment</td></tr>
<tr><td colspan="2">Benefit paid upon disability or retrenchment</td></tr>
<tr><td>Underwritten life products</td><td>Underwritten life products comprise Life Simplified and Life Customised. Life Simplified provides death cover of up to R1 million after limited underwriting. Life Customised policies provide for more complex needs with cover amounts of up to R100 million, R50 million and R5 million on death, disability and critical illness cover respectively.</td><td>Life cover combined with disability and critical illness.</td><td>• Mortality
• Morbidity</td></tr>
<tr><td>Credit life</td><td>Products that are sold in conjunction with FNB's credit products. The current offering includes credit cover across credit products within FNB,which include personal loans (compulsory), home loans (compulsory), housing financing, credit cards, overdrafts and revolving loans (voluntary).</td><td>Credit life policies</td><td>• Mortality
• Morbidity
• Retrenchment</td></tr>
<tr><td>Business life products</td><td>Products to business customers.</td><td>• Key person policies
• Grouped funeral policies
• Business credit protect
• Simplified group schemes
• Personal health insurance</td><td>• Mortality
• Morbidity</td></tr>
<tr><td colspan="3">Annuities</td><td>Regular monthly income until death</td><td>• Annuities</td><td>• Longevity
• Investment</td></tr>
</table>

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.6 Insurance risk continued

As a result of these insurance risk exposures, the group is exposed to catastrophe risk stemming from the possibility of an extreme event linked to any of the above (except for annuities).

For all of the above, the risk is that the decrement rates (e.g. mortality rates and morbidity rates) and associated cash flows are different from those assumed when pricing or reserving. Mortality, morbidity and retrenchment risk can further be broken down into parameter risk, random fluctuations and trend risk, which may result in the parameter value assumed differing from actual experience.

Policies underwritten by FirstRand Life are available through all of FNB's distribution channels. Some of these channels introduce the possibility of anti-selection, which also impacts the level of insurance risk. This is managed through monitoring the mix of business by channel.

These policies also expose FirstRand Life to lapse risk, which is the risk of the loss of future profits and expenses risks. These risks are classified as business risks but are included in this section as they result from insurance products.

Concentration risk

The majority of the portfolio consists of funeral and credit life policies sold to retail customers. There is, therefore, no significant concentration risk, but the mix of portfolios according to various factors impacting different risk types is frequently monitored. Large policies in the underwritten portfolio are reinsured to avoid single large exposures to lives. Catastrophe reinsurance is in place to provide cover against many lives being lost in a single event (excluding pandemics).

The following table demonstrates the concentration risk across life insurance products for sums assured at risk before and after reinsurance.

	Before reinsurance						
	Mortality risk		Morbidity risk		Retrenchment risk		Total
Retail sums assured at risk	R million	%	R million	%	R million	%	R million
2024							
1 – 499 999	**219 715**	**44**	**77 102**	**55**	**21 187**	**100**	**318 004**
500 000 – 999 999	**67 095**	**14**	**18 735**	**13**	**58**	**–**	**85 888**
1 000 000 – 1 999 999	**133 945**	**27**	**12 443**	**9**	**13**	**–**	**146 401**
2 000 000 and above	**74 195**	**15**	**32 534**	**23**	**–**	**–**	**106 729**
Total	**494 950**	**100**	**140 814**	**100**	**21 258**	**100**	**657 022**
2023							
1 – 499 999	205 397	44	72 397	56	20 096	100	297 890
500 000 – 999 999	66 258	14	18 249	14	63	–	84 570
1 000 000 – 1 999 999	141 294	30	10 403	8	16	–	151 713
2 000 000 and above	57 741	12	27 581	22	–	–	85 322
Total	470 690	100	128 630	100	20 175	100	619 495

	After reinsurance						
	Mortality risk		Morbidity risk		Retrenchment risk		Total
Retail sums assured at risk	R million	%	R million	%	R million	%	R million
2024							
1 – 499 999	**201 867**	**61**	**71 570**	**67**	**21 066**	**100**	**294 503**
500 000 – 999 999	**43 004**	**13**	**12 878**	**12**	**12**	**–**	**55 894**
1 000 000 – 1 999 999	**67 314**	**21**	**3 747**	**3**	**3**	**–**	**71 064**
2 000 000 and above	**16 437**	**5**	**19 313**	**18**	**–**	**–**	**35 750**
Total	**328 622**	**100**	**107 508**	**100**	**21 081**	**100**	**457 211**
2023							
1 – 499 999	187 747	57	70 179	66	19 957	100	277 883
500 000 – 999 999	48 004	14	14 439	13	13	–	62 456
1 000 000 – 1 999 999	82 660	25	4 107	4	4	–	86 771
2 000 000 and above	13 461	4	18 253	17	–	–	31 714
Total	331 872	100	106 978	100	19 974	–	458 824

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.6 Insurance risk continued

Assessment and management of concentration risk

The group manages the insurance risk of its policies through monitoring incidence rates, claims ratios and business mix, as policies are not underwritten and pricing is flat. Larger policies are underwritten.

Concentration risk mitigation

The risk exposure is mitigated by diversification across a portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Non-life insurance products

The risk arises from the group's short-term insurance operations.

The short-term insurance products offered by the group include:

- Personal line products are policies sold to retail customers or individuals. This includes liability cover, property cover, motor cover, legal cover, health cover and personal accident cover.
- Commercial line products are policies sold to entities which are carrying on a trade and require cover for risks specific to the running of a business. This includes liability cover, property cover, motor cover,legal cover and business interruption cover.

The terms and conditions of short-term insurance contracts have a material effect on the amount, timing and uncertainty of future cash flows. The key risks associated with general insurance contracts are claims experience. The methodology driving the provisions for these contracts is reviewed at least annually. As claims experience develops, certain claims are settled, further claims are revised and new claims are reported. The reasonableness of the estimation process is assessed by management and reviewed on a regular basis. The group believes that the liability for claims carried at the end of the year is adequate.

Concentration risk mitigation

Most of the current insurance risk exposure remains legal type risk, particularly litigation. However, the comprehensive portfolio is beginning to garner scale, which provides diversification across product lines. The comprehensive portfolio also has reinsurance in place to protect against catastrophes. As this portfolio grows, concentration risk through location and sum insured accumulations will become more material and will be managed in line with the insurance risk management framework.

	Before reinsurance						
	Legal risk		Motor risk		Property risk		Total
Retail sums assured at risk	**R million**	**%**	**R million**	**%**	**R million**	**%**	**R million**
2024							
1 – 499 999	**31 038**	**100**	**7 355**	**69**	**4 880**	**5**	**43 273**
500 000 – 999 999	**131**	**—**	**2 431**	**23**	**8 899**	**8**	**11 461**
1 000 000 – 1 999 999	**—**	**—**	**729**	**7**	**20 250**	**19**	**20 979**
2 000 000 and above	**—**	**—**	**125**	**1**	**73 049**	**68**	**73 174**
Total	**31 169**	**100**	**10 640**	**100**	**107 078**	**100**	**148 887**
2023							
1 – 499 999	30 786	100	4 664	65	3 453	5	38 903
500 000 – 999 999	—	—	1 366	19	7 120	9	8 486
1 000 000 – 1 999 99	—	—	1 068	15	16 254	21	17 322
2 000 000 and above	—	—	73	1	48 892	65	48 965
Total	30 786	100	7 171	100	75 719	100	113 676

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.6 Insurance risk continued

Claims development

The table below compares actual claims payments with previous estimates of the undiscounted amounts of the claims, without taking into account any reinsurance contracts held.

R million	2020 and earlier	2021	2022	2023	**2024**	Total
At end of year in which an initial claim was made	114	40	134	349	**380**	
1 year later	201	137	307	502		
2 years later	120	133	284			
3 years later	125	140				
4 years later	133					
Cumulative gross claims and other directly attributable expenses paid	(137)	(139)	(271)	(456)	**(213)**	(1 216)
Total undiscounted claims	(4)	1	13	46	**168**	224
Effect of discounting						(13)
Effect of risk adjustment for non-financial risk						21
Closing balance of liability for incurred claims						232

All insurance products

Credit risk of reinsurers

The table below outlines the maximum exposure to credit risk and the credit ratings of reinsurers for reinsurance contracts held that are in an asset position based on international ratings. Where the reinsurers have no international ratings, the rating of the parent companies, which have provided guarantees, is provided instead.

R million	**2024**	2023
Rating		
AAA to A-	**500**	585
BBB to B-	**9**	25
Total reinsurance contracts assets	**509**	610

Maturity analysis of insurance and reinsurance contract liabilities

The amounts below represent the estimated amount and timing of the remaining contractual discounted cash inflows/(outflows) arising from insurance and reinsurance contract liabilities. Liabilities for remaining coverage that are measured under the PAA are excluded from the analysis.

R million	**Within 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**After 5 years**	**Total**
2024							
Insurance contract liabilities	**(272)**	**8**	**17**	**24**	**27**	**991**	**795**
Reinsurance contract liabilities	**(36)**	**(17)**	**(12)**	**(7)**	**(4)**	**(4)**	**(80)**
Total	**(308)**	**(9)**	**5**	**17**	**23**	**987**	**715**
2023							
Insurance contract liabilities	(332)	(44)	(32)	(26)	(24)	623	165
Reinsurance contract liabilities	—	—	—	—	—	(2)	(2)
Total	(332)	(44)	(32)	(26)	(24)	621	163

There are no insurance and reinsurance contract liabilities that are payable on demand.

Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.6 Insurance risk continued

Sensitivities

The following tables present information on how reasonably possible changes in assumptions made by the group with regard to underwriting risk variables and market risk variables impact product line insurance liabilities, and profit or loss, and equity before and after risk mitigation by reinsurance contracts held. The risk variables accounted for represent the components the balance sheet and risk management are most sensitive to. The analysis is based on a change in an assumption while holding all other assumptions constant.

R million	Balance at 30 June	Impact on FCF	Impact on CSM	Total change in balances	Impact on profit before tax	Pre-tax impact on equity
2024						
Net insurance contracts						
FCF	**7 767**					
CSM	**(7 975)**					
Total net insurance liabilities	**(208)**					
5% increase in mortality		**(584)**	**385**	**(199)**	**(196)**	**(199)**
5% increase in lapse rate		**(221)**	**204**	**(18)**	**–**	**(18)**
1% increase in interest rates		**(350)**	**116**	**(234)**	**(54)**	**(234)**
1% decrease in interest rates		**350**	**(116)**	**234**	**54**	**234**
Net reinsurance contracts held						
FCF	**375**					
CSM	**86**					
Total net reinsurance assets	**461**					
5% increase in mortality		**86**	**(29)**	**57**	**57**	**57**
5% increase in lapse rate		**–**	**(5)**	**(4)**	**(4)**	**(4)**
1% increase in interest rates		**(7)**	**14**	**7**	**7**	**7**
1% decrease in interest rates		**7**	**(14)**	**(7)**	**(7)**	**(7)**
2023						
Net insurance contracts						
FCF	6 168					
CSM	(7 005)					
Total net insurance liabilities	(837)					
5% increase in mortality		(473)	321	(152)	(150)	(152)
5% increase in lapse rate		(195)	178	(18)	–	(18)
1% increase in interest rates		(296)	98	(197)	(45)	(197)
1% decrease in interest rates		296	(98)	197	45	197
Net reinsurance contracts held						
FCF	561					
CSM	25					
Total net reinsurance assets	586					
5% increase in mortality		61	(32)	28	28	28
5% increase in lapse rate		(2)	(9)	(10)	(10)	(10)
1% increase in interest rates		(8)	12	4	4	4
1% decrease in interest rates		8	(12)	(4)	(4)	(4)

Capital management for insurance entities

The overall objective of capital management is to actively manage the structure of the group's insurance entities' capital base to ensure that it remains cost effective and creates value for the group's shareholders. The group aims to fulfil the requirements of its stakeholders (including policyholder interests) whilst still maintaining an efficient and optimal capital structure with limited excesses which will support organic growth requirements.

The Solvency Assessment and Management (SAM) framework requires South African insurers to maintain a minimum regulatory capital, also know as the Solvency Capital Requirement (SCR). The SCR is set at a level that ensures that insurance entities can meet their obligations to policyholders over the next 12 months with a 99.5% probability. The SCR is determined using the Financial Soundness Standards for Insurers (FSI) determined by the Prudential Authority (PA). The target SCR for the group's insurance entities is above the minimum SCR in terms of SAM as it includes a buffer above the minimum requirement. For entities outside South Africa, the minimum capital requirements are set with reference to relevant local regulatory requirements.

