Annual Report

for the year ended 30 June 2026

FirstRand Bank

FirstRand Bank

1929/001225/06

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

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

About this report

This report covers the audited financial results of FirstRand Bank Limited based on IFRS® Accounting Standards (IFRS Accounting Standards) for the year ended 30 June 2026.

In the Analysis of financial results section of this report (section B), the primary results and accompanying commentary are presented on a normalised basis as FirstRand Bank Limited believes this reflects its economic performance. The normalised results have been derived from the audited financial results.

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

Contents

Simplified group structure

This report covers the results of FRB

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR, NSX: FST)

100% FirstRand Bank Limited (FRB) – SA banking

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

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

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

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

100%	Aldermore Group
100%	Aldermore Bank^
100%	MotoNovo Finance^
100%	FirstRand Investment Holdings Guernsey
100%	FirstRand Securities
100%	RMB Securities (USA)◊
100%	RMB International Mauritius
100%	RMB Capital India
100%	Rand Merchant (Beijing) Advisory

100% FirstRand Insurance Holdings (Pty) Ltd – Insurance

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

100% FirstRand Investment Management Holdings Limited – Investment management

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

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

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

* *Division.*
** *Branch.*
# *Trading as FNB Channel Islands.*
† *Global administrative office.*
‡ *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.

Aldermore Group, including its subsidiaries Aldermore Bank and MotoNovo Finance, is classified as discontinued operations and held for sale as FirstRand proceeds with an orderly exit process of its UK consumer business.

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 are in FRB, FRI and FRIHL.

Overview Of FirstRand Bank

A

Introduction to the bank

FirstRand Bank Limited (FRB or the bank) is a wholly owned subsidiary of FirstRand Limited (FirstRand or the group), which is listed on the JSE Limited (JSE) and the Namibian Stock Exchange (NSX). The bank provides a comprehensive range of retail, commercial, corporate and investment banking products and services in South Africa, with niche offerings in certain international markets. The bank has three major divisions which are separately branded: First National Bank (FNB), WesBank and Rand Merchant Bank (RMB). The FirstRand Corporate Centre (Centre) represents group-wide functions. FRB has branches in London and Guernsey; a global administrative office in India; and representative offices in Kenya, Angola, China and New York.

FNB RMB WesBank

Financial performance highlights

Overview of factors relevant to comparability

A regulatory investigation into commission practices in the UK motor finance sector resulted in an industry-wide redress scheme. This impacted the bank due to loans originated by MotoNovo (a vehicle finance business) when it still formed part of the bank's London Branch, prior to integration with Aldermore in May 2019 (the back book). FirstRand has commenced the orderly exit of its UK consumer business Aldermore Group (including its subsidiaries Aldermore Bank and MotoNovo Finance), now classified as a discontinued operation at a group level).

The bank's results are testament to ongoing delivery against strategy, with a strong operational performance despite a complex macro and operating environment.

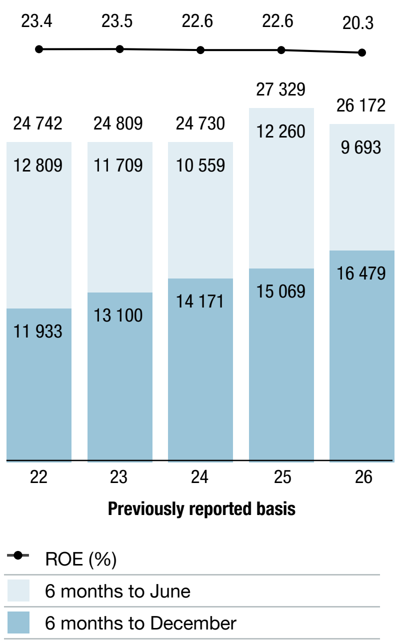
Disappointingly, the overall performance was impacted by a significant provision due to the abovementioned UK motor commission matter. The financial impact of this provision is material to the year-on-year performance, with earnings at R26.2 billion, down 4% and ROE at 20.3%.

If the UK motor commission provision is excluded for both 2025 and 2026 financial years, normalised earnings increased 13% with a 24.0% ROE. The bank considers these metrics to reflect the true ongoing operational performance of the business.

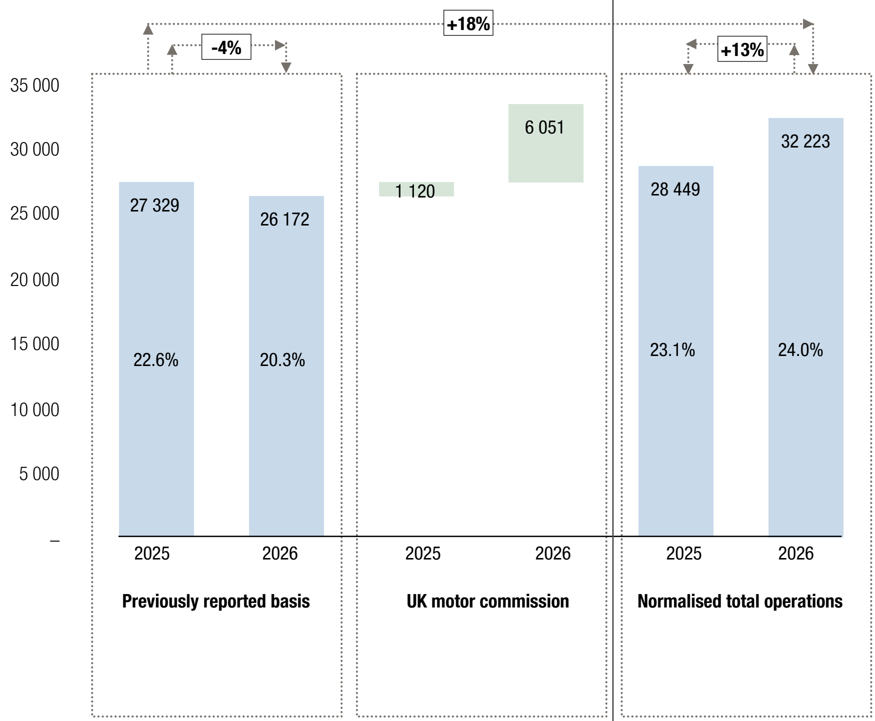
The graphics that follow unpack earnings and net asset value (NAV) outcomes based on the above financial positions. They provide an overview of the bank's total earnings and NAV bridge, starting with earnings and NAV on the previously reported basis, then normalising for the UK motor provision, and finally earnings and NAV reflecting the normalised performance.

Financial performance – normalised earnings bridge

Normalised earnings *(R million)* and ROE *(%)*
CAGR 1%



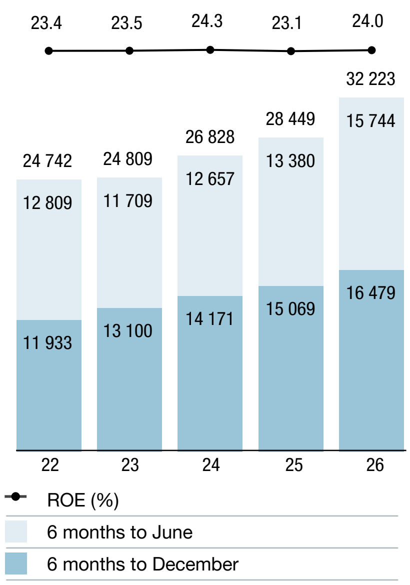
Disappointingly, the overall performance was impacted by a significant provision due to the UK motor commission matter. The financial impact of this provision is material to the year-on-year performance, with earnings at R26.2 billion, down 4% and ROE at 20.3%.



Earnings growth (which included last year's provision of R1.1 billion) was achieved due to the bank's strong operational performance. On this basis, earnings grew 18% to R32.2 billion at an ROE of 24.0%.

Performance with the UK motor commission provision and costs excluded from both 2025 and 2026.

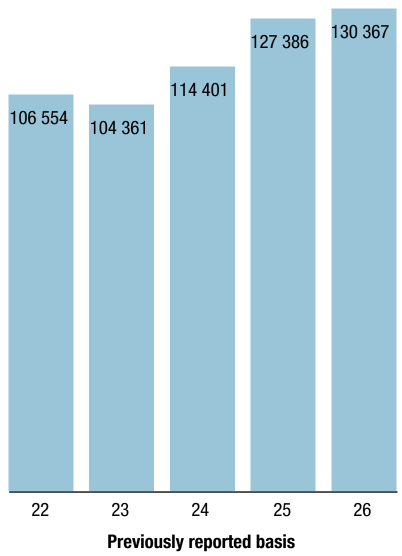
Normalised earnings *(R million)* and ROE *(%)*
CAGR 7%

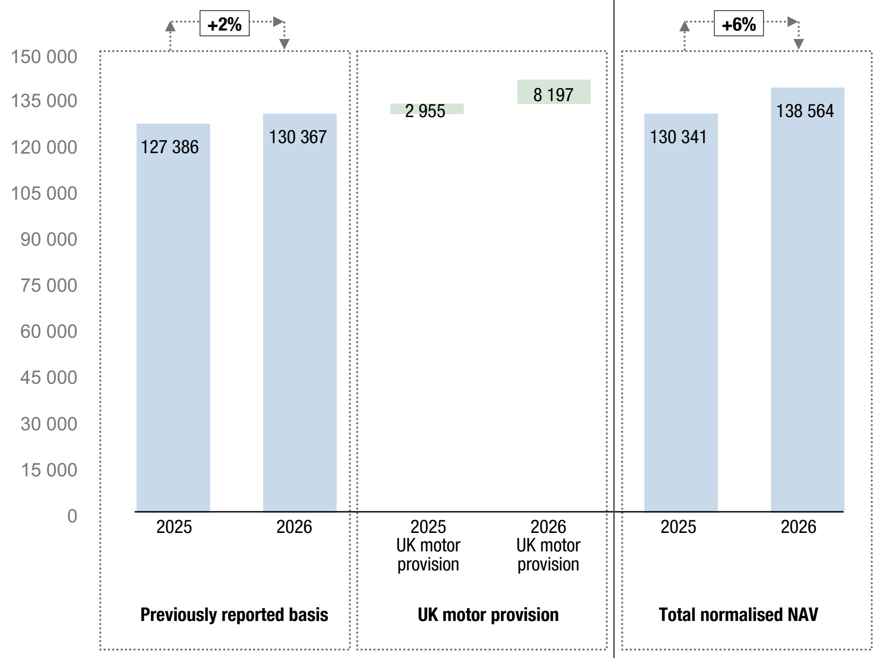


The chart above shows the normalised performance of the bank, excluding the impact of the provisions and costs relating to the UK motor commission matter in the back book. The bank delivered normalised earnings of R32.2 billion at an ROE of 24.0%. This represents the earnings base of the bank going forward.

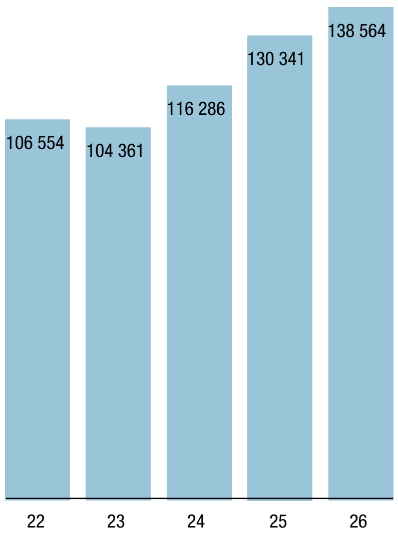
The net asset value impact is unpacked on the same basis below

Normalised net asset value
(R million)
CAGR 5%





Normalised net asset value
(R million)
CAGR 7%



Group vs bank

The graphic below illustrates the differences between the group and the bank from a geographical and activity perspective.

FIRSTRAND GROUP

	Inside the bank	*Outside the bank*
Geographical presence	**Branches:** • London • Guernsey **Global administrative office:** • India **Representative offices:** • Kenya • Angola • China • New York, USA	**Full service banking subsidiaries:** • Namibia • Botswana • Eswatini • Lesotho • Zambia • Mozambique • Ghana **Corporate and investment banking subsidiary:** • Nigeria **Hard currency platform:** • Mauritius **Specialist UK bank:** • Aldermore Group (including MotoNovo Finance)*
Activities	• Banking (South Africa) • Cross-border activities booked on FRB's balance sheet • Insurance (commissions)	• Banking in the subsidiaries outlined above • RMB's private equity businesses • Insurance (life licence, short-term licence and cell captives) • Asset management (Ashburton Investments) • RMB's USA broker-dealer business, RMB Capital India

* *Aldermore Group (including its subsidiaries Aldermore Bank and MotoNovo Finance) is classified as a discontinued operation and held for sale at a group level as FirstRand proceeds with an orderly exit process of its UK consumer business following the announcement by the UK's Financial Conduct Authority (FCA) of a redress scheme.*

Foreign branches and representative offices

Branches:

- **London:** Focuses on funding through capital and banking markets. RMB has a strong track record in arranging and distributing Africa-based debt instruments.
- **Guernsey**: Primarily services high-income and high-net-worth customers, providing the bank with hard currency deposits, further enabling funding diversification to support hard currency lending activities.

Representative offices (managed by RMB):

- **Kenya:** Facilitates RMB's offerings which range from debt-leveraged finance to aviation, infrastructure and real estate finance, as well as structured trade and working capital solutions, and corporate finance advisory services.
- **Angola:** Facilitates RMB's offerings which include a comprehensive range of financing products and services, as well as trade solutions, to local corporates, multinationals, governments and state-owned enterprises.
- **China:** Facilitates trade flows between China and the African continent and supports the ongoing investment and infrastructural development that China is able to provide.
- **New York, USA:** RMB supports US-based corporate and institutional clients wishing to invest in and trade with Africa, and this representative office provides RMB with the opportunity to increase and access flows for investment opportunities on the African continent.

Global administrative office (managed by RMB):

- **India:** FRB established a global administrative office (GAO) in Gift City, India, in September 2024. The GAO serves as a support hub for RMB, delivering administrative, credit, front-office and sales support capabilities. The bank is also in the process of applying for a representative office licence in Mumbai (the FRB India branch closure process is awaiting regulatory approval). The aim of the representative office will be to facilitate trade and investment flows in the Indo-Africa corridor. FRI subsidiary, RMB Capital India, is an advisory business focused on private credit origination, capital raising and mergers and acquisitions (M&A) with a licence from the Securities and Exchange Board of India (it does not form part of the bank).

Corporate governance

Compliance statement

FRB is a wholly owned subsidiary of FirstRand Limited (FirstRand or the group), which is a bank controlling company for the purposes of the South African Banks Act (1990). The governance structures for the bank were constituted at a group level in terms of authority received from the Prudential Authority (PA). The directors of the group oversee compliance with all relevant legislation and regulations, including the South African Banks Act, the Financial Sector Regulation Act, the South African Companies Act, and Basel Committee on Banking Supervision, and Financial Sector Conduct Authority (FSCA) requirements, and other best practice regulations flowing from both local and international authorities.

The bank, through the group governance framework endorses and adheres to the guidelines and principles of King IV. The bank has applied King IV principles. The board is satisfied that the bank's governance arrangements support ethical and effective leadership, adequate control, legitimacy and sustainable value creation. Stakeholders are referred to the group's corporate governance report for the year ended 30 June 2026, which will be made available at https://www.firstrand.co.za/investors/integrated-reporting-hub/governance/ in October 2026, for detailed disclosures on the group's corporate governance practices.

The group has commenced a phased transition to King V and is reviewing its governance framework, policies, board processes and disclosures to identify any enhancements required for alignment. This transition is being undertaken in a measured and orderly manner to support continued governance effectiveness, transparent reporting and sound oversight across the group.

In accordance with section 94(2)(b) of the Companies Act, the group audit and compliance committee performs the functions under this section on behalf of the bank. The roles of the chairman, lead independent director and chief executive officer (CEO) are clearly defined in the board charter, ensuring an appropriate balance of power and authority at board level and that no one director has unfettered powers of decision-making.

Board changes

There have been no changes to the directorate.

Responsibilities of directors

The board of directors of the bank (the board) is responsible for reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, monitoring corporate performance and overseeing major capital expenditure, acquisitions and disposals, information technology and stakeholder relations, while still retaining full and effective control over the bank. The bank has a unitary board and the chairman is an independent non-executive director in terms of the King IV definition. King IV is a voluntary code of recommendations to ensure good corporate governance practices in South Africa.

The code is, however, mandatory for all JSE equity-listed entities as per the JSE Listings Requirements (which apply to FirstRand). The board steers and sets direction for the bank and brings independent, informed and effective leadership and judgement to bear on the decisions and deliberations reserved for the board, whilst ensuring that strategy, risk, performance and sustainable developments are effectively integrated and appropriately balanced. The board is supported by senior management and the strategic executive committee in discharging its fiduciary duties, governance and responsibilities objectively and effectively.

Composition and frequency of meetings

A common, unitary board serves the group and the bank. Johan Petrus Burger serves as the independent non-executive chairman. Johan has extensive experience and has served previously as a non-executive director on the bank and group boards. His experience and knowledge of the group enable him to fulfil the role of chairman efficiently and effectively. The chairman's duties and responsibilities are clearly defined in the board charter and are in accordance with the provisions of King IV, the JSE Listings Requirements (as applicable to FirstRand) and the Banks Act. It is also the view of the directors that a strong independent element of non-executive directors exists in the board and that this provides the necessary objectivity and independence of mind essential for its effective functioning. The roles of chairman and CEO are separate, with segregated duties. The audit and compliance committee is constituted in respect of its duties in terms of section 94(7) of the Companies Act no. 71 of 2008 and section 64 of the Banks Act (1990).

Corporate governance continued

The board comprises ten directors of whom two serve in an executive capacity. The other eight directors are independent non-executive directors. The directors of the bank are listed on page A14. In assessing composition, the board considers the appropriate balance of executive, non-executive directors, collective skills, experience and diversity required to support the bank. Non-executive directors are individuals of high calibre with diverse backgrounds and expertise. This ensures that their views carry significant weight in the board's deliberations and decisions.

The board is satisfied that all directors, whether classified as executive or independent non-executive, act independently, free of undue influence, and in the best interests of the bank. The roles of the chairman and CEO are clearly defined in the board charter, demonstrating a clear balance of power and authority at board level to ensure that no one director has unfettered powers of decision-making.

The board operates in terms of an approved charter, which includes a formal schedule of matters it oversees. The board meets quarterly and, should an important matter arise between scheduled meetings, additional ad hoc/special meetings are convened. Directors attend scheduled board meetings; a bilateral with the PA held in October; a trilateral meeting with the audit and compliance committee, the PA and internal and external audit; and a strategic conference. The board is satisfied that the meeting cadence, together with the work performed by its committees, was sufficient to discharge its responsibilities effectively. Scheduled training programmes are also attended by the directors to ensure continued professional development. The board adopted the FirstRand code of ethics which is aligned to best practice. Board members have access to accurate, relevant and timely information. Any director may call on the advice and professional services of the company secretary, who gives guidance on legislative or procedural matters. Directors are also entitled to seek independent professional advice, at the bank's expense, in support of their duties.

Limitation to appointment period

There is a formal and transparent nomination policy for the board in accordance with the JSE's Debt and Specialist Securities Listings Requirements (DSSLR). The Companies Act requirements for non-executive directors nominated to the bank must be met. At the group's annual general meeting (AGM), non-executive directors are available for re-election and rotate positions every three years. Re-election of the non-executive directors is conducted in accordance with the company's memorandum of incorporation, regulations of the Companies Act and the JSE Listings Requirements (as applicable to FirstRand).

The retirement age of non-executive directors (other than the chair) is set at age 70 and directors are eligible for re-election. After turning 70 a director will vacate his/her office at the close of the AGM, unless the board resolves to extend their service for an additional one year in each instance, should their specialised skills be required and the board unanimously supports their nomination. Mr T Winterboer and Dr Sibisi, who are 70 and 71 years old respectively, have reached retirement age. The board has unanimously resolved that their specialised skills and experience remain valuable and has accordingly approved the extension of their service for a further year and supports their nomination for re-election for an additional year (as set out in the Notice of the AGM).

Company secretary

The board is satisfied that the company secretary is suitably qualified and experienced to fulfil the role. She maintains an arm's length relationship with the board and she is, *inter alia*, responsible for the duties stipulated in section 88 of the Companies Act 71 of 2008, as amended. All directors have access to her advise and services. The certificate required to be signed in terms of subsection (2)(e) thereof appears on page C04.

Board of directors of FirstRand Bank Limited

Executive directors

Mary Vilakazi (49)
Chief executive officer
BCom (Hons), CA(SA)
Appointed April 2024

Markos George Davias (45)
Chief financial officer
BCom (Hons), CA(SA)
Appointed April 2024

Independent non-executive directors

Johan Petrus Burger (67)
Independent non-executive chairman
BCom (Hons), CA(SA)
Appointed December 2023

Tamara Carol Isaacs (49)
Independent non-executive director
BCom (Hons), CA(SA)
Appointed June 2023

Paballo Joel Makosholo (47)
Independent non-executive director
CA (SA), MCom (SA and International Tax)
Appointed October 2024

Premilla Devi (Shireen) Naidoo (64)
Independent non-executive director
BSc
Appointed April 2022

Zelda Roscherr (59)
Independent non-executive director
BSc, BCom (Hons), MSc, QRD®
Appointed April 2020

Sibusiso Patrick Sibisi (71)
Independent non-executive director
BSc, PhD
Appointed April 2021

Louis Leon von Zeuner (65)
Independent non-executive director
BEcon, Chartered Director (SA)
Appointed February 2019

Thomas (Tom) Winterboer (70)
Independent non-executive director
BCom (Hons), CA(SA) AEP
Appointed April 2018

For comprehensive CVs of the directors, please refer to the latest FRB issuer disclosure document available at https://www.firstrand.co.za/investors/debt-investor-centre/prospectuses-and-programme-memoranda/.

Analysis Of Financial Results

B

Overview Of Results

Key financial and operational results, ratios and statistics – normalised

for the year ended 30 June

This section is based on normalised results. Total normalised information excludes the impact of the UK motor commission provision and costs. A detailed reconciliation between IFRS and normalised results is set out on pages B107 to B111.

R million	**2026**	2025	% change
Earnings performance			
Attributable earnings – IFRS	**26 095**	27 465	(5)
Headline earnings	**26 234**	27 407	(4)
Normalised earnings	**32 223**	28 449	13
Normalised net asset value	**138 564**	130 341	6
Average normalised net asset value	**134 453**	123 314	9
Ratios and key statistics			
ROE (%)	**24.0**	23.1	
ROA (%)	**1.67**	1.59	
Diversity ratio (%)	**41.1**	40.0	
Credit impairment charge (R million)	**13 026**	12 850	1
Credit loss ratio (%) – core lending advances	**1.09**	1.13	
Stage 3/NPLs as % of core lending advances	**4.87**	4.93	
Performing book coverage ratio (%)	**1.51**	1.55	
Specific coverage ratio (%)	**46.1**	45.9	
Cost-to-income ratio (%)	**52.1**	51.9	
Effective tax rate (%)	**22.4**	22.6	
Balance sheet			
Normalised total assets (R million)	**2 004 716**	1 863 519	8
Advances (net of credit impairment) (R million)	**1 357 684**	1 214 195	12
Average gross loan-to-deposit and debt funding ratio (%)	**81.2**	80.9	
Deposits and debt funding (R million)	**1 703 288**	1 573 203	8
Capital adequacy – IFRS*			
Capital adequacy ratio (%)	**16.4**	17.2	
Tier 1 ratio (%)	**14.2**	14.9	
Common Equity Tier 1 ratio (%)	**12.6**	13.3	
Leverage – IFRS*			
Leverage ratio (%)	**6.7**	7.1	
Liquidity – IFRS			
Liquidity coverage ratio (%)	**132**	133	
Net stable funding ratio (%)	**117**	117	

* *Ratios including foreign branches and unappropriated profits.*

	2026	2025	% change
Operational statistics			
Number of ATMs (including ADTs)	**4 782**	4 771	–
Number of branches	**643**	630	2
Number of employees	**40 764**	39 545	3
– South Africa	**39 748**	38 422	3
– Broader Africa (central support staff) and other	**237**	190	25
– FirstJob youth employment programme	**779**	933	(17)
FNB active customers (millions)	**10.27**	10.03	2
– Retail	**8.89**	8.68	2
– Commercial	**1.38**	1.35	2
FNB channel volumes (thousands of transactions)			
– ATM/ADT	**264 528**	277 705	(5)
– Digital	**951 473**	889 568	7
– Card acquiring	**1 164 266**	1 111 662	5
– Card issuing	**1 389 180**	1 300 275	7

Income statement – normalised

for the year ended 30 June

R million	**2026**	2025	% change
Net interest income before impairment of advances	**71 141**	65 964	8
Impairment charge*	**(13 026)**	(12 850)	1
Net interest income after impairment of advances	**58 115**	53 114	9
Non-interest revenue	**49 556**	44 009	13
– Fee and commission income	**35 603**	33 568	6
– Insurance income	**107**	114	(6)
– Trading and other fair value income	**4 265**	2 690	59
– Investment income*	**1 316**	237	>100
– Other non-interest revenue	**8 265**	7 400	12
Income from operations	**107 671**	97 123	11
Operating expenses	**(62 825)**	(57 022)	10
Income before indirect tax	**44 846**	40 101	12
Indirect tax	**(1 083)**	(1 173)	(8)
Profit before tax	**43 763**	38 928	12
Income tax expense	**(9 821)**	(8 815)	11
Profit for the year	**33 942**	30 113	13
Other equity instrument holders	**(1 719)**	(1 664)	3
Normalised earnings attributable to ordinary equityholders of the bank	**32 223**	28 449	13

* *Impacted by the debt-to-equity restructure resulting in a gross-up of these items with a R385 million gain included in earnings. Refer to the note on page B57. The impairment charge includes a release of R143 million and investment income includes a gain of R242 million.*

For a reconciliation of total normalised to IFRS income statement, please refer to pages B108 to B109

Statement of other comprehensive income – normalised

for the year ended 30 June

R million	2026	2025	% change
Profit for the year	**33 942**	30 113	13
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges	**(555)**	1 932	(>100)
Gains arising during the year	**757**	2 202	(66)
Reclassification adjustments for amounts included in profit or loss	**(1 517)**	445	(>100)
Deferred income tax	**205**	(715)	(>100)
FVOCI debt reserve	**(165)**	256	(>100)
Gains arising during the year	**381**	364	5
Reclassification adjustments for amounts included in profit or loss	**(607)**	(13)	>100
Deferred income tax	**61**	(95)	(>100)
Exchange differences on translating foreign operations*	**(1 124)**	(194)	>100
Losses arising during the year	**(1 105)**	(200)	>100
Deferred income tax	**(19)**	6	(>100)
Items that may not subsequently be reclassified to profit or loss			
FVOCI equity reserve	**(5)**	13	(>100)
(Losses)/gains arising during the year	**(6)**	17	(>100)
Deferred income tax	**1**	(4)	(>100)
Remeasurements on defined benefit post-employment plans	**(222)**	38	(>100)
(Losses)/gains arising during the year	**(304)**	52	(>100)
Deferred income tax	**82**	(14)	(>100)
Revaluation of properties on transfer to investment properties	**–**	22	–
Other comprehensive (loss)/profit for the year	**(2 071)**	2 067	(>100)
Total comprehensive income for the year	**31 871**	32 180	(1)
Attributable to			
Ordinary equityholders	**30 152**	30 516	(1)
Other equity instrument holders	**1 719**	1 664	3
Total comprehensive income for the year	**31 871**	32 180	(1)

* *Refer to page D02 for the exchange rates used.*

Statement of financial position – normalised

as at 30 June

R million	**2026**	2025
ASSETS		
Cash and cash equivalents	**116 310**	115 222
Derivative financial instruments	**53 662**	52 937
Commodities	**4 520**	7 364
Investment securities	**329 963**	340 769
Advances	**1 357 684**	1 214 195
– Advances to customers*	**1 297 235**	1 147 920
– Marketable advances	**60 449**	66 275
Collateral, settlement balances and other assets	**36 528**	34 294
Current tax asset	**781**	–
Amounts due by holding company and fellow subsidiaries	**76 525**	71 653
Property and equipment	**20 588**	19 803
Intangible assets	**1 630**	1 289
Investment properties	**376**	445
Deferred income tax asset	**6 149**	5 548
Total assets	**2 004 716**	1 863 519
EQUITY AND LIABILITIES		
Liabilities		
Short trading positions	**2 941**	16 533
Derivative financial instruments	**49 219**	51 462
Creditors, accruals and provisions	**21 659**	19 259
Current tax liability	**120**	112
Deposits and debt funding	**1 703 288**	1 573 203
Employee liabilities	**14 299**	13 277
Other liabilities	**3 465**	3 014
Amounts due to holding company and fellow subsidiaries	**34 695**	17 605
Tier 2 liabilities	**16 724**	20 580
Total liabilities	**1 846 410**	1 715 045
Equity		
Ordinary shares	**4**	4
Share premium	**16 804**	16 804
Reserves	**121 756**	113 533
Capital and reserves attributable to ordinary equityholders	**138 564**	130 341
Other equity instruments and reserves	**19 742**	18 133
Total equity	**158 306**	148 474
Total equities and liabilities	**2 004 716**	1 863 519

* *Included in advances to customers are assets under agreements to resell of R171 995 million (2025: R104 621 million).*

For a reconciliation of total normalised to IFRS statement of financial position, please refer to pages B110 to B111.

Flow of funds analysis – normalised

R million	**June 2026 vs June 2025** **12-month movement**	June 2025 vs June 2024 12-month movement
Sources of funds		
Capital account movement (including profit and reserves)	**9 832**	17 433
Working capital movement	**12 483**	(34 073)
Short trading positions and derivative financial instruments	**(16 560)**	8 047
Deposits, debt funding and long-term liabilities	**126 229**	132 318
Total	**131 984**	123 725
(Outflow)/inflow in deployment of funds		
Advances	**(143 489)**	(71 067)
Investments	**1 787**	7 165
Cash and cash equivalents	**(1 088)**	(26 752)
Investment securities (e.g. liquid asset portfolio)	**10 806**	(33 071)
Total	**(131 984)**	(123 725)

Statement of changes in equity – normalised

for the year ended 30 June

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2024	4	16 804	**16 808**	697	(884)
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Additional Tier 1 capital redeemed during the period	–	–	**–**	–	–
Share-based payment expense	–	–	**–**	–	–
Deemed distribution to settle shared-based payment expense	–	–	**–**	–	–
Deferred tax on share-based payment reserve	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	38	1 932
- Profit for the year	–	–	**–**	–	–
- Other comprehensive income for the year	–	–	**–**	38	1 932
Balance as at 30 June 2025	4	16 804	**16 808**	735	1 048
Additional Tier 1 capital issued during the year	–	–	**–**	–	–
Additional Tier 1 capital redeemed during the period	–	–	**–**	–	–
Share-based payment expense	–	–	**–**	–	–
Deemed distribution to settle shared-based payment	–	–	**–**	–	–
Deferred tax on share-based payment reserve	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Total comprehensive income for the year	–	–	**–**	(222)	(555)
- Profit for the year	–	–	**–**	–	–
- Other comprehensive income for the year	–	–	**–**	(222)	(555)
Balance as at 30 June 2026	4	16 804	**16 808**	513	493

* *Other reserves include fair value through other comprehensive income (FVOCI).*

** *Other equity instruments and reserves comprise AT1 instruments.*

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

Ordinary share capital and ordinary equityholders' funds						
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments****	**Total equity**
–	2 251	1 152	96 262	**99 478**	**14 755**	**131 041**
–	–	–	–	**–**	**6 839**	**6 839**
–	–	–	–	**–**	**(3 461)**	**(3 461)**
405	–	–	–	**405**	**–**	**405**
(325)	–	–	–	**(325)**	**–**	**(325)**
13	–	–	–	**13**	**–**	**13**
–	–	–	(143) #	**(143)**	**–**	**(143)**
–	–	–	(16 411)	**(16 411)**	**–**	**(16 411)**
–	–	–	–	**–**	**(1 664)**	**(1 664)**
–	(194)	291	28 449	**30 516**	**1 664**	**32 180**
–	–	–	28 449	**28 449**	**1 664**	**30 113**
–	(194)	291	–	**2 067**	**–**	**2 067**
93	2 057	1 443	108 157	**113 533**	**18 133**	**148 474**
–	–	–	–	**–**	**3 009**	**3 009**
–	–	–	–	**–**	**(1 400)**	**(1 400)**
1 038	–	–	–	**1 038**	**–**	**1 038**
(1 213)	–	–	–	**(1 213)**	**–**	**(1 213)**
48	–	–	–	**48**	**–**	**48**
–	–	–	(584) #	**(584)**	**–**	**(584)**
–	–	–	(21 218)	**(21 218)**	**–**	**(21 218)**
–	–	–	–	**–**	**(1 719)**	**(1 719)**
–	(1 124)	(170)	32 223	**30 152**	**1 719**	**31 871**
–	–	–	32 223	**32 223**	**1 719**	**33 942**
–	(1 124)	(170)	–	**(2 071)**	**–**	**(2 071)**
(34)	933	1 273	118 578	**121 756**	**19 742**	**158 306**

> "FirstRand Bank yet again delivered a strong operational performance, mainly as a result of double-digit profit growth from both FNB and RMB.
>
> Excluding the impact of the UK motor commission matter, normalised earnings increased 13% at an ROE of 24.0%. This performance was driven by strong topline growth.
>
> Disappointingly, the bank was required to raise a significant additional provision for the UK motor commission matter, which impacted overall earnings.
>
> The bank's consistently high ROE enabled it to absorb this provision whilst maintaining a strong capital position, despite the earnings contraction in the current year."
>
> Mary Vilakazi
>
> *~ CEO*

Introduction and group strategy

FirstRand Limited is one the largest and most diverse financial services groups in Africa. The group constitutes a portfolio of customer-facing franchises, namely FNB, RMB and WesBank, all of which have leading market shares and offer a comprehensive suite of transactional, lending, investment and insurance products and solutions. The group's long track record of growth and superior returns reflects disciplined execution of its strategic priorities and prudent allocation of financial resources.