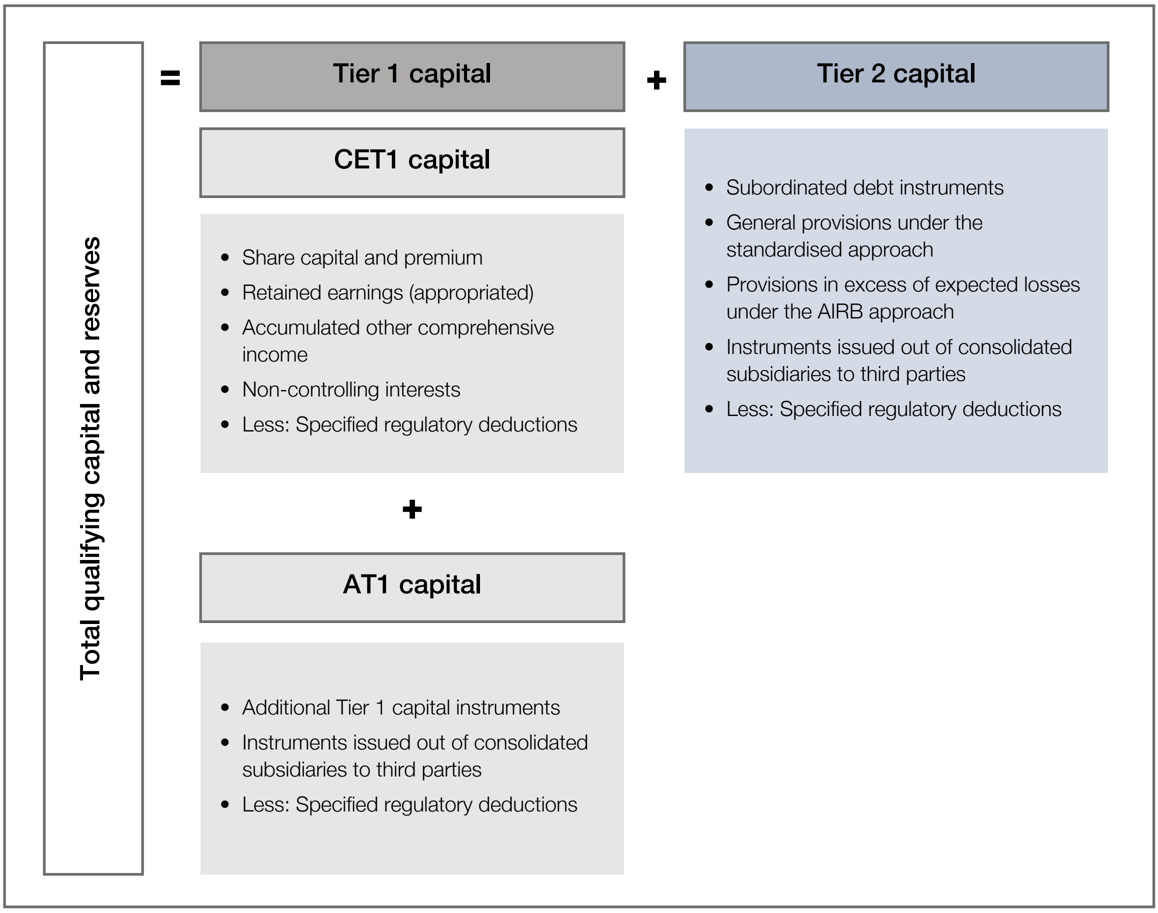
Notes to the consolidated financial statements

38 Financial and insurance risks continued

38.7 Capital management

The capital planning process ensures that the CET1, Tier 1 and total capital adequacy ratios remain within or above target ranges and regulatory minimums across economic and business cycles. Capital is managed on a forward-looking basis and the group remains appropriately capitalised under a range of normal and severe stress scenarios. The group aims to back all economic risk with loss-absorbing capital and remains well capitalised in the current environment. The group continues to focus on the quality and mix of capital, as well as optimisation of the group's RWA. The group's capital ratios remain strong and above the regulatory minimums and internal targets. The board-approved internal targets are CET1 of 11.0% – 12.0%, Tier 1 of >12.0% and total capital of >14.75%.

The following diagram defines the main components of qualifying capital and reserves.



Capital adequacy for the group's regulated subsidiaries and foreign branches

The group's registered banking subsidiaries and foreign branches must comply with PA regulations and those of their respective in-country regulators, with primary focus placed on Tier 1 capital and total capital adequacy ratios. The group's approach is that all entities must be adequately capitalised on a standalone basis.

Adequate controls and processes are in place to ensure that each entity is adequately capitalised to meet in-country regulatory and economic capital requirements. Based on the outcome of detailed stress testing, each entity targets a capital level in excess of in-country regulatory minimums.

Capital generated by subsidiaries in excess of targeted levels is returned to FirstRand, usually in the form of dividends unless retained for organic or inorganic growth. No restrictions were experienced on the repayment of dividends during the year under review.

Capital management for insurance entities

Capital for insurance entities is calculated on a regulatory basis in line with Insurance Act No.18 of 2017 and Regulations, as well as on an economic basis. Capital is risk sensitive and is also used to understand the exposure to insurance risk. The insurance group's ORSA assesses the impact of various stresses on the solvency position of the insurance entities and informs the capital targets. Target levels for capital coverage are specified in the insurance risk appetite statement and have been met over the year under review. Insurance entities remain appropriately capitalised.

Notes to the consolidated financial statements

39 Impact due to changes in presentation and restatements

39.1. Restatement of previously presented information

The group has restated the following notes as outlined in the *Basis of preparation, critical accounting estimates, assumptions and judgements and impact due to changes in presentation and restatements.* This note details the changes in presentation and restatements in notes to the financial statements.

1.1 Interest and similar income

R million	As previously reported	Restatement	Restated
Cash and cash equivalents	4 279	(1 883)	2 396
Collateral, settlement balances and other	157	1 883	2 040
Interest and similar income	4 436	–	4 436

2.5 Net other non-interest revenue

As previously reported

R million	2023
Revenue from contracts with customers	1 769
– Sales	2 639
– Cost of sales	(1 957)
– Other income	1 087
– Gains/(losses) on disposal of property and equipment	(43)
Rental income	1 764
Other operating lease transactions	268
Total other non-interest revenue	3 758

Notes to the consolidated financial statements

6.1 Analysis of assets

	As previously reported					Restatement					Restated				
R million	Amortised cost	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual	Amortised cost	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual	Amortised cost	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
ASSETS															
Cash and cash equivalents	175 304	–	175 304	175 304	–	(27 633)	–	(27 633)	(27 633)	–	147 671	–	147 671	147 671	–
Collateral, settlement balances and other assets	8 749	(4 989)	3 760	6 560	(2 800)	27 633	–	27 633	27 633	–	36 177	(4 989)	31 188	33 972	(2 784)

7 Cash and cash equivalents

R million	As previously reported	Restatement	Restated
Money at call and short notice	107 373	(27 633)	79 740
Total cash and cash equivalents	175 304	(27 633)	147 671

12.1 Analysis of the loss allowance closing balance

	2023				
	Loss allowance				
R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
Forward-looking information	3 640	1 571	1 668	401	–
Restatement	1 190	609	299	282	–
Forward-looking information (restated)	4 830	2 180	1 967	683	–

Notes to the consolidated financial statements

39 Impact due to changes in presentation and restatements continued

39.1. Restatement of previously presented information

13 Collateral, settlement balances and other assets

R million	As previously reported	IFRS17	Restatement	Restated
– Variation margin – unsettled balances	827	–	–	827
– Variation margin	–	–	6 727	6 727
– Initial margin	–	–	20 906	20 906
Total gross carrying amount	4 226	(223)	27 633	31 636
– Financial	9 215	(223)	27 633	36 625
– Non-financial	(4 989)	—	—	(4 989)
– Loss allowance on other financial assets	(466)	18	—	(448)
Total collateral, settlement balances and other assets	3 760	(205)	27 633	31 188

25 Creditors, accruals and provisions

Reconciliation of contract liabilities

R million	As previously reported	Restatement	IFRS 17 restatements	Restated
Opening balance	2 620	304	(396)	2 528
Increases due to cash received and other increases in contract liabilities	2 475	607	(11)	3 071
Revenue recognised that was included in the contract liability balance at the beginning of the period	(2 327)	(565)		(2 892)
Closing balance	2 768	346	(407)	2 707

Financial and insurance risks

38.1 Credit risk

Geographic concentration of significant credit asset exposure

	2023					
R million	South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	Total
On-balance sheet exposures						
Cash and short-term funds	64 230	11 431	65 190	10 944	12 415	164 210
Restatement	(12 997)	(11)	(9 221)	(5 136)	(268)	(27 633)
Cash and short-term funds (restated)	51 233	11 420	55 969	5 808	12 147	136 577
Other assets	6 154	1 239	717	839	266	9 215
IFRS 17	(223)	–	–	–	–	(223)
Restatement	12 997	11	9 221	5 136	268	27 633
Collateral, settlement balances and other financial assets (restated)	18 928	1 250	9 938	5 975	534	36 625
Insurance contract assets	–	–	–	–	–	–
IFRS 17	555	–	–	–	–	555
Insurance contract assets (restated)	555	–	–	–	–	555
Reinsurance assets (IFRS 4)	521	33	–	–	–	554
IFRS 17 adjustment	64	(8)	–	–	–	56
Reinsurance contract assets (IFRS 17)	585	25	–	–	–	610

Notes to the consolidated financial statements

39 Impact due to changes in presentation and restatements continued

39.1. Restatement of previously presented information continued

38.1.3 Quality of credit assets – non-advances

	2023											
R million	AAA to BBB				BB+ to B-				CCC			
	As previously reported	IFRS 17	Restatement	Restated	As previously reported	IFRS 17	Restatement	Restated	As previously reported	IFRS 17	Restatement	Restated
Other financial assets												
– Stage 1	–	(104)	16 077	15 973	–	(119)	11 556	11 437	–	–	–	–
– Stage 2	567	–	–	567	8 169	–	–	8 169	328	–	–	328
– Stage 3	–	–	–	–	68	–	–	68	83	–	–	83
Total collateral, settlement balances and other financial assets	567	(104)	16 077	16 540	8 237	(119)	11 556	19 674	411	–	–	411
Cash and cash equivalents												
– Stage 1	93 152	–	(16 077)	77 075	67 596	–	(11 556)	56 040	3 437	–	–	3 437
– Stage 2	–	–	–	–	–	–	–	–	–	–	–	–
– Stage 3	–	–	–	–	–	–	–	–	–	–	–	–
– Purchased or originated credit impaired	25	–	–	25	–	–	–	–	–	–	–	–
Total cash and cash equivalents	93 177	–	(16 077)	77 100	67 596	–	(11 556)	56 040	3 437	–	–	3 437

38.1.4 Credit risk mitigation and collateral held

	2023						
R million	Gross carrying amount	Off-balance sheet exposure	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Unsecured	Secured
Cash and cash equivalents	164 210	–	–	164 210	26 324	137 886	–
Restatement	(27 633)	–	–	(27 633)	(22 391)	(5 242)	–
Cash and cash equivalents (restated)	136 577	–	–	136 577	3 933	132 644	–
Other assets	9 215	–	(466)	8 749	3	8 740	6
IFRS 17	(223)	–	18	(205)	–	(205)	–
Restatement	27 633	–	–	27 633	22 391	5 242	–
Collateral, settlement balances and other financial assets (restated)	36 625	–	(448)	36 177	22 394	13 777	6

40 Events after balance sheet date

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

Notes to the consolidated financial statements

Accounting policies

The accounting policies and other methods of computation applied in the preparation of the consolidated financial statements are in terms of IFRS Accounting Standards and are consistent with those applied for the year ended 30 June 2023, except for the first time adoption of IFRS 17 and IAS 29.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES				
1	Subsidiaries, associates and joint arrangements	Consolidation and equity accounting	Related party transactions	
2	Income, expenses and taxation	Income and expenses	Taxation	
3	Financial instruments	Classification and measurement	Impairment	Derivatives and hedge accounting
		Transfers, modifications and derecognition	Offset and collateral	
4	Other assets and liabilities	Property and equipment	Investment properties	Intangible assets
		Commodities	Provisions	
		Non-current assets held for sale	Leases	
5	Capital and reserves	Share capital and treasury shares	Dividends and non-cash distributions	Other reserves
6	Transactions with employees	Employee liabilities	Share-based payment transactions	
7	Non-banking activities	Insurance activities	Investment management activities	

Notes to the consolidated financial statements

1. Subsidiaries, associates and joint arrangements

Basis of consolidation and equity accounting

	SUBSIDIARIES AND OTHER STRUCTURED ENTITIES	ASSOCIATES	JOINT VENTURES
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%	
When an entity is a structured entity and control of it is not evidenced through shareholding, the group considers the substance of the arrangement and the group's involvement with the structured entity to determine whether the group has control, joint control or significant influence over the significant decisions that impact its relevant activities.			
Nature of the relationship between the group and the investee	Entities over which the group has control, as defined in IFRS 10, are consolidated. These include certain investment funds managed by the group, securitisation structures or other entities used for the purpose of buying or selling credit protection.	Entities over which the group has significant influence as defined in IAS 28. These include investment funds not consolidated, but which the group has significant influence over.	A joint arrangement in terms of which the group and the other contracting parties have joint control, as defined in IFRS 11. Joint ventures are those joint arrangements where the group has rights to the net assets of the arrangement.
SEPARATE FINANCIAL STATEMENTS			
The company measures investments in the above entities at cost less impairment (in terms of IAS 36), with the exception of investments acquired and held exclusively with the view to dispose of them in the near future (within 12 months). These investments are measured at fair value less cost to sell in terms of IFRS 5.			

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES
Interests in unconsolidated structured entities may expose the group to variability in returns from the structured entity. However, because of a lack of power over the structured entity it is not consolidated. Normal customer or supplier relationships, where the group transacts with the structured entity on the same terms as other third parties, are not considered to be interests in the entity. From time to time the group also sponsors the formation of structured entities primarily for the purpose of allowing clients to hold investments, for asset securitisation transactions and for buying and selling credit protection. Where the interest or sponsorship does not result in control, disclosures of these interests or sponsorships are made in the notes in terms of IFRS 12.

COMMON CONTROL TRANSACTION
There is currently no guidance under IFRS Accounting Standards for the accounting treatment of business combinations under common control. In terms of IAS 8, the group developed an accounting policy that requires that business combinations under common control use the predecessor values of the acquiree without the restatement of comparatives. Therefore, any difference between the net asset value (NAV) and the amount paid (i.e. the purchase consideration) is recorded directly in equity.

CONSOLIDATED FINANCIAL STATEMENTS		
	Consolidation	**Equity accounting**
Initial recognition in the consolidated financial statements	Subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations. The excess (shortage) of the sum of the consideration transferred, the value of non-controlling interest and the fair value of any existing interest, over the fair value of identifiable net assets are recognised as goodwill or a gain on bargain purchase, as set out further below. Transaction costs are included in operating expenses within profit or loss, when incurred.	Associates and joint ventures are initially recognised at cost (including goodwill) and subsequently equity accounted. The carrying amount is increased or decreased to recognise the group's share of profit or loss from the investee after the date of acquisition. Items that impact the investee NAV that don't impact OCI are recognised directly in gains less losses from investing activities within NIR.

Notes to the consolidated financial statements

1. Subsidiaries, associates and joint arrangements continued

Basis of consolidation and equity accounting continued

CONSOLIDATED FINANCIAL STATEMENTS		
	Consolidation	**Equity accounting**
Intercompany transactions and balances	Intercompany transactions are all eliminated on consolidation, including unrealised gains. Unrealised losses on transactions between group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the group's impairment policies.	Unrealised gains on transactions are eliminated to the extent of the group's interest in the entity. Unrealised losses are also eliminated to the extent of the group's interest in the entity, unless the transaction provides evidence of an impairment of the transferred asset.
Impairment	In the consolidated financial statements either the cash generating unit (CGU) is tested, i.e. a grouping of assets no higher than an operating segment of the group, or, if the entity is not part of a CGU, the individual assets of the subsidiary and goodwill are tested for impairment in terms of IAS 36.	The entire carrying amount of the investment, including other long-term interests, is tested for impairment. Certain loans and other long-term interests in associates and joint ventures are considered to be, in substance, part of the net investment in the entity when settlement is neither planned nor likely to occur in the foreseeable future. Such items may include preference shares and long-term receivables or loans, but do not include trade receivables or any long-term loans for which adequate collateral exists. These loans and other long-term interests in associates and joint ventures are included in advances and are measured in terms of IFRS 9 The value of such loans after any expected credit losses (ECL) raised for IFRS 9 where such loans are measured at amortised cost is, however, included in the carrying amount of the investee for purposes of determining the share of losses of the investee attributable to the group and for impairment testing purposes.
Goodwill	Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses. If this amount is negative, as in the case of a bargain purchase, the difference is immediately recognised in gains less losses from investing activities within NIR. Goodwill is tested annually for impairment by the group in April, or earlier if there are objective indicators of impairment. For subsidiaries acquired between March and June, a goodwill impairment test is performed in June in the year of acquisition and thereafter annually in April. For testing purposes, goodwill is allocated to a suitable CGU. Impairment losses in respect of goodwill are not subsequently reversed.	Notional goodwill on the acquisition of associates and joint ventures is included in the equity accounted carrying amount of the investment. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Notes to the consolidated financial statements

1. Subsidiaries, associates and joint arrangements continued

Basis of consolidation and equity accounting continued

CONSOLIDATED FINANCIAL STATEMENTS		
	Consolidation	**Equity accounting**
Non-controlling interest	Non-controlling interests in the net assets of subsidiaries are separately identified and presented from the group's equity. All transactions with non-controlling interests which do not result in a loss of control are treated as transactions with equityholders. Partial disposals and increases in effective shareholding between 50% and 100% are treated as transactions with equityholders. Non-controlling interest is initially measured either at the proportional share of net assets or at fair value. The measurement distinction is made by the group on a case-by-case basis.	Transactions with other shareholders are not equity transactions and the effects thereof are recognised in profit or loss as part of gains less losses from investing activities in NIR.

Related party transactions

Related parties of the group, as defined, include:

Subsidiaries	Associates	**Joint ventures**	Post-employment benefit funds (pension funds)
Entities that have significant influence over the group, and subsidiaries of these entities	**Key management personnel (KMP)**	Close family members of KMP	**Entities controlled, jointly controlled or significantly influenced by KMP or their close family members**

KMP of the group are the FirstRand Limited board of directors and prescribed officers, including any entities which provide KMP services to the group. Their close family members include spouse/domestic partner and dependent children, domestic partner's dependent children and any other dependents of the individual or their domestic partner. Children over the age of 25 are not considered dependants.

Notes to the consolidated financial statements

2. Income, expenses and taxation

NET INTEREST INCOME RECOGNISED IN PROFIT OR LOSS

Interest income includes:

- interest on financial instruments measured at amortised cost and debt instruments measured at FVOCI, including the effect of qualifying hedges for interest rate risk.
- interest on financial asset debt instruments measured at FVTPL that are held by and managed as part of the group's funding or insurance operations.
- fees and transaction costs that form an integral part of generating an involvement with the resulting financial instrument;
- interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:
  - the gross carrying amount (GCA) of financial assets which are not credit impaired; and
  - the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to section 4.2 of the accounting policies).
- modified advances (derecognition not achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to accounting policy 3) is calculated by applying the original effective interest rate to the asset's modified GCA; and
- modified advances (derecognition is achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.

Interest expense includes:

- interest on financial liabilities measured at amortised cost;
- interest on financial liabilities measured at FVTPL that are held by and managed as part of the group's funding or insurance operations;
- interest on capitalised leases where the group is the lessee; and
- the difference between the purchase and resale price in repurchase and reverse repurchase agreements where the related advances or deposit is measured at amortised cost, because the amount is in substance interest.

The total interest expense is reduced by the amount of interest incurred in respect of liabilities used to fund the group's fair value activities. This amount is reported in fair value income within NIR.

Group also presents as part of net interest income, other interest income and other interest and charges similar in nature, which are not calculated on the effective interest rate method.

NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS

Non-interest revenue from contracts with customers

Under IFRS 15, where a five-step analysis is required to determine the amount and timing of revenue recognition, the group assesses contracts and determines whether the fees identified in the contract relate to revenue as defined in IFRS 15. The revenue is recognised only if the group can identify the contract and the performance obligation (i.e. the different goods or services) and can determine the transaction price, which is required to be allocated to the identifiable performance obligations.

Unless specifically stated otherwise, the group is the principal in its revenue arrangements as the group controls the goods and services before transferring them to the customer.

Notes to the consolidated financial statements

2. Income, expenses and taxation continued

<table>
<tr><th colspan="2">NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS</th></tr>
<tr><th colspan="2">Non-interest revenue from contracts with customers</th></tr>
<tr><td>Fee and commission income</td><td>Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers.

Fee and commission income is earned by the group by providing customers with a range of services and products, and consists of the following main categories:
• banking fee and commission income;
• knowledge-based fee and commission income;
• management, trust and fiduciary fees;
• fee and commission income from service providers; and
• other non-banking fee and commission income.

The bulk of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, which typically includes transactional banking fees such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, is recognised at a point in time.

Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:
• Fees for services rendered are recognised on an accrual basis as the service is rendered and the group's performance obligation is satisfied, e.g. annual card fees and asset management and related fees.
• Commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Commitment fees for unutilised funds made available to customers in the past are recognised as revenue at the end of the contract period. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the group, are recognised as revenue on a straight-line basis over the period for which the funds are promised to be kept available. Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime, data vouchers and electricity, and traffic fines paid through FNB channels, as well as insurance commission.

The group operates a customer loyalty programme, known as eBucks, in terms of which it undertakes to provide reward credits to qualifying customers to buy goods and services, which results in the recognition of a performance obligation which the group needs to fulfil. The supplier of the goods or services to be acquired by customers can either be the group or an external third party. The group recognises a contract liability referred to as the customer loyalty programme liability, which represents the deferred amount of revenue resulting from providing these reward credits to customers. The amount deferred is equal to the maximum cash flow that could be required in order to settle the liability with the customer, as the supplier of goods and services could either be the bank itself or independent third parties. The deferred revenue in respect of which the eBucks liability is raised is recognised in the period in which the customer utilises their reward credits. When the group is acting as an agent, amounts collected and incurred on behalf of the principal are not recognised on a gross basis. Only the net commission retained by the group is recognised in fee and commission income.</td></tr>
</table>

Notes to the consolidated financial statements

2. Income, expenses and taxation continued

NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS	
Non-interest revenue from contracts with customers	
Fee and commission expenses	Fee and commission expenses are those that are incremental and directly attributable to the generation of fee and commission income and are recognised as part of fee and commission income. These include transaction and service fees, which are expensed as the services are received. Expenses relating to the provision of the customer loyalty reward credits are recognised as fee and commission expenses as incurred.
Insurance income – non-risk-related	Commission is earned on the sale of insurance products to customers of the group on behalf of an insurer. Brokerage fees are received for services rendered in the group's capacity as an insurance broker. Participation agreements arise when the group provides a service to third party insurance providers by facilitating additional sales of their products for which the group then earns a commission in the form of a share in the profits of the insurance products sold by third party insurers. Where the group is acting as an agent, commissions and brokerage earned on the sale of insurance products to customers of the group on behalf of an insurer are recognised at the point that the significant obligation has been fulfilled. Variable consideration income earned from participation agreements is dependent on the performance of insurance products sold by third party insurers. To the extent that the group assesses that it is not highly probable that a significant reversal of revenue will not occur, the group constrains the recognition of revenue recognised from the participation agreements. In this instance, the group will only recognise the revenue once the uncertainty associated with the variable consideration is resolved, i.e. the point at which the amount of profits are earned are concluded upon and communicated to the group by the third parties.”
Other non-interest revenue	The group, through its various operating businesses and subsidiaries, sells value-added products, services and goods to customers. Revenue is recognised from products sold by the eBucks online store at a point in time when control of the goods transfers to the customer. For telecommunication products and services which consist of smart devices, as well as data, airtime contracts and bundled products (SIM services), revenue is recognised at a point in time when the smart device has been delivered to the customer, whereas revenue from SIM services are recognised over time, as and when the service is consumed by the customer (i.e. over the contract term).
Fair value gains or losses	

Fair value gains or losses of the group recognised in NIR include the following:

- fair value adjustments and interest on financial instruments at FVTPL, including derivative instruments that do not qualify for hedge accounting;
- fair value adjustments that are not related to credit risk on advances designated at FVTPL;
- a component of interest expense that relates to interest paid on liabilities which fund the group’s fair value operations. Interest expense is reduced by the amount that is included in fair value income;
- fair value adjustment on financial instruments designated at FVTPL in order to eliminate an accounting mismatch, except for such instruments relating to the group’s insurance and funding operations, for which the interest component is recognised in NII. The change in the fair value of a financial liability designated at FVTPL attributable to changes in its credit risk is presented in OCI, unless this would cause or enlarge an accounting mismatch in profit or loss. The total fair value adjustment on policyholder liabilities and non-recourse liabilities (including movements due to changes in credit risk) is included in profit or loss, since the fair value movements on these liabilities are directly linked to fair value movements on the underlying assets;
- ordinary and preference dividends on equity instruments at FVTPL;
- any difference between the carrying amount of the liability and the consideration paid, when the group repurchases debt instruments that it has issued;
- fair value gains or losses on policyholder liabilities under investment contracts; and
- fair value gains or losses on commodities acquired for short-term trading purposes, including commodities acquired with the intention of reselling in the short term, or if they form part of the trading operations of the group and certain commodities subject to option agreements whereby the counterparty may acquire the commodity at a future date where the risks and rewards of ownership are deemed to have transferred to the group in terms of IFRS 15.

Notes to the consolidated financial statements

2. Income, expenses and taxation continued

NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS
Gains less losses from investing activities
The following items are included in gains less losses from investing activities: • any gains or losses on disposals of investments in subsidiaries, associates and joint ventures; • any gains or losses on the sale of financial assets measured at amortised cost; • impairments and reversal of impairments of investment securities measured at amortised cost and debt instruments measured at FVOCI; • any amounts recycled from OCI in respect of debt instruments measured at FVOCI; • dividend income on any equity instruments that are considered long-term investments of the group, including non-trading equity instruments measured at FVOCI; and • fair value gains or losses on investment property held at FVTPL.
Dividend income
The group recognises dividend income when the group's right to receive payment is established. This is the last day to trade for listed shares and on the date of declaration for unlisted shares. Dividend income includes scrip dividends, irrespective of whether there is an option to receive cash instead of shares, except to the extent that the scrip dividend is viewed as a bonus issue with no cash alternative and the transaction lacks economic significance.

EXPENSES	
Expenses of the group, apart from certain fee and commission expenses included in net fee and commission income, are recognised and measured in terms of the accrual principle and presented as operating expenses in profit or loss.	
Indirect tax expense	Indirect tax includes other taxes paid to central and local governments and also includes value-added tax and securities transfer tax. Indirect tax is disclosed separately from income tax and operating expenses in the income statement.
CURRENT INCOME TAX	
The current income tax expense is calculated by adjusting the net profit for the year for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date, in each particular jurisdiction within which the group operates. Current income tax arising from distributions made on other equity instruments is recognised in the income statement as the distributions are made from retained earnings arising from profits previously recognised in the income statement.	
DEFERRED INCOME TAX	
Recognition	On temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.
Typical temporary differences for which deferred tax is provided	• Provision for loan impairment. • Instalment credit assets. • Revaluation (including ECL movements) of certain financial assets and liabilities, including derivative contracts. • Provisions for pensions and other post-retirement benefits. • SBP liabilities. • Investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the difference will not reverse in the foreseeable future. • Cash flow hedges.
Measurement	The liability method under IAS 12 is used, which means applying tax rates and laws applicable at the reporting date, which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. For temporary differences arising from the fair value adjustments on investment properties and investment securities, deferred income tax is provided at the rate that would apply to the sale of the assets, i.e. the capital gains tax rate.

Notes to the consolidated financial statements

2. Income, expenses and taxation continued

DEFERRED INCOME TAX	
Presentation	Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or OCI. Items recognised directly in equity or OCI relate to: • the issuance or buy-back of share capital; • fair value remeasurement of financial assets measured at FVOCI; • remeasurements of defined benefit post-employment plans; and • derivatives designated as hedging instruments in effective cash flow hedge relationships. Tax in respect of share transactions is recognised directly in equity. Tax in respect of the other items is recognised directly in OCI and subsequently reclassified to profit or loss (where applicable) at the same time as the related gain or loss.
Deferred tax assets	The group recognises deferred income tax assets only if it is probable that future taxable income will be available, against which the unused tax losses can be utilised, based on management's review of the budget and forecast information. The group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.
Substantively enacted tax rates	Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Current and deferred tax assets and liabilities are usually measured using the tax rates (and tax laws) that have been enacted. However, in some jurisdictions, announcements of tax rates (and tax laws) by the government have the substantive effect of actual enactment, which may follow the announcement by a period of several months. In these circumstances, tax assets and liabilities are measured using the announced tax rate (and tax laws).

3 Financial instruments

CLASSIFICATION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

The group recognises purchases and sale of financial instruments that require delivery within the time frame established by regulation or market convention (regular way purchases and sales) at settlement date, which is the date the asset is delivered or received.

All financial instruments are initially measured at fair value including transaction costs, except for those classified as FVTPL, in which case the transaction costs are expensed upfront in profit or loss, usually as part of operating expenses. Any upfront income earned on financial instruments is recognised as detailed under accounting policy 2, depending on the underlying nature of the income.

Immediately after initial recognition, an ECL allowance is recognised for newly originated financial assets measured at amortised cost or FVOCI debt instruments.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

Management determines the classification of its financial assets at initial recognition, based on:

- the group's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Notes to the consolidated financial statements

3. Financial instruments continued

BUSINESS MODEL

The group distinguishes three main business models for managing financial assets:

- holding financial assets to collect contractual cash flows;
- managing financial assets and liabilities on a fair value basis or selling financial assets; and
- a mixed business model of collecting contractual cash flows and selling financial assets.