South Africa

South Africa represents the bulk of FirstRand's earnings, generated by FRB's large lending, transactional and deposit taking activities and deep, loyal customer bases. These domestic businesses are mature, systemically important and central to the stability and resilience of the group's (and bank's) performance.

Within the South African portfolio, the group is focused on capturing the largest share of economic profits from client segments, asset classes and ancillary activities. The scale and quality of its transactional, deposit and insurance franchises, and other capital-light activities, enable the group to consistently deliver superior returns due to its relatively higher levels of capital-efficient earnings. The group's broader financial services offerings (insurance and asset management) help FRB to further strengthen core transactional customer relationships.

The bank maintains a disciplined and discerning approach to lending, supporting customer needs while safeguarding the balance sheet and return profile. This approach remains critical to successfully navigating a competitive environment with muted system growth.

Broader Africa

The group is expanding its footprint in broader Africa and currently operates in eight jurisdictions. The strategy is to enter markets that offer structural system growth, where the group can bring a competitive advantage and scale. Thus far, this strategy has been mainly organic in nature, supported by medium-sized bolt-on acquisitions that bring customers, systems and scale. The retail and commercial bank, FNB, continues to make good progress in growing its in-country franchises, particularly in retail and commercial deposit-gathering and transactional activities. In addition, the corporate and investment bank, RMB, also continues to scale the activities of its in-country corporate and investment banking (CIB) franchise. In conjunction with this it has established a strong cross-border business across, through providing integrated service offerings to clients operating on the continent.

The group utilises its hard currency platform, RMB Mauritius, and the bank's balance sheet for RMB's cross-border lending and trade finance activities in broader Africa. The group's broader Africa subsidiaries form part of FREMA and thus fall outside the bank.

As part of its strategy to enter into partnerships that bring new capabilities and scale in South Africa and across the continent, FirstRand has acquired a 26% stake in Optasia, one of the largest fintech platforms. FirstRand believes this strategic investment represents a unique opportunity to leverage a proven fintech platform with a successful track record of solving the lending needs of underbanked or unbanked consumers who have traditionally been unable to access traditional credit products.

UK

Since 2018 the group has been operating in the UK through Aldermore Group. FirstRand has taken the decision to exit these businesses in the next 12 months to focus on South Africa and broader Africa. The group believes this pivot in strategy and resource allocation should over time unlock higher levels of earnings growth and enhanced ROE. These jurisdictions are characterised by improving macroeconomic environments which will unlock further growth opportunities, and RMB, FNB and WesBank are strongly positioned to capture these.

Aldermore Group and its subsidiaries are part of FRI and thus fall outside the bank. Loans originated by MotoNovo prior to integration with Aldermore in May 2019 (the back book) are still housed in FRB's London branch (but are not material to the bank).

Operating environment

The year was shaped by ongoing global geopolitical volatility, however, reform implementation in South Africa, together with a supportive commodity price backdrop, helped offset some of the broader macroeconomic headwinds.

In South Africa, growth improved on the prior financial year. Lower inflation and the gradual reduction in the repo rate during the first three quarters eased financial conditions for consumers and businesses, supporting stronger growth in private sector credit extension.

The positive macro backdrop was interrupted in the final quarter of the financial year by the disruption of oil supply through the Strait of Hormuz. The resulting increase in the oil price created renewed inflation pressure across the portfolio. The South African Reserve Bank (SARB), responded by tightening its policy stance. Although it was too early to assess the full macroeconomic impact, the final months of the financial year showed early signs of softer consumer and business confidence, and weakening activity.

Financial performance

The bank's results are testament to ongoing delivery against strategy. FRB delivered a strong operational performance despite a complex macro and operating environment.

Disappointingly, the overall performance was impacted by a significant provision due to the UK motor commission matter. The financial impact of this provision is material to the year-on-year performance, with earnings at R26.2 billion, down 4% and ROE at 20.3%.

Given its high return profile, the bank's Common Equity Tier 1 (CET1) ratio remained strong at 12.6% (2025: 13.3%) despite the impact of the UK motor commission provision.

The bank has decided to normalise the performance for the UK motor commission provision for both the 2025 and 2026 financial years. With its exclusion, normalised earnings increased 13% with an ROE of 24.0%. The bank considers these metrics to reflect the true ongoing operational performance of the business.

The table below provides an overview of the bank's total earnings bridge, starting with total earnings before the UK motor provision normalisation.

	Year ended 30 June		
R million	**2026**	2025	% change
Normalised earnings (on previously reported basis)	**26 172**	27 329	(4)
Normalisation for UK motor commission provision and related costs	**6 051**	1 120	>100
Normalised earnings (excluding UK motor commission provision impact)	**32 223**	28 449	13

Furthermore, to reflect the ROE of the normalised operations, the UK motor commission provision impacting net asset value is excluded from the total normalised net asset value. A reconciliation of the normalised net asset value is provided below.

	Year ended 30 June		
R million	**2026**	2025*	% change
Total normalised NAV including the impact of the provision	**130 367**	127 386	2
Normalisation for the UK motor commission provision (MotoNovo back book)**	**8 197**	2 955	>100
Total normalised NAV	**138 564**	130 341	6

* *Restated for the normalisation of the UK motor commission provision.*

** *Reflects the income statement normalisations, cumulatively.*

UK motor commission update

At 30 June 2026, the bank recognised an additional pre-tax provision of £359.0 million (R7 832 million) for potential customer redress arising from the Financial Conduct Authority's (FCA's) review of historical motor finance commission arrangements and £24.0 million (R569 million) in associated costs. The gross undiscounted provision (including the expected extension of the scheme start date) is £562 million (R12.2 billion). The increase from £166.9 million (R4 066 million) at 30 June 2025 reflects revised estimates following the FCA's publication of its final redress framework on 30 March 2026.

The provision represents management's best estimate of the expenditure required to settle obligations arising from the FCA's motor finance consumer redress scheme, including compensatory interest and incremental legal, regulatory and operational costs to administer the scheme.

It has been aligned, where appropriate, to the FCA's final policy statement and determined using a single scenario, reflecting the greater clarity now available on the design of the scheme compared to the significant uncertainty that existed at 30 June 2025.

Significant estimation uncertainty remains, given the scale and complexity of the remediation process and ongoing legal developments. Legal challenges to the FCA's scheme were announced in April 2026, with related hearings expected between December 2026 and February 2027. These developments are likely to delay commencement of the redress scheme and the timing of any customer payments. The bank has not incorporated the potential impact of these legal challenges into the provision estimate.

The ultimate financial impact could differ materially from the amount currently recognised, for example if the actual experience of the FCA's remediation scheme differ from the bank's assumptions once it is implemented. For illustrative purposes, a 5% increase or decrease in the number of customers that require redress would increase or decrease the provision by £35.7 million (R774 million).

A summary of the provision and the associated costs in the income statement, including the balance sheet provision are provided in the following tables.

	Year ended 30 June	
R million	**2026**	2025
Provision - income statement charge	**7 832**	1 328
Related costs	**569**	205
Total cost impact of the UK motor commission	**8 401**	1 533
Tax	**(2 350)**	(413)
Post-tax UK motor commission impact	**6 051**	1 120
Balance sheet provision	**11 369**	4 066

	Year ended 30 June	
£ million	**2026**	2025
Provision – income statement charge	**359.0**	56.6
Related costs	**24.0**	8.7
Total cost impact of the UK motor commission	**383.0**	65.3
Tax	**(103.4)**	(17.6)
Post-tax UK motor commission impact	**279.6**	47.7
Balance sheet provision	**524.6**	166.9

All FirstRand SENS announcements relating to the UK commission matter can be accessed on the group's website: www.firstrand.co.za/investors/sens/.

Financial performance – normalised

Normalising for the impact of UK motor commission provision, the bank delivered a strong performance, supported by the quality and diversification of its client franchises and the continued allocation of financial resources to higher risk-adjusted-return activities. Normalised earnings growth was driven by strong topline. Net interest income (NII) growth resulted from higher levels of advances and ongoing good momentum in the deposit franchise, supported by the bank's asset and liability management (ALM) strategies. Robust non-interest revenue (NIR) growth was generated by RMB and FNB, and supported by Group Treasury.

The credit loss ratio declined to 109 bps from 113 bps, remaining below the midpoint of the bank's through-the-cycle (TTC) range of 100 bps to 130 bps. However, additional forward-looking information (FLI) provisions were raised, given the potential impact of the Middle East conflict and related oil price disruption.

Operating expenses increased 10%, mainly on the back of higher staff expenditure and continued investment in technology and platform-related strategies. The cost-to-income ratio increased to 52.1% (2025: 51.9%).

FIRSTRAND BANK FINANCIAL HIGHLIGHTS

The following table provides an overview of the bank's normalised performance.

	Year ended 30 June		
R million	**2026**	2025	% change
NII	**71 141**	65 964	8
NIR	**49 556**	44 009	13
Operating expenses	**(62 825)**	(57 022)	10
Impairment charge	**(13 026)**	(12 850)	1
Normalised earnings	**32 223**	28 449	13
ROE (%)	**24.0**	23.1	
Cost-to-income ratio	**52.1**	51.9	
Deposit franchise	**1 273 004**	1 156 253	10
Core lending advances	**1 230 969**	1 152 718	7
Credit loss ratio (%) – core lending advances	**1.09**	1.13	
Stage 3/NPLs as a % of core lending advances	**4.87**	4.93	

The bank's diversified portfolio continued to play its part in delivering this operational performance. FNB delivered a strong performance, with normalised earnings increasing 14%. Growth was driven by strong NIR (+9%), NII growth of 7% an improved credit performance and well managed costs.

RMB delivered normalised earnings growth of 15% driven by a solid performance from the investment banking business (IBD) and a strong rebound in Global Markets (GM). Core advances increased 1%, which reflects 14% new business production offset by a 13% impact from the distribution strategy, which continued to provide a significant uplift in margin, and currency translation.

RMB credit impairments increased marginally, but outcomes remained contained, with the credit loss ratio at 22 bps and below the through-the-cycle range.

WesBank's normalised earnings declined 20% to R1.4 billion. Strong advances growth continued, particularly in the retail vehicle asset finance (VAF) and asset-backed finance books. However, impairments increased 26%, mainly driven by front-book strain as well as additional provisions for increased risk in recoverable vehicle prices due to new low-cost entrants and FLI provisions for the aforementioned Middle East conflict.

Centre normalised earnings increased 18%, reflecting Group Treasury's disciplined execution of the group's financial resource management (FRM) principles via proactive portfolio management and hedging strategies, with a particularly strong NIR outcome during the year. This performance was partially offset by central investment in technology initiatives, including payments modernisation and AI capabilities.

Sources of normalised earnings are unpacked in the table below.

SOURCES OF NORMALISED EARNINGS

	Year ended 30 June				
R million	**2026**	**% composition**	2025	% composition	% change
FNB	**21 556**	**67**	18 916	67	14
WesBank	**1 394**	**4**	1 739	6	(20)
RMB	**6 554**	**20**	5 692	20	15
Centre*	**4 438**	**14**	3 766	13	18
Other equity instrument holders	**(1 719)**	**(5)**	(1 664)	(6)	3
Normalised earnings	**32 223**	**100**	28 449	100	13

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

Revenue and cost overview

NII increased 8%, supported by 7% growth in advances, 10% growth in deposits and the continued benefit of the bank's active ALM strategy. Increasing levels of new business origination reflect the bank's strategy to lean into systemic and cyclical growth themes.

FNB's advances increased, particularly in the second half of the year, with encouraging new business volumes in personal loans and residential mortgages in both the personal and private subsegments. Commercial advances growth reflects the benefits of FNB's long-term strategy to focus on sectors exposed to structural reforms and cyclical growth trends. FNB continues to lean in to support small and medium-sized enterprises (SMEs) and the community economy (advances up 12%).

RMB's origination franchise delivered new business production of 14%. RMB continued to focus on capturing knowledge-based fees through its origination strategy, and enhanced margin and ROE through the distribution of R43 billion of assets. This also unlocked further balance sheet capacity. After these actions, absolute year-on-year growth in RMB's advances was 1% net of currency impacts but at an overall improved margin.

WesBank delivered ongoing strong advances growth of 13% with new business volumes up 18% in VAF and 13% in asset-backed finance. This growth was achieved in an improved automotive market, although profitability was dampened by higher impairments.

Deposit growth remained an important support for NII and returns. FNB's deposits increased 9%, reflecting the strength of its transactional and customer franchise. RMB's deposits increased 15%, supported by growth in both operational and investment deposits and the onboarding of the HSBC client base.

	Growth in core advances %	**Growth in deposit franchise %**
FNB	6	9
– Retail	6	4
– Commercial	7	13
WesBank	13	n/a
RMB	1	15

The bank's active ALM strategy continued to support earnings through the cycle. The strategy is designed to manage the natural endowment profile of the balance sheet, reduce earnings volatility from interest rate cycles and optimise risk-adjusted returns. For the current year, the strategy generated additional endowment income and supported NII growth in a rate cutting cycle.

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

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

The outcomes of this approach should be assessed on a TTC basis. The following table shows the cumulative additional endowment of R19.6 billion (2025: R16.3 billion) earned in excess of an overnight (repo) investment profile since the 2018 financial year, when the ALM strategies were introduced.

ALM STRATEGY NII OUTCOMES

	Year ended 30 June			**Cumulative additional endowment**
R billion	**2026**	2025	% change	**NII***
Capital endowment	**2.7**	1.4	93	**14.3**
Deposit endowment	**0.6**	(1.1)	(>100)	**5.3**
Total	**3.3**	0.3	>100	**19.6**

* *Includes additional endowment NII from 1 July 2017 to 30 June 2026 (measured against repo).*

For this financial year the strategy produced an additional R3.3 billion compared to R0.3 billion in the prior year, which represents c. 5% of the NII growth.

As the interest rate environment moderates lower, the underlying structural interest rate earnings of the bank will begin to gradually decline. However, the ALM strategy, designed to reduce volatility introduced by the cycle, is expected to outperform the overnight rate.

The bank's net interest margin (NIM) improved to 5.13% from 4.80%, a pleasing outcome given the lower average repo rate. The uplift was driven by improved asset margins, particularly in RMB, and a pick-up in unsecured advances growth. Improved pricing and mix supported deposit margins, particularly in corporate, as well as Group Treasury's capital endowment and portfolio management activities. Retail deposit margins were impacted by the lower rate cycle and stronger growth in lower-margin investment balances.

NIR increased 13%, with growth generated from fee and commission income, and trading and investment income.

FNB delivered a 9% increase in NIR, reflecting resilient fee and commission growth due to higher levels of customer activity. Card volumes and value-added services all contributed to NIR growth.

RMB's strong NIR performance was driven by the uplift in trading and investment income, supported by the recovery in GM and strong knowledge-based fee income growth in IBD. This strong performance was partially offset by lower trade and working capital commitment fees and structuring opportunities.

Operating expenses increased 10%, mainly driven by staff costs which include headcount growth, salary inflation and variable remuneration outcomes. FNB's cost growth was well contained at 7%, supported by ongoing cost optimisation despite continued investment in sales capacity, digital enablement and distribution.

Credit performance

SUMMARISED CREDIT HIGHLIGHTS AT A GLANCE

	Year ended 30 June		
R million	**2026**	2025	% change
Total gross advances	**1 402 964**	1 257 339	12
Total core lending advances	**1 230 969**	1 152 718	7
– Performing core lending advances	**1 171 020**	1 095 845	7
– Non-performing loans	**59 949**	56 873	5
Assets under agreements to resell	**171 995**	104 621	64
NPLs as a % of core lending advances	**4.87**	4.93	
Core lending advances (net of impairment)	**1 185 689**	1 109 574	7
Total impairments	**45 280**	43 144	5
– Portfolio impairments	**17 669**	17 015	4
– Specific impairments	**27 611**	26 129	6
Coverage ratios			
Performing book coverage ratio (%) – core lending advances*	**1.51**	1.55	
Specific coverage ratio (%)**	**46.1**	45.9	
Income statement analysis			
Impairment charge	**13 026**	12 850	1
Credit loss ratio (%) – core lending advances	**1.09**	1.13	

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

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

The bank's credit performance remained in line with expectations. The credit loss ratio improved to 109 bps from 113 bps and remained below the midpoint of the bank's through-the-cycle range (100 bps – 130 bps).

Total core lending advances increased 7% to R1 231.0 billion, supported by growth from the large customer franchises, FNB, WesBank and RMB (11% up when adjusted for RMB's distribution strategy). Performing core lending advances increased 7%, while non-performing loans (NPLs) increased 5% to R59.9 billion. As a result, NPLs as a percentage of core lending advances improved to 4.87% from 4.93%.

The impairment charge increased 1%, reflecting a combination of offsetting factors across the portfolio. Improved macroeconomic assumptions during the first three quarters supported lower impairments in parts of the retail portfolio, while continued collections focus contributed to better arrears outcomes and higher post-write-off recoveries. These benefits were partly offset by updated FLI assumptions due to the impact of the Middle East conflict and related oil-price disruption on inflation, interest rates, GDP growth and customer affordability. While there is no evidence of broad-based credit deterioration directly attributable to the conflict, the bank maintained a prudent provisioning approach to reflect indirect transmission risks. The impairment charge would have reduced 7% excluding the additional forward-looking information (FLI) provisions of c. R1.1 billion.

FNB's credit performance improved year on year. The impairment charge declined 3% to R9.6 billion, with the credit loss ratio (CLR) reducing to 175 bps from 192 bps. The outcome was supported by improved affordability, lower debt counselling inflows, better collections outcomes and the non-repeat of some prior-year pressures. Commercial impairments improved, supported by the non-repeat of two large prior-year defaults, although this was partly offset by sector-specific provisions.

WesBank's credit performance was consistent with expectations. The impairment charge increased 26% to R2.6 billion and the CLR increased to 130 bps from 115 bps. The increase was driven mainly by strong book growth, increased arrears, marginal risk expansion in retail VAF and higher impairment charges in commercial vehicle and asset-backed finance portfolios but off a low base. Write-offs declined and recoveries improved, reflecting continued focus on collections and the strategy to keep paying customers in vehicles for longer. In addition, WesBank also raised a judgemental overlay for the inherent loss given default (LGD) risk in used motor vehicle prices due to the new entrants to the SA market.

RMB's impairment charge increased, with the CLR rising to 22 bps from 19 bps. The increase was concentrated in a small number of counterparties and did not reflect broad-based portfolio deterioration. Impairments were driven by a few specific exposures (including the cross-border portfolio), partly offset by a release from a debt-to-equity restructure. Excluding the debt-to-equity restructure, RMB's CLR was 26 bps.

	Advances mix %	CLR %	NPLs %	Coverage %	CLR TTC range %
FNB and WesBank					
June 26	**67**	**1.63**	**6.83**	**5.10**	**1.50 – 1.90***
June 25	65	1.72	7.04	5.18	
Retail					
June 26	**49**	**1.93**	**8.30**	**5.79**	**1.80 – 2.20***
June 25	47	1.99	8.58	5.93	
Commercial					
June 26	**18**	**0.92**	**3.33**	**3.47**	**0.80 – 1.20**
June 25	18	1.03	3.33	3.37	
RMB					
June 26	**33**	**0.22**	**1.75**	**1.34**	**0.30 – 0.50**
June 25	35	0.19	1.56	1.37	
FirstRand Bank					
June 26	**100**	**1.09**	**4.87**	**3.68**	**1.00 – 1.30**
June 25	100	1.13	4.93	3.74	

* *The CLR TTC range % has been updated for June 2026. (June 2025: FNB and WesBank was 1.45% – 1.85% and retail was 1.70% – 2.10%).*

At a bank level, coverage remained appropriately positioned for the risk profile. Performing book coverage reduced to 1.51% from 1.55%, reflecting book growth, improved macroeconomic assumptions earlier in the year and the migration of certain higher-risk exposures into non-performing loans. NPL coverage increased marginally to 46.1% from 45.9%, supported by active arrears management and targeted provisioning for sector-specific risks.

While credit metrics improved in several portfolios, the bank remains cautious given geopolitical uncertainty, inflation risk and affordability pressures. Provisioning remains appropriately prudent for the current environment, with continued focus on maintaining resilient credit outcomes through the cycle.

Financial resource management

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

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

Capital position

Capital ratios (on an IFRS basis) and the board-approved targets for the bank are summarised below.

CAPITAL ADEQUACY*

		As at 30 June	
%	Internal targets	**2026**	2025
CET1	>11.25	**12.6**	13.3
Tier 1	>13.0	**14.2**	14.9
Total	>15.25	**16.4**	17.2

* *Including unappropriated profits and the bank's foreign branches.*

The bank's CET1 ratio remained well above its internal target despite the incremental UK motor commission provision impact. FRB continues to focus on the efficient use of financial resources and optimisation of risk-weighted assets (RWA), as well as the optimisation of the overall level and mix of capital.

The bank remains focused on optimising its total loss absorbing capacity by maintaining an optimal level of capital and Flac instruments. During the year, FRB issued a combination of internal Additional Tier 1 (AT1), Tier 2 and Flac instruments to FirstRand to ensure sustainable support for ongoing growth initiatives, redemption of existing capital instruments and meeting the transitional Flac requirements.

Liquidity position

The liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) both exceeded their minimum requirement of 100% over the last quarter and the year under review.

PRUDENTIAL LIQUIDITY RATIOS*

	As at 30 June	
%	**2026**	2025
LCR		
Regulatory minimum	**100**	100
Actual	**132**	133
Average available HQLA (R billion)	**487**	439
NSFR		
Regulatory minimum	**100**	100
Actual	**117**	117

** The bank's LCR and NSFR reflect the South African operations only.*

During the year under review, the bank's LCR remained stable, supported by an increase in liquid asset holdings. The liquidity portfolio grew primarily across reverse repos and short-term liquidity instruments. The required growth in liquid assets reflects continued strength in the underlying deposit franchise, as well as favourable market liquidity conditions.

From a liquidity risk standpoint, the regulatory environment remained stable during the period. The bank continued to optimise its buffer stock of high-quality liquid assets (HQLA), taking into account availability, diversification and continued yield compression. Healthy deposit funding growth was complemented by disciplined wholesale and capital market issuance, enhancing funding term and diversification. In addition, the latest Nitro securitisation programme issuance (Nitro 9) and the Accelerate Finance transaction contributed to a reduction in bank risk-weighted assets. Overall, the bank remains well funded, with robust liquidity buffers in place to meet both regulatory liquidity requirements and internal risk appetite thresholds.

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

COMPOSITION OF LIQUID ASSETS

	As at 30 June	
R billion	**2026**	2025
Cash and deposits with central banks	**95**	85
Short-term liquidity instruments	**225**	175
Including reverse repos*	**150**	83
Long-term investment securities	**137**	141
Other liquid assets	**30**	38
Total liquid assets	**487**	439

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

The bank recognises that although there is a regulatory requirement to hold certain types of liquid assets, these assets do exhibit credit risk. It thus relies on an internally developed limit and risk assessment framework, which draws on internal and external research, to guide and inform the composition and duration of liquid assets held.

Based on internal assessments and monitoring of jurisdiction-specific risks, the bank varies its holdings of liquid assets between immediately accessible central bank reserves, short-dated treasury bills and long-dated bonds.

Foreign currency balance sheet

The bank's framework for managing external debt considers sources of sovereign risk and foreign currency funding capacity, as well as the macroeconomic vulnerabilities of South Africa. The bank continues to employ self-imposed structural borrowing and liquidity risk limits which are more conservative than the regulatory macroprudential limits.

The bank's philosophy is that, over the longer term, foreign currency assets should be supported by appropriate foreign currency liabilities.

Prospects

Economic reforms will continue to support a gradual improvement in growth trend expectations. Importantly, sustained reform momentum will enhance South Africa's resilience against adverse global shocks.

While the recent oil price shock is likely to weigh on economic activity in the near term, its impact should begin to fade over the next 12 months. This will allow the gradual disinflationary trend that was evident in South Africa to resume.

Notwithstanding these positive developments, the bank continues to monitor the implications of mounting fiscal pressures and elevated bond yields in several large, developed economies, which have the potential to introduce further volatility for global financial markets and economic growth.

The bank's guidance for the year to 30 June 2027 is as follows:

Starting with NII, the bank expects high single-digit growth in the year ahead, with improving advances growth anticipated from all the large lending portfolios.

Growth in both secured and unsecured retail advances is expected to exceed the year under review, except for VAF which is expected to moderate lower to mid to high single-digit growth. Macros remain broadly constructive to household affordability levels given lower inflation, reducing rates and an improving trend in property prices, although recent macro volatility could dampen demand in the short term.

Commercial and corporate advances growth is still anchored to positive momentum in structural reforms and targeted lending to specific sectors of the economy. Commercial lending will continue to originate healthy advances growth, and corporate advances growth is expected to be stronger in 2027 than in the 2026 financial year, given that the impact of the introduction of the distribution strategy is now largely in the base. Margins are expected to remain robust.

The bank's large deposit franchises will grow at similar levels to the previous 12 months, with retail expected to show an improving trend. The ALM strategy will continue to enhance returns based on the bank's interest rate view, albeit that the portfolio returns will begin to normalise. The current-period margin expansion offers some offset to this pressure and is expected to normalise towards a level similar to the first half of the year under review, but the bank expects volume growth as an offset in NII.

The bank's CLR is expected to remain below the mid point of its through-the-cycle range despite the expected front book strain following a period of continued strong new business origination.

NIR growth is anticipated to trend down to mid-to-high single digits. This is mainly due to the one-off income generated by Group Treasury in the year under review, however, the NIR generated by the underlying franchises will remain strong. Growth in trading income will continue, and fee and commission income will trend at similar levels. The contribution from the corporate and transactional banking franchise is expected to improve.

Given the bank's continued focus on extracting greater operational leverage, cost growth is expected to trend lower than the year under review, resulting in an improved cost-to-income ratio.

Overall, the bank's operational performance is expected to remain strong given the health and quality of its client franchises, all of which remain well positioned to capture a higher share of any additional growth opportunities that emerge.

For the 12 months to 30 June 2027, normalised earnings growth of high single digits to low double digits is expected. This growth trend in earnings is likely to continue over the medium-term.

Events after reporting date

There are no material events that have occurred between the date of the statement of financial position and the date of this report.

JP BURGER
Chairman

M VILAKAZI
CEO

C LOW
Company Secretary

MG DAVIAS
CFO

9 September 2026

Review Of Operations

FNB represents the bank's activities in the retail and commercial segments in South Africa.

Normalised earnings

R21.6bn

2025: R18.9bn

↑ **14 %**

FNB is South Africa's leading retail and commercial bank. FNB's strategy is to grow its customer franchise through offering differentiated and appropriate products, solutions and advice that meet the needs of retail, business and commercial customers and cover the full spectrum of transactional, lending, savings and insurance offerings. This growth is supported by FNB's ambition to become a trusted partner, solving for every financial services need throughout the customer's life cycle. This partnership model provides opportunities for cross-sell and up-sell – ultimately capturing a greater share of wallet. FNB also utilises its world-class rewards programme (eBucks) to reward desired customer behaviour and enable cross-sell.

Delivering on this strategy requires a market leading digital platform, combined with extensive data. This enables FNB to provide cost effective, integrated and contextual offerings on either an assisted (in-person) or unassisted (self-service) basis. FNB leverages its entire footprint of traditional and alternative channels such as branches, agencies, ATMs, the FNB app and online platform, advisors and relationship managers to deliver an omnichannel network that can effectively serve individuals, small businesses and medium-sized enterprises, depending on their needs. FNB has focused over many years on building a savings culture within its customer base, and its retail and commercial deposit franchise is the largest in South Africa. This is a direct outcome of providing innovative products to incentivise and grow customer savings and investments. FNB's lending approach is supported by disciplined and targeted credit origination strategies for each client segment.

In line with bank's ambitions to deliver a superior and sustainable ROE and grow alternative sources of NIR, FNB has executed on a long-standing strategy to increase its capital-light revenues. This has been achieved through its highly successful mobile virtual network operator which provides affordable telecommunication services and, importantly, growth in value-added services to customers such as airtime and electricity. FNB's broader financial services offerings (insurance and wealth and investment management) help it to further strengthen core transactional customer relationships. This has delivered strong and consistent growth in NIR.

FNB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2026**	2025	% change
Normalised earnings	**21 556**	18 916	14
Normalised profit before tax	**29 529**	25 855	14
– South Africa	**30 033**	26 293	14
– Broader Africa*	**(504)**	(438)	15
Core lending advances	**560 373**	528 916	6
Core deposits	**1 009 584**	926 455	9
Performing advances	**517 810**	486 961	6
Stage 3/NPLs as a % of advances	**7.60**	7.93	
Credit loss ratio (%) of average advances	**1.75**	1.92	
Cost-to-income ratio (%)	**51.1**	51.7	
Net advances margin (%)	**3.82**	3.76	

* *Relates to head office costs. Earnings of the subsidiaries in broader Africa form part of FREMA and are not reported in the bank.*

Overview of results

FNB delivered strong results, with normalised profit before tax (PBT) increasing 14% to R29.5 billion. The performance reflects continued execution against its strategy to attract new customers and increase product penetration of banking, insurance, investment and value-added solutions.

The increase in PBT is supported by solid growth in deposits and advances, higher transactional activity and an improved credit performance.

NII increased 7%, supported by 9% growth in deposits and 6% growth in advances. Deposit growth reflects the strength of FNB's customer franchise, while advances growth was driven by healthy levels of new business origination in both the retail and commercial lending portfolios.

The overall advances margin increased year on year to 3.82%, due to improved lending margins. Deposit margins declined 14 bps, resulting from the net endowment reduction from lower interest rates and stronger relative growth in lower-margin investment accounts. These impacts were partially offset by benefits from targeted deposit pricing adjustments and the bank's ALM strategy.