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment is done for each legal reporting entity at least at a franchise level, although franchises will perform the assessment on a portfolio or sub-portfolio level, depending on the manner in which groups of financial assets are managed in each franchise.

The main consideration in determining the different business models across the group is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, among other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction, because substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are infrequent, the significance of these sales is considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets.

Determining whether sales are significant or frequent requires management to use its judgement. The significance and frequency of sales are assessed on a case-by-case basis at the business model level. The frequency is assessed on an annual basis and sales of assets that take place once or less per annum are considered to be infrequent. If sales take place more than once per annum it doesn’t mean that the business models are not to collect contractual cash flows, but rather that the reasons for the sales need to be more carefully considered. Management will consider both the volume and number of sales relative to the total assets in the business model to determine whether they are significant.

A change in business model only occurs on the rare occasion when the group changes the way in which it manages financial assets. Any change in business models would result in a reclassification of the relevant financial assets from the start of the next reporting period.

Notes to the consolidated financial statements

3. Financial instruments continued

CASH FLOW CHARACTERISTICS
In order for a debt instrument to be measured at amortised cost or FVOCI, the cash flows on the asset have to be solely payments of principal and interest (SPPI), i.e. consistent with those of a basic lending agreement. The SPPI test is applied on a portfolio basis for retail advances, as the cash flow characteristics of these assets are standardised. This includes the consideration of any prepayment penalties that are limited by consumer credit regulation. They can therefore be considered reasonable compensation, which would not cause these assets to fail the SPPI test. For wholesale advances, the SPPI test is applied to individual advances at initial recognition, based on the cash flow characteristics of the asset. Wholesale advances that do not pass the SPPI test and that have to be measured at FVTPL include advances with equity participation features, convertible bonds and payments linked to commodity or other prices. If the contract contains prepayment penalties, the amount of the prepayment penalty is compared to the present value of the margin that will be earned if the loan is not prepaid. If the amount of the prepayment penalty is lower than or equal to the margin lost due to prepayment, this is considered reasonable compensation and the loan passes the SPPI test.

AMORTISED COST
Financial assets are measured at amortised cost using the effective interest rate method when they are held to collect contractual cash flows which are SPPI, and sales of such assets are not significant or frequent. These include the majority of the retail, corporate and commercial advances of the group, as well as certain investment securities utilised for liquidity risk management of the group. For purchased or originated credit-impaired financial assets, the group applies the credit-adjusted effective interest rate. This interest rate is determined based on the amortised cost and not the GCA of the financial asset, and incorporates the impact of ECL in the estimated future cash flows of the financial asset.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise coins and bank notes, money at call and short notice, and balances with central banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition. Money at call and short notice constitutes amounts withdrawable in 32 days or less. Cash and cash equivalents are measured at amortised cost. Balances are tested annually to assess whether such balances continue to meet the definition of cash and cash equivalents.

RETAIL ADVANCES		
Retail advances	**Business model**	**Cash flow characteristics**
	The FNB, WesBank and Aldermore businesses hold retail advances to collect contractual cash flows. Their business models focus on growing these advances within acceptable credit appetite limits and maintaining strong collection practices. The products under this business model include: • residential mortgages; • vehicle and asset finance; • personal loans; • credit cards; and • other retail products such as overdrafts.	The cash flows on retail advances are SPPI. Interest charged to customers compensates the group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract.

Notes to the consolidated financial statements

3. Financial instruments continued

CORPORATE AND COMMERCIAL ADVANCES		
Corporate and commercial advances	**Business model**	**Cash flow characteristics**
	The business models of FNB, WesBank, RMB and Aldermore are also focused on collecting contractual cash flows on corporate and commercial advances and growing these advances within acceptable credit appetite limits. The products under in this business model include: • trade and working capital finance; • specialised finance; • commercial property finance; and • asset-backed finance. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return. Although the intention is to collect cash flows, not all of the instruments are held to maturity as some financial assets are sold through syndication. These sales are, however, either insignificant in value in relation to the value of advances held to collect cash flows or infrequent, and therefore the held to collect business model is still appropriate.	The cash flows on corporate and commercial advances are SPPI. Interest charged to customers compensates the group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract
	Within RMB, debt for large corporates and institutions is structured. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return. Although the intention is to collect cash flows, not all of the instruments are held to maturity as some financial assets are sold in the secondary market to facilitate funding. These sales are, however, insignificant in value in relation to the value of RMB advances held to collect cash flows and therefore the held to collect business model is still appropriate. In other portfolios, RMB originates advances with the intention to distribute. These advances are included under a different business model and are measured at FVTPL (as set out further below).	The cash flows on these advances are considered to be SPPI if the loan contract does not contain equity upside features, conversion options, payments linked to equity or commodity prices or prepayment penalties that exceed reasonable compensation for early termination of the contract. Any advances that do contain such features are mandatorily measured at FVTPL.
Marketable advances	Advances also include marketable advances representing corporate bonds and certain debt investment securities qualifying as HQLA that are under the control of the group treasurer, held by RMB. These assets are primarily held to collect the contractual cash flows over the life of the asset.	The cash flows on these advances are SPPI.

Notes to the consolidated financial statements

3. Financial instruments continued

INVESTMENT SECURITIES		
Investment securities	**Business model**	**Cash flow characteristics**
	Group Treasury holds investment securities with lower credit risk (typically government bonds and treasury bills). These investment securities are held in a business model with the objective of collecting contractual cash flows.	The cash flows on these investment securities are SPPI.
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. These assets are held to collect contractual cash flows.	The cash flows on these assets are SPPI.
OTHER ASSETS		
Other assets	Other assets are short-term financial assets that are held to collect contractual cash flows.	The cash flows on these assets are SPPI.

MANDATORY AT FVTPL		
Corporate advances	In certain instances, RMB originates advances with the mandate of distributing an identified portion of the total advances in the secondary market within an approved timeframe. The reason for originating these advances is not to collect the contractual cash flows, but rather to realise the cash flows through the sale of the assets.	Any advances which are originated to be distributed or managed on a fair value basis, or are held to collect contractual cash flows but include cash flows related to equity upside features, conversion options, payments linked to equity or commodity prices, or prepayment penalties that exceed reasonable compensation for early termination of the contract, will be included in this category.
Marketable advances	RMB occasionally invests in notes issued by special purpose vehicles (SPVs), with the intention of selling these notes to external parties. These include notes issued by an SPV to which it sells a portion of corporate and commercial advances that it originates to distribute (detailed above). The collection of contractual cash flows on these notes is merely incidental.	Advances which are acquired to distribute are included in this category.
Investment securities	RMB Global Markets holds portfolios of investment securities (including corporate and government bonds) to hedge risks or for short-term profit realisation. These securities are managed on a fair value basis.	
	All equity investments of the group are managed on a fair value basis, either through FVTPL or designated at FVOCI.	
Derivative assets	Derivatives are either held for trading or to hedge risk. These instruments are managed on a fair value basis.	

Notes to the consolidated financial statements

3. Financial instruments continued

DESIGNATED AT FVTPL		
Advances	Certain advances with fixed interest rates in RMB have been designated at FVTPL in order to eliminate an accounting mismatch that would otherwise result from measuring these assets on a different basis. The cash flows on these advances are considered to be SPPI.	
Investment securities	Group Treasury holds investment securities (typically treasury bills) for liquidity purposes.	
DEBT INSTRUMENTS AT FVOCI		
Investment securities	Group Treasury holds certain investment securities for liquidity management purposes. Local regulators require that the bank/branch prove liquidity of its assets by way of periodic outright sales. Therefore, the business model for these investment securities is both collecting contractual cash flows and selling these financial assets.	The cash flows on these investment securities are SPPI.
EQUITY INVESTMENTS AT FVOCI		
Investment securities	The group has elected to designate certain equity investments not held for trading to be measured at FVOCI.	

FINANCIAL LIABILITIES AND COMPOUND FINANCIAL INSTRUMENTS

The group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Tier 2 instruments which have write-down or conversion features are classified based on the nature of the instrument and the definitions. Tier 2 and other funding liabilities are presented in separate lines on the statement of financial position of the group. Compound instruments are those financial instruments that have components of both financial liabilities and equity, such as issued convertible bonds. At initial recognition the instrument and the related transaction costs are split into their separate components and accounted for as a financial liability or equity in terms of the definitions and criteria of IAS 32.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The following liabilities are measured at amortised cost using the effective interest rate method, unless they have been designated as measured at FVTPL:

- deposits;
- creditors;
- Tier 2 liabilities; and
- other funding liabilities.

Notes to the consolidated financial statements

3. Financial instruments continued

FINANCIAL LIABILITIES MEASURED MANDATORY AT FVTPL

The following held for trading liabilities are measured at FVTPL:

- derivative liabilities; and
- short trading positions.

These liabilities are measured at fair value at reporting date as determined under IFRS 13, with fair value gains or losses recognised in profit or loss.

FINANCIAL LIABILITIES DESIGNATED AT FVTPL

A financial liability other than one held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial liabilities which is managed and its performance evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated at FVTPL.

The financial liabilities that the group designated at FVTPL are the following:

- deposits; and
- other funding liabilities.

Both types of liabilities satisfied the above-mentioned conditions of IFRS 9 for such designation. These financial liabilities are measured at fair value at reporting date as determined under IFRS 13, with any gains or losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedge accounting relationship. However, for non-derivative financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability.

Notes to the consolidated financial statements

3. Financial instruments continued

IMPAIRMENT OF FINANCIAL ASSETS AND OFF-BALANCE SHEET EXPOSURES SUBJECT TO IMPAIRMENT

This policy applies to:

- financial assets measured at amortised cost, including other financial assets and cash;
- debt instruments measured at FVOCI;
- loan commitments comprising of commitments that are irrevocable over the life of the facility or is revocable only in response to a material adverse change and are disclosed as part of exposure to maximum credit risk included in the risk management disclosures;
- financial guarantees; letters of credit and
- finance lease debtors where the group is the lessor.

Refer to the *Critical accounting estimates, assumptions and judgements* where all risk parameters, scenarios and sources of estimation are detailed more extensively.

EXPECTED CREDIT LOSSES			
Loss allowance on financial assets			
Credit risk has not increased significantly since initial recognition (stage 1)	**Credit risk has increased significantly since initial recognition, but asset is not credit-impaired (stage 2)**	**Asset has become credit-impaired since initial recognition (stage 3)**	**Purchased or originated credit-impaired**
12-month ECL	LECL	LECL	Movement in LECL since initial recognition

ADVANCES	
SICR since initial recognition	In order to determine whether an advance has experienced a SICR, the PD of the asset calculated at the origination date is compared to that calculated at the reporting date (incorporating forward-looking information (FLI)). The origination date is defined as the most recent date at which the group has repriced an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility. SICR test thresholds are reassessed and, if necessary, updated, on at least an annual basis. Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a SICR. In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of wholesale and commercial small and medium-sized enterprise (SME) facilities on a credit watch list. Any up-to-date facility that has undergone a distressed restructure (i.e. a modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a SICR, and will be disclosed within stage 2 at a minimum. The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a SICR are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a SICR has occurred. No standard minimum period for transition from stage 2 back to stage 1 is applied across all advances, with the exception of cured distressed restructured exposures that are required to remain in stage 2 for a minimum period of six months before re-entering stage 1, as per the requirements of SARB Directive 7 of 2015.

Notes to the consolidated financial statements

3. Financial instruments continued

ADVANCES	
Credit-impaired financial assets	Advances are considered credit-impaired if they meet the definition of default. The group's definition of default applied to calculating provisions under IFRS 9 has been aligned to the definition applied to regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes. Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, have more than three instalments in arrears. In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the group to actions such as the realisation of security. Indicators of unlikeliness to pay are determined based on the requirements of Regulation 67 of the Banks Act. Examples include application for bankruptcy or obligor insolvency. Any distressed restructures of accounts which have experienced a SICR since initial recognition are defined as default events. Retail accounts are considered to no longer be in default if they meet the stringent cure definition, which has been determined at portfolio level based on analysis of re-defaulted rates. Curing from default within wholesale is determined judgementally through a committee process.
Purchased or originated credit-impaired	Financial assets that meet the above-mentioned definition of credit-impaired at initial recognition and remain classified as such for the duration of the agreement.
Write-offs	Write-off must occur when it is not economical to pursue further recoveries, i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised): • By implication, in both retail and wholesale, for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account. • Within retail portfolios, write-off definitions have been determined with reference to analysis of the materiality of net post write-off recoveries (after deduction of external debt collection expenses). The result of this is that retail secured loans are written off on perfection of collateral. In the residential mortgage portfolio, an explicit re-assessment of the economic viability of further collection efforts needs to be performed after an account has been in stage 3 for more than 60 months and within the WesBank VAF portfolio after 36 months in stage 3. • Retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. The group applies a quantitative threshold and exposures are written off where the expected recoveries (based on the present value of recoveries for a period of 36 months after the write-off point) is less than 10% of the gross balance before write-off. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency with write-offs typically occurring when 12 to 15 cumulative payments have been missed. • Within wholesale portfolios, a judgemental approach to write-off is followed, based on case-by-case assessment by a credit committee. For corporate exposures an explicit reassessment of future cash flows must be performed after 60 months in stage 3. For the commercial portfolio, the write-off approach is broadly aligned to that of the retail secured and unsecured portfolios. • Partial write-offs are not performed within credit portfolios, except in limited circumstances within the wholesale portfolio, where they are assessed on a case-by-case basis. Where required, additional provisions against irrecoverable assets will be raised until such a time as final write-off can occur.
Collection and enforcement activities post write-off	For unsecured advances, post write-off collection strategies include outsourcing of the account to external debt collections (EDCs). In addition, settlement campaigns are run to encourage clients to settle their outstanding debt. For secured advances, any residual balance post the realisation of collateral and post write-off is outsourced to EDCs.

Notes to the consolidated financial statements

3. Financial instruments continued

OTHER FINANCIAL ASSETS	
Cash and cash equivalents	All physical cash is classified as stage 1. Other exposures are classified as stage 1 unless specific evidence of impairment exists, in which case, due to the nature of these assets, they are classified immediately as stage 3. ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach.
Other assets	ECL for other assets, i.e. financial accounts receivable and where applicable, contract assets, are calculated using the simplified approach. This results in a LECL being recognised.
Investment securities	Impairment parameters for investment securities (PD, LGD and EAD) are determined using appropriate models, with the models to be applied determined with reference to the issuer of the security and the nature of the debt instrument. The tests for a SICR and default definitions are then applied and the ECL calculated in the same way as for advances. The SICR thresholds applied for investment securities are the same as those applied within the wholesale credit portfolio, to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures. The group does not use the low credit risk exemption for investment securities, including government bonds.