NIR increased 9%, supported by customer growth, higher transactional activity and continued growth in value-added services. FNB Connect remained a key contributor, with revenue increasing 14% to more than R3 billion.

In response to changes in the payments landscape, FNB implemented PayShap as its default instant payment option. As a result, PayShap payment volumes have increased more than eight times year on year. With the increasing adoption of digital payment alternatives, cash transaction volumes declined, resulting in muted increases in cash-linked NIR.

Income from card-issuing activity increased 15%, partly offset by higher association charges.

The overall merchant services footprint continues to grow, with billable devices increasing 9%. However, given intensified competition, margin compression has been significant due to active repricing initiatives to defend client relationships. This has resulted in a decline in merchant services commission and rental-related NIR by 7%.

Value-added services continued to support NIR growth, which was up 14% to R3.1 billion (2025: R2.7 billion). FNB Connect facilitated transaction volumes of R26 billion (2025: R22 billion), serving approximately three million customers and delivering revenue growth of 14% to more than R3 billion. Data usage increased by more than 85% and average revenue per user increased 8%, evidencing deeper customer engagement and reinforcing FNB Connect's strategic role in expanding ecosystem participation, customer retention and non-interest revenue growth.

FNB's overall credit performance reflects disciplined origination through the previous higher-inflation and higher-rate cycle. Macroeconomic pressures eased in the first three quarters of the year. However, the impact of geopolitical and economic uncertainty arising from the current Middle East conflict partially offset this improvement, with higher FLI provisions of c.R500 million raised in the fourth quarter. Improved affordability and stronger collections nevertheless supported a decline in the CLR from 1.92% to 1.75%.

FNB's overall operating expenses increased 7% and were well contained despite the business continuing to invest in sales and distribution capacity to support customer acquisition and deepen primary relationships. Cost containment was pleasing given the renewal of significant foreign currency contracts with technology suppliers and targeted expansion of its points of presence, including branches (+13), AgencyPlus (+125) and in-store presence with partners (+5).

FNB's overall cost-to-income ratio improved to 51.1% (2025: 51.7%).

CHANNEL VOLUMES

Thousands of transactions	Year ended 30 June 2026	2025	% change
ATM/ADT	**264 528**	277 705	(5)
Digital*	**951 473**	889 568	7
Card acquiring	**1 164 266**	1 111 662	5
Card issuing	**1 389 180**	1 300 275	7

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

Continued investment in platform and digitisation has supported customer acquisition and efficiencies have been achieved through the utilisation of digital, assisted and partner-enabled channels. FNB continues to invest in its technology platforms, data capabilities, digitisation and AI to improve service and decision-making to drive process efficiency.

Customer segment performance

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

SEGMENT RESULTS

R million	Year ended 30 June 2026	2025	% change
Normalised PBT			
Retail	**14 626**	12 245	19
Commercial	**15 407**	14 048	10
Broader Africa*	**(504)**	(438)	15
Total FNB	**29 529**	25 855	14

* *Relates to head office costs. Earnings of the subsidiaries in broader Africa form part of FREMA and are not reported in the bank.*

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	**%**	**R million**	**%**	**R million**
Retail	4	19 089	6	21 301
– Personal (≤R750k)*	—	211	(7)	(5 425)
– Private (>R750k)*	6	18 878	9	26 726
Commercial	13	64 040	7	10 156
Total FNB	9	83 129	6	31 457

* *Normalised for migration impacts, advances and deposits grew 7% and 16% in personal, and 5% and 1% for private*

The following table unpacks growth in customers per segment and platform users.

ACTIVE CUSTOMERS AND PLATFORM USERS

Millions	Year ended 30 June 2026	2025	% change
Retail	**8.89**	8.68	2
– Personal (≤R750k)*	**7.09**	7.01	1
– Private (>R750k)*	**1.80**	1.67	8
Commercial	**1.38**	1.35	2
Total SA customer base	**10.27**	10.03	2
SA eWallets**	**6.23**	6.39	(3)
Total platform users*	**16.50**	16.42	—

* *Two additional products, FNB standalone Wills and Entry market eBucks eligibility products (i.e. eBucks vouchers), were incorporated into the calculation during the year. June 2025 customer numbers have been restated. The previously disclosed total platform users for June 2025 was 16.40.*

** *Represent all eWallets without another FNB relationship/product that had at least one transaction in the past six months. In addition, there are 1.53 million eWallets belonging to FNB customers. FNB customer eWallets represent 20% of the total 7.77 million eWallets.*

eBucks supports both retail and commercial by rewarding customer behaviours that deepen engagement across FNB's broader ecosystem, supporting retention, product penetration and recurring use of transactional, lending, insurance and investment propositions.

Retail performance

The retail segment serves entry, personal, private and wealth customers.

Retail delivered strong PBT growth of 19%, supported by customer growth, higher secured and unsecured lending origination, cross-sell and value-added services.

Revenue growth was driven by higher customer activity, stronger fee and commission income and increased penetration across FNB's transact, lend, insure, invest and rewards propositions.

Retail NII increased 4%, supported by deposit growth of 4% and advances growth of 6%. Deposit growth reflected FNB's long-term strategy to grow core transactional accounts and deliver affordable accessible savings products.

Overall retail advances growth was supported by improved household affordability combined with a strong focus on sales. Card advances growth reflected higher facility utilisation, growing 4%, while personal loans and residential mortgages grew 10% and 5%, respectively.

Within retail, lending to personal customers declined 7% but was a result of the high levels of migration of these customers to the private segment, which is core to FNB's strategy of ensuring that offerings are appropriate throughout the lifecycle of each customer. Pre-migration advances increased 7%, which is a direct result of a renewed focus on lending to this customer cohort.

Lending to private customers increased 9% (pre-migration up 5%). New business values, particularly in personal loans (+21%) and residential mortgages (+20%) have been encouraging. The decreasing interest rate and inflation environment in the first nine months of the year contributed to better customer affordability and higher early settlements resulting in the consolidated retail portfolio growing 6%.

Retail NIR increased 11%, supported by higher transactional activity, stronger fee and commission income and value-added services (including eBucks offers).

Retail credit performance benefited from reduced pressure on customers as affordability improved, with FLI releases reflecting improvements in the macroeconomic outlook during the first three quarters of the year, higher house prices and a decrease in debt counselling inflows. However, the impact of the Middle East conflict reversed some of these gains with additional FLI raised of c. R440 million. Overall the retail CLR improved from 2.13% to 1.97% and remains within TTC range of 1.85% to 2.30%.

Retail customer growth of 1% in the personal segment was achieved despite continued migration of customers into the private segment. The private segment customer base grew 8%, supported by both upward customer migration and continued acquisition momentum.

New-to-bank customer growth remained solid across both segments, +3% in the personal segment and +2.5% in the private segment, despite heightened competition.

The aggregate number of customers actively using FNB's platforms has increased slightly year on year to 16.5 million.

Digitally active customers increased to 8.16 million and FNB app transaction volumes increased 10% to 782 million. Activated virtual cards increased 7% to 6.3 million while transaction values increased 47% to R101 billion, supporting secure e-commerce activity and reducing fraud-related outcomes.

FNB continues to strengthen its position in community-based savings through its stokvel value proposition. Deposits increased 31% to R5.7 billion, while active accounts grew 23% to 129 000. Stokvel customers using digital platform channels now account for 77% of the base, with growth in unassisted sales reflecting increased adoption of self-service capabilities.

nav»Money users increased 19% to more than 6.5 million customers. nav»Home has facilitated approximately 65 000 home placements, up 12% and R81 billion in lending since inception, with 14% of new home-loan origination generated through the platform.

eWallet remains a key inclusive entry point into the franchise. Standalone eWallet users declined 3% due to lower transaction volumes, although the platform remains South Africa's market leader in Send Money services, facilitating c. 68 million transactions during the year.

Commercial performance

The commercial segment serves entrepreneurs, SMEs, growth enterprises and public institutions.

Commercial delivered PBT growth of 10%, supported by strong performances from the enterprise and public sector subsegments, but with a more muted performance in business banking.

Revenue growth was supported by deposits and advances growth and higher customer activity across payments, merchant acquiring, foreign exchange, cash management and lending solutions.

NII increased 10%, supported by deposit growth of 13% and advances growth of 7%. Deposit growth continued to benefit from FNB's long-term strategy of high-touch service and establishing deep relationships. Commercial advances growth (+7%) remained targeted to sectors where customer activity is strongest, such as the agricultural, logistics and energy sectors.

NIR increased 7%, driven by higher transaction volumes, fee and commission income and growth in enterprise relationships. This was partly offset by higher processing costs, card scheme fees and margin pressure in merchant acquiring and foreign exchange.

Commercial impairments benefited from improving macroeconomic conditions and the non-repeat of two large prior-year defaults. This was partly offset by an additional c. R60 million sector-specific provision linked to the impact of the ongoing Middle East conflict.

Commercial operating expenses increased 10%, driven by higher technology costs from system transfers, new tools, software licensing and data platform upgrades, as well as increased project-related professional fees. Higher depreciation and maintenance costs relating to merchant devices and marketing spend to support local and direct marketing initiatives contributed further.

Commercial customer numbers increased 2% with enterprise up 7%. Business banking's customer growth of 1% reflected heightened competition while the core transactional account base increased 6%, supporting deposits, transactional activity and profitability.

The community economy remains an important growth market within business banking. Revenue increased 14% to R4.2 billion, while deposits and advances increased 8% to R49 billion and 12% to R20 billion, respectively, supported by tailored transactional, payments and funding solutions.

FNB credit performance

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		%
R million	**2026**	2025	change
Movement in balance sheet provisions			
Performing book provisions	**965**	29	>100
NPL provision	**340**	2 071	(84)
Credit provision increase	**1 305**	2 100	(38)
Bad debts written off*	**12 107**	11 201	8
Amounts recognised directly in income statement			
Modification loss	**636**	932	(32)
Interest suspended on stage 3 advances	**(3 204)**	(3 209)	–
Post write-off recoveries	**(1 291)**	(1 142)	13
Total impairment charge	**9 553**	9 882	(3)

* *This represents the gross balance sheet amounts written off. The income statement impact has been recognised over various reporting periods.*

FNB's credit impairment charge declined 3% to R9 553 million (2025: R9 882 million), resulting in a reduction in the credit loss ratio to 175 bps (2025: 192 bps). This decline year on year is attributable to several offsetting factors:

- The portfolio benefited from FLI releases, reflecting improvements in the macroeconomic outlook during the first three quarters of the year. This included an improved outlook for house prices based on FNB's internal data and corroborated by external macro inputs, with notable improvement in Gauteng and KwaZulu-Natal.
- A decrease in debt counselling inflows as the direct interventions continue to impact customer outcomes and debt counselling behaviour.
- Near-term uncertainty and negative impacts associated with the Middle East conflict have resulted in a c. R500 million additional forward-looking provision to reflect risks from potential shocks to inflation, interest rates and GDP growth.

UNPACKING THE CREDIT PERFORMANCE ACROSS THE PORTFOLIO

	Advances mix %	CLR %	NPLs %	Coverage %
FNB				
Jun 26	**100**	**1.75**	**7.60**	**5.57**
Jun 25	**100**	1.92	7.93	5.65
FNB retail				
Jun 26	**73**	**1.97**	**8.97**	**6.01**
Jun 25	**73**	2.13	9.43	6.19
FNB commercial				
Jun 26	**27**	**1.17**	**3.95**	**4.39**
Jun 25	**27**	1.33	3.93	4.20

Overall, FNB's approach to provisioning remains appropriately prudent given the economic cycle. The coverage ratio for performing exposures increased to 2.17% from 2.10%. NPL coverage increased marginally to 47.0% from 46.8%. This increase in coverage is attributable to growth in ageing NPLs, higher operational NPLs and higher unsecured NPLs in commercial.

WesBank represents the bank's asset-backed finance and mobility franchise, serving retail, private, business and commercial customers across South Africa.

Normalised earnings

R1.4bn

2025: R1.7bn

↓ **20%**

WesBank's strategy is to grow its asset-backed finance and mobility franchise by connecting customers, dealers, original equipment manufacturers (OEMs) and businesses across the vehicle and asset lifecycle. This supports quality advances growth, broader mobility solutions and deeper ecosystem participation while maintaining through-the-cycle risk discipline.

The strategy is underpinned by:

- Disciplined origination across retail, private, business and commercial customers, with pricing and credit selection aligned to risk.
- Deeper OEM, dealer and alliance partnerships that strengthen distribution and participation across the mobility ecosystem.
- Growth in fleet management, leasing, insurance and asset-based finance, supported by closer integration with FNB's customer base.

Operating environment

The automotive industry experienced a strong improvement compared to the previous year, with industry sales up 15% to 632 997 units since June 2025.

South Africa's automotive sector faced challenges and growth opportunities, shaped by local and global trends. Chinese car brands are entering the market rapidly, offering advanced technologies, electric and hybrid options, and competitive pricing. WesBank has partnered with several of these brands through multiple supplier and dealer alliance agreements, which bolstered advances growth. Dealer funding solutions remain a strategically important capability within the franchise, with alliance portfolios forming a significant component of the motor-retail book. These partnerships enabled WesBank to participate meaningfully in the expansion of Chinese OEMs entering the South African market while maintaining strong origination quality and dealer relationships.

WESBANK FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2026**	2025	% change
Normalised earnings	**1 394**	1 739	(20)
Normalised profit before tax	**1 909**	2 382	(20)
Core lending advances	**212 686**	188 256	13
Performing advances	**202 416**	179 703	13
Stage 3/NPLs as a % of advances	**4.83**	4.54	
Credit loss ratio (%) of average advances	**1.30**	1.15	
Cost-to-income ratio (%)	**52.2**	51.1	
Net interest margin (%)	**2.56**	2.56	

Overview of results

WesBank's normalised earnings and PBT declined 20% year on year, to R1.4 billion and R1.9 billion, respectively. Advances increased 13% supported by 18% growth in retail VAF new business volumes, 13% growth in asset-backed finance and continued OEM and dealer partnership activity, resulting in NII growth of 5%. This was offset by higher impairments and lower-than-expected vehicle realisations on assets disposed of at the end of their lease terms in the fleet management and leasing (FML) business.

NII increased 5%, despite the prior year including a non-recurring securitisation funding benefit. Margins were flat year on year, as pricing was adjusted for risk across retail and commercial portfolios.

NIR has remained flat year on year supported by good growth in rental income from the FML business and growth in number of customers on book, offset by losses incurred on the disposal of vehicles in FML, originating from short-term leases, in contrast to profits realised during the prior year. The pressure reflects weaker used-vehicle prices following stronger new-vehicle supply and lower-priced market entrants.

Operating expenses increased 6%, reflecting continued investment in fleet management and leasing, collections capability and platform integration. Benefits from the closer integration of WesBank and FNB supported improved operating leverage, however, negative operating jaws resulted in the cost-to-income ratio deteriorating to 52.2% (2025: 51.1%).

BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT*

	Year ended 30 June		
R million	**2026**	2025	% change
Normalised PBT			
Retail VAF	**1 016**	1 557	(35)
Corporate and commercial	**893**	825	8
Total WesBank	**1 909**	2 382	(20)

* *Refer to additional segmental disclosure on page B42.*

Retail VAF PBT declined 35% as growth in new business and advances was offset by higher impairments from strong book growth, marginal risk expansion, heightened risk in used vehicle realisations, and increased arrears in a still-constrained consumer environment.

Corporate and commercial PBT increased 8%, supported by 12% growth from asset-backed finance and dealer funding activity. Fleet management and leasing profitability was negatively impacted by residual value pressure, while asset-backed finance impairments were affected by the relegation of a specific large counterparty to NPL.

WesBank's credit performance was in line with expectations for this stage of the cycle. The credit impairment charge increased 26% to R2.6 billion, including an FLI provision for the Middle East macro impacts of c. R250 million and a judgemental management out-of-model adjustment for the inherent LGD risk on used motor vehicle prices due to new lower-priced entrants to the South African market. This translated into a CLR of 130 bps (2025: 115 bps), with the increase reflecting strong book growth, higher arrears, marginal risk expansion in retail VAF and higher impairment charges in the commercial vehicle and asset-backed finance portfolios, albeit off a low base. These pressures were partially offset by lower write-offs and improved recoveries.

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		%
R million	**2026**	2025	change
Movement in balance sheet provisions			
Performing book provisions	**271**	47	>100
NPL provision	**737**	91	>100
Credit provision increase	**1 008**	138	>100
Gross write-off and other*	**2 114**	2 416	(13)
Amounts recognised directly in income statement			
Modification loss	**52**	51	2
Interest suspended on stage 3 advances	**(312)**	(313)	–
Post write-off recoveries	**(258)**	(231)	12
Total impairment charge	**2 604**	2 061	26

* *Includes bad debts that represents the gross balance sheet amounts written off. The income statement impact has been recognised over various reporting periods.*

The overall composition of the charge is outlined below:

- Stage 1 provisions increased 6%, below advances growth, reflecting disciplined origination and improved macroeconomic input for part of the year.
- Stage 2 provisions increased 10% broadly in line with stage 2 exposures growth, as more accounts moved into arrears and remained in arrears for longer.
- Performing coverage decreased to 1.75% (2025: 1.82%), reflecting improved macroeconomic assumptions earlier in the year, partly offset by renewed forward-looking pressure from geopolitical volatility, fuel prices and customer affordability, particularly the last quarter.
- Stage 3 advances increased to 4.83% of total advances (2025: 4.54%) reflecting marginal risk expansion, arrears growth and the relegation of a specific counterparty in the commercial business.
- NPL coverage decreased to 45.9% (2025: 46.5%), driven by an improvement in NPL mix, reflecting newer inflows, particularly in retail VAF, with lower average cover.
- Write-offs and other decreased 13% and NPLs were proactively managed. NPLs increased to R10.3 billion (2025: R8.6 billion) in line with expectations for the cycle and the strategy of keeping paying customers in vehicles for longer.

RMB represents the bank's activities in corporate, sponsor and institutional client segments.

RMB's strategy is to deliver integrated financial services value propositions to its clients through a portfolio that spans a leading lending and advisory franchise; a market-risk management, capital markets flow, trading and structuring business; a corporate banking franchise represented by the Treasury and Trade Solutions (TTS) business and client coverage. This diversified portfolio, coupled with a disciplined approach to balancing risk, return and growth, is well placed to deliver sustainable earnings growth and superior returns through the cycle.

Normalised earnings

R6.6bn

2025: R5.7bn

↑ 15%

RMB FINANCIAL HIGHLIGHTS

	Year ended 30 June		
R million	**2026**	2025	% change
Normalised earnings	**6 554**	5 692	15
Normalised profit before tax	**8 978**	7 797	15
Core lending advances*	**406 382**	401 627	1
Core deposits**	**302 517**	260 488	16
– Deposit franchise	**263 396**	229 719	15
– Other deposits and debt funding	**39 121**	30 769	27
Core performing advances coverage	**0.63**	0.78	
Stage 3/NPLs as a % of core lending advances	**1.75**	1.56	
Credit loss ratio (%) – core lending advances	**0.22**	0.19	
Cost-to-income ratio (%)	**58.4**	59.0	

* *Core advances represent total advances, excluding assets under agreements to resell.*

** *Core deposits represent total deposits, excluding deposits under repurchase agreements and collateral deposits.*

RMB delivered a strong performance for the year, with normalised earnings increasing 15% and normalised PBT increasing 15% to R9.0 billion. The performance was underpinned by continued execution of RMB's integrated client-led strategy, disciplined financial resource management and a focus on a more diversified earnings mix across the business.

RMB's client franchise delivered strong earnings growth, benefiting from sustained client activity, healthy origination momentum and disciplined balance sheet deployment. This was further supported by improved market conditions across several operating environments. The operational performance across the client-facing businesses remained largely positive, with particularly strong results from GM and IBD, partially offset by a declining performance in TTS.

Overview of financial performance

NII increased 10%, driven by strong average deposit growth, margin uplift on advances and active financial resource management.

RMB's deposit franchise, which includes the core deposit-taking activities in TTS, grew to R263 billion (2025: R230 billion). TTS average operational and investment deposits grew 7% and 13%, respectively. This, together with a 9 bps increase in advances margins, supported the overall margin uplift and reflected disciplined portfolio management, good distribution execution and focused pricing.

RMB's origination franchise delivered new business production of 14%. RMB continued to focus on capturing knowledge-based fees through its origination strategy and enhanced margin and ROE through the distribution of R43 billion assets. This also unlocked further balance sheet capacity. After these actions, absolute year-on-year growth in RMB's core advances was 1%, net of currency impacts but at an overall improved margin.

A detailed reconciliation is set out below.

RMB CORE ADVANCES

	Year ended 30 June	
R million	**2026**	% change
Opening balance	401 627	
Net origination*	56 289	
Balance pre-distribution	457 916	14
Distribution	(43 287)	
Currency translation	(8 247)	
Closing balance	406 382	1

* *Origination less settlements, roll-offs and early termination.*

IBD's core lending margin improved, despite continued pricing pressure and a competitive landscape. This was further supported by growth in hard currency assets. In-force margins and returns were also lifted by the ongoing distribution strategy. As a result, RMB's overall advances margin increased 9 bps to 192 bps.

RMB deposit margins are calculated on the banking book (excluding any trading book balances). Core deposit margins increased, notwithstanding the mix impact of growth (on an average basis) in lower-margin investment deposits (+13%) and slower growth in higher-margin operational deposits (+7%), benefiting from the margin uplift from the acquisition of the HSBC deposit book.

NIR increased 16%, driven largely by the recovery in the GM business. The performance reflected stronger client flows, increased structuring activity, improved liquidity conditions and successful monetisation of market opportunities across South Africa and the broader Africa cross-border portfolio. IBD generated strong structuring and arranging fees from new-deal origination, up 30%, while advisory fees remained resilient off a high base. This strong performance was partially offset by lower trade and working capital commitment fees and structuring opportunities compared to the prior year.

Credit impairments increased during the year, reflecting higher new non-performing loan formation from a few counters in the cross-border portfolio, partly offset by the continued strength of the underlying portfolio and disciplined provisioning. Impairments increased 16% to R0.9 billion, resulting in a CLR of 22 bps on core lending advances (2025: 19 bps).

During the year, RMB implemented a debt-to-equity restructure resulting in a net R143 million impairment release and a 4 bps improvement on the CLR.

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

ANALYSIS OF IMPAIRMENT CHARGE

	Year ended 30 June		%
R million	**2026**	2025	change
Movement in balance sheet provisions			
Performing book provisions	**(549)**	(525)	5
NPL provision	**486**	1 312	(63)
– Provision movements	**1 122**	1 312	(14)
– NPL release due to debt-to-equity restructure*	**(636)**	–	–
Credit provision (decrease)/ increase	**(63)**	787	(>100)
Gross write-off and other	**1 137**	169	>100
– Bad debts written off**	**451**	111	>100
– Debt-to-equity restructure*	**493**	–	–
– Exchange rate and other	**193**	58	>100
Amounts recognised directly in income statement			
Interest suspended on stage 3 advances	**(163)**	(150)	9
Post write-off recoveries	**(13)**	(33)	(61)
Total	**898**	773	16

* *Refer to page B57 for more information on debt-to-equity restructure.*

** *This represents the gross balance sheet amounts written off. The income statement impact has been recognised over various reporting periods.*

The increase in credit impairments was mainly driven by elevated migrations into stage 3. Stage 3 advances increased to 1.75% (2025: 1.56%) of core lending advances while stage 3 coverage increased to 40.9% (2025: 38.6%), reflecting RMB's proactive provisioning approach against impaired exposures.

Despite the higher impairment charge, the overall credit portfolio remained resilient and within risk appetite, and while impairments were higher year on year, the charge was driven by specific credit events rather than broad-based portfolio deterioration. The core lending advances credit loss ratio of 22 bps remained below RMB's through-the-cycle range.

Performing book coverage reduced during the year, with lending stage 1 and stage 2 coverage declining to 0.65% (2025: 0.80%). This reduction was largely driven by higher-risk stage 2 exposures migrating into non-performing loans, together with the utilisation of management post-model provisions for risks that crystallised during the year.

In summary, RMB impairments remain prudently struck with proactive credit risk management, appropriate impairment coverage, continued proactive monitoring of watchlist migrations, focus on non-performing loan recoveries and geopolitical developments and sector-specific risk transmission channels.

Operating expenses increased 12%, reflecting continued investment in RMB's strategic priorities, including platform modernisation, digital transformation, client-facing capabilities and specialist skills. Cost growth also reflected investments into additional capacity in the UK, US, India and China offices to support broader Africa international flows as well as the migration of the HSBC staff to RMB during the second half of the financial year.

Furthermore, cost growth was impacted by R183 million (2025: R121 million) of implementation costs related to the HSBC transaction, which went live in March 2026. These investments support RMB's long-term ambition of building a more integrated, diversified and scalable franchise while enhancing client experience, improving operational efficiency and strengthening future earnings capacity.

BREAKDOWN OF NORMALISED PBT CONTRIBUTION BY DIVISION

	Year ended 30 June		
R million	**2026**	2025	% change
Investment banking	**7 117**	6 226	14
Treasury and trade solutions	**1 976**	2 075	(5)
Global markets	**1 393**	767	82
Other*	**(1 508)**	(1 271)	19
Total RMB	**8 978**	7 797	15

* *Other includes support and head office activities.*

IBD

IBD delivered a good performance, with PBT increasing 14%. The result was supported by strong origination momentum, disciplined balance sheet management, including continued balance sheet velocity execution via focused distribution strategies and differentiated investment portfolio management.

NII increased 9%, supported by strong origination activity and a continued focus on distribution strategies, which contributed to margin uplift. Core advances growth was flat, although net origination remained strong, increasing 15% (before the impact of distribution activities). The strengthening of the rand had a negative translation impact of 2% on IBD's advances growth. Active distribution activities focused on lower-return advances, combined with growth in higher-margin and longer-dated advances, resulted in margin uplift and improved balance sheet capacity.

Fee income increased 10%, underpinned by healthy new-deal origination, which drove a 30% increase in structuring and arranging fees, alongside solid advisory fees from a high base. Commitment fees declined marginally due to the shift of certain large deals from off-balance sheet to on-balance sheet exposures.

IBD maintained prudent provisioning, reflecting elevated risk in certain sectors and geographies and the migration of specific counters to NPL status. Portfolio quality remained resilient.

GM

Global Markets rebounded strongly, with PBT increasing 82%. Growth was broad based, aligned with GM's strategic focus on broadening and deepening client contributions across profit pools and activities, with a greater emphasis on client-led flow and structuring activities. The result represents a strong recovery from the prior year, which was affected by lower client activity, margin compression and active derisking in selected business lines.

Revenue increased 25%, supported by higher client activity, stronger structuring revenue, improved liquidity conditions and enhanced monetisation of market opportunities. Growth benefited from large, structured transactions across various asset classes, improved investor activity in developed markets and favourable trading opportunities arising from market dislocations in Botswana.

The broader Africa cross-border portfolio remained a significant contributor to growth. GM benefited from improved liquidity and trading opportunities across several broader Africa markets, including Botswana, Ghana, Nigeria and Egypt.

TTS

TTS delivered a subdued performance, with PBT decreasing 5% and deposit performance remaining strong. Average core deposits increased 10%, comprising 7% growth in operational deposits, and 13% growth in investment deposits. This deposit-led performance is consistent with RMB's strategic focus on deepening transactional relationships and building a scalable, integrated corporate banking franchise.

NII increased 12%, driven primarily by strong deposit growth, deposit margin improvement and strong advances margin expansion. Deposit growth was further supported by the HSBC acquisition, which expanded RMB's multinational corporates client base.

Core lending average advances decreased 17%, reflecting distribution initiatives and reduced general banking facility utilisation as clients undertook capital raises, increased liquidity positions or converted into structured lending facilities. Although the decline in lending volumes pressured NII, this was offset by margin expansion on the back of higher-margin asset origination.

NIR declined 6%, reflecting lower structured lending fees due to prior-year one-offs and softer domestic trade as trade revenue came under pressure in key broader Africa markets.

The credit impairment charge increased by more than 100% due to negative credit migration of a limited number of counters, but the CLR remains below the TTC range.

Segmental Reporting

Segment report

for the year ended 30 June 2026

	Retail and commercial				
	FNB				
	Retail				
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**
Net interest income before impairment of advances	5 092	5 551	9 289	7 356	**27 288**
Impairment charge	64	(2 488)	(5 169)	(221)	**(7 814)**
Net interest income after impairment of advances	5 156	3 063	4 120	7 135	**19 474**
Non-interest revenue	55	5 822	651	15 782	**22 310**
Income from operations	5 211	8 885	4 771	22 917	**41 784**
Operating expenses	(1 742)	(3 875)	(2 563)	(18 274)	**(26 454)**
Income before indirect tax	3 469	5 010	2 208	4 643	**15 330**
Indirect tax	(13)	(32)	(73)	(586)	**(704)**
Profit before tax	3 456	4 978	2 135	4 057	**14 626**
Income tax expense	(933)	(1 344)	(576)	(1 096)	**(3 949)**
Profit for the period	2 523	3 634	1 559	2 961	**10 677**
Attributable to					
Ordinary equityholders	2 523	3 634	1 559	2 961	**10 677**
Other equity instrument holders	–	–	–	–	**–**
Profit for the period	2 523	3 634	1 559	2 961	**10 677**
Attributable earnings to ordinary equityholders	2 523	3 634	1 559	2 961	**10 677**
Headline earnings adjustments	–	–	–	–	**–**
Headline earnings	2 523	3 634	1 559	2 961	**10 677**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**
Private equity related	–	–	–	–	**–**
UK motor commission provision	–	–	–	–	**–**
Normalised earnings	2 523	3 634	1 559	2 961	**10 677**

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

* *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page A02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page B42.*

Centre represents group-wide functions.