TRANSFERS, MODIFICATION AND DERECOGNITION

Financial instruments are derecognised when:

- the contractual rights or obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement;
- they are transferred and the derecognition criteria of IFRS 9 are met; or
- the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

Financial assets are derecognised when the group has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. pass-through arrangement).

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the group determines whether this is a substantial modification, which could result in the derecognition of the existing asset and the recognition of a new asset. If the change is simply a non-substantial modification of the existing terms it would not result in derecognition.

A modification of a financial asset is substantial and will thus result in derecognition of the original financial asset where the modified contractual terms are priced to reflect current conditions on the date of modification and are not merely an attempt to recover outstanding amounts. Where the modification does not result in an accounting derecognition the original asset continues to be recognised.

Derecognition of financial liabilities includes a situation of substantial modification of the terms and conditions of an existing financial liability. A substantial modification of the terms occurs where the discounted present value of the cash flows under the new terms, including fees paid net of fees received and discounted using the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability.

The following transactions are entered into by the group in the normal course of business, in terms of which it transfers financial assets directly to third parties or structured entities, or modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset:

Notes to the consolidated financial statements

3. Financial instruments continued

Transaction type	Description	Accounting treatment
TRANSFERS WITHOUT DERECOGNITION		
Traditional securitisations and other structured transactions	Specific advances or investment securities are transferred to a structured entity, which then issues liabilities to third-party investors, for example variable rate notes or investment grade commercial paper. The group's obligations towards the third-party note holders is limited to the cash flows received on the underlying securitised advances or non-recourse investment securities, i.e. the note holders only have a claim to the ring-fenced assets in the structured entity, and not to other assets of the group. The group consolidates these securitisations and SPVs as structured entities in terms of IFRS 10.	Specific advances or investment securities are transferred to a structured entity, which then issues liabilities to third-party investors, for example variable rate notes or investment grade commercial paper. The group's obligations towards the third-party note holders is limited to the cash flows received on the underlying securitised advances or non-recourse investment securities, i.e. the note holders only have a claim to the ring-fenced assets in the structured entity, and not to other assets of the group. The group consolidates these securitisations and SPVs as structured entities in terms of IFRS 10.
Reverse repurchase agreements	Investment securities and advances are sold to an external counterparty in exchange for cash and the group agrees to repurchase the assets at a specified price at a specific future date. The counterparty's only recourse is to the transferred investment securities and advances that are subject to the agreement. The group remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks.	The transferred assets continue to be recognised by the group in full. Such advances and investment securities are disclosed separately in the relevant notes. The group recognises an associated liability for the obligation for the cash received as a separate category of deposits.
Securities lending	Investment securities are lent to external counterparties in exchange for cash collateral as security for the return of the securities. The group's only recourse in respect of the return of the securities it has lent is to the cash collateral held and as such, the group generally requires cash collateral in excess of the fair value of the securities lent.	
TRANSFERS WITH DERECOGNITION		
Where the group purchases its own debt	The debt is derecognised from the statement of financial position and any difference between the carrying amount of the liability and the consideration paid is included in fair value gains or losses within NIR.	
MODIFICATION WITHOUT DERECOGNITION		
Modification of contractual cash flows	Debt restructuring is a process that is applied to accounts whereby the new terms of the contract (such as a lower interest rate) are mandated by law and do not have the same commercial terms as a new product that the group would be willing to offer a customer with a similar risk profile.	The existing asset is not derecognised. The GCA of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate. Distressed modifications are included in ECL.

Notes to the consolidated financial statements

3. Financial instruments continued

MODIFICATIONS WITH DERECOGNITION (I.E. SUBSTANTIAL MODIFICATIONS)		
Retail advances	The process for modifying an advance (which is not part of a debt restructuring) is substantially the same as the process for raising a new advance, including reassessing the customer's credit risk, repricing the asset and entering into a new legal agreement.	The existing asset is derecognised and a new asset is recognised at fair value based on the modified contractual terms.
NEITHER TRANSFERRED NOR DERECOGNISED		
Synthetic securitisation transactions	Credit risk related to specific advances is transferred to a structured entity through credit derivatives. The group consolidates these securitisation vehicles as structured entities, in terms of IFRS 10.	The group continues to recognise the advances and recognises associated credit derivatives which are measured at FVTPL.

Offsetting of financial instruments and collateral

Where the requirements of IFRS Accounting Standards are met, the group offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to MNAs or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

Details of the offsetting and collateral arrangements of the group are set out in the following table.

Derivative financial instruments	The group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) MNAs. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting). Financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties to mitigate credit risk.
Repurchase and reverse repurchase agreements, and securities lending and borrowing transactions	These transactions by the group are covered by master agreements with netting terms similar to those of the ISDA MNAs. Where the group has entered into a repurchase and reverse repurchase or securities borrowing and lending transaction, with the same counterparty, the advance and liability balances are offset in the statement of financial position only if they are due on a single day, denominated in the same currency and the group has the intention to settle these amounts on a net basis. The group receives and accepts collateral for these transactions in the form of cash and other investment securities.
Other advances and deposits	The advances and deposits that are offset relate to transactions where the group has a legally enforceable right to offset the amounts and the group has the intention to settle the net amount.

It is the group's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, either through physical inspection or indexation methods, as appropriate. For wholesale and commercial portfolios, the value of collateral is reviewed as part of the annual facility review. For mortgage portfolios, collateral valuations are updated on an ongoing basis through statistical indexation models. However, in the event of default, more detailed reviews and valuations of collateral are performed, which yield a more accurate financial effect. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Derivative financial instruments and hedge accounting

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at FVTPL with movements in fair value recognised in fair value gains or losses within NIR in the consolidated income statement. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

Derivative instruments are classified either as held for trading or formally designated as hedging instruments. The group elected to adopt IFRS 9 for cash flow and fair value hedges. IAS 39 will continue to be applied to portfolio hedges, which the group refers to as macro hedges, to which fair value hedge accounting has been applied.

Notes to the consolidated financial statements

3. Financial instruments continued

Derivative financial instruments and hedge accounting continued

Hedge accounting

Derivatives held for risk management purposes are classified either as fair value hedges or cash flow hedges depending on the nature of the risk being hedged, where the hedges meet the required documentation criteria under IFRS 9/IAS 39 and are calculated to be effective.

The group extensively hedges with interest rate swaps, which will be impacted by the Financial Stability Board's undertaking to fundamentally review and reform major interest rate benchmarks used globally and locally by financial market participants. This review seeks to replace existing global and local IBORs with alternative reference rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The group is monitoring and evaluating developments in the market and the impact thereof on accounting.

Fair value hedge accounting

Fair value hedge accounting does not change the recording of gains or losses on derivatives, but it does result in recognising changes in the fair value of the hedged item attributable to the hedged risk that would otherwise not be recognised in the income statement. The change in the fair value of the hedged item is taken to non-interest revenue under fair value gains or losses. If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued. The cumulative adjustment to the carrying amount of the hedged item is amortised to the income statement based on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is recognised in the income statement immediately.

Cash flow hedge accounting

For derivatives used in cash flow hedges, the effective portion of changes in the fair value of the hedging derivatives is recognised in the cash flow hedge reserve in OCI, and reclassified to profit or loss in the periods in which the hedged item affects profit or loss. The ineffective portion is recognised immediately in profit or loss as part of fair value gains or losses within NIR.

The accumulated gains and losses recognised in OCI are reclassified to the income statement in the same periods in which the hedged item affects profit or loss. When a hedge relationship is discontinued, or partially discontinued, any cumulative gain or loss recognised in OCI remains in equity until the hedged item affects the income statement.

4 Other assets and liabilities

a. Classification and measurement

Classification	Measurement
PROPERTY AND EQUIPMENT (OWNED AND RIGHT OF USE)	
Property and equipment of the group include: • assets utilised by the group in the normal course of operations to provide services, including freehold property and leasehold premises and leasehold improvements (owner-occupied properties); • assets which are owned by the group and leased to third parties under operating leases as part of the group's revenue-generating operations; • capitalised leased assets; and • other assets utilised by the group in the normal course of operations, including computer and office equipment, motor vehicles and furniture and fittings.	Historical cost less accumulated depreciation and impairment losses, except for land, which is not depreciated. Depreciation is recognised on the straight-line basis over the useful life of the asset, except for assets capitalised under leases where the group is the lessee, in which case it is depreciated per the leases accounting policy 4c. Freehold property and property held under leasing – Buildings and structures 40 – 50 years – Mechanical and electrical 14 – 20 years – Components 14 – 20 years – Sundries 3 – 5 years – Computer equipment 3 – 5 years – Other equipment 3 – 10 years
INVESTMENT PROPERTIES	
Investment properties are those held to earn rental income and/or for capital appreciation that are not occupied by the companies in the group. When investment properties become owner-occupied, the group reclassifies them to property and equipment, using the fair value at the date of reclassification as the cost.	The fair value gains or losses are adjusted for any potential double counting arising from the recognition of lease income on the straight-line basis, compared to the accrual basis normally assumed in the fair value determination.

Notes to the consolidated financial statements

4 Other assets and liabilities continued

a. Classification and measurement continued

INTANGIBLE ASSETS	
Intangible assets of the group include: • Internally generated intangible assets (including computer software and other assets such as trademarks or patents) are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met. • External computer software development costs are capitalised when they can be clearly associated with a strategic and unique system which will result in a benefit to the group exceeding the costs incurred for more than one financial period. • Material acquired trademarks, patents and similar rights are capitalised when the group will receive a benefit from these intangible assets for more than one financial period. All other costs related to intangible assets are expensed in the financial period incurred.	Cost less accumulated amortisation and any impairment losses. Amortisation is on a straight-line basis over the useful life of the asset. The useful life of each asset is assessed individually. The benchmarks used when assessing the useful life of the individual assets are: – Software development costs 3 years – Trademarks 10 – 20 years – Other 3 – 10 years
Goodwill arising from business combinations is recognised as an intangible asset.	Refer to accounting policy 1.

COMMODITIES	
Commodities acquired for short-term trading purposes include the following: • commodities acquired with the intention to resell in the short term or if they form part of the trading operations of the group; and • certain commodities subject to option agreements whereby the counterparty may acquire the commodity at a future date where the risks and rewards of ownership are deemed to have transferred to the group in terms of IFRS 15.	Fair value less costs to sell with changes in fair value being recognised as fair value gains or losses within NIR.
Forward contracts to purchase or sell commodities where net settlement occurs, or where physical delivery occurs and the commodities are held to settle a further derivative contract, are recognised as derivative instruments.	FVTPL.

PROVISIONS
The group will only recognise a provision measured in terms of IAS 37 when there is uncertainty around the amount or timing of payment. Where there is no uncertainty the group will recognise the amount as an accrual. The most significant provisions are related to litigation and claims, as well as provisions for intellectual property fees that arise because of the use of dealer platforms, databases, systems, brands and trademarks when marketing and promoting motor warranty products as part of the motor value-added products and services (VAPS) business. The group recognises a provision when a reliable estimate of the outflow required can be made and the outflow is probable (i.e. more likely than not).

Other assets that are subject to depreciation, and intangible assets other than goodwill acquired as part of a business combination (refer to accounting policy 2.1), are reviewed for impairment whenever objective evidence of impairment exists. Impairment losses are recognised in profit or loss as part of operating expenses.

Other assets are derecognised when they are disposed of or, in the case of intangible assets, when no future economic benefits are expected from their use. Gains or losses arising on derecognition are determined as the difference between the carrying amount of the asset and the net proceeds received, and are recorded in profit or loss as part of NIR.

b. Non-current assets and disposal groups held for sale

If a disposal group contains assets that are outside of the measurement scope of IFRS 5, those assets are remeasured in terms of the relevant IFRS Accounting standards and any impairment loss on the disposal group is allocated only to those non-current assets in the disposal group that are within the measurement scope of IFRS 5, until the assets are reduced to zero. The group has elected to recognise any excess impairment on the disposal group that remains after impairing the assets within the measurement scope of IFRS 5 as excess impairment within operating expenses with a corresponding adjustment to the assets whose measurement is outside of the scope of IFRS 5, until those assets are reduced to zero. Any subsequent increases in fair value less costs to sell are recognised in NIR when realised.

Notes to the consolidated financial statements

4 Other assets and liabilities continued

c. Leases

The group leases a variety of properties and equipment. Rental agreements typically include fixed periods over which the item is leased, which are individually negotiated and contain a wide range of different terms and conditions. The group assesses whether a contract is or contains a lease at inception of the contract.

Qualifying leases are recognised as a right of use asset (ROUA) and a corresponding liability at the date at which the leased asset is made available for use by the group.

	GROUP COMPANY IS THE LESSEE	GROUP COMPANY IS THE LESSOR
At inception	The group recognises a ROUA and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (defined as lease assets with a replacement value of R100 000 or less at the inception of the lease).	The group recognises assets sold under a finance lease as finance lease receivables included in advances and impair the advances, as required, in line with the impairment of financial assets accounting policy in section 3. No practical expedients are applied, and the general model under IFRS 9 is used for impairment calculations on lease receivables.
Over the life of the lease	Each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses. The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term. If ownership is transferred at the end of the lease term, the asset is depreciated over the shorter of the lease term or useful life. The group applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss.	Unearned finance income is recognised as interest income over the term of the lease using the effective interest rate method. Finance lease receivables are assessed for impairment in terms of IFRS 9, as set out in the impairment of financial assets accounting policy. Interest on finance lease receivables that are credit-impaired (stage 3) is recognised and calculated by applying the original effective interest rate to the net carrying amount.
Presentation	The lease liability is presented in other liabilities in the consolidated statement of financial position. The ROUAs are not presented as a separate line in the consolidated statement of financial position, but rather disclosed as ROUA in the property and equipment note.	Finance lease receivables are presented as part of advances in the consolidated statement of financial position.
Operating leases	For short-term and low-value leases, which the group has defined as all other leases except for property and vehicle leases, the lease payments are recognised as an operating expense, spread on a straight-line basis over the term of the lease.	Assets held under operating leases are included in property and equipment and depreciated – refer to accounting policy 4a. Rental income is recognised as other NIR on a straight-line basis over the lease term.
Finance lease agreements (including hire purchases) where the group is the lessor	The group regards finance lease agreements (including hire purchases) as financing transactions and includes the total rentals and instalments receivable, less unearned finance charges, in advances. The group calculates finance charges using the effective interest rates as detailed in the contracts and credit finance charges to interest revenue in proportion to capital balances outstanding.	