Retail and commercial			Retail and commercial		Corporate and institutional				
FNB									
Commercial	FNB broader Africa*	**Total FNB**	**WesBank****	**Retail and commercial**	**RMB**	Centre (including Group Treasury) and other#	**FRB – normalised**	Normalised adjustments	**FRB – IFRS**
18 820	(42)	**46 066**	**6 347**	**52 413**	**11 935**	6 793	**71 141**	(3 891)	**67 250**
(1 739)	–	**(9 553)**	**(2 604)**	**(12 157)**	**(898)**	29	**(13 026)**	–	**(13 026)**
17 081	(42)	**36 513**	**3 743**	**40 256**	**11 037**	6 822	**58 115**	(3 891)	**54 224**
11 414	1 787	**35 511**	**3 157**	**38 668**	**12 401**	(1 513)	**49 556**	3 976	**53 532**
28 495	1 745	**72 024**	**6 900**	**78 924**	**23 438**	5 309	**107 671**	85	**107 756**
(13 008)	(2 249)	**(41 711)**	**(4 961)**	**(46 672)**	**(14 208)**	(1 945)	**(62 825)**	(8 587)	**(71 412)**
15 487	(504)	**30 313**	**1 939**	**32 252**	**9 230**	3 364	**44 846**	(8 502)	**36 344**
(80)	–	**(784)**	**(30)**	**(814)**	**(252)**	(17)	**(1 083)**	–	**(1 083)**
15 407	(504)	**29 529**	**1 909**	**31 438**	**8 978**	3 347	**43 763**	(8 502)	**35 261**
(4 160)	136	**(7 973)**	**(515)**	**(8 488)**	**(2 424)**	1 091	**(9 821)**	2 374	**(7 447)**
11 247	(368)	**21 556**	**1 394**	**22 950**	**6 554**	4 438	**33 942**	(6 128)	**27 814**
11 247	(368)	**21 556**	**1 394**	**22 950**	**6 554**	2 719	**32 223**	(6 128)	**26 095**
–	–	**–**	**–**	**–**	**–**	1 719	**1 719**	–	**1 719**
11 247	(368)	**21 556**	**1 394**	**22 950**	**6 554**	4 438	**33 942**	(6 128)	**27 814**
11 247	(368)	**21 556**	**1 394**	**22 950**	**6 554**	2 719	**32 223**	(6 128)	**26 095**
–	–	**–**	**–**	**–**	**–**	–	**–**	139	**139**
11 247	(368)	**21 556**	**1 394**	**22 950**	**6 554**	2 719	**32 223**	(5 989)	**26 234**
–	–	**–**	**–**	**–**	**–**	–	**–**	–	**–**
–	–	**–**	**–**	**–**	**–**	–	**–**	(62)	**(62)**
–	–	**–**	**–**	**–**	**–**	–	**–**	–	**–**
–	–	**–**	**–**	**–**	**–**	–	**–**	6 051	**6 051**
11 247	(368)	**21 556**	**1 394**	**22 950**	**6 554**	2 719	**32 223**	–	**32 223**

Segment report

for the year ended 30 June 2026

	Retail and commercial				
	FNB				
	Retail				
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**
Cost-to-income ratio (%)	33.8	34.1	25.8	79.0	**53.3**
Diversity ratio (%)	1.1	51.2	6.5	68.2	**45.0**
Credit loss ratio (%) – core lending advances	(0.02)	5.51	9.09	3.33	**1.97**
Stage 3/NPLs as a % of core lending advances	6.84	13.69	15.84	9.10	**8.97**
Income statement includes					
Depreciation	(2)	(21)	(15)	(2 691)	**(2 729)**
Amortisation	(4)	–	–	(182)	**(186)**
Net impairment charges	–	–	–	(42)	**(42)**
Statement of financial position includes					
Advances (before impairments)	294 246	46 152	59 582	6 453	**406 433**
Core lending advances	294 246	46 152	59 582	6 453	**406 433**
– Other core lending advances amortised cost and fair value (AC and FV)	294 246	46 152	59 582	6 453	**406 433**
Assets under agreements to resell	–	–	–	–	**–**
Stage 3/NPLs	20 135	6 316	9 437	587	**36 475**
Total deposits and debt funding (including non-recourse deposits)	529	15 101	33	430 997	**446 660**
Total assets	288 386	39 914	48 734	28 503	**405 537**
Total liabilities†	287 141	37 349	48 458	11 711	**384 659**
Capital expenditure	34	101	21	3 677	**3 833**

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

* *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page A02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page B42.*

\# *Centre represents group-wide functions.*

† *Total liabilities are net of interdivisional balances.*

Retail and commercial			Retail and commercial		Corporate and institutional				
FNB									
Commercial	FNB broader Africa*	**Total FNB**	**WesBank****	**Retail and commercial**	**RMB**	Centre (including Group Treasury) and other#	**FRB – normalised**	Normalised adjustments	**FRB – IFRS**
43.0	>100	**51.1**	**52.2**	**51.2**	**58.4**	36.8	**52.1**		**59.1**
37.8	>100	**43.5**	**33.2**	**42.5**	**51.0**	(28.7)	**41.1**		**44.3**
1.17	–	**1.75**	**1.30**	**1.63**	**0.22**	(0.07)	**1.09**		**1.09**
3.95	–	**7.60**	**4.83**	**6.83**	**1.75**	–	**4.87**		**4.87**
(311)	(2)	**(3 042)**	**(730)**	**(3 772)**	**(90)**	(4)	**(3 866)**	–	**(3 866)**
(3)	–	**(189)**	**(11)**	**(200)**	**(115)**	1	**(314)**	–	**(314)**
(136)	–	**(178)**	**18**	**(160)**	**(15)**	(1)	**(176)**	(159)	**(335)**
153 940	–	**560 373**	**212 686**	**773 059**	**515 068**	114 837	**1 402 964**	–	**1 402 964**
153 940	–	**560 373**	**212 686**	**773 059**	**406 382**	51 528	**1 230 969**	–	**1 230 969**
153 940	–	**560 373**	**212 686**	**773 059**	**406 382**	51 528	**1 230 969**	–	**1 230 969**
–	–	**–**	**–**	**–**	**108 686**	63 309	**171 995**	–	**171 995**
6 088	–	**42 563**	**10 270**	**52 833**	**7 116**	–	**59 949**	–	**59 949**
562 924	–	**1 009 584**	**54**	**1 009 638**	**359 959**	333 691	**1 703 288**	–	**1 703 288**
155 095	545	**561 177**	**210 450**	**771 627**	**747 991**	485 098	**2 004 716**	3 172	**2 007 888**
146 207	1 049	**531 915**	**208 541**	**740 456**	**741 422**	364 532	**1 846 410**	11 369	**1 857 779**
448	3	**4 284**	**1 966**	**6 250**	**277**	35	**6 562**	–	**6 562**

Segment report

for the year ended 30 June 2025

	Retail and commercial				
	FNB				
	Retail				
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**
Net interest income before impairment of advances	5 018	5 018	8 620	7 507	**26 163**
Impairment charge	(706)	(2 541)	(4 370)	(442)	**(8 059)**
Net interest income after impairment of advances	4 312	2 477	4 250	7 065	**18 104**
Non-interest revenue	68	4 981	714	14 339	**20 102**
Income from operations	4 380	7 458	4 964	21 404	**38 206**
Operating expenses	(1 781)	(3 448)	(2 413)	(17 617)	**(25 259)**
Income before indirect tax	2 599	4 010	2 551	3 787	**12 947**
Indirect tax	(14)	(28)	(63)	(597)	**(702)**
Profit before tax	2 585	3 982	2 488	3 190	**12 245**
Income tax expense	(698)	(1 075)	(672)	(822)	**(3 267)**
Profit for the period	1 887	2 907	1 816	2 368	**8 978**
Attributable to					
Ordinary equityholders	1 887	2 907	1 816	2 368	**8 978**
Other equity instrument holders	–	–	–	–	**–**
Profit for the period	1 887	2 907	1 816	2 368	**8 978**
Attributable earnings to ordinary equityholders	1 887	2 907	1 816	2 368	**8 978**
Headline earnings adjustments	–	–	–	–	**–**
Headline earnings	1 887	2 907	1 816	2 368	**8 978**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**
UK motor commission provision	–	–	–	–	**–**
Normalised earnings	1 887	2 907	1 816	2 368	**8 978**

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

* *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page A02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page B42.*

Centre represents group-wide functions.

Retail and commercial			Retail and commercial		Corporate and institutional				
FNB									
Commercial	FNB broader Africa*	**Total FNB**	**WesBank****	**Retail and commercial**	**RMB**	Centre (including Group Treasury) and other#	**FRB – normalised**	Normalised adjustments	**FRB – IFRS**
17 102	(31)	43 234	6 044	49 278	10 851	5 835	65 964	(1 536)	64 428
(1 823)	–	(9 882)	(2 061)	(11 943)	(773)	(134)	(12 850)	–	(12 850)
15 279	(31)	33 352	3 983	37 335	10 078	5 701	53 114	(1 536)	51 578
10 699	1 645	32 446	3 147	35 593	10 682	(2 266)	44 009	1 633	45 642
25 978	1 614	65 798	7 130	72 928	20 760	3 435	97 123	97	97 220
(11 849)	(2 051)	(39 159)	(4 700)	(43 859)	(12 702)	(461)	(57 022)	(1 445)	(58 467)
14 129	(437)	26 639	2 430	29 069	8 058	2 974	40 101	(1 348)	38 753
(81)	(1)	(784)	(48)	(832)	(261)	(80)	(1 173)	–	(1 173)
14 048	(438)	25 855	2 382	28 237	7 797	2 894	38 928	(1 348)	37 580
(3 790)	118	(6 939)	(643)	(7 582)	(2 105)	872	(8 815)	364	(8 451)
10 258	(320)	18 916	1 739	20 655	5 692	3 766	30 113	(984)	29 129
10 258	(320)	18 916	1 739	20 655	5 692	2 102	28 449	(984)	27 465
–	–	–	–	–	–	1 664	1 664	–	1 664
10 258	(320)	18 916	1 739	20 655	5 692	3 766	30 113	(984)	29 129
10 258	(320)	18 916	1 739	20 655	5 692	2 102	28 449	(984)	27 465
–	–	–	–	–	–	–	–	(58)	(58)
10 258	(320)	18 916	1 739	20 655	5 692	2 102	28 449	(1 042)	27 407
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	(78)	(78)
–	–	–	–	–	–	–	–	1 120	1 120
10 258	(320)	18 916	1 739	20 655	5 692	2 102	28 449	–	28 449

Segment report

for the year ended 30 June 2025

	Retail and commercial				
	FNB				
	Retail				
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**
Cost-to-income ratio (%)	35.0	34.5	25.9	80.6	**54.6**
Diversity ratio (%)	1.3	49.8	7.6	65.6	**43.4**
Credit loss ratio (%) – core lending advances	0.26	5.94	8.14	6.25	**2.13**
Stage 3/NPLs as a % of core lending advances	7.16	14.17	16.79	13.44	**9.43**
Income statement includes					
Depreciation	(2)	(20)	(13)	(2 332)	**(2 367)**
Amortisation	–	–	–	(193)	**(193)**
Net impairment charges	–	–	–	(79)	**(79)**
Statement of financial position includes					
Advances (before impairments)	279 985	44 236	54 088	6 823	**385 132**
Core lending advances	279 985	44 236	54 088	6 823	**385 132**
– Other core lending advances amortised cost and fair value (AC and FV)	279 985	44 236	54 088	6 823	**385 132**
Assets under agreements to resell	–	–	–	–	**–**
Stage 3/NPLs	20 042	6 268	9 082	917	**36 309**
Total deposits and debt funding (including non-recourse deposits)	514	13 408	30	413 619	**427 571**
Total assets	273 897	37 967	44 243	26 300	**382 407**
Total liabilities†	273 620	35 896	43 563	10 375	**363 454**
Capital expenditure‡	1	70	16	2 966	**3 053**

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

* *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page A02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page B42.*

Centre represents group-wide functions.

† *Total liabilities are net of interdivisional balances.*

‡ *The capital expenditure line for the Centre and FRB – normalised has been restated for expenditure on investment property.*

Retail and commercial			Retail and commercial		Corporate and institutional				
FNB									
Commercial	FNB broader Africa*	**Total FNB**	**WesBank****	**Retail and commercial**	**RMB**	Centre (including Group Treasury) and other#	**FRB – normalised**	Normalised adjustments	**FRB – IFRS**
42.6	>100	**51.7**	**51.1**	**51.7**	**59.0**	12.9	**51.9**		**53.1**
38.5	>100	**42.9**	**34.2**	**41.9**	**49.6**	(63.5)	**40.0**		**41.5**
1.33	–	**1.92**	**1.15**	**1.72**	**0.19**	0.40	**1.13**		**1.13**
3.93	–	**7.93**	**4.54**	**7.04**	**1.56**	0.24	**4.93**		**4.93**
(316)	(2)	**(2 685)**	**(710)**	**(3 395)**	**(201)**	(5)	**(3 601)**	–	**(3 601)**
–	–	**(193)**	**(11)**	**(204)**	**(66)**	–	**(270)**	–	**(270)**
29	–	**(50)**	**(31)**	**(81)**	**(10)**	–	**(91)**	(75)	**(166)**
143 784	–	**528 916**	**188 256**	**717 172**	**487 331**	52 836	**1 257 339**	–	**1 257 339**
143 784	–	**528 916**	**188 256**	**717 172**	**401 627**	33 919	**1 152 718**	–	**1 152 718**
143 784	–	**528 916**	**188 256**	**717 172**	**401 627**	33 919	**1 152 718**	–	**1 152 718**
–	–	**–**	**–**	**–**	**85 704**	18 917	**104 621**	–	**104 621**
5 646	–	**41 955**	**8 553**	**50 508**	**6 282**	83	**56 873**	–	**56 873**
498 884	–	**926 455**	**79**	**926 534**	**328 766**	317 903	**1 573 203**	–	**1 573 203**
146 269	335	**529 011**	**186 720**	**715 731**	**706 436**	442 463	**1 863 519**	1 111	**1 864 630**
138 127	775	**502 356**	**184 297**	**686 653**	**700 953**	331 505	**1 715 045**	4 066	**1 719 111**
423	2	**3 478**	**2 008**	**5 486**	**252**	5	**5 743**	–	**5 743**

Additional segmental disclosure – WesBank

R million	Year ended 30 June 2026 Retail	 Corporate and commercial	 **Total WesBank**
NII before impairment of advances	4 607	1 740	**6 347**
Impairment of advances	(2 325)	(279)	**(2 604)**
Normalised profit before tax	1 016	893	**1 909**
Normalised earnings	742	652	**1 394**
Core advances	138 961	73 725	**212 686**
Stage 3/NPLs	8 775	1 495	**10 270**
Advances margin (%)	2.73	2.22	**2.56**
Stage 3/NPLs as a % of advances	6.31	2.03	**4.83**
Credit loss ratio (%) of average advances	1.78	0.40	**1.30**

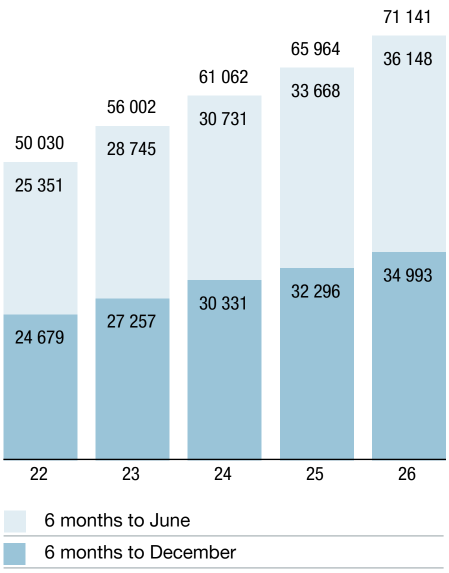
R million	Year ended 30 June 2025 Retail	 Corporate and commercial	 Total WesBank
NII before impairment of advances	4 558	1 486	6 044
Impairment of advances	(1 826)	(235)	(2 061)
Normalised profit before tax	1 557	825	2 382
Normalised earnings	1 136	603	1 739
Core advances	122 379	65 877	188 256
Stage 3/NPLs	7 215	1 338	8 553
Advances margin (%)	2.78	2.15	2.56
Stage 3/NPLs as a % of advances	5.90	2.03	4.54
Credit loss ratio (%) of average advances	1.56	0.37	1.15

Analysis Of Results

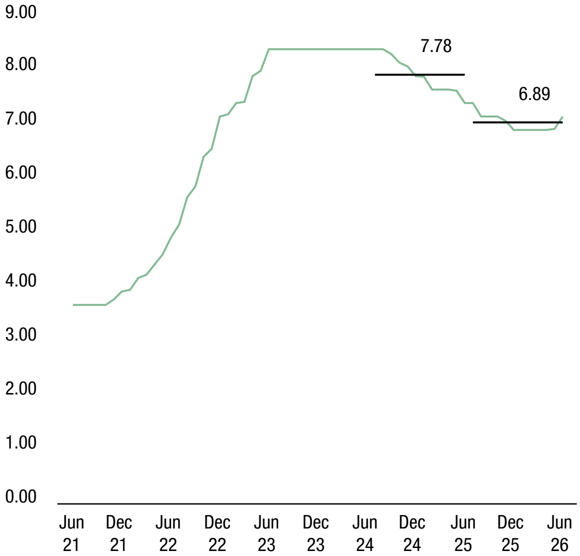
Net interest income (before impairment of advances)

Net interest income (before impairment of advances) – up 8%

Net interest income
(R million)
NII CAGR 9%

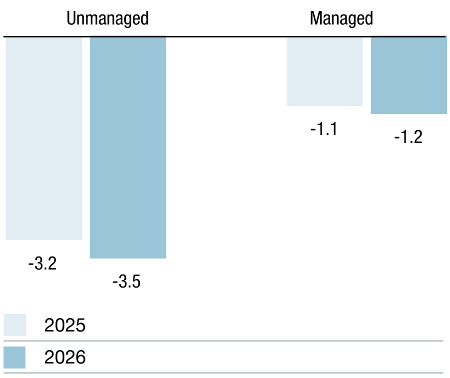


12-month average repo rate
(%)



Note: The average endowment book for FirstRand Bank was c. R347 billion (June 2025: R324 billion).

FirstRand Bank structural interest rate risk sensitivity
(R billion)
NII per 100 bps



Note: The analysis is an estimate for FirstRand Bank based on the banking book interest rate risk disclosures contained within the Basel Pillar 3 risk disclosures. The analysis shows 12-month behavioural NII sensitivity for sustained, instantaneous parallel downward shocks to interest rates as at 30 June 2026, assuming no subsequent change in the balance sheet and no further management action in response to interest rate movements.

For details on the group's interest rate risk management approach please refer to the Basel Pillar 3 disclosures, which are available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Net interest income (before impairment of advances) continued

MARGIN CASCADE TABLE

	Year ended 30 June			
	2026			2025
Percentage of average interest-earning banking assets (%)	**Average interest-earning assets (R million)**	**NII (R million)**	**NIM (%)**	NIM (%)
Opening normalised margin	**1 373 671**	**65 964**	**4.80**	4.72
Asset growth	12 576	604		
Balances with central banks	1 924			
Cash and cash equivalents	22 110			
Liquid assets	(59 916)			
Loans and advances	48 458			
Lending interest-earning assets		2 232	0.16	0.06
Asset pricing		(67)	–	0.05
Change in advances mix and other		2 299	0.16	0.01
Liabilities		1 755	0.13	(0.06)
Deposit endowment (including ALM strategies)		15	–	(0.01)
Deposit pricing		1 182	0.09	(0.09)
Change in deposit mix and volume		558	0.04	0.04
Capital endowment (including ALM strategies)		768	0.06	0.09
Group Treasury, Centre and other activities		(182)	(0.02)	(0.01)
Closing normalised margin	**1 386 247**	**71 141**	**5.13**	4.80

Net interest income (before impairment of advances) continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

	Year ended 30 June		
R million	**2026**	2025	% change
Lending	**29 863**	28 373	5
Transactional*	**22 467**	21 005	7
Investment deposits	**5 099**	4 618	10
Capital endowment (including ALM strategies)	**11 942**	11 188	7
Group Treasury, Centre and other**	**1 770**	780	>100
Total net interest income	**71 141**	65 964	8

* *Includes NII related to credit cards, overdrafts and transactional deposit products, and deposit endowment (including ALM strategies).*

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

KEY DRIVERS *NII*

During the year, the average repo rate in South Africa decreased 89 bps to 6.89% (2025: 7.78%).

NII growth was driven by increases in both core advances and customer deposits, supported by Group Treasury portfolio management activities.

Lending NII increased 5%, driven by resilient growth in average customer advances, supported by growth in the retail and commercial portfolios. Pricing discipline executed across the retail portfolio continued to support margin performance, although this was partially offset by a shift in mix towards lower-yielding products. RMB's average advances remained relatively flat (excluding marketable advances and preference shares), reflecting disciplined distribution strategies implemented over the last 18 months as part of RMB's FRM portfolio management activities. Growth was further moderated by lower utilisation of general banking facilities. Net origination remained resilient, increasing 14%, and was tilted towards higher-yielding advances, with distribution strategies continuing to support margin expansion. Slowing NPL inflows across most of the bank's portfolios reduced the negative impact of suspended interest. While suspended interest balances increased in certain portfolios and declined in others, the overall impact on lending NII remained muted, with interest in suspense balances broadly flat year on year.

Growth in NII on transactional balances (+7%) reflects increased product offerings and new customer acquisition across FNB retail, commercial and RMB. Growth in transactional NII was supported by strong growth in transactional advances, particularly overdrafts and revolving facilities. This was partially offset by a lower contribution from transactional deposits as the current interest rate cycle resulted in a reduction in net endowment, partially mitigated by the endowment protection provided by the group's ALM strategy.

Investment deposits NII growth of 10% was underpinned by targeted customer engagement to better align product offerings with customer needs. This was further supported by a continued shift in customer preference towards higher-yielding savings and investment balances relative to traditional transactional deposits.

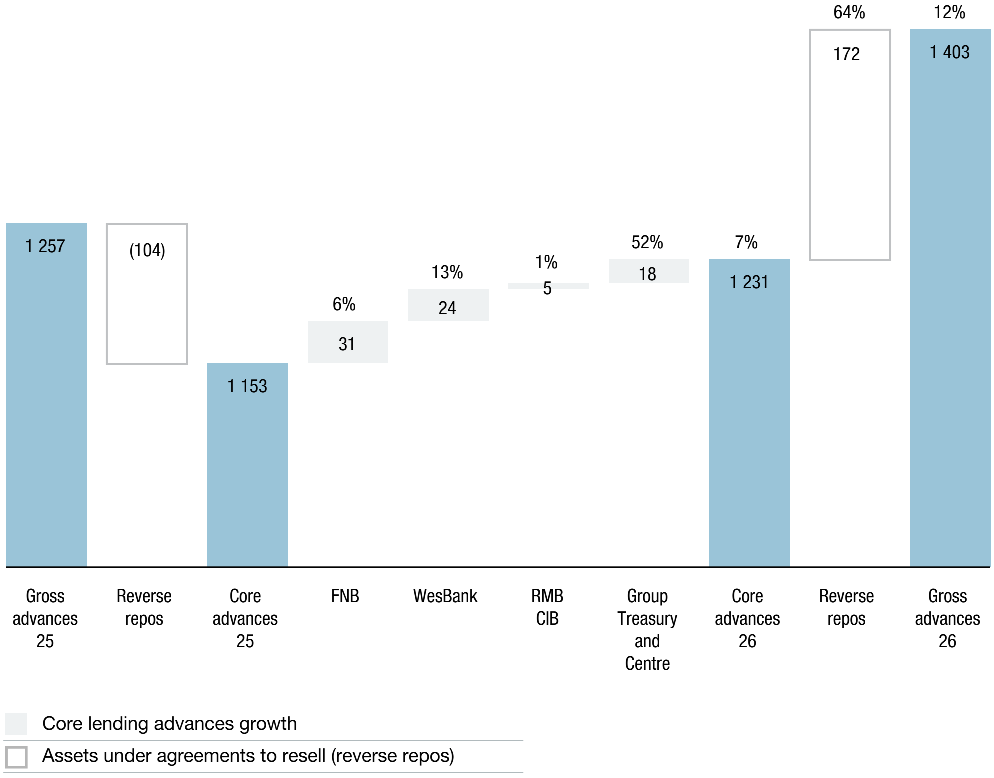
NII on capital endowment (including ALM strategies) increased 7%, driven by stronger earnings from the group's ALM portfolio management activities. NII was further supported by growth in investment in the structural bond portfolio and improved investment margins. This was partially offset by a decline in capital endowment earnings due to the lower interest rate environment, despite growth in invested capital balances.

Group Treasury, Centre and other NII increased >100 %, underpinned by funding and liquidity management activities, benefiting from balance sheet growth, reduced institutional funding costs and improved deployment of foreign currency funding. While NII growth has been positive, the overall margin of the bank was impacted by a change in balance sheet composition within Group Treasury and reduced margins from liquid assets. During the year, a larger share of the bank's liquid asset portfolio was allocated to market-based sources, including reverse repurchase agreements and treasury bills. Surplus liquidity was also deployed into lower-margin central bank reserves and interbank reverse repurchase agreements. The combined impact has resulted in a reduction in Group Treasury margins, net of any mismatches.

Net interest income (before impairment of advances) continued

Core lending advances – up 7%

Gross advances growth by business
(R billion)



Note: Percentages are calculated on R million numbers and relate to the growth in the underlying franchise.

The table below unpacks gross advances growth, showing core lending advances and assets under agreements to resell.

	As at 30 June		
R million	**2026**	2025	% change
Total advances	**1 402 964**	1 257 339	12
Assets under agreements to resell	**(171 995)**	(104 621)	64
Total core lending advances	**1 230 969**	1 152 718	7

Net interest income (before impairment of advances) continued

KEY DRIVERS ***Advances***

Core lending advances growth accelerated to 7% (December 2025: +2%), driven by broad-based growth across portfolios. Growth was supported by targeted origination strategies and a modestly improving macroeconomic environment, with the earlier interest rate cuts easing pressure on households and businesses. Excluding distribution activities, advances growth was 11% (December 2025: 7%). Demand, however, remained constrained by heightened global uncertainty, the risk of higher interest rates, competition for high-quality customers and subdued growth in certain sectors. The corporate portfolio distribution strategy, aimed at improving in-force margins and returns, continued to moderate reported growth, although the impact was lower than in the first half due to lower distribution levels. The appreciation of the rand against the dollar had a marginal impact on overall growth.

Retail secured advances increased 8%. Residential mortgage advances growth improved to 5% (2025: 4%), supported by stronger market activity and easing household affordability, whilst competition for high-quality customers continued to impact overall growth. WesBank VAF maintained strong momentum, increasing 14% (2025: 10%), driven by targeted adjustments to the underwriting criteria and demand for both used and new vehicles, particularly new Chinese brands. Growth was further supported by WesBank's established dealer relationships and strategic partnerships with new market entrants. Risk appetite was, however, tightened during the second half of the financial year, resulting in a marginal slowdown in growth compared to the first half of the financial year.

Retail unsecured lending growth strengthened to 7% (2025: 3%), driven by FNB personal loans where growth accelerated to 10% (2025: 2%). This was driven by a measured easing of underwriting criteria and targeted marketing and distribution initiatives, further supported by strong growth in revolving facilities (+36%). Overall growth was partly offset by the contraction in the DirectAxis book (-1%), although this portfolio returned to growth in the second half of the financial year. The Covid-19 relief portfolio continued to run down to negligible levels. FNB card growth moderated to 4% (2025: 7%), reflecting subdued new sales relative to prior periods and improved customer repayment behaviour.

FNB commercial and WesBank corporate advances increased 9% year on year, reflecting resilient growth supported by targeted sector-specific and subsegment origination strategies. FNB commercial advances grew 7%, driven by specialised finance (+7%), overdrafts and working capital facilities (+8%), agric (+7%) and property finance (+5%). Growth was supported by higher limits and utilisation across selected portfolios, although momentum in property finance and working capital facilities moderated amid competitive pricing pressures. WesBank corporate and commercial advances increased 12%, supported by higher utilisation of facilities, strong dealer floorplan activity (+19%) from Chinese original equipment manufacturer partnerships and continued growth in asset-based finance (+7%).

RMB corporate and investment banking core advances increased 1% year on year, impacted by proactive portfolio management and distribution strategies implemented over the past 18 months. These strategies reduced on-balance sheet exposures by c. R43 billion (2025: c. R34 billion). Growth was further impacted by the strengthening of the rand against the dollar. Excluding these impacts, net origination remained resilient at 14%, supported by strong origination activity, particularly in IBD, and the acquisition of the HSBC portfolio. General banking facilities in the TTS portfolio declined as stronger client liquidity and a shift towards structured facilities reduced utilisation. The cross-border book increased 6% in rand terms and 15% in dollar terms, with overall growth remaining constrained by distribution strategies and currency impacts. Refer to page B68 for the portfolio overview.

Group Treasury and Centre advances increased due to additional investments in marketable advances held as high quality liquid assets, as well as investments in securitisation notes.

Assets under agreements to resell (reverse repos) increased, driven by liquidity deployment strategies.

Net interest income (before impairment of advances) continued

AVERAGE BALANCE SHEET

		June 2026			June 2025		
R million	Notes	**Average balance**	**Interest income/ (expense)**	**Average rate %**	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (SA)				**10.39**			11.28
Balances with central banks		**38 991**	**–**	**–**	37 067	–	–
Cash and cash equivalents*		**52 029**	**3 659**	**7.03**	29 919	1 439	4.81
Liquid assets portfolio**		**221 116**	**15 287**	**6.91**	281 032	19 419	6.91
Loans and advances to customers	1 on p.B50	**1 074 111**	**115 448**	**10.75**	1 025 653	117 550	11.46
Interest-earning assets		**1 386 247**	**134 394**	**9.69**	1 373 671	138 408	10.08
INTEREST-BEARING LIABILITIES							
Average repo rate (SA)				**6.89**			7.78
Deposits due to customers	2 on p.B53	**(1 173 603)**	**(65 762)**	**5.60**	(1 114 158)	(71 536)	6.42
Group Treasury funding		**(300 791)**	**(20 759)**	**6.90**	(269 010)	(20 841)	7.75
Interest-bearing liabilities		**(1 474 394)**	**(86 521)**	**5.87**	(1 383 168)	(92 377)	6.68
ENDOWMENT AND TRADING BOOK							
Other assets#		**440 149**	**–**	**–**	287 657	–	–
Other liabilities†		**(199 925)**	**–**	**–**	(136 724)	–	–
AT1 instruments		**(17 567)**	**–**	**–**	(15 105)	–	–
Equity		**(134 510)**	**–**	**–**	(126 331)	–	–
Endowment and trading book		**88 147**	**23 268**	**26.40**	9 497	19 933	>100
Total interest-bearing liabilities, endowment and trading book		**(1 386 247)**	**(63 253)**	**4.56**	(1 373 671)	(72 444)	5.27
Net interest margin on average interest-earning assets		**1 386 247**	**71 141**	**5.13**	1 373 671	65 964	4.80

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

* *Includes excess cash balances placed with the SARB and the interbank market.*

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

Include preference share advances, trading assets and securitisation notes.

† *Include trading liabilities.*

Net interest income (before impairment of advances) continued

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	June 2026		June 2025	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average prime rate (SA)		**10.39**		11.28
Advances				
Retail – secured	**420 027**	**1.79**	394 008	1.80
Residential mortgages	**290 200**	**1.36**	277 598	1.39
VAF	**129 827**	**2.74**	116 410	2.76
Retail – unsecured	**107 120**	**11.07**	103 027	10.65
Card	**46 648**	**7.83**	44 072	7.51
Personal loans	**56 565**	**14.21**	53 786	13.66
Retail other	**3 907**	**4.38**	5 169	6.04
Corporate and commercial	**546 964**	**2.33**	528 618	2.25
FNB commercial	**142 041**	**3.36**	131 498	3.37
– Mortgages	**44 969**	**1.99**	40 747	2.03
– Overdrafts	**56 849**	**4.44**	53 507	4.53
– Term loans	**40 223**	**3.35**	37 244	3.17
WesBank corporate and commercial	**67 594**	**2.22**	61 111	2.15
RMB CIB	**337 329**	**1.92**	336 009	1.83
Total advances	**1 074 111**	**2.99**	1 025 653	2.92

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

The bank operates a funds transfer pricing framework that transmits the base interest rate, the funding cost or benefit, banking statutory costs and any applicable regulatory costs into product pricing. Transfer pricing is also applied to all on- and off-balance sheet business activities. This aligns liquidity risk-taking incentives of individual business units with the liquidity risk exposure created for the bank as a whole.

Where fixed-rate commitments are undertaken (fixed-rate loans or fixed deposits), transfer pricing will also include the cost of transferring the interest rate risk to Group Treasury where it is managed in aggregate.

KEY DRIVERS ***Advances margin***

Advances margins expanded, reflecting the benefits of repricing strategies implemented across the retail portfolio and the distribution strategies in the corporate portfolio. The market remained highly competitive for all customer segments.

FNB retail margins benefited from ongoing execution of pricing discipline and reduced suspended interest as stage 3 coverage reduced. These benefits were partly offset by changes in portfolio mix as customers continued to migrate from traditional overdraft facilities (retail other) to Fusion (card) products. Residential mortgage margins contracted marginally as FNB tactically adjusted pricing to support focused sales efforts for specific customer cohorts.

WesBank VAF margins contracted, driven by higher dealer incentive costs, reflecting strong new business growth in a competitive origination environment. This was partially offset by reduced interest in suspense.

FNB commercial margins contracted marginally due to competitive pricing pressures, notwithstanding healthy advances growth. Margins were further affected by higher suspended interest following the migration of a few significant counterparties to stage 3.

WesBank corporate margins benefited from strong new business origination in higher-yielding products, resulting in a more favourable portfolio mix.