Notes to the consolidated financial statements

5 Capital and reserves

TRANSACTION	LIABILITY	EQUITY
Shares issued and issue costs	Preference shares, where the group does not have the unilateral ability to avoid repayments, are classified as other liabilities.Preference shared which qualify as Tier 2 capital have been included in Tier 2 liabilities. Other preference share liabilities have been included in other liabilities as appropriate.	The group's equity includes ordinary shares, contingently convertible securities, Additional Tier 1 notes and non-cumulative non-redeemable (NCNR) preference shares. Contingently convertible securities, Additional Tier 1 notes and NCNR preference shares are classified as other equity instruments in the financial statements. Any incremental costs directly related to the issue of new shares or options, net of any related tax benefit, are deducted from the issue price.
Dividends paid/ declared	Recognised as interest expense on the underlying liability.	Dividends on equity instruments are recognised against equity. A corresponding liability is recognised when the dividends have been approved by the company's shareholders and distribution is no longer at the discretion of the entity.
Distribution of non-cash assets to owners	The liability to distribute non-cash assets is recognised as a dividend to owners at the fair value of the asset to be distributed. The difference between the carrying amount of the assets distributed and the fair value of the assets on the date of distribution is recognised as NIR in profit or loss for the period.	The carrying amount of the dividend payable is remeasured at the end of each reporting period and on settlement date. The initial carrying amount and any subsequent changes are recognised in equity.
Treasury shares, i.e. where the group purchases its own equity share capital	If the group reacquires its own equity instruments, those instruments are deducted from the group's equity.	The consideration paid, including any directly attributable incremental costs, is deducted from total shareholders' equity as treasury shares until they are reissued or sold. Where the shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental costs is included in shareholders' equity.
Other reserves	Not applicable	Other reserves recognised by the group include general risk reserves, required to be held by some of the group's broader African operations capital redemption reserve funds and insurance contingency reserves. These reserves are required by in-country legislation governing these subsidiaries and are calculated based on the requirements outlined in the relevant legislation applicable in the specific jurisdiction.

6 Transactions with employees

a. Employee benefits

The group operates defined benefit and defined contribution schemes, the assets of which are held in separate trustee administered funds. These funds are registered in terms of the Pension Funds Act, 1956, and membership of the pension fund is compulsory for all group employees. The defined benefit plans are funded by contributions from employees and the relevant group companies, taking into account the recommendations of independent qualified actuaries.

DEFINED CONTRIBUTION PLANS	
Determination of purchased pension on retirement from defined contribution plan	**Recognition** Contributions are recognised as an expense, included in staff costs, when the employees have rendered the service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.
	Measurement On the date of the purchase, the defined benefit liability and the plan assets will increase for the purchase amount and thereafter the accounting treatment applicable to defined benefit plans will be applied to the purchased pension. It should be noted that the purchase price for the new retiree would be slightly higher than the liability determined on the accounting valuation, as the purchase price allows for a more conservative mortality assumption based on the solvency reserves of the fund.

Notes to the consolidated financial statements

6 Transactions with employees continued

a. Employee benefits continued

DEFINED BENEFIT PLANS	
Defined benefit obligation liability	**Recognition** The liabilities and assets of these funds are reflected as a net asset or liability in the statement of financial position, i.e. the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Where the value is a net asset, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
	Measurement The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. The discount rate used is the rate of nominal and inflation-linked government-issued bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.
LIABILITY FOR SHORT-TERM EMPLOYEE BENEFITS	
Leave pay	The group recognises a liability for employees' rights to annual leave in respect of past service. The amount recognised by the group is based on the current salary of employees and the contractual terms between employees and the group. The expense is included in staff costs.
Bonuses	The group recognises a liability and an expense for management and staff bonuses when it is probable that the economic benefits will be paid, and the amount can be reliably measured. The expense is included in staff costs.

b. Share-based payment transactions

The group operates a cash-settled and an immaterial equity-settled share-based incentive plan for employees.

Awards granted under cash-settled plans result in a liability being recognised and measured at fair value until settlement. An expense is recognised in profit or loss for employee services received over the vesting period of the plans.

Awards granted under equity-settled plans result in an expense to be recognised in profit or loss at the fair value of the employee services received in exchange for the grant of the awards over the vesting period of the awards. A corresponding credit to a SBP reserve in the statement of changes in equity is when the expense is recognised.

7 Non-banking activities

7.1 Insurance activities

Insurance activities include contracts issued by the group, which transfer significant insurance risk or financial risk. Furthermore, the group has entered into reinsurance contracts.

Insurance contracts are contracts under which the group, as the insurer, accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more (at least 10%) than the benefits payable if the insured event did not occur. The group issues insurance contracts in terms of the Insurance Act 18 of 2017 (Insurance Act) as well as the Short-term Insurance Act 18 of 2017 (Short-term Act).

Investment contracts which are linked-fund policies falling within the scope of the Insurance Act are viewed as a form of long-term insurance from a legal perspective. However, as investment contracts do not convey insurance risk upon the group, they are scoped out of IFRS 17 and are accounted for in terms of IFRS 9. Investment contracts are classified as financial liabilities, measured at FVTPL.

The group obtains reinsurance in the ordinary course of business for the purpose of limiting its net loss potential through the diversification of its risks on certain long-term and short-term insurance contracts. Reinsurance arrangements do not relieve the group from its direct obligations to policyholders.

Notes to the consolidated financial statements

7 Non-banking activities continued

7.1 Insurance activities continued

INSURANCE AND REINSURANCE CONTRACTS	
Introduction	The group issues insurance contracts and holds reinsurance contracts both without direct participation features and as such, where the contract boundary is less than one year, the premium allocation approach (PAA) is applied. In all other circumstances, the general measurement model (GMM) is applied. Reference to insurance contracts applies to both insurance and reinsurance contracts, unless specified.
Level of aggregation	Insurance contracts that are managed together and have similar characteristics, such as being subject to a similar pricing framework or similar product management and are issued by the same legal entity, are grouped into portfolios (measurement portfolios). These measurement portfolios are further separated in time cohorts (whose issue date cannot be more than one year apart) and then allocated to three groups of insurance contracts based on profitability, namely contracts that are onerous at initial recognition (onerous), contracts that at initial recognition have no significant possibility of subsequently becoming onerous (profitable) and the remaining contracts (profit at risk).
Cash flows included in the measurement	Cash flows are considered to be within the contract boundary if they arise from substantive rights and obligations that exist during the period in which the group can compel the policyholder to pay premiums, or where the group has a substantive obligation to provide the policyholder with insurance contract services, either by contract or by regulations and law. A substantive obligation ends when the group has the practical ability to reprice the risk of the particular policyholder or the overall portfolio, or change the level of benefits so that the price fully reflects the risk.
General measurement model (including reinsurance contracts held)	The insurance asset or liability comprises the sum of the LRC and the LIC. Under the GMM, the LRC represents the group's rights and obligations relating to future services not yet provided and consists of the following components: FCF, comprising: • the present value of future cash flows, which represents all current estimates of future cash flows within the contract boundary that relate to future services, discounted using a current discount rate; • the risk adjustment, which represents the current estimate of the adjustment to the present value of future cash flows to reflect the uncertainty inherent in the estimated future cash flows due to non-financial risk; and • the CSM, which represents the unearned profit the group will recognise as revenue as it provides services over the coverage period. The LRC is subsequently adjusted for changes in the estimates of the FCF expected in the future, as well as the unwinding of the discount, with the release of the LRC being recognised as insurance revenue (or reinsurance expenses for reinsurance contracts held). Cash flows included in the LRC, determined to be directly attributable to the acquisition and fulfilment of insurance contracts, include cash flows arising from fixed and variable overhead costs and include staff costs related to the acquisition and servicing of insurance contracts, as well as maintenance cost cash flows such as claims handling, policy administration and associated overheads.

Notes to the consolidated financial statements

7 Non-banking activities continued

7.1 Insurance activities continued

INSURANCE AND REINSURANCE CONTRACTS	
General measurement model (including reinsurance contracts held)	The group applied the bottom-up approach to determine the discount rate, derived as the sum of the risk-free yield curve based on the SA Government bond curve and, where applicable, an illiquidity premium. The risk adjustment for non-financial risks applied to insurance contracts is calculated with reference to the group's specific risk appetite. An 80% confidence level has been applied in determining the risk adjustment. The CSM is adjusted at each subsequent reporting period for changes in FCF relating to future services, which include changes in expense assumptions including mortality and morbidity rates, as well as accrual of interest, using the locked-in rate. The CSM is systematically recognised in insurance revenue to reflect the insurance contract services provided, based on the coverage units of the group of contracts. Coverage units are defined as the discounted sum assured in-force for all contracts except for maintenance contracts, where the passage of time is applied. For groups of insurance contracts that are onerous, a day one loss is recognised instead of the CSM. For reinsurance contracts held, the CSM encapsulated in the LRC may represent either expected future profits or expected future losses, meaning that the loss is not recognised upon initial recognition for reinsurance contracts that are determined to be onerous. The group is required to adjust the reinsurance CSM and recognise income when it recognises a loss on initial recognition of an onerous group of underlying insurance contracts to which the reinsurance contract is attached, if the reinsurance contract is entered into on or before the date of initial recognition of the underlying group of onerous insurance contracts. The group establishes a loss-recovery component within the LRC of the reinsurance contract held for this amount of income initially recognised. Subsequently the loss recovery component is released to the income statement through the reduction of reinsurance expenses and reinsurance income included within net income/expense from reinsurance contracts held.
General measurement model (including reinsurance contracts held)	The LIC represents the entity's rights and obligations relating to services that have already been provided and includes unsettled claims and other expenses for insured events which have already occurred, whether reported or not reported. The LIC consists of the FCF, which comprise: • the present value of future cash flows, which represents all current estimates of future cash flows relating to insured events that have already occurred as well as past coverage, including claims and other directly attributable expenses, discounted using a current discount rate; and • the risk adjustment, which represents an adjustment to the present value of estimated future cash flows, to reflect the uncertainty inherent in the estimate of the future cash flows due to non-financial risk. Subsequently, the LIC is adjusted with any changes in estimated future cash flows arising from past claims, the release of the risk adjustment and the unwinding of the discount with a corresponding amount in insurance service expenses and net income/expense from reinsurance contracts held.
Premium allocation approach (including reinsurance contracts held)	The group elected as its accounting policy to apply discounting to the LIC for contracts measured under the PAA. Unlike the LRC under the GMM, the LRC for contracts measured using the PAA is based on actual premiums and insurance acquisition cash flows paid, adjusted for revenue recognised (or expenses recognised for reinsurance contracts issued) as coverage is provided. The group's accounting policy choice is to immediately expense insurance acquisition cash flows (IACF) as well as not to discount the LRC for insurance contracts issued measured using PAA. The LRC under the PAA does not include a separate risk adjustment and CSM.

Notes to the consolidated financial statements

7 Non-banking activities continued

7.1 Insurance activities continued

INSURANCE AND REINSURANCE CONTRACTS	
Revenue recognition (excluding reinsurance contracts held)	For contracts measured using GMM, the group recognises insurance revenue over the coverage period, comprising the sum of: • the present value of the estimated future cash outflows that were included in the LRC for services provided during the period; • the release from the LRC of the risk adjustment based on the group's release from risk; • the release from the LRC of the CSM based on coverage units for the current period relative to the coverage units for the current and future periods; • the amortisation of the insurance acquisition cash flows previously included in the measurement of the LRC at initial recognition; and • any experience variances for premiums and related cash flows.
Revenue recognition (excluding reinsurance contracts held)	Insurance revenue under the PAA is recognised by allocating the premiums based on the passage of time, unless the expected pattern of release of risk during the coverage period differs significantly from the passage of time, in which case the group allocates premiums based on the expected timing of incurred insurance service expenses.
Other income statement amounts (excluding reinsurance contracts held)	Insurance service expenses comprise incurred claims and other directly attributable expenses and changes thereto, the amortisation of insurance acquisition cash flows under GMM or the actual insurance acquisition cash flows actually incurred on PAA contracts, as well as losses and reversals of losses on onerous contracts. Although the group elected to recognise immediately as an expense insurance acquisition cash flows on contracts measured using the PAA, no such option is available under the GMM resulting in insurance acquisition cash flows on the group's GMM contracts being amortised on a systematic basis over the coverage period and included within insurance service expenses. Due to the discounting of the estimated future cash flows to their present value, an entity recognises insurance finance income or expense on the FCF using a current yield curve and on the CSM using a locked-in yield curve determined at initial recognition. The group elected as its accounting policy to present the portion of the insurance finance income or expense that relates to changes in financial assumptions in other comprehensive income, with the income statement reflecting insurance finance income or expense at a constant or locked-in rate. The change in other comprehensive income is included in the insurance contract finance reserve. The unwinding of the discount on the risk adjustment is included in insurance finance income or expense.
Reinsurance income and expenses	The group presents income and expenses from reinsurance contracts held on a net basis in the income statement. Insurance income from reinsurance contracts comprises claims recoveries from the reinsurer, including changes in estimates of those claims, whereas reinsurance expenses comprise the amounts released from the reinsurance LRC to the income statement, similar to insurance revenue recognised for insurance contracts issued. As FCF and the CSM are discounted, using the current and locked-in yield curves respectively, reinsurance finance income and expenses on the components of the LRC are measured and presented in a manner similar to applied to insurance finance income and expenses.
Presentation	As the group prepares interim financial information for the purposes of applying IAS 34, the group elected as its accounting policy choice to not lock in changes in estimates made at the interim reporting stage when performing the full year's reporting.

7.2 Investment management activities

Certain divisions within the group engage in investment management activities that result in managing assets on behalf of clients. The group excludes assets related to these activities from the statement of financial position as these are not assets of the group, but of the client and are held in a fiduciary capacity. However, the group discloses the value of the assets in its notes.