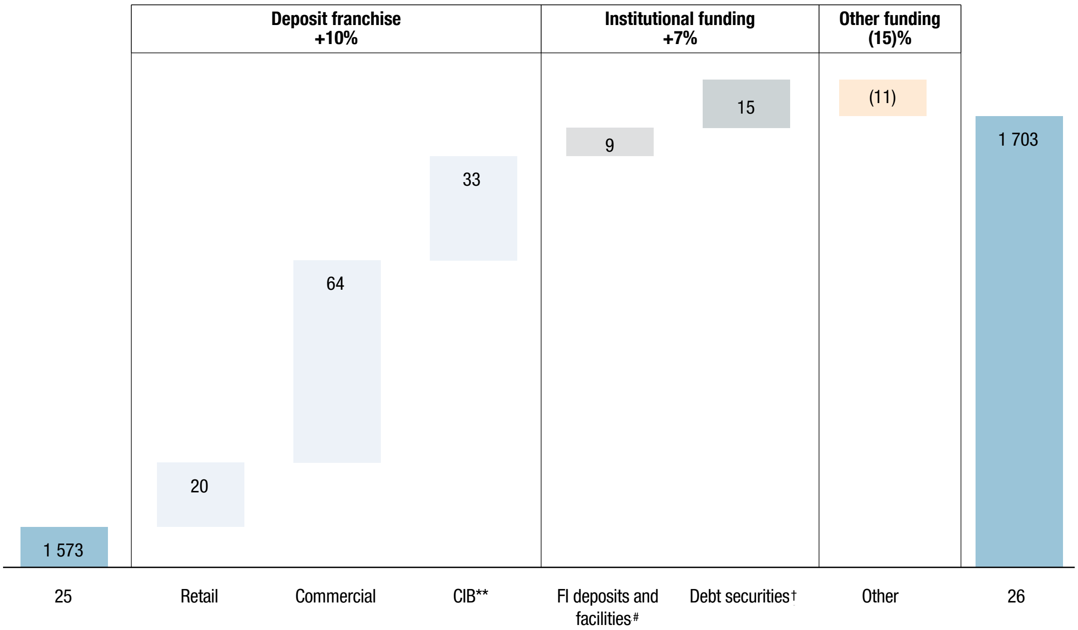
RMB advances margins increased, reflecting the benefits of ongoing distribution strategies and the origination of higher-yielding deals.

Net interest income (before impairment of advances) continued

Funding* – up 8%

Funding growth by segment

(R billion)



* *Excluding AT1/Tier 2 capital and Flac instruments.*

** *Includes South Africa and the London branch.*

Financial institutions (FI) deposits and facilities are managed by Group Treasury and include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme, the government's bounce-back facility and bounce-back energy facility, totalling R487 million.

† *Excluding Flac instruments.*

Net interest income (before impairment of advances) continued

KEY DRIVERS *Deposits and funding*

Deposit franchise

FNB retail and commercial deposit franchises continued to deliver a strong performance, with balances increasing 4% and 13%, respectively, supported by ongoing product enhancements across segments, continued customer acquisition and competitive pricing. Deposit growth remained tilted towards lower-margin investment deposits, with average balances increasing 10% in commercial and 6% in retail, alongside strong growth in Islamic deposits (+18% in both retail and commercial). Average transactional deposit growth remained muted in retail (+2%), reflecting a continued shift in customer preference towards savings and investment balances, with customers increasingly using FNB's digital solutions to optimise savings yields. Commercial average transactional deposits increased 8%, reflecting strong customer growth.

RMB's deposit franchise delivered robust growth (+15%), driven by a focus on growing operational balances through primary banked clients. In the TTS business, the shift towards lower-margin investment deposit balances (+13%, on average) continued, while operational balances grew 7% on average, reflecting growth from both existing and new clients. The acquisition of HSBC contributed approximately 4% of total deposit growth at the date of acquisition.

Institutional funding

Institutional funding increased 7%, reflecting growth in money-market issuances and fixed-deposit balances. Investor demand for marketable FirstRand Bank paper benefited from institutional investors' ongoing management of counterparty concentration risk and diversification requirements, which supported funding growth. Growth was further supported by higher National Treasury Tax and Loan balances in the latter half of the year.

Other funding

Other funding decreased due to lower collateral received and reduced secured funding transactions, driven by liquidity deployment strategies.

Net interest income (before impairment of advances) continued

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	June 2026		June 2025	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average repo rate (SA)		**6.89**		7.78
Deposits				
Retail	**397 540**	**1.61**	374 341	1.75
– Current and savings	**100 596**	**4.64**	95 868	5.24
– Call	**159 133**	**0.70**	149 376	0.73
– Term	**137 811**	**0.43**	129 097	0.34
Commercial	**522 190**	**2.18**	477 139	2.33
– Current and savings	**179 781**	**4.98**	159 572	5.66
– Call	**137 586**	**1.22**	136 984	1.01
– Term	**204 823**	**0.37**	180 583	0.38
Corporate and investment banking	**253 873**	**0.97**	262 678	0.81
– Current and savings	**125 701**	**1.61**	116 453	1.54
– Call	**65 978**	**0.53**	91 215	0.31
– Term	**62 194**	**0.12**	55 010	0.11
Total deposits	**1 173 603**	**1.72**	1 114 158	1.78

Note: Deposit margins reflected in the table above are before ALM strategies.
Average balances are daily averages for FNB, WesBank and RMB corporate (TTS) and monthly averages for RMB investment banking.

KEY DRIVERS ***Deposit margins***

FNB's retail and commercial deposit margins contracted, reflecting the impact of the rate-cutting cycle on endowment products and stronger growth in lower-margin investment balances relative to higher-margin transactional balances. These impacts were partially offset by some benefits from targeted deposit-pricing adjustments.

RMB deposit margins are calculated on the banking book, which comprises margin-generating balances held for yield and excludes the trading book, where movements are recognised outside NII. In the current year, deposit margins were impacted by a change in portfolio composition between deposits held in the banking book and the trading book. RMB deposit margins increased, benefiting from higher margins on current and savings accounts and the acquisition of the HSBC deposit book. This was partially offset by changes in deposit mix within TTS, with growth tilted towards lower-margin investment deposits (+13%, on average) relative to higher-margin operational deposits (+7%, on average).

Credit

CREDIT HIGHLIGHTS AT A GLANCE

		Year ended 30 June		
R million	Notes	**2026**	2025	% change
Total gross advances		**1 402 964**	1 257 339	12
Total core lending advances	2 on p.B66	**1 230 969**	1 152 718	7
Performing core lending advances		**1 171 020**	1 095 845	7
– Stage 1		**1 093 073**	1 021 815	7
– Stage 2		**77 947**	74 030	5
Stage 3/NPLs	4 on p.B76	**59 949**	56 873	5
Assets under agreements to resell		**171 995**	104 621	64
Stage 3/NPLs as a % of core lending advances	4 on p.B76	**4.87**	4.93	
Core lending advances (net of impairment)		**1 185 689**	1 109 574	7
Total impairments		**45 280**	43 144	5
Portfolio impairments	3 on p.B74	**17 669**	17 015	4
– Stage 1		**8 535**	8 014	7
– Stage 2		**9 134**	9 001	1
Stage 3 impairments	4 on p.B76	**27 611**	26 129	6
Coverage ratios				
Performing book coverage ratio (%) – core lending advances*	3 on p.B74	**1.51**	1.55	
Specific coverage ratio (%)**	4 on p.B76	**46.1**	45.9	
Income statement analysis				
Impairment charge	1 on p.B58	**13 026**	12 850	1
Credit loss ratio (%) – core lending advances	1 on p.B58	**1.09**	1.13	

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

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

Credit continued

Impairment charge

ANALYSIS OF IMPAIRMENT CHARGE

The table reflects changes in the impairment charge, based on movements in the balance sheet provisions.

	Year ended 30 June		
R million	**2026**	2025	% change
Movement in balance sheet provisions			
Performing book provisions	**654**	(279)	(>100)
– Stage 1	**521**	152	>100
– Stage 2	**133**	(431)	(>100)
NPL provision	**1 482**	2 966	(50)
– NPL provision movements	**2 118**	2 966	(29)
– NPL release due to debt-to-equity restructure*	**(636)**	–	–
Credit provision increase	**2 136**	2 687	(21)
Gross write-off and other	**15 484**	14 270	9
– Bad debts written off**	**14 813**	14 248	4
– Debt-to-equity restructure*	**493**	–	–
– Exchange rate and other	**178**	22	>100
Amounts recognised directly in income statement			
Modification loss	**688**	983	(30)
Interest suspended on stage 3 advances	**(3 679)**	(3 672)	–
Post write-off recoveries	**(1 603)**	(1 418)	13
Total impairment charge	**13 026**	12 850	1
Credit loss ratio (%) – core lending advances	**1.09**	1.13	

* *Refer to page B57 for more information on the debt-to-equity restructure.*

** *This represents the gross balance sheet amounts written off. The income statement impact has been recognised over various reporting periods.*

Credit continued

KEY DRIVERS ***Impairment charge***

The impairment charge increased 1%, with the CLR declining to 109 bps (2025: 113 bps), remaining below the mid point of the bank's TTC range of 100 bps – 130 bps. The increase in impairments was driven by the WesBank VAF, personal loans and corporate portfolios, partly offset by lower impairments across the remaining portfolios.

Although macroeconomic conditions were more favourable during the first three quarters of the financial year and NPL inflows moderated across most portfolios, credit strain remained evident in the underlying performance of certain portfolios. Heightened global uncertainty and escalating geopolitical tensions in the latter part of the year weakened the outlook, resulting in higher inflation expectations, changes to interest rate forecasts and lower growth expectations. The macro deterioration in the final quarter contributed to additional forward-looking modelled provisions being raised, partially offsetting the benefit of the improved conditions earlier in the year. Retail credit impairments increased, driven by origination strain in WesBank VAF and personal loans, as well as additional forward-looking modelled provisions raised in the final quarter. Despite the increase in the impairment charge, the CLR declined, moving into the lower end of the TTC range, supported by improved customer repayment behaviour and a generally more favourable forward-looking macroeconomic outlook relative to the prior year. Commercial impairments declined, reflecting an improvement in the underlying credit performance across the portfolio and the non-repeat of two large defaults in the prior year. The corporate impairment charge increased, reflecting the impact of a few large exposures migrating to stage 3.

The impairment charge increased by R176 million year on year due to the following movements in the balance sheet provisions relative to June 2025 (a further analysis is contained in note 1 on pages B58 to B60):

- Stage 1 provisions increased R521 million, primarily driven by continued advances growth across portfolios. Stage 1 coverage declined in most portfolios due to disciplined origination and a more favourable forward-looking macroeconomic outlook relative to the prior year. The benefit of the improved outlook was concentrated in the secured portfolio, which benefited from improvements in the property market and improved customer affordability. The modest increase in the unsecured book was driven by model refinements in personal loans and additional modelled provisions raised to reflect increased default expectations relative to the prior year.
- Stage 2 provisions increased R133 million, driven by the retail unsecured portfolio as both stage 2 advances and coverage increased. This increase reflects origination strain, higher arrears levels, model refinements implemented in the personal loans portfolio and additional modelled provisions arising from changes in default expectations. This was partially offset by a decline in stage 2 provisions in the remaining portfolios, where the reduction in stage 2 coverage more than offset inflows into stage 2. These inflows were driven by current exposures comprising advances triggering significant increase in credit loss (SICR) indicators as well as inflows of paying debt counselling accounts curing from stage 3. Stage 2 coverage declined due to lower arrears levels and improved customer repayment behaviour. In the corporate portfolio, coverage reduced due to certain counters migrating to stage 3 and watchlist exposures moving back to stage 1.
- Stage 3 advances continued to increase, although the pace of inflows slowed as macroeconomic conditions eased, resulting in a lower stage 3 impairment charge relative to the prior year. Stage 3 coverage increased marginally, reflecting additional provisions on corporate inflows, lower write-offs and the ageing profile of NPLs. This was partially offset by lower coverage in WesBank VAF and card.
- Bad debts written off (excluding the RMB CIB debt-to-equity restructure) increased 4%, driven by higher write-offs in the commercial and corporate portfolios with partial offset from lower write-offs in the WesBank VAF and personal loans portfolio.
- Post-write off recoveries increased due to improved collections processes.
- The exchange rate and other component consists of foreign exchange translation differences, predominantly in RMB's cross-border portfolio. Increased currency volatility during the current year resulted in larger exchange differences being recognised. On average, the rand strengthened against the US dollar since June 2025.

Credit continued

KEY DRIVERS ***Impairment charge***

In addition to the balance sheet drivers of the impairment charge outlined above, the CLRs across the portfolios were impacted by the following factors:

Retail's impairment charge increased moderately by 3%, while the CLR declined to 193 bps (2025: 199 bps), moving into the lower end of the portfolio's TTC range. The reduction in the CLR reflected a generally more favourable macroeconomic outlook relative to June 2025, improved customer repayment behaviour and slower debt counselling inflows. Moderating inflation and earlier interest rate cuts improved customers' ability to service debt and supported the improved credit performance. While macroeconomic conditions were more favourable for a significant portion of the financial year, the prevailing global environment and geopolitical tensions continued to impact forward-looking modelled provisions, with additional cover raised during the last quarter of the financial year. Excluding these additional provisions, the retail impairment charge would have decreased 4%, with the CLR declining to 180 bps. The following portfolio specific drivers were noted:

- The residential mortgages portfolio continued to benefit from better-than-expected improvements in FNB's internal house price instruct data and slowing NPL inflows. This has resulted in the portfolio's CLR declining to a release of 2 bps (2025: 26 bps charge).
- WesBank VAF impairments increased 27%, reflecting origination strain from very strong advances growth and the measured easing of underwriting criteria, which resulted in higher arrears and NPL inflows. Consequently, the CLR increased to 178 bps (2025: 156 bps). Risk appetite was subsequently tightened to moderate origination, with early signs of improved portfolio performance emerging towards the end of the year. In addition, a judgemental management overlay for the inherent LGD risk on used motor vehicle prices due to new lower priced entrants to the South African market was also raised.
- The personal loans CLR increased to 909 bps (2025: 814 bps), reflecting the combined impact of strong advances growth and model refinements implemented during the current year. Early signs of affordability pressure from higher inflation started to emerge towards the end of the year, resulting in additional provisions being raised.
- FNB card impairments declined 2%, reflecting slower advances growth, an improved underlying credit performance and the benefit of slowing NPL inflows.

FNB commercial and WesBank corporate's CLR declined to 92 bps (2025: 103 bps), supported by enhanced underwriting discipline and improved underlying credit performance. This was partly offset by additional provisions for stage 3 migrations in the SME portfolio, although the value of the overall migrations in this portfolio were lower than in the prior year due to smaller migration loan values and the two large prior-year defaults. Underlying strain persisted in selected portfolios following several years of strong advances growth, particularly in SME and other targeted industry segments. This resulted in additional provisions being raised for concentration and industry risk, moderating the overall decline in CLR.

The RMB CLR (excluding HQLA) increased to 23 bps (2025: 20 bps), driven by the migration of a few counterparties to NPL (predominantly in the cross-border portfolio) and the non-repeat of prior-year recoveries and settlements. This was partly offset by a net release of R143 million following a debt-to-equity restructure. Excluding the impact of the debt-to-equity restructure, the CLR was 26 bps, remaining below the bottom end of the TTC range of 30 bps to 50 bps.

The out-of-model provisions recognised in the Centre during the prior year were reassessed in the current year. Although the underlying source of uncertainty has evolved from trade tariffs and broader geopolitical tensions to the ongoing conflict in the Middle East, the level of provisioning remained appropriate and was retained. As a result, no additional impairment charge was recognised in the current year.

During the year, RMB implemented a debt-to-equity restructure. As a result, a portion of the loan was converted to equity while the other was settled according to the contractual terms of the loan. Due to IFRS requirements, a gain of R242 million was recognised in investment income relating to the portion of the loan that was converted to equity – refer to note 4, Investment income, on page B80. The portion of the advance settled resulted in a R143 million impairment release with a portion of the loan being written off (R65 million). The transaction resulted in an increase of R385 million in earnings.

Credit continued

Note 1: Analysis of income statement credit impairments

IMPAIRMENT CHARGE PER PORTFOLIO

	Total impairment charge			As a % of average core lending advances	
	Year ended 30 June			Year ended 30 June	
R million	**2026**	2025	% change	**2026**	2025
Retail	**10 139**	9 885	3	**1.93**	1.99
Retail – secured	**2 261**	2 532	(11)	**0.54**	0.65
Residential mortgages	**(64)**	706	(>100)	**(0.02)**	0.26
WesBank VAF	**2 325**	1 826	27	**1.78**	1.56
Retail – unsecured	**7 878**	7 353	7	**7.25**	7.10
FNB card	**2 488**	2 541	(2)	**5.51**	5.94
Personal loans	**5 169**	4 370	18	**9.09**	8.14
Retail other	**221**	442	(50)	**3.33**	6.25
Corporate and commercial	**2 916**	2 831	3	**0.47**	0.47
FNB commercial and WesBank corporate	**2 018**	2 058	(2)	**0.92**	1.03
FNB commercial	**1 739**	1 823	(5)	**1.17**	1.33
WesBank corporate and commercial	**279**	235	19	**0.40**	0.37
RMB CIB	**898**	773	16	**0.23**	0.20
Lending	**898**	774	16	**0.23**	0.20
Loans to private equity investee companies	**–**	(1)	(100)	**–**	(0.33)
Centre (including Group Treasury)	**(29)**	134	(>100)	**(0.07)**	0.40
Securitisation notes	**2**	(11)	(>100)	**0.01**	(0.04)
Other	**(31)**	145	(>100)	**(0.29)**	2.32
Total impairment charge	**13 026**	12 850	1	**1.09**	1.13
Of which:					
Portfolio impairments charge	**2 676**	2 658	1	**0.22**	0.23
Specific impairments charge	**10 350**	10 192	2	**0.87**	0.90

Credit continued

Income statement components

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

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

Credit continued

INCOME STATEMENT ANALYSIS PER PORTFOLIO

	Year ended 30 June 2026						
	Movement in the balance sheet provisions						
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions*	**Credit provision increase**
Retail	398	134	707	(98)	1 141	336	1 477
– Secured	153	(178)	341	(301)	15	665	680
– Unsecured	245	312	366	203	1 126	(329)	797
Commercial	103	38	5	(51)	95	741	836
Corporate*	28	(151)	60	(486)	(549)	486	(63)
Centre	711	(740)	(4)	–	(33)	(81)	(114)
Total	1 240	(719)	768	(635)	654	1 482	2 136

	Year ended 30 June 2025						
	Movement in the balance sheet provisions						
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision increase**
Retail	213	(271)	108	(137)	**(87)**	1 255	**1 168**
– Secured	127	(83)	88	(89)	**43**	667	**710**
– Unsecured	86	(188)	20	(48)	**(130)**	588	**458**
Commercial	124	(224)	47	216	**163**	907	**1 070**
Corporate	32	107	(983)	319	**(525)**	1 312	**787**
Centre	(12)	183	16	(17)	**170**	(508)	**(338)**
Total	357	(205)	(812)	381	**(279)**	2 966	**2 687**

* *Corporate includes a debt-to-equity restructure. This resulted in the release and write-off of previously recognised ECL provisions of R636 million. Refer to page B57.*

** *This represents the gross balance sheet amounts written off. The income statement impact has been recognised over various reporting periods.*

Year ended 30 June 2026

			Recognised directly in the income statement			
Gross write-off and other*,**	**Current year ECL provided**	Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
12 108	13 585	688	(2 771)	(1 363)	10 139	1.93
2 505	3 185	63	(681)	(306)	2 261	0.54
9 603	10 400	625	(2 090)	(1 057)	7 878	7.25
2 113	2 949	–	(745)	(186)	2 018	0.92
1 137	1 074	–	(163)	(13)	898	0.23
126	12	–	–	(41)	(29)	(0.07)
15 484	17 620	688	(3 679)	(1 603)	13 026	1.09

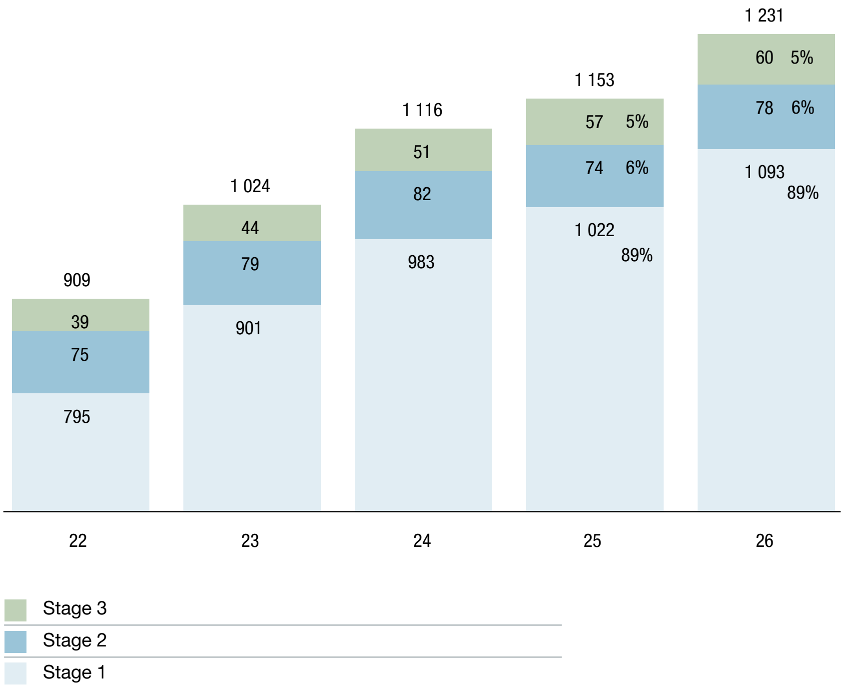
Year ended 30 June 2025

			Recognised directly in the income statement			
Gross write-off and other**	**Current year ECL provided**	Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
11 823	**12 991**	992	(2 909)	(1 189)	**9 885**	1.99
2 742	**3 452**	69	(704)	(285)	**2 532**	0.65
9 081	**9 539**	923	(2 205)	(904)	**7 353**	7.10
1 794	**2 864**	(9)	(613)	(184)	**2 058**	1.03
169	**956**	–	(150)	(33)	**773**	0.20
484	**146**	–	–	(12)	**134**	0.40
14 270	**16 957**	983	(3 672)	(1 418)	**12 850**	1.13

Credit continued

Stage distribution of advances

Total core lending advances by stage
(% per stage in R billion)



Stage 3 non-performing loans

CHANGE IN NPLs

	30 June 2026 vs 30 June 2025		
	R million	**% change**	**Percentage point contribution to overall NPL increase**
Operational NPLs*	4 472	10	7
Other paying NPLs**	(1 396)	(10)	(2)
Change in total bank NPLs	3 076	5	5

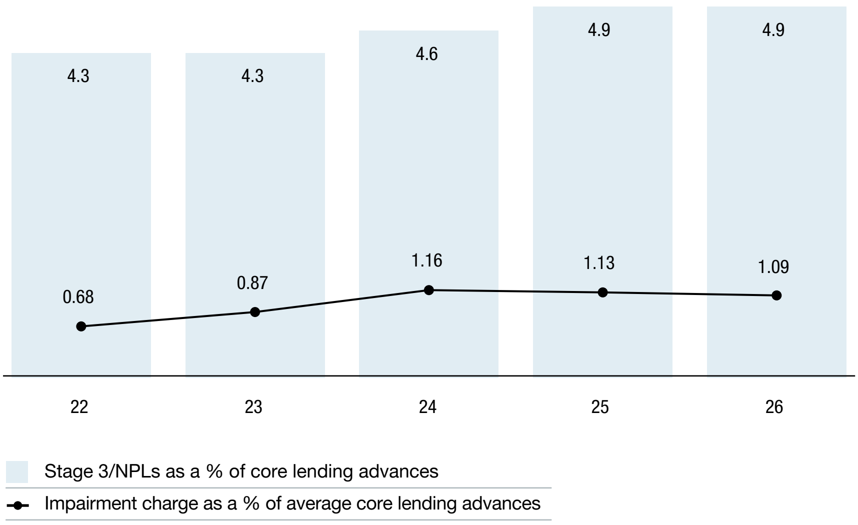
* *Include debt counselling and other core lending advances ≥90 days in arrears.*

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

Credit continued

Stage 3 non-performing loans

NPL and impairment history
%



NPL distribution
(%)

Credit continued

KEY DRIVERS ***Stage distribution of advances***

Stage 1 advances

The increase in stage 1 core lending advances reflects the current period advances growth. A further analysis is contained in note 2 on page B66.

Stage 2 advances

Stage 2 advances increased 5% year on year, driven by inflows of current exposures across the portfolios. The increase was largely attributable to WesBank VAF, unsecured and the corporate portfolio, reflecting SICR inflows and paying debt counselling accounts curing from stage 3. Despite the overall increase, the portfolio mix improved, with arrears levels declining and current exposures comprising a larger proportion of total stage 2 advances. The improvement in arrears balances was most evident in the corporate and commercial portfolios, partly offset by higher arrears inflows in retail. Stage 2 advances remained broadly stable at 6.3% of total advances (2025: 6.4%).

The drivers of these movements are unpacked below:

- Retail stage 2 advances increased year on year, driven by higher current and arrears exposures. Current exposures increased across all portfolios, reflecting advances growth, modelled SICR inflows and paying debt counselling accounts curing into stage 2. Arrears trends were mixed, with increases in WesBank VAF and personal loans reflecting origination strain and measured easing of underwriting criteria, partly offset by improved arrears in card, supported by lower observed default rates. Despite the increase, stage 2 advances remained stable at 9.7% of total advances (2025: 9.6%).
- FNB commercial and WesBank corporate stage 2 advances declined, with improved arrears trends and higher curing in WesBank corporate more than offsetting the modest increase in FNB commercial stage 2 current exposures.
- RMB stage 2 advances increased since June 2025, due to counters migrating to stage 2 on the back of a deterioration in credit rating due to counter-specific risks that triggered SICR. This was partly offset by a significant reduction in stage 2 arrears, as exposures either cured off the watchlist into stage 1 or migrated to NPL. Consequently, stage 2 advances increased to 3.1% of total advances (2025: 3.0%), with the portfolio mix shifting towards current exposures.

A further analysis is contained in note 2 on page B66.

Credit continued

KEY DRIVERS ***Stage distribution of advances***

Stage 3 advances/NPLs

Stage drift continued to moderate, although origination strain and customer pressure remained evident in certain portfolios as the benefits of an improving operating environment materialised unevenly across the portfolios. NPLs increased 5% (2025: 11%), while NPLs as a percentage of advances declined to 4.87% (2025: 4.93%), supported by accelerated advances growth and improved customer performance.

Retail NPLs increased 4% year on year (2025: 7%). NPL inflows continued to moderate across most underlying portfolios as the benefits of lower inflation and interest rates supported customer repayment behaviour. However, inflows in the WesBank VAF and personal loans portfolios have accelerated, reflecting origination strain. Operational NPLs represented a larger proportion of total stage 3 advances, driven by higher operational inflows and a reduction in paying NPLs. The reduction in paying NPLs, across all portfolios except WesBank VAF, reflected lower debt counselling inflows and the curing of paying debt counselling accounts. Reduced pressure on household finances together with targeted customer interventions contributed to slower debt counselling inflows, which increased 2% year on year (2025: 9%), largely driven by the WesBank VAF portfolio, while debt counselling accounts in residential mortgages remained broadly flat and declined in the unsecured portfolio. The debt counselling book reduced to 4.2% (2025: 4.4%) of total retail advances. The combination of moderating NPLs and stronger advances growth contributed to the NPL ratio declining to 8.30% (2025: 8.58%).

FNB commercial and WesBank corporate portfolio NPLs increased 9%, while the NPL ratio remained stable at 3.33%. The increase in NPLs was driven by advances growth, ongoing strain in the legacy SME unsecured portfolio and a limited number of migrations to stage 3 in structured finance, commercial property finance and asset-based finance. Overall stage 3 migrations in the judgemental portfolio were, however, lower than in the prior year.

RMB CIB stage 3 advances increased 13% driven by a limited number of large exposures migrating to stage 3 following deteriorating operational performance. This was partly offset by the curing of a significant counterparty into stage 2, settlements and the implementation of a debt-to-equity restructure. Together with muted reported advances growth, the increase resulted in the NPL ratio increasing to 1.80% (2025: 1.62%).

A further analysis is provided in note 4 on page B76.

Credit continued

Note 2: Analysis of advances

IMPAIRMENT STAGING AND PORTFOLIO ANALYSIS OF ADVANCES

	Advances		
	As at 30 June		
R million	**2026**	2025	% change
Retail	**545 394**	507 511	7
Retail – secured	**433 207**	402 364	8
Residential mortgages	**294 246**	279 985	5
WesBank VAF	**138 961**	122 379	14
Retail – unsecured	**112 187**	105 147	7
FNB card	**46 152**	44 236	4
Personal loans	**59 582**	54 088	10
Retail other	**6 453**	6 823	(5)
Corporate and commercial	**634 047**	611 288	4
FNB commercial and WesBank corporate	**227 665**	209 661	9
FNB commercial	**153 940**	143 784	7
WesBank corporate and commercial	**73 725**	65 877	12
RMB CIB*	**395 214**	387 487	2
Lending	**394 922**	387 188	2
Loans to private equity investee companies	**292**	299	(2)
HQLA corporate advances*,**	**11 168**	14 140	(21)
Centre (including Group Treasury)	**51 528**	33 919	52
Securitisation notes	**35 797**	28 118	27
Other	**15 731**	5 801	>100
Total core lending advances	**1 230 969**	1 152 718	7
Assets under agreements to resell	**171 995**	104 621	64
Total advances	**1 402 964**	1 257 339	12
Of which:			
Amortised cost book	**1 231 442**	1 122 302	10
Fair value book	**171 522**	135 037	27

* *RMB CIB core lending advances and HQLA total to R406.4 billion (2025: R401.6 billion).*

** *Managed by the Group Treasurer.*

Advances						
As at 30 June			As at 30 June			% composition 2026
2026			2025			
Stage 1	**Stage 2**	**Stage 3**	Stage 1	Stage 2	Stage 3	
447 382	**52 762**	**45 250**	415 092	48 895	43 524	**39**
365 633	**38 664**	**28 910**	338 785	36 322	27 257	**31**
249 771	**24 340**	**20 135**	235 805	24 138	20 042	**21**
115 862	**14 324**	**8 775**	102 980	12 184	7 215	**10**
81 749	**14 098**	**16 340**	76 307	12 573	16 267	**8**
36 330	**3 506**	**6 316**	34 812	3 156	6 268	**3**
40 025	**10 120**	**9 437**	36 126	8 880	9 082	**5**
5 394	**472**	**587**	5 369	537	917	**–**
594 163	**25 185**	**14 699**	572 942	25 080	13 266	**45**
207 510	**12 572**	**7 583**	189 719	12 958	6 984	**16**
138 178	**9 674**	**6 088**	128 659	9 479	5 646	**11**
69 332	**2 898**	**1 495**	61 060	3 479	1 338	**5**
375 485	**12 613**	**7 116**	369 083	12 122	6 282	**28**
375 193	**12 613**	**7 116**	368 784	12 122	6 282	**28**
292	**–**	**–**	299	–	–	**–**
11 168	**–**	**–**	14 140	–	–	**1**
51 528	**–**	**–**	33 781	55	83	**4**
35 797	**–**	**–**	28 118	–	–	**3**
15 731	**–**	**–**	5 663	55	83	**1**
1 093 073	**77 947**	**59 949**	1 021 815	74 030	56 873	**88**
171 995	**–**	**–**	104 621	–	–	**12**
1 265 068	**77 947**	**59 949**	1 126 436	74 030	56 873	**100**
1 096 325	**76 243**	**58 874**	994 129	72 010	56 163	**88**
168 743	**1 704**	**1 075**	132 307	2 020	710	**12**

Credit continued

CIB ADVANCES BREAKDOWN

	Advances			
	As at 30 June			
R million	**2026**	2025	% change	**% composition 2026**
RMB CIB core lending advances	**395 214**	387 487	2	**77**
– South Africa	**335 424**	331 097	1	**65**
– Cross-border book (broader Africa)	**59 790**	56 390	6	**12**
– Cross-border book (broader Africa) – $ million	**3 653**	3 172	15	
HQLA corporate advances*	**11 168**	14 140	(21)	**2**
CIB total core lending advances	**406 382**	401 627	1	**79**
CIB total lending advances	**406 090**	401 328	1	**79**
CIB shareholder loans to private equity investing companies	**292**	299	(2)	**–**
CIB total core lending advances	**406 382**	401 627	1	**79**
CIB core advances – South Africa**	**346 592**	345 237	–	**67**
CIB core advances – broader Africa#	**59 790**	56 390	6	**12**
CIB total core lending advances	**406 382**	401 627	1	**79**
Assets under agreements to resell	**108 686**	85 704	27	**21**
CIB total advances	**515 068**	487 331	6	**100**
RMB cross-border advances excluding currency impact†	**64 941**	56 390	15	

* *Managed by the Group Treasurer.*

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

CIB core lending advances – broader Africa comprises the RMB CIB cross-border core lending advances.

† *If the exchange rate had remained unchanged from 30 June 2025.*

Credit continued

CENTRE (INCLUDING GROUP TREASURY) ADVANCES BREAKDOWN

	Advances			
	As at 30 June			**% com-position**
R million	**2026**	2025	% change	**2026**
Core lending advances	**51 528**	33 919	52	**45**
Assets under agreements to resell*	**63 309**	18 917	>100	**55**
Total advances	**114 837**	52 836	>100	**100**

* *Increase driven by liquidity deployment requirements.*

Credit continued

SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES AND NPLs

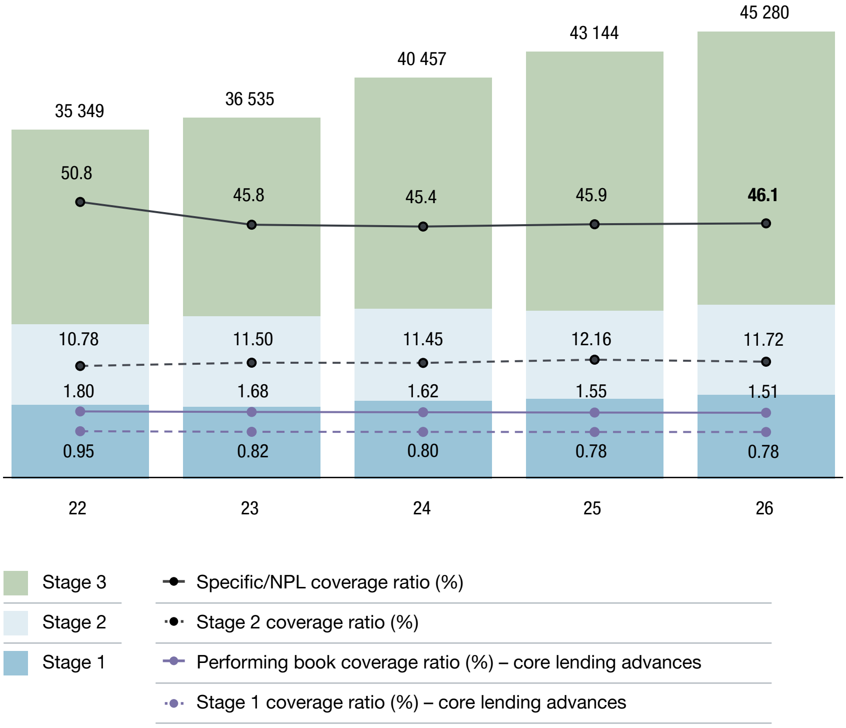
	Total Advances		
	As at 30 June		
R million	**2026**	2025	% change
Sector analysis			
Agriculture	**58 058**	58 754	(1)
Banks	**77 840**	38 356	>100
Financial institutions*	**238 332**	204 458	17
Building and property development	**78 419**	78 893	(1)
Government, Land Bank and public authorities	**23 818**	20 678	15
Individuals	**513 308**	478 562	7
Manufacturing and commerce	**215 138**	193 686	11
Mining	**28 597**	27 387	4
Transport and communication	**62 526**	60 550	3
Other services	**106 928**	96 015	11
Total advances**	**1 402 964**	1 257 339	12
Geographical analysis			
South Africa	**1 283 394**	1 152 434	11
Broader Africa	**52 508**	35 688	47
UK	**32 086**	30 239	6
Other Europe	**18 881**	22 811	(17)
Asia, Americas and Australia	**16 095**	16 167	–
Total advances**	**1 402 964**	1 257 339	12

* *Investment holding companies are included in the financial institutions sector.*
** *Includes assets under agreement to resell.*

Stage 3/NPLs				
% com-position 2026	As at 30 June **2026**	2025	% change	**% com-position 2026**
4	**1 046**	1 347	(22)	**2**
6	**–**	–	–	**–**
17	**869**	1 266	(31)	**1**
6	**4 658**	3 692	26	**8**
2	**16**	1 021	(98)	**–**
36	**43 539**	41 958	4	**72**
15	**3 569**	3 651	(2)	**6**
2	**673**	124	>100	**1**
4	**1 049**	714	47	**2**
8	**4 530**	3 100	46	**8**
100	**59 949**	56 873	5	**100**
92	**58 543**	55 662	5	**98**
4	**488**	1 080	(55)	**1**
2	**866**	93	>100	**1**
1	**30**	17	76	**–**
1	**22**	21	5	**–**
100	**59 949**	56 873	5	**100**

Credit continued

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



Movement in balance sheet impairments

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

	30 June 2026				30 June 2025			
R million	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	Total	Stage 1	Stage 2	Stage 3
Opening balance	**43 144**	**8 014**	**9 001**	**26 129**	40 457	7 862	9 432	23 163
Total credit provision increase/(release)	**2 136**	**521**	**133**	**1 482**	2 687	152	(431)	2 966
Transfers between stages	**–**	**875**	**(2 831)**	**1 956**	–	1 103	(3 913)	2 810
Current year impairment provided	**17 620**	**(317)**	**2 965**	**14 972**	16 957	(900)	3 486	14 371
ECL provided on new business*,**	**8 005**	**2 751**	**2 565**	**2 689**	5 873	2 172	1 845	1 856
ECL provided/(released) on back book**	**9 615**	**(3 068)**	**400**	**12 283**	11 084	(3 072)	1 641	12 515
Gross write-off and other#	**(15 484)**	**(37)**	**(1)**	**(15 446)**	(14 270)	(51)	(4)	(14 215)
Closing balance	**45 280**	**8 535**	**9 134**	**27 611**	43 144	8 014	9 001	26 129

* *New business is broadly defined as any new product issued to a new or existing customer during the current financial year.*

** *Interest suspended on stage 3 core lending advances of R3 679 million (2025: R3 672 million) is included in the expected credit losses provided/ (released) amounts.*

\# *This represents the gross balance sheet amounts written off. The income statement impact has been recognised over various reporting periods.*

Credit continued

KEY DRIVERS ***Coverage***

Performing book coverage declined to 1.51% (2025: 1.55%), reflecting a generally more favourable forward-looking macroeconomic outlook and better customer repayment behaviour. The decline was further supported by advances growth and portfolio mix changes, including growth tilted towards lower-covered secured exposures, a decline in the overall arrears levels and the migration of counters in the commercial and corporate portfolios to stage 3.

NPL coverage increased marginally to 46.1% (2025: 45.9%) reflecting higher coverage in commercial and corporate and a shift in mix towards higher-covered operational NPLs as other paying NPLs declined. This was partly offset by lower retail coverage, particularly in WesBank VAF and card.

Performing coverage

Retail performing coverage coverage increased 6 bps, driven by the unsecured portfolio, partially offset by lower coverage in the secured portfolio. Overall coverage levels benefited from improved customer repayment behaviour and lower arrears. The residential mortgages portfolio benefited from improvements in the outlook for house prices based on FNB's internal instruct data, corroborated by external macro inputs. This resulted in forward-looking provision releases being largely contained to the retail secured portfolio, while forward-looking provisions in retail unsecured remained broadly unchanged due to a more mixed outlook for the unsecured portfolios. Unsecured coverage was further impacted by model refinements implemented in the personal loans portfolio and additional modelled provisions raised to reflect a change in portfolio composition and resultant changes in default expectations relative to the prior year.

FNB commercial and WesBank corporate performing coverage declined to 1.27% (2025: 1.33%), supported by advances growth, releases of forward-looking provisions and improved underlying credit performance. The reduction was further supported by exposures curing and improved arrears trends in WesBank corporate.

RMB CIB performing coverage declined to 0.65% (2025: 0.80%), reflecting portfolio mix changes within stage 2, driven by a significant decrease in watchlist counters due to exposures curing to stage 1 and the migration of a limited number of higher-covered exposures to stage 3.

Performing coverage in the Centre decreased, reflecting the release of provisions due to write-offs and improvements in the underlying risk profile. The out-of-model provisions recognised in the prior year were reassessed and retained to reflect the continued risk and uncertainty of potential adverse credit outcomes arising from heightened geopolitical tensions and global economic implications of the ongoing conflict in the Middle East.

A further analysis is provided in note 3 on page B74.

Stage 3 coverage

Retail stage 3 coverage declined as lower coverage in WesBank VAF and card was partly offset by marginally higher coverage in residential mortgages and personal loans. The overall coverage levels in the underlying portfolios were impacted by the following factors:

- Residential mortgages NPL coverage increased marginally from 22.2% to 22.3%. This increase is primarily attributable to changes in the composition of the NPL portfolio as new inflows into NPL (with lower coverage) have slowed, with a larger proportion of the portfolio now consisting of longer-dated exposures. Stringent curing and write-off policies also contributed to higher and longer-dated exposures being retained on the balance sheet. This was partially offset by the benefit from improvements in the outlook for house price growth based on FNB's internal instruct data.
- WesBank VAF stage 3 coverage declined to 44.9% (2025: 46.0%), as a result of newer inflows with lower coverages.
- The reduction in stage 3 coverage within the card portfolio was due to improved recoveries on debt counselling accounts and higher write-offs.
- Personal loans stage 3 coverage increased marginally due to a shift in underlying composition, with operational NPLs increasing and paying stage 3 advances decreasing due to paying debt counselling accounts curing to stage 2.

FNB commercial and WesBank corporate stage 3 coverage increased, reflecting portfolio mix changes, including a higher proportion of unsecured SME NPLs and increased provisioning on specific exposures migrating to stage 3.

RMB CIB stage 3 coverage increased following the migration of several large exposures into NPLs. These inflows carried higher coverage levels than the existing NPL portfolio, increasing overall stage 3 coverage.

A further analysis is provided in note 4 on page B76.

Credit continued

Note 3: Analysis of performing balance sheet impairments

	Total portfolio impairments				
	As at 30 June			As at 30 June 2026	
R million	**2026**	2025	% change	**Stage 1**	**Stage 2**
Retail	**11 968**	10 827	11	**5 188**	**6 780**
Retail – secured	**4 596**	4 581	–	**1 410**	**3 186**
Residential mortgages	**1 422**	1 669	(15)	**292**	**1 130**
WesBank VAF	**3 174**	2 912	9	**1 118**	**2 056**
Retail – unsecured	**7 372**	6 246	18	**3 778**	**3 594**
FNB card	**2 532**	2 115	20	**1 489**	**1 043**
Personal loans	**4 530**	3 781	20	**2 148**	**2 382**
Retail other	**310**	350	(11)	**141**	**169**
Corporate and commercial	**5 308**	5 762	(8)	**2 954**	**2 354**
FNB commercial and WesBank corporate	**2 792**	2 697	4	**1 481**	**1 311**
FNB commercial	**2 419**	2 333	4	**1 244**	**1 175**
WesBank corporate and commercial	**373**	364	2	**237**	**136**
RMB CIB	**2 516**	3 065	(18)	**1 473**	**1 043**
Lending	**2 510**	3 059	(18)	**1 467**	**1 043**
Loans to private equity investee companies	**6**	6	–	**6**	**–**
Centre (including Group Treasury)	**393**	426	(8)	**393**	**–**
Securitisation notes	**28**	26	8	**28**	**–**
Other	**365**	400	(9)	**365**	**–**
Total portfolio impairments	**17 669**	17 015	4	**8 535**	**9 134**

Total portfolio impairments							
As at 30 June		Performing book coverage ratios (% of performing core lending advances)					
2025		As at 30 June					
Stage 1	Stage 2	**2026**	**Stage 1**	**Stage 2**	2025	Stage 1	Stage 2
4 656	6 171	**2.39**	**1.16**	**12.85**	2.33	1.12	12.62
1 435	3 146	**1.14**	**0.39**	**8.24**	1.22	0.42	8.66
403	1 266	**0.52**	**0.12**	**4.64**	0.64	0.17	5.24
1 032	1 880	**2.44**	**0.96**	**14.35**	2.53	1.00	15.43
3 221	3 025	**7.69**	**4.62**	**25.49**	7.03	4.22	24.06
1 258	857	**6.36**	**4.10**	**29.75**	5.57	3.61	27.15
1 762	2 019	**9.03**	**5.37**	**23.54**	8.40	4.88	22.74
201	149	**5.28**	**2.61**	**35.81**	5.93	3.74	27.75
2 936	2 826	**0.86**	**0.50**	**9.35**	0.96	0.51	11.27
1 340	1 357	**1.27**	**0.71**	**10.43**	1.33	0.71	10.47
1 093	1 240	**1.64**	**0.90**	**12.15**	1.69	0.85	13.08
247	117	**0.52**	**0.34**	**4.69**	0.56	0.40	3.36
1 596	1 469	**0.65**	**0.39**	**8.27**	0.80	0.43	12.12
1 590	1 469	**0.65**	**0.39**	**8.27**	0.80	0.43	12.12
6	–	**2.05**	**2.05**	**–**	2.01	2.01	–
422	4	**0.76**	**0.76**	**–**	1.26	1.25	7.27
26	–	**0.08**	**0.08**	**–**	0.09	0.09	–
396	4	**2.32**	**2.32**	**–**	7.00	6.99	7.27
8 014	9 001	**1.51**	**0.78**	**11.72**	1.55	0.78	12.16

Credit continued

Note 4: Analysis of stage 3/NPLs and impairments

	Stage 3/NPLs			
	As at 30 June			**% composition**
R million	**2026**	2025	% change	**2026**
Retail	**45 250**	43 524	4	**75**
Retail – secured	**28 910**	27 257	6	**47**
Residential mortgages	**20 135**	20 042	–	**32**
WesBank VAF	**8 775**	7 215	22	**15**
Retail – unsecured	**16 340**	16 267	–	**28**
FNB card	**6 316**	6 268	1	**11**
Personal loans	**9 437**	9 082	4	**16**
Retail other	**587**	917	(36)	**1**
Corporate and commercial	**14 699**	13 266	11	**25**
FNB commercial and WesBank corporate	**7 583**	6 984	9	**13**
FNB commercial	**6 088**	5 646	8	**11**
WesBank corporate and commercial	**1 495**	1 338	12	**2**
RMB CIB	**7 116**	6 282	13	**12**
Lending	**7 116**	6 282	13	**12**
Loans to private equity investee companies	**–**	–	–	**–**
Centre (including Group Treasury)	**–**	83	(100)	**–**
Securitisation notes	**–**	–	–	**–**
Other	**–**	83	(100)	**–**
Total stage 3/NPLs	**59 949**	56 873	5	**100**
Of which:				
Amortised cost book	**58 874**	56 163	5	**98**
Fair value book	**1 075**	710	51	**2**

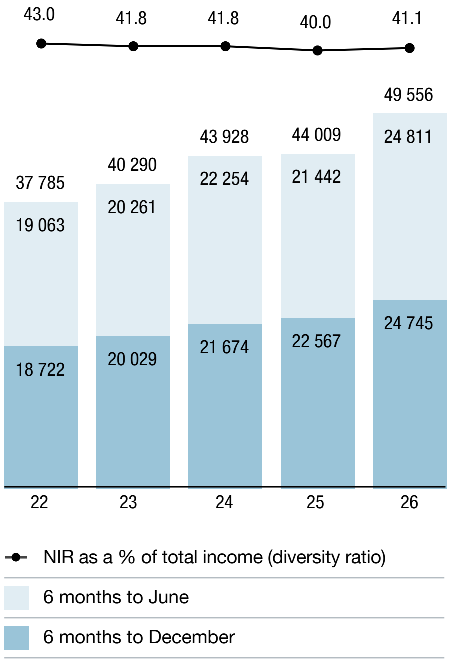
Stage 3/NPLs as a % of core lending advances		Stage 3 specific provisions			Coverage ratios (% of stage 3/NPLs)	
As at 30 June		As at 30 June			As at 30 June	
2026	2025	**2026**	2025	% change	**2026**	2025
8.30	8.58	**19 594**	19 258	2	**43.3**	44.2
6.67	6.77	**8 437**	7 772	9	**29.2**	28.5
6.84	7.16	**4 493**	4 452	1	**22.3**	22.2
6.31	5.90	**3 944**	3 320	19	**44.9**	46.0
14.56	15.47	**11 157**	11 486	(3)	**68.3**	70.6
13.69	14.17	**4 235**	4 555	(7)	**67.1**	72.7
15.84	16.79	**6 424**	6 138	5	**68.1**	67.6
9.10	13.44	**498**	793	(37)	**84.8**	86.5
2.32	2.17	**8 017**	6 790	18	**54.5**	51.2
3.33	3.33	**5 107**	4 366	17	**67.3**	62.5
3.95	3.93	**4 341**	3 713	17	**71.3**	65.8
2.03	2.03	**766**	653	17	**51.2**	48.8
1.80	1.62	**2 910**	2 424	20	**40.9**	38.6
1.80	1.62	**2 910**	2 424	20	**40.9**	38.6
–	–	**–**	–	–	**–**	–
–	0.24	**–**	81	(100)	**–**	97.6
–	–	**–**	–	–	**–**	–
–	1.43	**–**	81	(100)	**–**	97.6
4.87	4.93	**27 611**	26 129	6	**46.1**	45.9
4.78	5.00					
0.63	0.53					

Non-interest revenue

Non-interest revenue – up 13%

Non-interest revenue and diversity ratio
(R million)

NIR CAGR 7%



ANALYSIS OF TOTAL NIR

		Year ended 30 June		
R million	Notes	**2026**	2025	% change
Net fee, commission and insurance income		**35 710**	33 682	6
– Fee and commission income	1	**35 603**	33 568	6
– Insurance income		**107**	114	(6)
Trading and other fair value income	2	**4 265**	2 690	59
Investment income	3	**1 316**	237	>100
– Debt-to-equity restructure*		**242**	–	–
– Other investment Income		**1 074**	237	>100
Other non-interest revenue	4	**8 265**	7 400	12
Non-interest revenue		**49 556**	44 009	13

* *Refer to note 3 on investment income.*

Non-interest revenue continued

NOTE 1 – FEE AND COMMISSION INCOME – UP 6%

R million	Year ended 30 June 2026	2025	% change
Bank fee and commission income	**37 471**	35 915	4
– Card commissions	**7 237**	6 671	8
– Cash deposit fees	**1 670**	1 663	–
– Exchange and other commissions	**3 550**	3 409	4
– Bank charges	**25 014**	24 172	3
– Commitment fees	**2 337**	2 250	4
– Other bank charges*	**22 677**	21 922	3
Knowledge-based fees	**2 658**	2 299	16
Management and fiduciary fees	**1 519**	1 328	14
– Investment management fees	**786**	572	37
– Management fees from associates and joint ventures	**716**	708	1
– Other management and brokerage fee income	**17**	48	(65)
Other non-bank commissions	**1 251**	1 120	12
Gross fee and commission income	**42 899**	40 662	6
Fee and commission expenditure	**(7 296)**	(7 094)	3
– Transaction-related fees	**(2 452)**	(2 232)	10
– Commission paid	**(259)**	(156)	66
– Customer loyalty programmes	**(2 392)**	(2 495)	(4)
– Cash sorting, handling and transportation charges	**(1 198)**	(1 190)	1
– Card-related	**(481)**	(522)	(8)
– Other	**(514)**	(499)	3
Net fee and commission income	**35 603**	33 568	6

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

KEY DRIVERS *Fee and commission income*

FNB net fee and commission income increased 7%, driven by customer acquisition (+3%) and growth in transactional volumes (+5%), coupled with fee increases. FNB continues to face structural pressure from changes in the payments landscape, with fee givebacks on real-time clearing offset by higher volumes and other mitigating actions, including bundled offerings and cash and EFT initiatives. The net impact of these actions is a R135-million contraction in fee income.

Electronic platform volumes grew 5% across all interfaces, whilst manual volumes decreased 5%. Branch and cash centre transaction volumes declined 12% and 9%, respectively, in line with the ongoing strategy to encourage customers to use electronic and digital platforms for service.

Card volumes also performed well, with card acquiring up 5% and card issuing growing 7%, underpinned by the cash-to-card migration strategy. These contributed to the 8% growth in card commissions.

Other non-bank commissions benefited from strong growth generated by sales of FNB value-added services, which include airtime, Lotto, eBucks travel and electricity.

RMB's fee and commission income increased 2%. Knowledge-based fee income grew strongly (+16%), driven by growth in structuring and arranging fees as well as advisory fees. This strong performance was offset by lower trade and working capital commitment fees and structuring opportunities compared to the prior period.

Overall fee and commission income growth was assisted by lower cost growth, reflecting lower customer loyalty programme costs and card-related expenditure. Customer loyalty programme reward costs declined in the commercial portfolio, reflecting reduced qualifying spend, higher rebates and the discontinuation of selected programmes, and was partially offset by an increase in reward costs in the retail portfolio following the introduction of new partnerships and enhanced customer value propositions.

Non-interest revenue continued

NOTE 2 – TRADING AND OTHER FAIR VALUE INCOME – UP 59%

	Year ended 30 June		
R million	**2026**	2025	% change
Trading income	**4 132**	2 793	48
– Equities	**15**	(28)	(>100)
– Commodities	**315**	222	42
– Fixed income	**1 761**	1 294	36
– Currencies	**2 041**	1 305	56
Other fair value income	**133**	(103)	(>100)
– RMB investment banking and other activities	**230**	214	7
– Group Treasury economic hedges and other	**(97)**	(317)	(69)
Total trading and other fair value income	**4 265**	2 690	59

KEY DRIVERS *Trading and fair value income*

Trading income increased due to higher structuring activity, improved flows and market-making opportunities and reflect the following:

- Equities performance improved on the back of higher equity volumes and index traded values along with increased client-hedging activity.
- Commodities benefited from increased client-hedge facilitation, particularly within the precious metals business.
- Growth in fixed income was underpinned by strong client flow and event-driven revenue, partially offset by margin pressure in structured credit note facilitation.
- Currencies' performance improved significantly as a result of increased broader Africa cross-border client flows, as well as RMB facilitating additional client activities and utilising opportunity created by the volatility from structural reforms in certain jurisdictions.

RMB investment banking and other activities includes various non-recurring items, including translations gains and losses, with the increase driven by the principal investment portfolio on the back of improved investee entity performance and market realisation events in selected investments.

Group Treasury's performance improved, mainly driven by fair value gains on treasury shares hedging cash-settled share schemes, partially offset by fair value losses on derivatives and foreign exchange losses on the net open foreign position following rand appreciation.

NOTE 3 – INVESTMENT INCOME – UP >100%

KEY DRIVERS *Investment income*

The increase in investment income was driven by gains on the disposal of bonds by Group Treasury and the debt-to-equity restructure of a private equity counter that resulted in a gain on the conversion of the debt (R242 million) and a release of the credit impairment provision (R143 million). Refer to page B57 for a detailed explanation of the transaction.

NOTE 4 – OTHER NON-INTEREST REVENUE – UP 12%

KEY DRIVERS *Other NIR*

A significant component of other NIR relates to various inter-group charges to other FirstRand group companies for the provision of services. These are relevant to the bank but eliminate at a group level.

Rental income represents 27% (2025: 29%) of total other NIR, and increased 5%, driven by FML business growth and increased income from device rentals.

Other income also includes revenue from FNB's mobile network operations, which benefited from higher revenue on the back of increased data usage and higher other non-recurring income items.

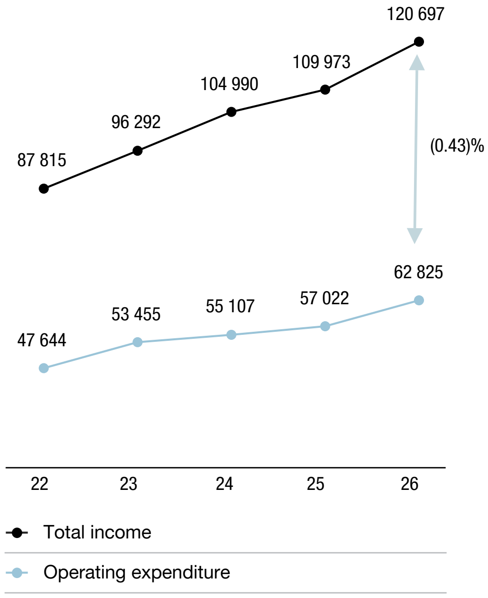
Operating expenses

Operating expenses – up 10%

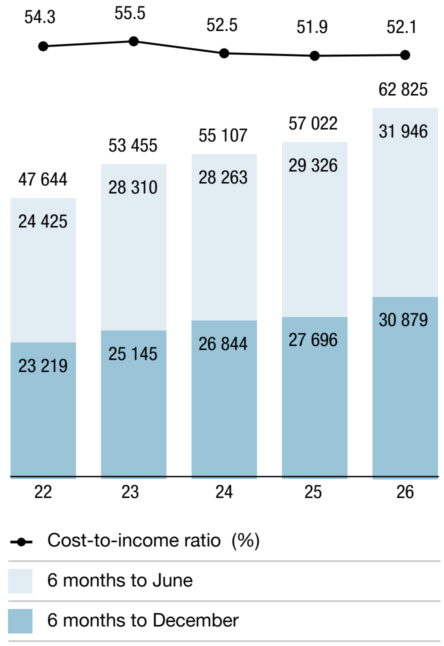
Operating jaws
(R million)

Total income CAGR 8%

Operating expenditure CAGR 7%



Operating efficiency
(R million)



Operating expenses continued

OPERATING EXPENSES – UP 10%

	Year ended 30 June		
R million	**2026**	2025	% change
Staff expenditure	**38 922**	35 509	10
– Direct staff expenditure	**28 678**	26 809	7
– Variable staff expenditure	**8 251**	7 163	15
– Short-term incentive payments	**5 780**	4 953	17
– Share price linked incentive payments	**2 471**	2 210	12
– Other staff-related expenditure	**1 993**	1 537	30
Depreciation of property and equipment	**3 866**	3 601	7
Amortisation of intangible assets	**314**	270	16
Advertising and marketing	**2 089**	1 975	6
Insurance	**251**	260	(3)
Lease charges	**337**	353	(5)
Professional fees	**3 394**	3 040	12
Audit fees	**473**	522	(9)
Computer expenses	**4 944**	4 540	9
Repairs and maintenance	**1 636**	1 515	8
Telecommunications	**425**	449	(5)
Property	**1 268**	1 286	(1)
Business travel	**383**	360	6
Assets costing less than R7 000	**106**	75	41
Stationery and printing	**100**	96	4
Donations	**458**	380	21
Legal fees	**148**	141	5
Other expenditure	**3 711**	2 650	40
Total operating expenses	**62 825**	57 022	10

During the current year the bank's expenses have increased above inflation, with some non-recurring expenses offset by a stronger rand translation of foreign currency expenses. The key drivers of the cost increase are detailed below.

Operating expenses continued

KEY DRIVERS ***Staff expenditure***

Staff costs represent 62% (2025: 62%) of the bank's operating expenses and increased 10%.

	% change	Reasons
Direct staff costs	7	• Annual salary increases averaged 5%. • Headcount (excluding FirstJob employees) increased 4% year on year, but due to the timing of new hires this did not fully reflect in the increase.
Variable staff expenditures		
Short-term incentive payments	17	The increase in short-term incentive payments is largely aligned to the bank's normalised performance and higher headcount.
Share price linked incentive payments	12	The increase reflects the increased share allocations and share price movements on the cash settled schemes (CIP24 and CIP25), offset by the impact of discounting on the new equity settled share schemes.
Other staff-related costs	30	Increase due to higher leave pay provisions and employee statutory costs linked to the growth in direct staff costs as well as increased temporary staff to support new partnership initiatives and various projects.

KEY DRIVERS ***Operational expenses***

Higher amortisation of intangible assets due to accelerated amortisation of software, particularly from RMB's investment into its global markets platform which is now live.

Advertising and marketing expenses were driven by inflation increases as well as continued investment in sponsorship activities, brand-building initiatives and customer acquisition campaigns.

Professional fees increased considerably reflecting additional resourcing on execution of platform-related projects and HSBC implementation costs (R183 million).

Computer expenses increased due to higher software licensing costs from the expanded use of cloud and software services for the bank's ongoing digital transformation.

Repairs and maintenance costs reflect repairs on buildings across various campuses and the maintenance of speedpoint devices and ATMs.

The increase in business travel is related to the bank's increased business activities.

Assets costing less than R7 000 increased due to furniture and equipment being purchased or replaced, due to certain properties coming out of mothball status as staff return to the office environment more regularly.

The higher donations in the current year is driven by increased donations to the FirstRand foundations, driven by higher post-tax earnings in the bank, and a new donation arising from the bank's participation in a public-private partnership.

Other expenditure includes various items such as entertainment, new client costs and subscriptions and membership fees. The increase is also in part due to higher Department of Home Affairs ID verification fees, as well as movements in provisions.

Financial Resource Management

Economic view of the balance sheet

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

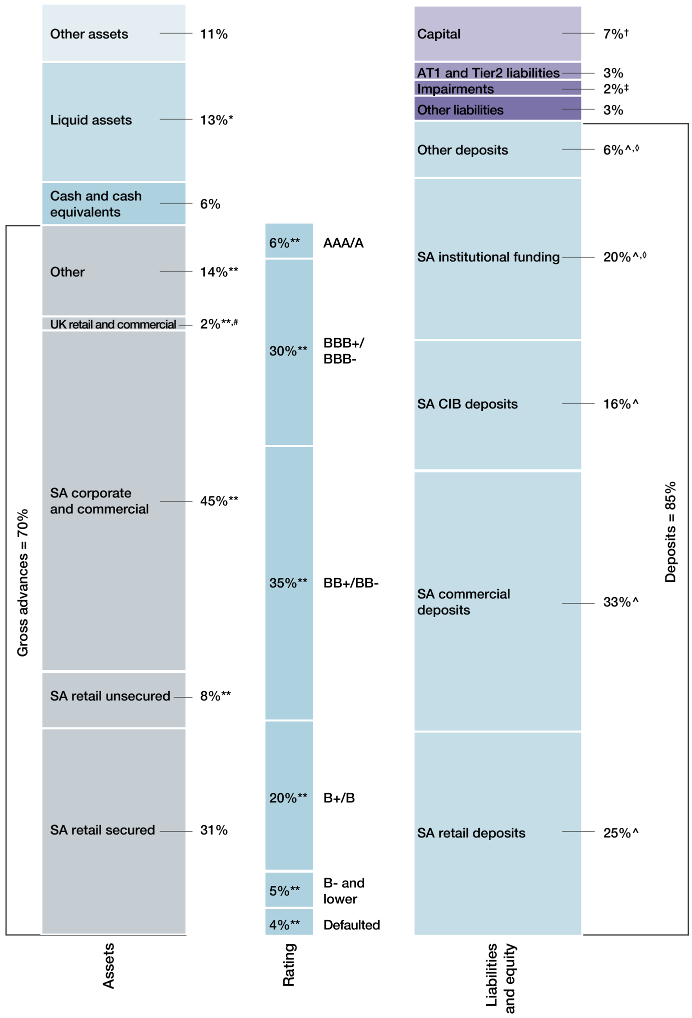
The structure of the balance sheet reflects the group's long-term strategy to increase resilience, diversify credit exposures across sectors and segments, increase asset marketability and optimise the use of institutional funding.