The fee income earned and fee expenses incurred by the group relating to these activities are recognised in fee and commission income and expenses within NIR in the period to which the service relates.

Notes to the consolidated financial statements

Standards and interpretations issued but not yet effective

The following new and revised standards and interpretations are applicable to the business of the group. The group will comply with these from the stated effective date.

<table>
<thead>
<tr><th>STANDARD</th><th>IMPACT ASSESSMENT</th><th>EFFECTIVE DATE</th></tr>
</thead>
<tbody>
<tr><td>IFRS 16</td><td>Lease liability in a sale and lease back – amendments to IFRS 16
The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and lease back transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment is not expected to have a significant impact on the annual financial statements.</td><td>Annual periods commencing on or after 1 January 2024</td></tr>
<tr><td>IAS 1</td><td>Amendments to classification of liabilities as current or non-current
The IAS 1 amendments clarify the requirements for classifying liabilities as current or non-current. More specifically:
• The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
• Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
• The amendments clarify the situations that are considered settlement of a liability.

The group presents its assets and liabilities in order of liquidity in the statement of financial position. The impact of this amendment would impact the disclosure of current versus non-current liabilities in the notes to the financial statements.

The group does not expect this amendment to have a significant impact on the annual financial statements.</td><td>Annual periods commencing on or after 1 January 2024</td></tr>
<tr><td>IAS 7 and IFRS 7</td><td>Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The group does not expect this amendment to have a significant impact on the annual financial statements.</td><td>Annual periods commencing on or after 1 January 2024</td></tr>
<tr><td>IAS 21</td><td>Lack of exchangeability – Amendments to IAS 21
The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The group does not expect this amendment to have a significant impact on the annual financial statements.</td><td>Annual periods commencing on or after 1 January 2025</td></tr>
<tr><td>IFRS 9 and IFRS 7</td><td>Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify:
• that a financial liability is derecognised on the settlement date. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
• how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
• the treatment of non-recourse assets and contractually linked instruments
• Additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event.

The group does not expect this amendment to have a significant impact on the annual financial statements.</td><td>Annual periods commencing on or after 1 January 2026</td></tr>
<tr><td></td><td></td><td></td></tr>
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</table>

Notes to the consolidated financial statements

Standards and interpretations issued but not yet effective (continued)

STANDARD	IMPACT ASSESSMENT	EFFECTIVE DATE
IFRS 18	Presentation and Disclosure in Financial Statements IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 aims to improve financial reporting by: • requiring additional defined subtotals in the statement of profit or loss; • requiring disclosures about management-defined performance measures; and • adding new principles for grouping (aggregation and disaggregation) of information The new standard is expected to impact group presentation of its statement of profit or loss.	Annual periods commencing on or after 1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures IFRS 19 enables eligible entities to provide reduced disclosures compared to the requirements in other IFRS accounting standards. Entities that elect IFRS 19 are still required to apply recognition, measurement and presentation requirements of other IFRS accounting standards. IFRS 19 would not be applicable to the group annual financial statements, however IFRS 19 application will be evaluated for the company annual financial statements.	Annual periods commencing on or after 1 January 2027

FINANCIAL STATEMENTS

for the year ended 30 June 2024

FirstRand Limited

Statement of comprehensive income

for the year ended 30 June

R million	Notes	2024	2023*
Dividends from subsidiary companies*		**22 703**	33 758
Interest income*		**47**	23
Other gains/(losses)*		**(29)**	(26)
Income from operations		**22 721**	33 755
Operating expenses	2	**(289)**	(220)
Income before indirect tax		**22 432**	33 535
Indirect tax	3	**–**	(12)
Profit before income tax		**22 432**	33 523
Income tax expense	3	**(39)**	(19)
Profit for the year		**22 393**	33 504
Other comprehensive income		**–**	–
Total comprehensive income for the year		**22 393**	33 504
Attributable to			
Ordinary equityholders		**22 393**	33 342
NCNR preference shareholders		**–**	162
Total comprehensive income for the year		**22 393**	33 504

* *In the prior year, all income generated from the company was presented in one line, namely revenue. The balance has been disaggregated in the current year to align to industry practice.*

Statement of financial position

as at 30 June

R million	Notes	2024	2023
ASSETS			
Cash and cash equivalents	5	**706**	829
Other assets	6	**2**	13
Investments in subsidiaries	7	**80 825**	80 475
Total assets		**81 533**	81 317
EQUITY AND LIABILITIES			
Liabilities			
Creditors and accruals	8	**214**	224
Current tax liability		**80**	72
Amounts owing to subsidiaries	7	**1**	26
Employee liabilities	9	**278**	270
Total liabilities		**573**	592
Equity			
Ordinary shares	10	**56**	56
Share premium	10	**8 056**	8 056
Reserves		**72 848**	72 613
Capital and reserves attributable to ordinary equityholders		**80 960**	80 725
Total equity		**80 960**	80 725
Total equity and liabilities		**81 533**	81 317

Statement of changes in equity

for the year ended 30 June

		Ordinary share capital and ordinary equityholders' funds							
R million	Notes	Share capital	Share premium	**Share capital and share premium**	Capital redemption reserve	Retained earnings	**Reserves attributable to ordinary equityholders**	**NCNR preference shares**	**Total equity**
Balance as at 1 July 2022		56	8 056	**8 112**	1	67 261	**67 262**	**4 519**	**79 893**
Buyback of NCNR preference shares		–	–	**–**	–	–	**–**	**(4 519)**	**(4 519)**
Ordinary dividends	11	–	–	**–**	–	(27 991)	**(27 991)**	**–**	**(27 991)**
Preference dividends	11	–	–	**–**	–	–	**–**	**(162)**	**(162)**
Total comprehensive income for the year		–	–	**–**	–	33 342	**33 342**	**162**	**33 504**
Balance as at 30 June 2023		56	8 056	**8 112**	1	72 612	**72 613**	**–**	**80 725**
Buyback of NCNR preference shares		–	–	**–**	–	–	**–**	**–**	**–**
Ordinary dividends	11	–	–	**–**	–	(22 158)	**(22 158)**	**–**	**(22 158)**
Preference dividends	11	–	–	**–**	–	–	**–**	**–**	**–**
Total comprehensive income for the year		–	–	**–**	–	22 393	**22 393**	**–**	**22 393**
Balance as at 30 June 2024		56	8 056	**8 112**	1	72 847	**72 848**	**–**	**80 960**

Statement of cash flows

for the year ended 30 June

R million	Notes	2024	2023*
Cash flows from operating activities			
Profit before income tax for the period		**22 432**	33 523
Adjustments for non-cash items:		**(22 599)**	(33 489)
- Interest and similar income		**(47)**	(23)
- Dividends received		**(22 703)**	(33 758)
- Staff provisions and other expenses		**151**	280
- Indirect tax		**–**	12
- Interest received		**47**	23
- Dividends received		**22 703**	33 758
- Dividends paid		**(22 156)**	(28 130)
- Taxation paid		**(36)**	(372)
- Indirect tax paid		**(5)**	(4)
- Direct tax paid		**(31)**	(368)
Cash flow from operating activities before operating assets and liabilities		**391**	5 313
Movement in operating assets and liabilities			
– Other assets		**11**	32
– Creditors and accruals		**(7)**	50
– Employee liabilities		**(168)**	(64)
Net cash generated from operating activities		**227**	5 331
Cash flows from investing activities			
Additional investments in subsidiaries		**(350)**	(200)
Net cash outflow from investing activities		**(350)**	(200)
Cash flows from financing activities			
Redemption of preference shares		**–**	(4 519)
Net cash outflow from financing activities		**–**	(4 519)
Net (decrease)/increase in cash and cash equivalents		**(123)**	612
Cash and cash equivalents at the beginning of the period		**829**	217
Cash and cash equivalents at the end of the period	5	**706**	829

** Prior year restated based on indirect cash flow method. Refer to note 15.*

Notes to the annual financial statements

for the year ended 30 June

1 Summary of significant accounting policies

1.1 Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Revenue within the company comprises fees from subsidiaries and dividend income from investments in subsidiaries.

The company recognises revenue from fees when the amount can be reliably measured and it is probable that future economic benefits will flow to the company from it.

Dividends are recognised when the company's right to receive payment is established.

1.2 Other accounting policies

The financial statements of FirstRand Limited Company are prepared according to the same accounting policies used in preparing the consolidated financial statements of the group, other than the accounting policies on consolidation, equity accounting and translation of foreign operations that are specific to group financial statements. For detailed accounting policies refer to page B212 and onwards in the 2024 annual financial statements. The financial statements are prepared on the going concern basis in accordance with IFRS Accounting Standards.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Functional and presentation currency of the company	South African rand (R)
Level of rounding	All amounts are presented in millions of rands. The company has a policy of rounding up in increments of R500 000. Therefore, amounts less than R500 000 will round down to Rnil and are presented as a dash.

Notes to the annual financial statements

for the year ended 30 June

2 Operating expenses

R million	Notes	2024	2023
Advertising and marketing		–	(2)
Directors' fees		(34)	(44)
Direct staff costs		(227)	(165)
– Salaries, wages and allowances		(66)	(59)
– Share-based payment expense	9	(159)	(105)
– Social security levies		(2)	(1)
Professional fees		(15)	–
Corporate memberships		(4)	(4)
Other operating expenditure		(9)	(5)
Total operating expenses		**(289)**	(220)

3 Indirect and income tax expense

	R million	2024	2023
3.1	**Indirect tax**		
	Value-added tax (net)	–	(1)
	Securities transfer tax	–	(11)
	Total indirect tax	–	(12)
3.2	**Income tax expense**		
	South African income tax		
	Normal tax – current year	(39)	(19)
	– Current tax	(18)	(22)
	– Prior year adjustment	(21)	3
	Total income tax expense	**(39)**	(19)

* *The company has not recognised a deferred tax asset amounting to R88 million (2023: R88 million) relating to tax losses because there was insufficient taxable income. None of these losses have an expiry date.*

Tax rate reconciliation – South African normal tax

%	2024	2023
Standard rate of income tax	**27.0**	27.0
Total tax has been affected by:		
Dividends received	(27.3)	(27.1)
Other	0.5	0.2
Effective rate of tax	**0.2**	0.1

Notes to the annual financial statements

for the year ended 30 June

4 Analysis of assets and liabilities by category

The principal accounting policies from page B212 describe how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position per category of financial instrument to which they are assigned, and therefore by measurement basis and according to when the assets are expected to be realised and liabilities settled.

		2024					
R million	Notes	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total carrying value	Current	Non-current
ASSETS							
Cash and cash equivalents	5	**706**	**–**	**–**	**706**	**706**	**–**
Other assets	6	**2**	**–**	**–**	**2**	**2**	**–**
Investment in subsidiaries	7	**–**	**–**	**80 825**	**80 825**	**–**	**80 825**
Total assets		**708**	**–**	**80 825**	**81 533**	**708**	**80 825**
LIABILITIES							
Creditors and accruals	8	**–**	**151**	**63**	**214**	**31**	**183**
Current tax liability		**–**	**–**	**80**	**80**	**80**	**–**
Amounts owing to subsidiaries	7	**–**	**1**	**–**	**1**	**1**	**–**
Employee liabilities	9	**–**	**–**	**278**	**278**	**94**	**184**
Total liabilities		**–**	**152**	**421**	**573**	**206**	**367**
		2023					
ASSETS							
Cash and cash equivalents	5	829	–	–	829	829	–
Other assets	6	13	–	–	13	13	–
Investment in subsidiaries	7	–	–	80 475	80 475	–	80 475
Total assets		842	–	80 475	81 317	842	80 475
LIABILITIES							
Creditors and accruals	8	–	149	75	224	171	53
Current tax liability		–	–	72	72	72	–
Amounts owing to subsidiaries	7	–	26	–	26	26	–
Employee liabilities	9	–	–	270	270	86	184
Total liabilities		–	175	417	592	355	237

At the reporting date all other assets are considered to be neither past due nor impaired.

The carrying value of cash and cash equivalents, other assets, creditors and accruals approximates the fair value.

Notes to the annual financial statements

for the year ended 30 June

5 Cash and cash equivalents

R million	2024	2023
Money at call and short notice	**706**	829
Cash and cash equivalents	**706**	829

6 Other assets

R million	2024	2023
Prepayments	**2**	–
Accounts receivable	**–**	13
Total other assets	**2**	13

7 Investment in subsidiaries

	% owner-ship	% voting rights	Nature of business	Shares at cost 2024 R million	Shares at cost 2023 R million
FirstRand EMA Holdings Limited (FREMA)			Financial services		
Ordinary shares	**100**	100		**8 025**	7 675
FirstRand Bank Limited			Banking		
Ordinary shares	**100**	100		**40 194**	40 194
FirstRand Investment Holdings Proprietary Limited			Other activities		
Ordinary shares	**100**	100		**4 038**	4 038
FirstRand Investment Management Holdings Limited			Investment management		
Ordinary shares	**100**	100		**599**	599
FirstRand Insurance Holdings Proprietary Limited			Insurance services		
Ordinary shares	**100**	100		**853**	853
FirstRand International Limited (FRI)			Banking		
Ordinary shares	**100**	100		**26 699**	26 699
Total				**80 408**	80 058
Investment through equity-settled share incentive scheme*			Equity-settled share scheme	**417**	417
Total investments in subsidiaries				**80 825**	80 475
Amounts owing to subsidiaries				**1**	26

* *This relates to the share options granted to employees who were employed by companies that remained in the FirstRand group after the unbundling of a wholly owned subsidiary transaction.*

With the exception of FREMA and FRI, which offer financial services across Africa and the UK, the principal place of business for all of the company's subsidiaries is South Africa.

Increases in investments in subsidiaries

During the current financial year, the company acquired additional shares in its wholly owned subsidiary FirstRand EMA Holdings Limited amounting to R350 million. In the prior financial year, the company acquired additional shares in its wholly owned subsidiary FirstRand Investment Management Holdings Limited amounting to R200 million.