When assessing the underlying risk in the balance sheet, the bank's asset profile reflects a diversified advances portfolio, which constitutes 69% of total assets. The composition of the gross advances portfolio consists of SA retail secured (31%), SA retail unsecured (8%), SA corporate and commercial (45%), UK retail and commercial (2%) and other (14%). At 30 June 2026, the bank reported total NPLs of R59 949 million (4.87% of core lending advances) and a credit loss ratio of 109 bps.

Cash and cash equivalents, and liquid assets represent 6% and 13%, respectively, of total assets.

The bank maintains a risk-adjusted funding profile focused on its core deposit franchises, which enables optimal use of institutional funding. The weighted average remaining term of domestic institutional funding as at 30 June 2026 reduced to 36 months (2025: 39 months). The reduction reflects marginally higher money market funding paired with the continued roll down of longer-dated instruments. Capital markets issuances out of group and downstreamed to bank contributed to term funding during the year.

The bank remained strongly capitalised with a CET1 ratio of 12.6%, a Tier 1 ratio of 14.2% and a total capital adequacy ratio of 16.4%. Gearing decreased to 14.4 times from 14.5 times at June 2025, with average assets increasing by 8% and average equity increasing by 9%.



* Include government securities and treasury bills.
** As a proportion of gross advances.
\# Include advances originated in London branch.
† Ordinary equity.
‡ Includes IFRS 9 impairment of advances and investment securities.
^ As a proportion of deposits.
◊ Includes CIB institutional funding.

Note: Derivative, securities lending and short trading position assets and liabilities have been netted off.

Funding and liquidity

Funding and liquidity management approach

A comprehensive overview of the group's funding and liquidity management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2026, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Funding conditions

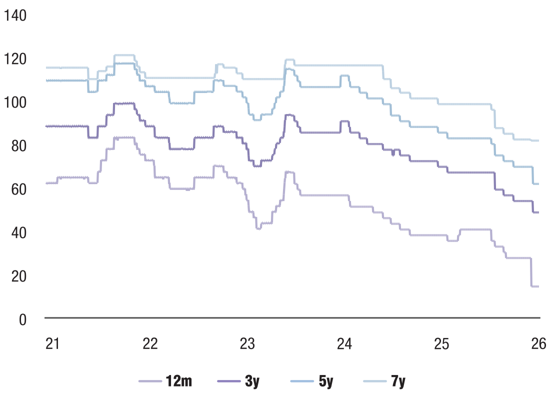
Over the past financial year, the initial supportive global macroeconomic environment came under pressure in the last quarter of the financial year following geopolitical developments, subsequent higher energy prices and increased market volatility. While major central banks remained accommodative initially, the collective policy stance became more cautious as inflation moved higher and uncertainty increased. In South Africa, inflation remained contained for much of the period, supporting the SARB's easing cycle. However, rising fuel and transport costs added modest inflationary pressure, leading to a more cautious monetary policy stance towards the end of the year.

Liquidity remained ample throughout the year, with the domestic banking sector continuing to operate in a liquidity surplus environment. The liquidity surplus was underpinned by ongoing liquidity injections associated with the Gold and Foreign Exchange Contingency Reserve Account framework, as well as SARB foreign exchange reserve accumulation activities. These conditions supported the orderly functioning of money markets, with excess liquidity largely intermediated through secured interbank channels and placements with the SARB.

Funding conditions remained favourable throughout the year, supported by strong franchise deposit growth and healthy investor demand across money and capital markets. Funding spreads have continued to compress as surplus market liquidity and strong demand supported new issuance activity. The transition from the Johannesburg Interbank Average Rate (JIBAR) to the South African Rand Overnight Index Average (ZARONIA) benchmark reached a key milestone with the implementation of "no new JIBAR" on 1 May 2026, while investor familiarity continued to improve. The group issued ZARONIA-linked Flac, Tier 2 and AT1 instruments in the second half, all of which were downstreamed to the bank. The bank also continued to access hard-currency funding through international financial institutions, development finance partners and offshore funding channels.

The graph below depicts both the spread to the JIBAR paid on 12-month money market instruments, and on benchmark tenor capital market instruments. Institutional funding spreads, continue to track lower across both the money markets and capital markets in light of improved liquidity availability.

Term funding spreads
(bps)



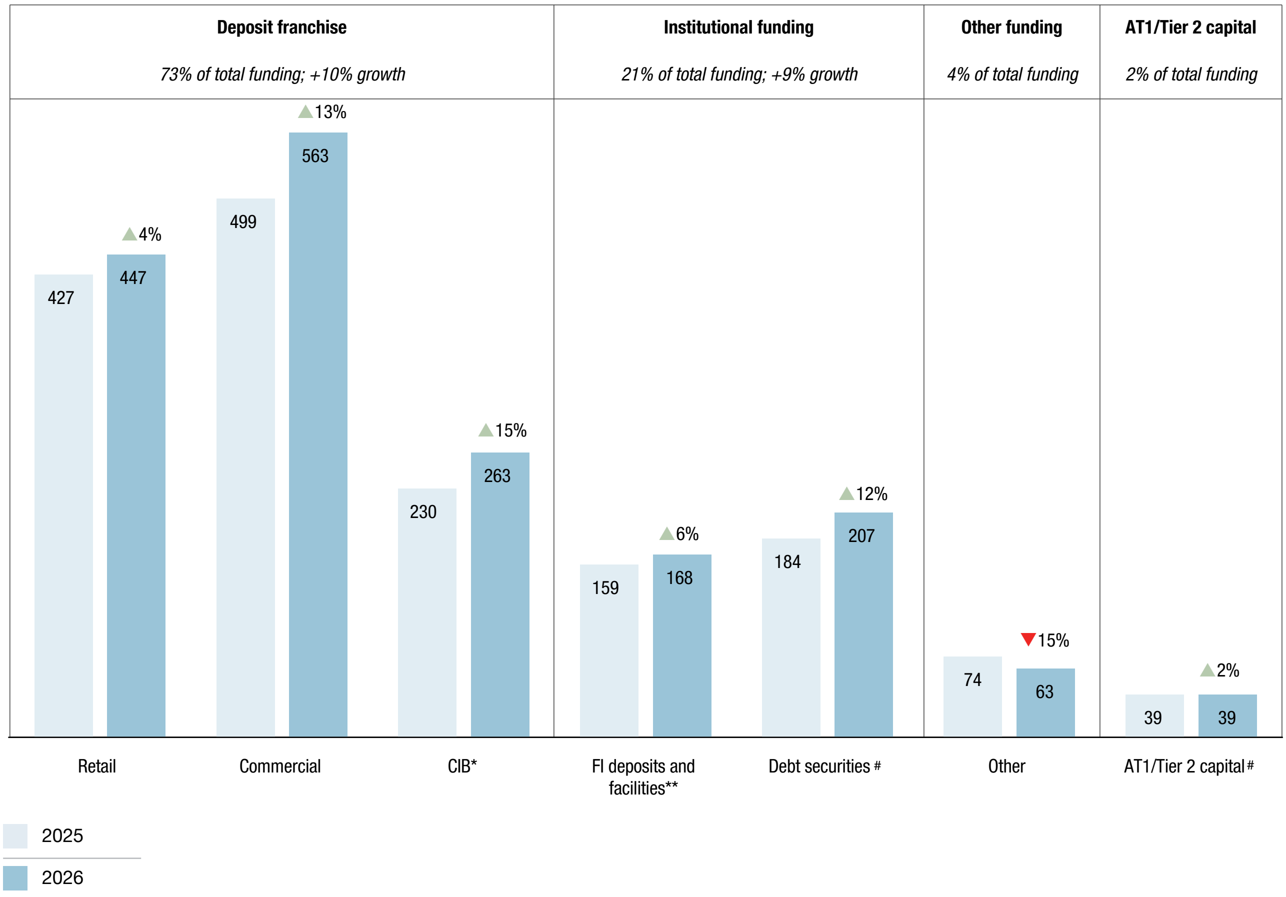
Sources: Bloomberg (RMBP screen) and Reuters.

Funding and liquidity continued

Funding measurement and activity

The following graph and the table overleaf provide a segmental and product analysis, respectively, of the bank's funding base and unpack the contribution of each funding category to the bank's overall funding. As part of its capital market issuance plans, AT1 and Tier 2 instruments are issued to meet the bank's total capital adequacy requirements, whilst also providing balance sheet funding capacity.

Funding portfolio growth
(R billion)



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

* *South Africa and the London branch.*

** *FI deposits and facilities are managed by Group Treasury and include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme, the government's bounce-back facility and bounce-back energy facility, totalling R487 million.*

\# *Debt securities includes R8 billion of internal Flac instruments. AT1 and Tier 2 capital includes R6bn of internal capital instruments, of which Tier 2 liabilities is shown in the intragroup line in the annual financial statements. Refer to note 13 and 23 in the bank's annual financial statements available at https://www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/ for more detail.*

Funding and liquidity continued

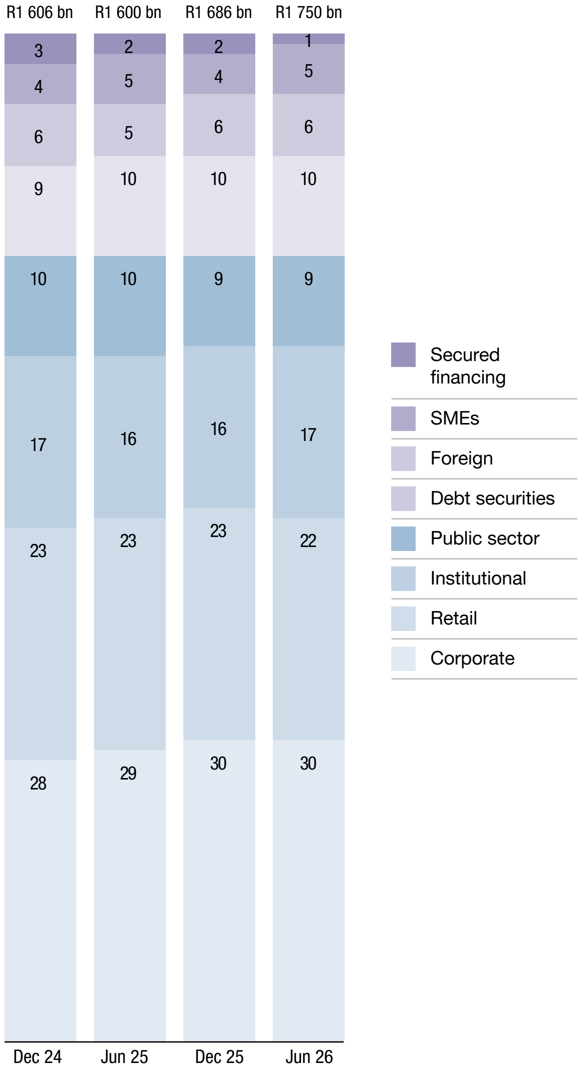
R billion	As at 30 June 2026	2025
Deposit franchise	**1 273**	1 156
– Current	**385**	353
– Call	**381**	351
– Savings	**73**	62
– Fixed and notice	**432**	388
– Other	**2**	2
Institutional funding	**375**	343
FI deposits and facilities managed by Group Treasury	**168**	159
Debt securities - money market instruments	**99**	95
– Negotiable certificates of deposit	**40**	32
– Fixed and floating rate notes	**59**	63
Debt securities - capital market issuance	**108**	89
– Flac issued to FirstRand Limited*	**8**	–
– SA senior unsecured	**62**	60
– SA structured products	**38**	29
Other funding	**63**	74
– Repurchase agreements and securities lending	**16**	33
– Cash collateral, credit-linked notes and other	**47**	41
Funding (excluding capital instruments)	**1 711**	1 573
AT1 and Tier 2 capital	**39**	39
Total funding portfolio	**1 750**	1 612

* *Flac instruments are classified as other loss-absorbing liabilities on the statement of financial position. Refer to note 13 and 23 in the bank's annual financial statements available at https://www.firstrand.co.za/investors/integrated-reporting-hub/financial-reporting/ for more detail.*

Funding and liquidity continued

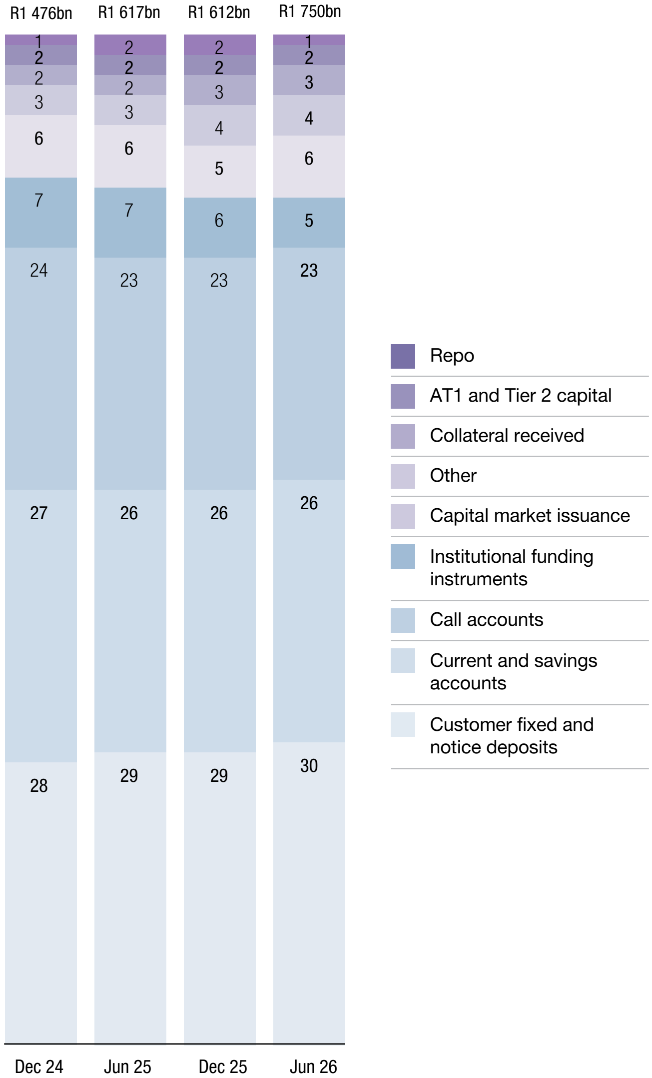
The bank's focus on growing main-banked transactional accounts, and retail and commercial savings and investment deposits naturally results in a significant proportion of contractually short-dated funding. Although these deposits fluctuate depending on each customer's individual transactional and savings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

Bank funding analysis by source (BA900)*
(%)



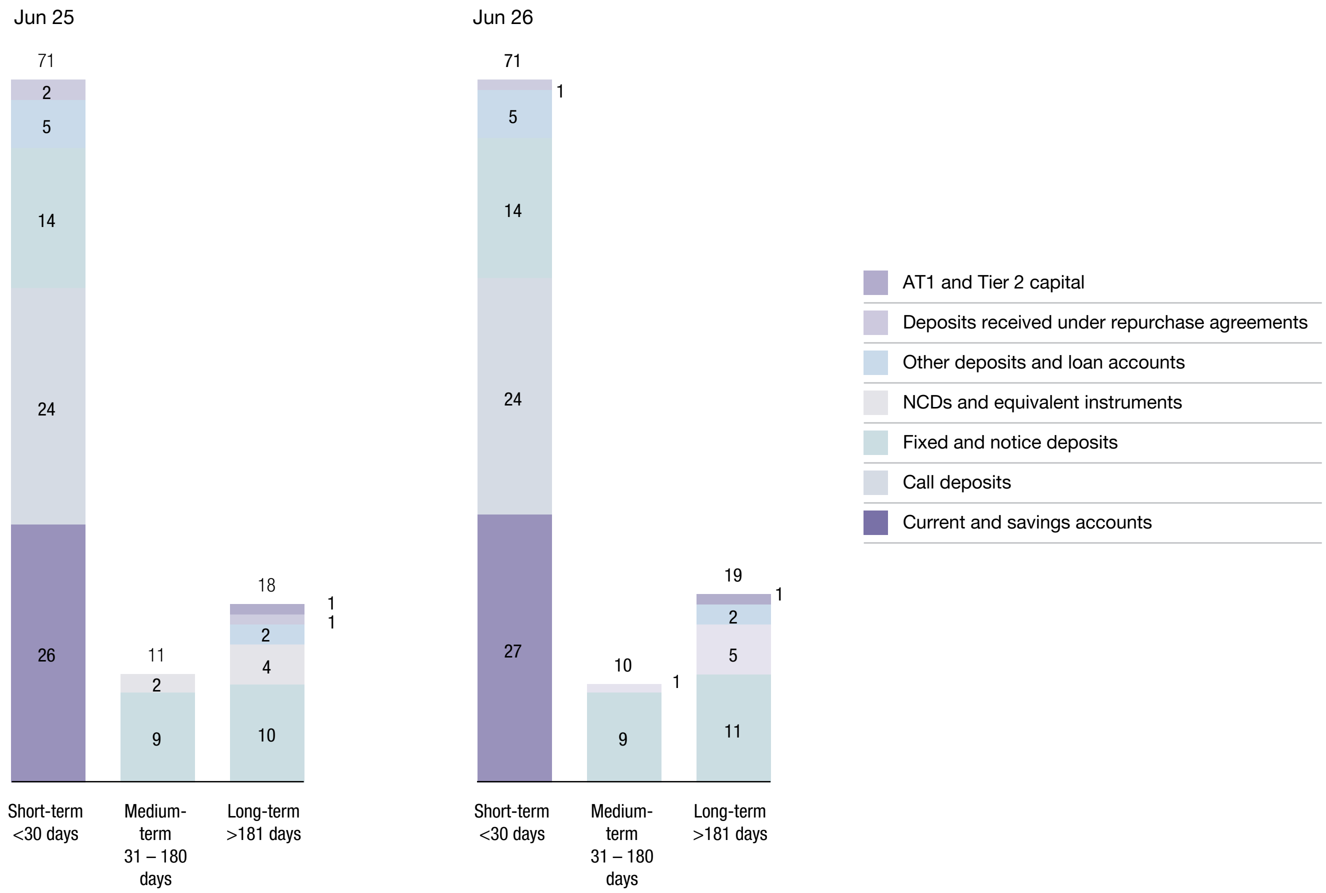
* *Excluding foreign branches.*

Funding analysis by product
(%)



Funding and liquidity continued

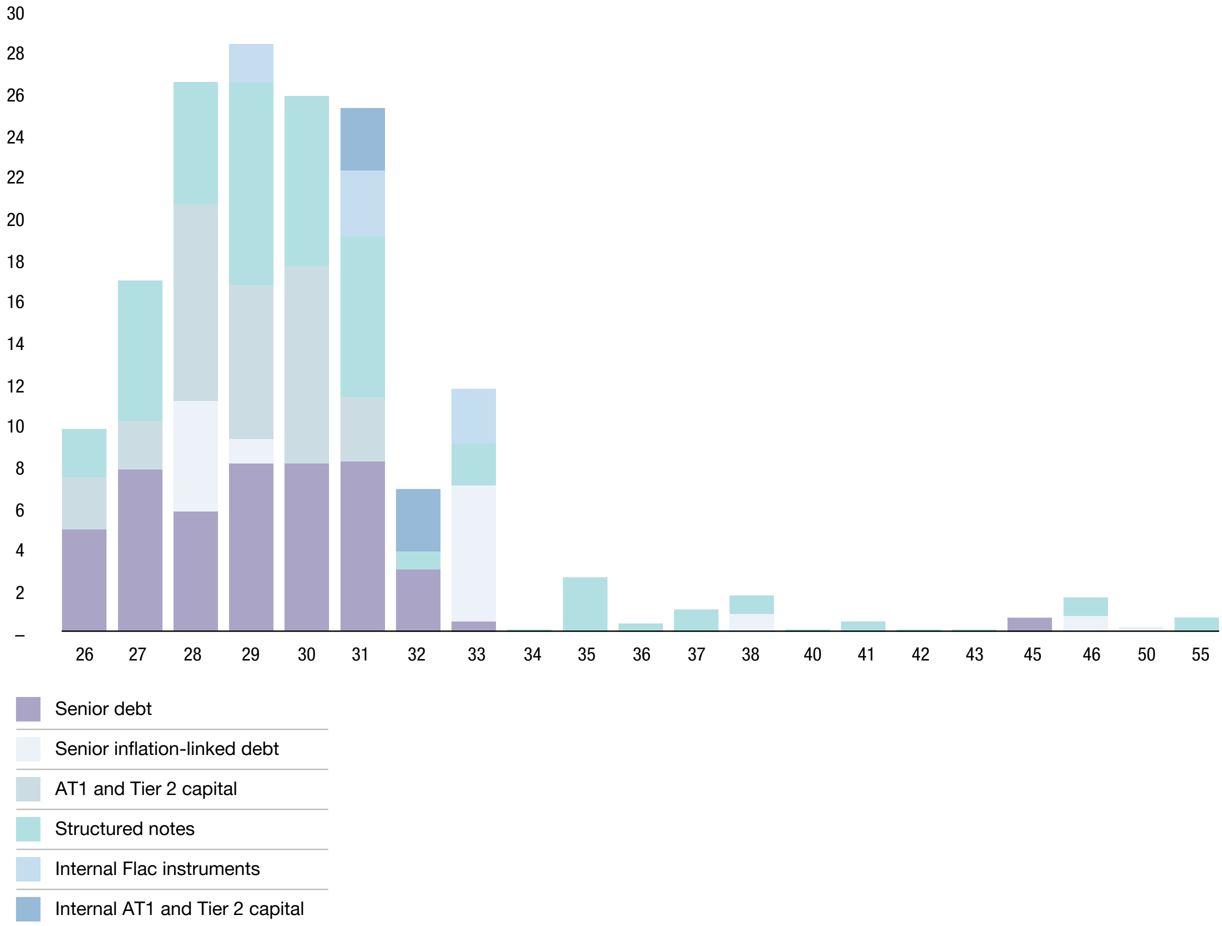
Funding liabilities by instrument type and term
(%)



Funding and liquidity continued

FirstRand established a domestic medium-term note (DMTN) programme in March 2026 and commenced with the issuance of Flac and regulatory capital instruments (AT1 and Tier 2) under this programme. Going forward, FirstRand will be the primary capital markets issuer following a strategy of issuing across benchmark tenors, taking prevailing pricing conditions and investor demand into account. FirstRand plans to replace maturing senior unsecured debt instruments issued by FRB previously with Flac over the phase-in period. Proceeds of external Flac instruments issued by FirstRand will be downstreamed to FRB as internal Flac loans on substantially similar terms. The maturity profile of the bank's capital market instruments is depicted in the following chart.

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



* *Excluding foreign branches.*

Funding and liquidity continued

Liquidity risk position

Liquidity risk is a natural outcome of the bank's business activities. To manage and mitigate liquidity risk the bank holds liquidity buffers comprising HQLA, in addition to pursuing a diverse and stable funding profile which incorporates structural and regulatory constraints.

The bank's portfolio of HQLA enables access to liquidity in instances of market stress or wider disruptions. It also enables the bank to accommodate the changing liquidity needs of its operating businesses and seamlessly meet its short-term obligations. The HQLA portfolio is designed to complement the bank's funding composition, asset growth, liquidity risk appetite and regulatory requirements. The composition and quantum of available HQLA is determined by considering both the funding liquidity risk and market liquidity depth of the underlying assets. The portfolio is actively managed to ensure optimal composition, return and size.

The bank's deposit-led funding strategy underpins its funding profile, where client franchise deposits offer funding diversification and stability. Deposit funding is supplemented with both money market and capital market issuances in benchmark tenors to achieve a maturity profile without undue concentration. The bank monitors market developments, key risk metrics and early warning indicators as part of its ongoing funding and liquidity management and planning.

The prudential liquidity risk metrics incorporate a management buffer above the regulatory minimums to allow for the liquidity seasonality and cyclicality arising from the funding mix. The buffer is based on stress and scenario analysis of the cash inflows and outflows that result from the bank's balance sheet profile.

Liquidity ratios for the bank at 30 June 2026 are summarised below.

LIQUIDITY RATIOS

%	LCR*	NSFR*
Regulatory minimum	100	100
Actual	132	117

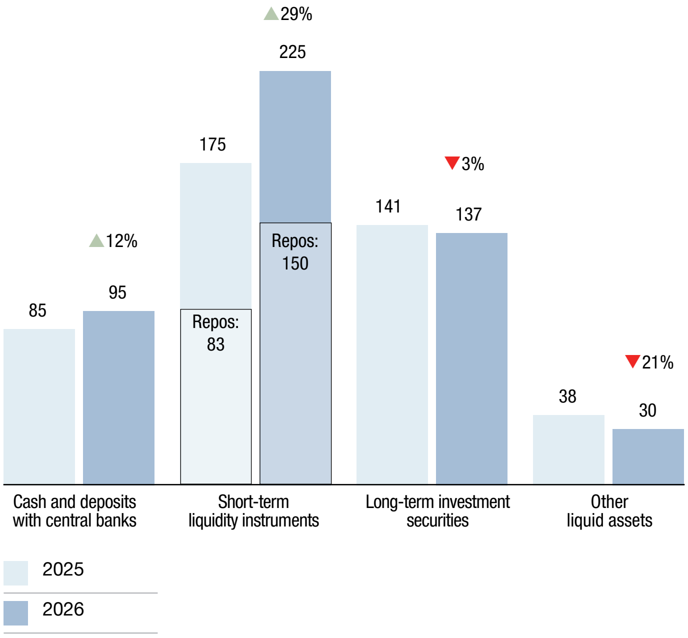
* *The bank's LCR and NSFR reflect South African operations only. LCR is calculated as a simple 91-day average of daily observations over the period ended 30 June 2026 for FirstRand Bank South Africa.*

Funding and liquidity continued

The bank manages excess liquidity through deployment primarily into central bank deposits, treasury bills and government bonds (acquired outright and through reverse repos) in the normal course of business. The liquid asset profile remains risk aware and liquidity deployment will reflect the bank's risk appetite. During the year liquidity deployment focused on short-term liquidity instruments, primarily reverse repos, followed by central bank deposits.

Liquidity management by investment type*

(R billion)

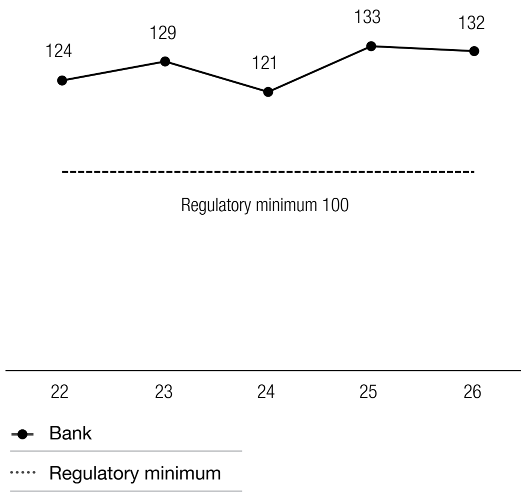


Note: Percentage change is based on actual underlying numbers rather than the rounded figures shown in the bar graphs above.
* *Chart is based on rand liquid assets in FirstRand Bank South Africa held by Group Treasury only.*

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

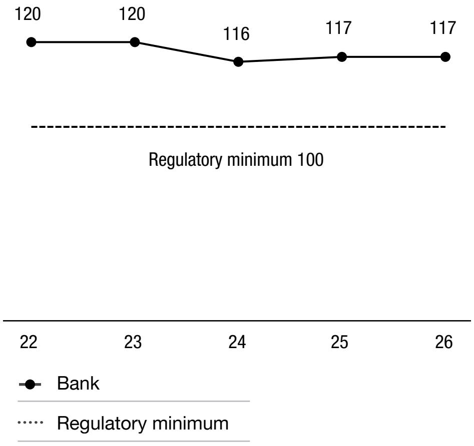
LCR

(%)



NSFR

(%)



Capital

Capital management approach

A comprehensive overview of the group's capital management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2026, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Year under review

During the year under review the bank maintained strong capital and leverage ratios in excess of regulatory minimums and internal targets.The bank is capitalised at the higher of regulatory or economic capital to ensure a desired credit counterparty rating. The capital information presented in the rest of this section is on IFRS basis.

CAPITAL ADEQUACY AND LEVERAGE RATIOS AS AT 30 JUNE

	Capital			Leverage
%	**CET1**	**Tier 1**	**Total**	**Total**
Regulatory minimum*	9.4	11.6	13.9	4.5
Internal target	>11.25	>13.0	>15.25	>5.5
Actual (including unappropriated profits)**				
2026	**12.6**	**14.2**	**16.4**	**6.7**
2025	13.3	14.9	17.2	7.1

* *Includes the bank's domestic systemically important bank requirement of 1.5% and a CCyB add-on of 90 bps. The individual capital requirement (Pillar 2B) is confidential and therefore excluded.*

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

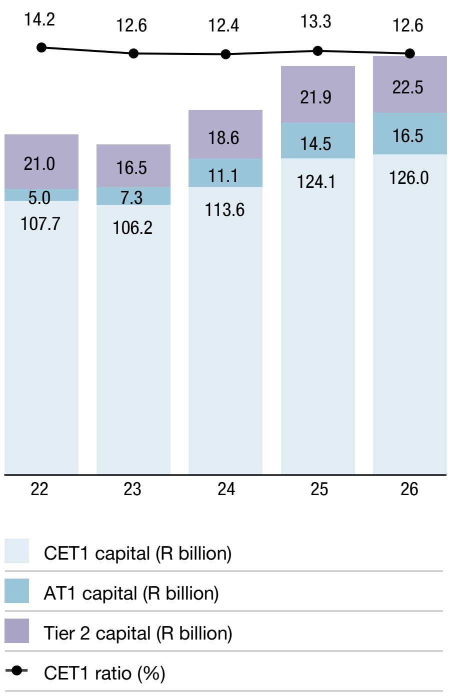
The bank remains focused on optimising its total loss absorbing capacity by maintaining an optimal level of capital and Flac instruments. During the year under review the bank issued a combination of AT1, Tier 2 and Flac instruments to ensure sustainable support for ongoing growth initiatives, redemption of existing capital instruments and transitional Flac requirements.

The bank continues to enhance the use of economic capital methodology in risk-based decision-making, including capital allocation. The assessment of economic risk aligns with the group's economic capital framework to ensure the bank remains solvent at a confidence interval of 99.93%, and that it can deliver on its commitments to stakeholders over a one-year horizon. Regular reviews of the economic capital position are carried out across the bank, enabling efficient portfolio optimisation with respect to financial resource management and portfolio behaviour. For the year under review, the bank continued to meet its economic capital requirements and reported an economic capital multiple (loss-absorbing capital/economic capital requirement) of 1.7 times on a post-diversified basis.

Capital continued

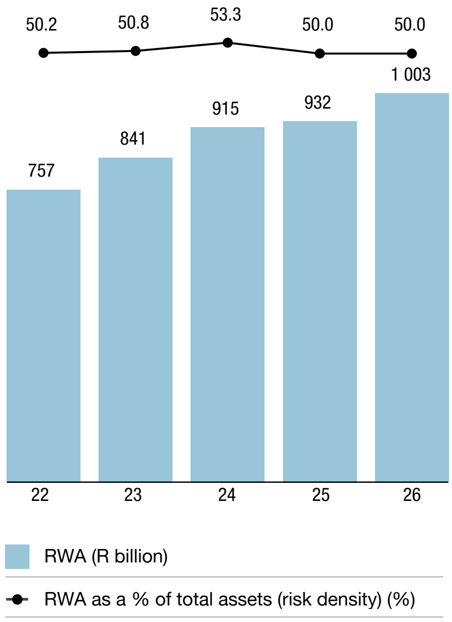
The graphs below provide a five-year view of the bank's capital adequacy, RWA and leverage positions.