8 Creditors and accruals

R million	2024	2023
Unclaimed dividends	**138**	136
Accounts payable and accrued liabilities	**29**	41
Audit fee accrual	**7**	7
Financial guarantee liability*	**40**	40
Total creditors and accruals	**214**	224

* *The maximum exposure of the financial guarantee issued to the BoE amounts to R34 490 million (2023: R23 954 million) and to FirstRand Short Term Insurance Limited R250 million (2023: R250 million). The full exposures are included in stage 1 ECL. Both guarantees are open-ended until such time as the company cancels the contract and as such the guarantees are long dated. The probability of the guarantees being called upon is considered low and has a credit rating of AA.*

Notes to the annual financial statements

for the year ended 30 June

9 Employee liabilities

R million	2024	2023
Liability for short-term employee benefits		
Opening balance	**83**	74
Additional provisions created	**36**	31
Utilised during the year	**(22)**	(22)
Total liability for short-term employee benefits	**97**	83
Share-based payment liability		
Opening balance	**186**	124
Other movements	**(18)**	–
Share-based payment settlement (cash)	**(146)**	(42)
Charge to profit or loss	**159**	105
Total share-based payment liability	**181**	187
Total employee liabilities	**278**	270
The charge to profit or loss for share-based payments is as follows:		
FirstRand share appreciation rights scheme	**159**	105
Amount included in operating expenses	**159**	105

For a detailed description of share option schemes and trusts in which FirstRand Limited Company participates, refer to note 33 of the consolidated annual financial statements.

10 Share capital and share premium

10.1 Share capital and share premium classified as equity

Authorised shares

	2024	2023
Ordinary shares	**6 001 688 450**	6 001 688 450
A preference shares – unlisted variable rate cumulative convertible redeemable	**198 311 550**	198 311 550
B preference shares – listed variable rate non-cumulative non-redeemable	**100 000 000**	100 000 000
C preference shares – unlisted variable rate convertible non-cumulative redeemable	**100 000 000**	100 000 000
D preference shares – unlisted variable rate cumulative redeemable	**100 000 000**	100 000 000

Issued shares

	2024			2023		
	Number of shares	**Ordinary share capital R million**	**Share premium R million**	Number of shares	Ordinary share capital R million	Share premium R million
Opening balance	**5 609 488 001**	**56**	**8 056**	5 609 488 001	56	8 056
Shares issued	**–**	**–**	**–**	–	–	–
Total issued ordinary share capital and share premium	**5 609 488 001**	**56**	**8 056**	5 609 488 001	56	8 056
Total issued share capital attributable to ordinary equityholders		**56**	**8 056**		56	8 056

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

Dividends on the B preference shares are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited. In the prior year, the B preference shares were redeemed by FirstRand Limited.

Notes to the annual financial statements

for the year ended 30 June

11 Dividends

R million	2024	2023
Ordinary dividends		
A final dividend of 215 cents* (13 September 2023: 195.00 cents**) per share was declared on 11 September 2024 in respect of the six months ended 30 June 2024. On 14 September 2022 a special dividend of 125.00 cents was declared and paid in the prior year.	**10 939**	17 389
An interim dividend of 200.0 cents** (March 2023: 189.00 cents) per share was declared on 28 February 2024 in respect of the six months ended 31 December 2023.	**11 219**	10 602
Total ordinary dividends paid for the year	**22 158**	27 991
B preference shares		
A final *pro rata* dividend of 52.2 cents** was paid on 26 September 2022 as part of the process to redeem the B preference shares#.	**–**	24
A final dividend of 307.4 cents** per share was declared on 29 August 2022 in respect of the six months ended 30 June 2022.	**–**	138
Total preference dividends paid for the year		162

* *The final dividend is not reflected in the statement of changes in equity as this relates to a dividend declared post year end.*

** *These dividends are reflected in the statement of changes in equity for the current year.*

\# *The B preference shares were redeemed in the prior financial year with the final dividend paid on 26 September 2022.*

12 Related parties

12.1 Balances and transactions with related parties

R million	Notes	2024 Subsidiaries
Net interest income		**47**
Non-interest revenue		**77**
Dividends received		**22 703**
Amounts owing to subsidiaries	7	**1**
Cash and cash equivalents	5	**706**
Other assets	6	**2**

		2023 Subsidiaries
Net interest income		23
Non-interest revenue		123
Dividends received		33 758
Amounts owing to subsidiaries	7	26
Cash and cash equivalents	5	829
Other assets	6	13

Refer to the remuneration disclosures on page B175 for details of the compensation paid to KMP.

During the 2022 year a financial guarantee was provided to FirstRand Short Term Insurance, as a subsidiary within the FirstRand group, by the company to provide immediate financial support in the event that FirstRand Short Term Insurance solvency capital requirements were to fall below its prudential thresholds. Refer to note 8.

13 Events after reporting period

Refer to note 40 of the consolidated annual financial statements of the group for further details.

14 Risk management

FirstRand Limited Company is not exposed to significant risks. For details on how financial risk is managed in the group refer to the summary risk and capital management report. For quantitative information about financial risk refer to note 38 of the consolidated financial statements of the group.

Notes to the annual financial statements
for the year ended 30 June

15 Impact due to changes in presentation and restatements

R million	Notes	As previously reported 2023*	Restatement*	Restated 2023*
Net cash flows from operating activities				
Cash flow from operations				
Interest received		23	(23)	—
Other income received		104	(104)	—
Other operating expenses paid		(70)	70	—
Dividends received		33 758	(33 758)	—
Dividends paid		(28 130)	28 130	—
Taxation paid		(372)	372	—
Cash flow from operating activities before operating assets and liabilities		5 313	(5 313)	—
Movement in operating assets and liabilities				
– Other assets		32	(32)	—
– Creditors and accruals		50	(50)	—
– Employee liabilities		(64)	64	—
Net cash flows from operating activities		5 331	(5 331)	—
Cash flow used in operations (indirect method)				
Profit before income tax for the year		—	33 523	33 523
Adjustments for non-cash items:		—	(33 489)	(33 489)
- Interest and similar income		—	(23)	(23)
- Dividends received		—	(33 758)	(33 758)
- Staff provisions and other expenses		—	280	280
- Indirect tax		—	12	12
- Interest received		—	23	23
- Dividends received		—	33 758	33 758
- Dividends paid		—	(28 130)	(28 130)
- Taxation paid		—	(372)	(372)
- Indirect tax paid		—	(4)	(4)
- Direct tax paid		—	(368)	(368)
Cash flow from operating activities before operating assets and liabilities		—	5 313	5 313
Movement in operating assets and liabilities				
– Other assets		—	32	32
– Creditors and accruals		—	50	50
– Employee liabilities		—	(64)	(64)
Net cash generated from operating activities		—	5 331	5 331
Cash flows from investing activities				
Additional investments in subsidiaries		(200)	—	(200)
Net cash outflow from investing activities		(200)	—	(200)
Cash flows from financing activities				
Redemption of preference shares		(4 519)	—	(4 519)
Net cash outflow from financing activities		(4 519)	—	(4 519)
Net increase in cash and cash equivalents		612	—	612
Cash and cash equivalents at the beginning of the year		217	—	217
Cash and cash equivalents at the end of the year	5	829	—	829

** Prior year restated based on indirect cash flow method.*

C

SHAREHOLDERS' AND SUPPLEMENTARY INFORMATION

SHAREHOLDERS' AND SUPPLEMENTARY INFORMATION

C

Analysis of ordinary shareholders

as at 30 June 2024

	Number of shareholders	Shares held (thousands)	%
Major shareholders			
Public Investment Corporation		821 933	14.7
BEE partners*		274 346	4.9
Blackrock investment management		172 694	3.1
Old Mutual		155 041	2.8
Total		1 660 793	25.5
Public and non-public shareholders			
Public	92 386	5 086 912	90.7
Non-public			
– Corporates (Royal Bafokeng Holdings and Remgro)**	5	236 779	4.2
– Directors and prescribed officers#	15	11 451	0.2
– BEE partners*	7	274 346	4.9
Total	92 413	5 609 488	100.0
Geographic ownership			
South Africa		2 970 065	52.9
International		1 816 745	32.4
Unknown/unanalysed		822 678	14.7
Total		5 609 488	100.0

* *BEE partners include FirstRand Empowerment Trust, FirstRand Staff Assistance Trust, MIC Investment Holdings, Mineworkers Investment Trust, Kagiso Charitable Trust, and WDB Investment Holdings.*

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

Reflect direct beneficial ownership.

Performance on the JSE

	2024	2023
Number of shares in issue (thousands)	**5 609 488**	5 609 488
Market price (cents per share)		
Closing	**7 690**	6 850
High	**7 868**	7 100
Low	**5 890**	5 680
Weighted average	**6 406**	6 406
Closing price/net asset value per share	**2**	2
Closing price/earnings (headline)	**11**	10
Volume of shares traded (millions)	**3 404**	3 356
Value of shares traded (millions)	**228 308**	214 729
Market capitalisation (R billion)	**431 370**	384 250

Company information

DIRECTORS

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

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

Credit ratings

Refer to www.firstrand.co.za/investors/debt-investor-centre/credit-ratings for detail on the group's credit ratings.

Definitions

Additional Tier 1 capital (AT1)	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 capital charge (NIACC)	Normalised earnings less the cost of equity multiplied by the average ordinary shareholders' equity and reserves
Normalised earnings	Normalised earnings are the measurement basis used by the chief operating decision maker to manage the group. Headline earnings are adjusted to take into account non-operational and accounting anomalies
Normalised earnings per share	Normalised earnings attributable to ordinary equityholders divided by the weighted average number of shares including treasury shares
Normalised net asset value	Normalised equity attributable to ordinary equityholders
Normalised net asset value per share	Normalised equity attributable to ordinary equityholders divided by the number of issued ordinary shares
Price earnings ratio (times)	Closing price at end of period divided by basic normalised earnings per share
Price-to-book (times)	Closing share price at end of period divided by normalised net asset value per share
Return on assets (ROA)	Normalised earnings divided by average assets
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity
Risk-weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable
Shares in issue	Number of ordinary shares listed on the JSE
Technical cures	Performing accounts that are classified as stage 3/NPL because they have defaulted in the past and do not meet the stringent cure definition of performance for several consecutive months
Tier 1 ratio	Tier 1 capital divided by RWA
Tier 1 capital	CET1 capital plus AT1 capital
Tier 2 capital	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties and qualifying provisions less specified regulatory deductions
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital
Weighted average number of ordinary shares	Weighted average number of ordinary shares in issue during the year as listed on the JSE

Abbreviations

ALCCO	Asset, liability and capital committee
ALM	Asset and liability management
ARR	Alternative reference rate
ASSA	Actuarial Society of South Africa
AT1	Additional Tier 1 capital
BEE	Black economic empowerment
BoE	Bank of England
BSE	Botswana Stock Exchange
CAGR	Compound annual growth rate
CENTRE	FirstRand Corporate Centre
CET1	Common Equity Tier 1 capital
CGU	Cash generating unit
CIP	Conditional incentive plan
CMA	Common Monetary Area
CODM	Chief operating decision maker
COP26	United Nations Climate Change Conference deal
Covid-19	Coronavirus disease
CPI	Consumer price index
CPT	Corporate performance target
CSM	Contractual service margin
DIP	Deferred incentive plan
DM	Developed market
EDC	External debt collection
ECL	Expected credit loss
EAD	Exposure at default
EPS	Earnings per share
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ETL	Expected tail loss
EVE	Economic value of equity
EY	Ernst & Young
FLI	Forward-looking information
FNB	First National Bank
FR	FirstRand
FRB	FirstRand Bank Limited
FREMA	FirstRand EMA Holdings (Pty) Ltd

FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FSI	Financial Soundness Standards for Insurers
FSR	FirstRand Limited
FSV	Financial soundness valuation
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GBP	British pound
GCA	Gross carrying amount
GDP	Gross domestic product
GMM	General measurement model
HEPS	Headline earnings per share
HQLA	High-quality liquid assets
IASB	International Accounting Standards Board
IBNR	Incurred but not reported
IBOR	Interbank offered rate
ICE	ICE Benchmark Administration Limited
IRBA	Independent Regulatory Board for Auditors
IRRBB	Interest rate risk in the banking book
ISA	International Standards on Auditing
ISDA	International Swaps and Derivatives Association
JIBAR	Johannesburg Interbank Average Rate
FCF	Fulfilment cash flows
IACF	Insurance acquisition cash flows
JSE	Johannesburg Stock Exchange
KMP	Key management personnel
LECL	Lifetime expected credit losses
LGD	Loss given default
LIBOR	London Interbank Offered Rate
LIC	Liability for incurred claims
LRC	Liability for remaining coverage
LSE	London Stock Exchange
MAFR	Mandatory audit firm rotation
MNA	Master netting arrangement
MoPR	Monetary policy rate
MPC	Monetary Policy Committee
MRA	Modified retrospective approach
NAV	Net asset value

Abbreviations continued

NCD	Negotiable certificate of deposit
NCNR	Non-cumulative non-redeemable
NIACC	Net income after capital charge
NII	Net interest income
NIR	Non-interest revenue
NOSIA	Notice of sums in arrears
NPL	Non-performing loan
NSX	Namibian Stock Exchange
OCI	Other comprehensive income
OCR	Outstanding claims reserve
ORSA	Own risk and solvency assessment
PA	Prudential Authority
PAA	Premium allocation approach
PD	Probability of default
P/E	Price/earnings
PwC	PricewaterhouseCoopers Inc.
RCCC	Risk, capital management and compliance committee
RMB	RMB corporate and investment banking division
RMBIA	RMB Investments and Advisory
ROE	Return on equity
ROUA	Right of use asset
RWA	Risk weighted assets

S&P	Standard & Poors Global Ratings
SACU	Southern African Customs Union
SAICA	South African Institute of Chartered Accountants
SAM	Solvency Assessment Management
SAPs	Standards of Actuarial Practice
SARB	South African Reserve Bank
SBP	Share-based payment
SCR	Solvency Capital Requirement
SICR	Significant increase in credit risk
SME	Small and medium-sized enterprise
SONIA	Sterling Overnight Index Average
SPPI	Solely payments of principal and interest
SPV	Special purpose vehicles
sVaR	Stressed VaR
TRS	Total return swaps
TTC	Through-the-cycle
UK	United Kingdom
UPS	Unearned premiums reserve
VAF	Vehicle asset finance
VAPS	Value-added products and services
VaR	Value-at-risk

Abbreviations continued

International Financial Reporting Standards

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payments
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

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 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 Financial Instruments – Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture

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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