Capital adequacy*

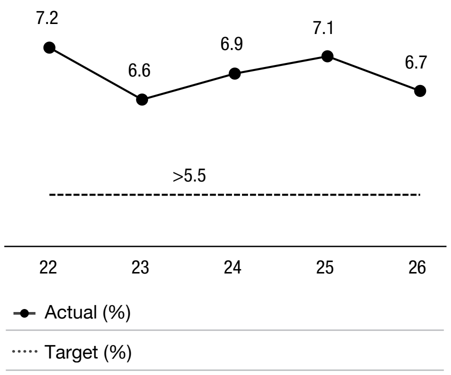


* *Including unappropriated profits.*

RWA history



Leverage*



* *Including unappropriated profits.*

The decrease in the leverage ratio to June 2026 mainly relates to an increase in the total exposures, partly offset by an increase in Tier 1 capital.

Capital continued

Supply of capital

COMPOSITION OF CAPITAL*

	As at 30 June	
R million	**2026**	2025
CET1 capital including unappropriated profits	**125 989**	124 117
Additional Tier 1 capital	**16 491**	14 479
Tier 1 capital	**142 480**	138 596
Tier 2 capital	**22 451**	21 915
Total qualifying capital	**164 931**	160 511

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

KEY DRIVERS

2026 vs 2025

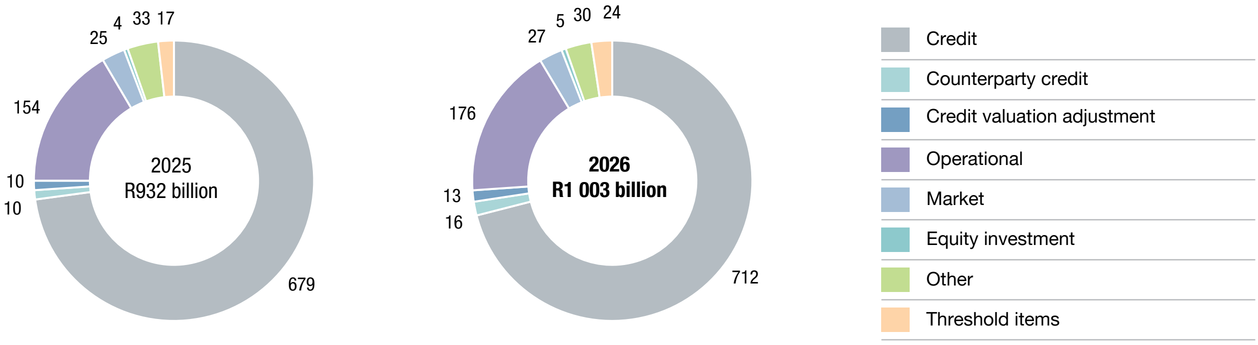
- CET1 capital increased due to positive earnings generation, partly offset by the payment of dividends and the incremental raise of the UK motor commission provision.
- AT1 and Tier 2 issuances to manage rollover of existing profile, support balance sheet growth and optimise overall capital stack.

Additional detail on the bank's capital instruments is included on page D05.

Capital continued

Demand for capital

RWA analysis
(R billion)



KEY DRIVERS

2026 vs 2025

- Ongoing RWA optimisation and final Basel reforms.
- Credit risk was impacted by increased volumes and model refinements.
- Operational risk increased due to growth in key financial drivers of the capital calculation, i.e. interest-earning assets, income and trading profits and operating expenses.

Capital continued

Capital adequacy position for the bank and its regulated entities

%	As at 30 June 2026 Total minimum requirement*	2026 Total capital adequacy	2025 Total capital adequacy
Basel III (PA regulations)			
FirstRand Bank**	**13.9**	**16.4**	17.2
FirstRand Bank South Africa#	**13.9**	**16.4**	16.7
FirstRand Bank London	**13.8**	**16.7**	27.1
FirstRand Bank Guernsey	**13.0**	**38.1**	>100
FirstRand Bank India†	**13.0**	**>100**	>100

* *Total minimum requirement excluding any confidential bank-specific requirements. RWA for entities outside South Africa converted to rand using the closing exchange rates at 30 June 2026.*

** *Including unappropriated profits and foreign branches.*

\# *Ratios including unappropriated profits: CET1 of 12.4%, Tier 1 of 14.1% and total capital adequacy of 16.4%.*
Ratios excluding unappropriated profits: CET1 of 11.8%, Tier 1 of 13.5% and total capital adequacy of 15.7%.

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

Regulatory update

Resolution framework

South Africa's resolution framework, established through the Financial Sector Laws Amendment Act (FSLAA), supports financial stability by providing for the orderly resolution of designated institutions and the protection of covered depositors through an explicit deposit insurance scheme. The SARB, in its capacity as the Resolution Authority (RA), continues to advance the resolution framework through ongoing engagement with systemically important financial institutions, the publication of discussion papers and consultation documents, and the issuance of prudential standards covering key elements of resolution planning and resolvability.

To date, the RA has issued prudential standards relating to stays on early-termination rights and resolution moratoria, transfers of assets and liabilities of designated institutions in resolution, Flac instrument requirements and requirements for valuators appointed for resolution purposes. The RA continues to consult on additional elements of the framework, including resolution group identification and reporting requirements, operational continuity in resolution, funding and liquidity in resolution, and resolution valuations.

Liquidity

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

This adjustment was withdrawn in terms of Directive 1/2023, with the phase-out of the 35% ASF following the timeline outlined in the table below:

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

The ASF remained at 10% over the reporting period.

Rate reforms

During the period, the SARB formally announced the future cessation of JIBAR, confirming that the benchmark will be discontinued after its final publication on 31 December 2026. Following the announcement of the future cessation of JIBAR, the SARB announced the implementation of the "No New JIBAR" milestone from 1 May 2026. Under this milestone, financial institutions are expected to cease entering into new JIBAR-referencing products and transactions except in limited circumstances. The announcements provided increased certainty to market participants and reinforced the ongoing transition towards ZARONIA as the preferred successor benchmark, supporting further adoption of risk-free rate-based instruments in domestic money and capital markets.

FirstRand's Reference Rate Reform Programme and Steering Committee oversees the transition of existing and prospective contracts, including exposure management, contract remediation, operational readiness and industry engagement activities. The programme comprises representatives from finance, risk, technology, treasury, legal and compliance functions, and remains focused on minimising disruption to clients and business operations while mitigating legal, operational and conduct risks associated with benchmark reform.

Overall, the bank remains on track in its response to the JIBAR transition, with the No New JIBAR framework, exposure monitoring, contract remediation and client readiness activities forming key components of the forward plan. These activities are intended to support an orderly transition to ZARONIA, reduce reliance on JIBAR ahead of cessation and ensure that financial, operational, conduct and disclosure impacts continue to be appropriately managed.

Presentation And Reconciliations

Presentation continued

Normalised results

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

All normalised entries, as included and described below for the year ended 30 June 2026, remain unchanged from the prior year other than for new normalisation relating to the treatment of the FCA provision recognised by the bank.

This *pro forma* financial information, which is the responsibility of the bank's directors, has been prepared for illustrative purposes to reflect operational performance. Due to its nature it may not fairly present, in terms of IFRS Accounting Standards, the bank's financial position, changes in equity and results of operations or cash flows. Details of the nature of these adjustments and reasons therefore can be found below.

The *pro forma* information was prepared using the unadjusted IFRS information which has been extracted by the directors from the audited consolidated financial statements, and the adjustments thereto have been extracted by the directors from either the audited consolidated financial statements or the information underlying those financial statements for the year ended 30 June 2026.

The *pro forma* financial information should be read in conjunction with the unmodified Ernst & Young Inc. and KPMG Inc. independent auditors' assurance report, in terms of International Standard on Assurance Engagements (ISAE 3420), on pages B104 and B105.

Forecast information

Any forecast financial information contained herein, which is the responsibility of the bank's directors, has not been reviewed or reported on by the bank's external auditors.

Description of difference between normalised and IFRS results

Margin-related items included in fair value income

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

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

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

IAS 19 remeasurement of plan assets

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

Economically, the value of the plan asset has simply reduced with claims paid. Normalised results are adjusted to reflect this by increasing staff costs for the value of the interest on the plan assets and increasing other comprehensive income.

Cash-settled share-based payments and the economic hedge

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

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

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

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

UK motor commission provision and costs

In March 2026 the UK Financial Conduct Authority announced an industry-wide redress scheme, and the bank. through the MotoNovo back book, recognised an IAS 37 provision for its estimated liability. As the provision and costs arises from a discrete industry-wide regulatory matter linked to historical business practices, it does not reflect the bank's underlying operating performance in the current or comparative years. Accordingly, the provision charge and associated costs are excluded from normalised earnings, with the comparative information adjusted consistently for the prior-year provision and costs. In addition, the total provision is excluded from the bank's normalised balance sheet.

Presentation continued

Headline earnings adjustments

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

The description and amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page B106.

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

Independent Auditors' Assurance Report on the compilation of pro forma financial information for the year ended 30 June 2026 included in the Annual Report

To the Directors of FirstRand Bank Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of FirstRand Bank Limited (the "Company") by the directors. The pro forma financial information, as set out on pages B102 to B103 and pages B106 to B111, including extractions thereof, of the Annual Report of the Company for the year ended 30 June 2026 ("Annual Report") consists of the following information, (collectively referred to as the "Pro Forma Financial Information"):

- Reconciliation from headline to normalised earnings for the year ended 30 June 2026;
- Reconciliation of normalised to IFRS income statement for the year ended 30 June 2026; and
- Reconciliation of normalised to IFRS statement of financial position as at 30 June 2026.

The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in paragraph 11.8 to 11.18 of the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") and the SAICA Guide on Pro forma Financial Information, as issued in September 2014, as applicable and described in the Presentation section of the Presentation and Reconciliations section of the Pro Forma Financial Information on pages B102 to B103, of the Annual Report (the "Applicable Criteria").

The Pro Forma financial information has been compiled by the Directors solely to illustrate the effects of non-operational and accounting anomalies (collectively "Pro Forma Adjustments"). As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's Annual Financial Statements for the year ended 30 June 2026 ("Audited Financial Information"), on which an unmodified audit opinion was issued on 9 September 2026.

Directors' responsibility for the Pro Forma Financial Information

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

Our Independence and Quality Management

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

KPMG Inc. and Ernst & Young Inc (the "firms") apply International Standard on Quality Management 1, Quality Management, which requires the firms to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

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

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

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information. We note however that we issued our unmodified opinion on the Audited Financial Information on 9 September 2026.

The Pro Forma financial information has been compiled by the Directors solely to illustrate the effects of non-operational and accounting anomalies.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the Pro Forma Financial Information provides a reasonable basis for presenting the Pro Forma Adjustments and to obtain sufficient appropriate evidence about whether:

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

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

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

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

Opinion

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

KPMG Inc

KPMG INC.
Director: Pierre Fourie
Registered Auditor

KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122
South Africa

9 September 2026

Ernst & Young Inc.

ERNST & YOUNG INC.
Director: Ernest van Rooyen
Registered Auditor

102 Rivonia Road
Sandton
Private Bag X14, 2146
South Africa

9 September 2026

Statement of headline earnings

for the year ended 30 June

R million	**2026**	2025	% change
Profit for the year	**27 814**	29 129	(5)
Other equity instrument holders	**(1 719)**	(1 664)	3
Earnings attributable to ordinary equityholders	**26 095**	27 465	(5)
Adjusted for	**139**	(58)	(>100)
Loss/(gain) on disposal of property and equipment	**38**	(150)	(>100)
Fair value movement on investment properties	**(11)**	(3)	>100
Impairment of assets in terms of IAS 36	**159**	75	>100
Tax effects of adjustments	**(47)**	20	(>100)
Headline earnings	**26 234**	27 407	(4)

Reconciliation from headline to normalised earnings

for the year ended 30 June

R million	**2026**	2025	% change
Headline earnings	**26 234**	27 407	(4)
Adjusted for	**5 989**	1 042	>100
UK motor commission provision	**6 051**	1 120	>100
IAS 19 adjustment	**(62)**	(78)	(21)
Normalised earnings	**32 223**	28 449	13

Reconciliation of normalised to IFRS income statement

for the year ended 30 June 2026

R million	**Normalised**	UK motor commission provision – MotoNovo back book	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	**IFRS**
Net interest income before impairment of advances	**71 141**	–	(4 126)	–	–	235	**67 250**
Impairment charge	**(13 026)**	–	–	–	–	–	**(13 026)**
Net interest income after impairment of advances	**58 115**	–	(4 126)	–	–	235	**54 224**
Total non-interest revenue	**49 556**	–	4 126	–	(27)	(123)	**53 532**
Income from operations	**107 671**	–	–	–	(27)	112	**107 756**
Operating expenses	**(62 825)**	(8 401)	–	85	(159)	(112)	**(71 412)**
Income before indirect tax	**44 846**	(8 401)	–	85	(186)	–	**36 344**
Indirect tax	**(1 083)**	–	–		–	–	**(1 083)**
Profit before tax	**43 763**	(8 401)	–	85	(186)	–	**35 261**
Income tax expense	**(9 821)**	2 350	–	(23)	47	–	**(7 447)**
Profit for the year	**33 942**	(6 051)	–	62	(139)	–	**27 814**
Attributable to							
Other equity instrument holders	**(1 719)**	–	–	–	–	–	**(1 719)**
Ordinary equityholders	**32 223**	(6 051)	–	62	(139)	–	**26 095**
Headline and normalised earnings adjustments	**–**	6 051	–	(62)	139	–	**6 128**
Normalised earnings attributable to ordinary equityholders of the bank	**32 223**	–	–	–	–	–	**32 223**

Reconciliation of normalised to IFRS income statement

for the year ended 30 June 2025

R million	Normalised	UK motor commission provision – MotoNovo back book	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
Net interest income before impairment of advances	65 964	–	(1 851)	–	–	315	64 428
Impairment charge	(12 850)	–	–	–	–	–	(12 850)
Net interest income after impairment of advances	53 114	–	(1 851)	–	–	315	51 578
Total non-interest revenue	44 009	–	1 851	–	153	(371)	45 642
Income from operations	97 123	–	–	–	153	(56)	97 220
Operating expenses	(57 022)	(1 533)	–	107	(75)	56	(58 467)
Income before indirect tax	40 101	(1 533)	–	107	78	–	38 753
Indirect tax	(1 173)	–	–	–	–	–	(1 173)
Profit before tax	38 928	(1 533)	–	107	78	–	37 580
Income tax expense	(8 815)	413	–	(29)	(20)	–	(8 451)
Profit for the year	30 113	(1 120)	–	78	58	–	29 129
Attributable to							
Other equity instrument holders	(1 664)	–	–	–	–	–	(1 664)
Ordinary equityholders	28 449	(1 120)	–	78	58	–	27 465
Headline and normalised earnings adjustments	–	1 120	–	(78)	(58)	–	984
Normalised earnings attributable to ordinary equityholders of the bank	28 449	–	–	–	–	–	28 449

Reconciliation of normalised to IFRS statement of financial position

as at 30 June 2026

R million	Normalised	UK motor commission provision – MotoNovo back book	IFRS
ASSETS			
Cash and cash equivalents	116 310	–	116 310
Derivative financial instruments	53 662	–	53 662
Commodities	4 520	–	4 520
Investment securities	329 963	–	329 963
Advances	1 357 684	–	1 357 684
– Advances to customers	1 297 235	–	1 297 235
– Marketable advances	60 449	–	60 449
Collateral, settlement balances and other assets	36 528	–	36 528
Current tax asset	781	–	781
Amounts due by holding company and fellow subsidiaries	76 525	–	76 525
Property and equipment	20 588	–	20 588
Intangible assets	1 630	–	1 630
Investment properties	376	–	376
Deferred income tax asset	6 149	3 172	9 321
Total assets	2 004 716	3 172	2 007 888
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	2 941	–	2 941
Derivative financial instruments	49 219	–	49 219
Creditors, accruals and provisions	21 659	11 369	33 028
Current tax liability	120	–	120
Deposits and debt funding	1 703 288	–	1 703 288
Employee liabilities	14 299	–	14 299
Other liabilities	3 465	–	3 465
Amounts due to holding company and fellow subsidiaries	34 695	–	34 695
Tier 2 liabilities	16 724	–	16 724
Total liabilities	1 846 410	11 369	1 857 779
Equity			
Ordinary shares	4	–	4
Share premium	16 804	–	16 804
Reserves	121 756	(8 197)	113 559
Capital and reserves attributable to ordinary equityholders	138 564	(8 197)	130 367
Other equity instruments and reserves	19 742	–	19 742
Total equity	158 306	(8 197)	150 109
Total equities and liabilities	2 004 716	3 172	2 007 888

Reconciliation of normalised to IFRS statement of financial position

as at 30 June 2025

R million	Normalised	UK motor commission provision – MotoNovo back book	IFRS
ASSETS			
Cash and cash equivalents	115 222	–	115 222
Derivative financial instruments	52 937	–	52 937
Commodities	7 364	–	7 364
Investment securities	340 769	–	340 769
Advances	1 214 195	–	1 214 195
– Advances to customers	1 147 920	–	1 147 920
– Marketable advances	66 275	–	66 275
Collateral, settlement balances and other assets	34 294	–	34 294
Current tax asset	–	–	–
Amounts due by holding company and fellow subsidiaries	71 653	–	71 653
Property and equipment	19 803	–	19 803
Intangible assets	1 289	–	1 289
Investment properties	445	–	445
Deferred income tax asset	5 548	1 111	6 659
Total assets	1 863 519	1 111	1 864 630
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	16 533	–	16 533
Derivative financial instruments	51 462	–	51 462
Creditors, accruals and provisions	19 259	4 066	23 325
Current tax liability	112	–	112
Deposits and debt funding	1 573 203	–	1 573 203
Employee liabilities	13 277	–	13 277
Other liabilities	3 014	–	3 014
Amounts due to holding company and fellow subsidiaries	17 605	–	17 605
Tier 2 liabilities	20 580	–	20 580
Total liabilities	1 715 045	4 066	1 719 111
Equity			
Ordinary shares	4	–	4
Share premium	16 804	–	16 804
Reserves	113 533	(2 955)	110 578
Capital and reserves attributable to ordinary equityholders	130 341	(2 955)	127 386
Other equity instruments and reserves	18 133	–	18 133
Total equity	148 474	(2 955)	145 519
Total equities and liabilities	1 863 519	1 111	1 864 630

Annual Financial Statements

C

Audit and compliance committee report

The fundamental role of an audit and compliance committee is to assist the board in fulfilling its oversight responsibilities in areas such as financial reporting, internal and external audit functions, compliance activities, internal control systems and legal and regulatory requirements related to financial reporting. 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 to 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 constituted as a statutory committee in respect of its duties in terms of section 94(7) of the Companies Act, 71 of 2008 and section 64 of the Banks Act of 1990, and as a committee of the FirstRand board concerning all other duties assigned to it by the board. The committee met five times during the 2026 financial year, six including the trilateral meeting with external auditors and the Prudential Authority. The committee is chaired by an independent non-executive chairman. Furthermore, the committee is satisfied that individual members possess appropriate financial competence, qualifications and the balance of skills and experience required to discharge their obligations.

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

The audit committee is satisfied that Ernst & Young Incorporated (EY) and KPMG (the auditors) are independent and were able to conduct their audit functions without any influence from FirstRand Bank Limited. This conclusion was arrived at after taking into account the following representations made by the auditors to the audit committee:

- the fact that the auditors do not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefits from the company;
- the fact that the auditors' independence was not impaired by any consultancy, advisory or other work undertaken by them;
- the fact that the auditors' independence was not prejudiced as a result of any previous appointment as auditor; and
- the fact that criteria specified for independence were met.

The committee nominated EY for reappointed and the appointment of KPMG as the external audit firms responsible for performing the function of joint auditors for the 2026 financial year. Whilst mandatory audit firm rotation is no longer a requirement, the committee and board has elected to proceed with an audit firm rotation. The committee ensured that the appointment of the auditors complied with all required legislation.

The audit and compliance committee has carried out its statutory duties, including re-evaluating the performance of the external auditors and agreeing on the terms of their audit plan, budget and terms of engagement. The audit and compliance committee has reviewed a documented assessment of the going concern assertion of the company and budgets for the next three years.

The committee is satisfied with the financial statements, accounting policies as well as internal financial controls of the company. The audit committee has reviewed the annual financial statements of the bank and recommended it to the board for approval.

A more comprehensive audit committee report is available in the FirstRand Limited corporate governance report, which will be made available at https://www.firstrand.co.za/investors/integrated-reporting-hub/governance/.

Signed on behalf of the group audit committee:

T Winterboer
Chairman, audit and compliance committee
Sandton

9 September 2026

Directors' responsibility statement and approval of the annual financial statements

The directors of FirstRand Bank Limited (the bank) are responsible for the preparation and fair presentation of the annual financial statements, comprising the statement of financial position, income statement, and statements of other 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 2026.

These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), 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 as applicable to FirstRand, and the JSE DSSLR, 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 are responsible for the bank's system of internal control. To enable the directors to meet these responsibilities, they set the standards for internal control, which include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties, to ensure an acceptable level of risk. In discharging this responsibility, the directors rely on management to prepare the annual financial statements and to keep adequate accounting records in accordance with the bank's system of internal control.

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

The directors have reviewed the bank's budgets and flow of funds forecasts and considered the bank'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.

Approval of the annual financial statements

The annual financial statements of the bank, which appear on pages C15 to C190, were approved by the board of directors on 9 September 2026.

It is the responsibility of the bank's independent external auditors, Ernst & Young Inc. (EY), and KPMG, 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 C05.

JP Burger
Chairman

M Vilakazi
Chief Executive Officer

MG Davias
Chief Financial Officer

Sandton
9 September 2026

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
9 September 2026

Directors' report

for the year ended 30 June 2026

Nature of business

FirstRand Bank Limited consists of three market leading integrated financial services franchises, FNB, RMB and WesBank, that service the needs of retail, commercial, large corporate and institutional clients in South Africa and offers a universal set of transactional, lending and investment products and services. The Centre segment represents group-wide functions.

Review of operations

Profit after tax amounted to R27 814 million (2025: R29 129 million). The operating results and the state of affairs of the company are fully disclosed in the annual financial statements.

Dividends and distributions on other equity instruments

Ordinary cash dividends of R21 218 million were paid during the 2026 financial year (2025: R16 411 million).

Distributions of R1 719 million were made on AT1 instruments (2025: R1 664 million). Current tax of R464 million (2025: R449 million) relating to the AT1 instruments was recognised in the income statement.

Share capital

Ordinary share capital

Details of FirstRand Bank Limited's share capital are presented in note 24 of the annual financial statements. There were no changes to authorised or issued ordinary share capital during the year.

Shareholder analysis

FirstRand Limited (FSR – JSE share code) holds 100% of FirstRand Bank issued share capital.

Directorate

There have been no changes to the directorate, as listed in section A.

Events after reporting period

The events after reporting period are detailed in note 33.

JP Burger	**M Vilakazi**	**MG Davias**
Chairman	Chief Executive Officer	Chief Financial Officer

Sandton
9 September 2026

Independent auditors' report

for the year ended 30 June 2026

To the shareholders of FirstRand Bank Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of FirstRand Bank Limited (the Company) set out on pages C15 to C190 which comprise:

- the statement of financial position as at 30 June 2026;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the basis of preparation, critical accounting estimates, assumptions and judgments and notes to the annual financial statements, disclosure of comparative information and material accounting policies..

In our opinion, the financial statements present fairly, in all material respects, the financial position of FirstRand Bank Limited as at 30 June 2026, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act no. 71 of 2008.

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 financial statement*s section of our report.

We are independent of the Company, in accordance with the Independent Regulatory Board for Auditors' Code of Professional *Conduct for Registered Auditors* (IRBA Code) as applicable to audits of financial statements of public interest entities, 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 Standard*s). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality.The amount we set as materiality represents a quantitative threshold after taking into account qualitative considerations. Materiality is used in evaluating the effect of misstatements on the financial statements.

Misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements as a whole. Judgements about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement, or a combination of both.

Based on our professional judgement, we determined certain quantitative thresholds for materiality for the financial statements as a whole as follows:

Final materiality	R2 155 million
How we determined it	5% of adjusted profit before income tax
Rationale for the materiality benchmark applied	We selected adjusted profit before income taxes as the most appropriate basis because, in our view, it is the measure against which the performance of the Company is most commonly measured by users of the financial statements, and is a generally accepted materiality benchmark for similar entities. The profit before income tax was adjusted for a non-recurring provision for the UK Motor Commission matter, as disclosed in note 3, recognised in the current year, which is not reflective of the Company's normal operations. We selected 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the Company.

Independent auditors' report continued

for the year ended 30 June 2026

Group audit scope

The Company financial statements were considered to meet the definition of 'group financial statements' as they represent the financial information of more than one entity or business units. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

We considered the Company's organisational, legal, aggregation structures and its financial reporting processes when identifying components for purposes of planning and performing audit procedures. For purposes of our Company audit scope, we considered a component to be a single reporting unit within the Company being aggregated.

In establishing the Company audit scope, based on our Company risk assessment we determined the type of work that needed to be undertaken on the financial information of the components. In selecting components, we performed risk assessment procedures across the Company and its components to identify risks of material misstatement. We then identified how the nature and size of the account balances at the components contributed to those risks and determined which account balances required an audit response. We have identified 5 components where we assessed that further audit procedures would be required to address the risks of material misstatement at the Company level.

Based on our scoping procedures described above, we have determined that 5 components selected based on the pervasiveness of risk in those components and for which we performed procedures on the entire financial information of the component. For other components, analytical procedures to confirm our risk assessment were performed. As a result, based on the risk assessment and scoping procedures performed, we have determined that there is a less than reasonable possibility of a material misstatement in the remaining financial information that was not subject to further audit procedures.

Group auditor oversight

We determined the type of work that was needed to be performed by us, as the joint auditors of the Company, or component auditors from other network firms of the joint Company auditors or other firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

Independent auditors' report continued

for the year ended 30 June 2026

Key audit matters

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

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Impairment of Advances

The disclosure associated with Impairment of Advances is set out in the financial statements in the following material accounting policies and notes:

- Critical accounting estimates: Impairment of advances;
- Note 10 – Advances;
- Note 11 – Impairment of Advances;
- Note 31 – Financial risks;
- Accounting policies: Financial Instruments.

Key audit matter	How our audit addressed the key audit
Management has continued to exercise judgement to ensure that the final Expected Credit Loss (ECL) is aligned to the requirements of IFRS Accounting 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 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.	Our audit of impairment of advances included the following procedures to address the key areas of significant judgement and estimation in determining the ECL, using our economic, credit, quantitative, and actuarial expertise: • 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 Company's probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario views and associated probabilities and whether they were reasonable in terms of the principles of IFRS 9. • Assessed whether the forecasts are sound in terms of macroeconomic forecasting principles.
Disclosures relating to the impairment of advances are significant as they rely on material inputs, assumptions and management judgement.	• Reviewed the approval of these macroeconomic variables through the appropriate governance structures. This was performed through discussions with management, inspection of documentation as well as attendance of the governance forums. • Assessed the macroeconomic variables for reasonableness through comparison to our own and benchmarked economic forecasts and independent market data. • 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 macroeconomic environment. • Evaluated the appropriateness of the disclosures with reference to the requirements of IFRS 9 – Financial instruments.

Independent auditors' report continued

for the year ended 30 June 2026

Key audit matter	How our audit addressed the key audit
Wholesale Advances* 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).	**Wholesale Advances*** • 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. • 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. • 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.	• Reperformed the ECL models based on management's methodologies and assessed the areas of judgement within the methodology. • Performed an independent FLI assessment to evaluate whether the recent experience and economic outlook were appropriately incorporated.
Assessment of post model adjustments • Management holds additional provisions as post-model adjustments for risks not specifically catered for in the models (e.g. concentration risk) and for specific clients where management believe there are elevated levels of risk which may lead to further deterioration and which are not fully reflected in the models.	• 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 RMB Corporate and Investment Banking (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 recoverable amount and timing of future cash flows.

Independent auditors' report continued

for the year ended 30 June 2026

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit</th></tr>
<tr><td><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:</td><td><u>Retail and Commercial Advances**</u></td></tr>
<tr><td>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:
• 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.</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 (PD, LGD, EAD) and how these were calibrated to use historical information to estimate future cash flows and also to estimate forward-looking ECL.
• 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 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.
• 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.
• Through reperformance, as applicable, tested the accurate implementation of the documented methodologies and assessed the alignment between modelled outcomes and recent actual experience.
• 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.</td></tr>
<tr><td>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.</td><td>• 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.</td></tr>
<tr><td>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.</td><td>• 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.</td></tr>
</table>

Independent auditors' report continued

for the year ended 30 June 2026

Key audit matter	How our audit addressed the key audit
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 • 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.	• 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.
** *This applies to retail and commercial advances in total retail secured and unsecured, FNB Commercial, WesBank Corporate and Commercial, and Broader Africa.*	
Due to the magnitude of advances, the complexity of the expected credit loss models and the significant judgements and assumptions applied by management in determining the expected credit loss allowance, this matter required significant auditor effort and was therefore considered to be a key audit matter in our audit of the financial statements.	**Observations – Impairment of Advances** Based on the procedures performed above in respect of the impairment on advances, we did not identify any significant matters requiring further consideration in concluding on the procedures performed.

Independent auditors' report continued

for the year ended 30 June 2026

Fair value measurement

The disclosure associated with Fair value measurement is set out in the financial statements in the following material accounting policies and notes:

- Note 27 – Fair value measurements;
- Accounting policies: Financial Instruments.

Key audit matter	How our audit addressed the key audit
The valuation of complex financial instruments involves areas of significant judgement and estimation, which include: • Unobservable inputs and developments in valuation methodologies including X-Valuation Adjustments (XVAs) 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 (certain level 3); and • Investment securities valued with reference to unobservable inputs (level 3). Valuation disclosures are significant as they rely on material inputs, valuation techniques, assumptions and management judgement.	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, the quality of the data used by management for completeness and accuracy. • For a sample of complex financial instruments, independently calculated 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.
As the determination of the fair value of these complex financial instruments is a key source of estimation uncertainty resulting in significant judgements being applied, and requires specialist valuation expertise and significant auditor effort, this matter was considered to be a key audit matter in our audit of the financial statements.	**Observations – Fair value measurement** Based on the procedures performed above in respect of the fair value measurement, we did not identify any significant matters requiring further consideration in concluding on the procedures performed.

Independent auditors' report continued

for the year ended 30 June 2026

UK Motor Commission matter

The disclosure associated with UK Motor Commission matter is set out in the financial statements in the following material accounting policies and notes:

- Note 3 – Operating expenses;
- Note 20 – Creditors, accruals and provisions.

Key audit matter	How our audit addressed the key audit
Subjective estimate Under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, significant judgement is required in determining whether a present obligation exists or whether an outflow is probable, and in estimating the amount required to settle the obligation. Significant uncertainties can arise in measuring potential obligations due to the range of possible outcomes relating to operational, legal and regulatory matters. The most significant matter in this regard is the Company's customer redress provision in respect of motor finance commissions, recognised at 30 June 2026. The Directors' estimate is based on the information available following the FCA Policy Statement on motor finance consumer redress scheme issued on 30 March 2026. The key areas of estimation uncertainty in the provision estimate are the 'opt-in' rate on eligible agreements, along with management's approach to rebuttals for tied arrangements and no better deal. Due to the inherent estimation uncertainty, we have identified these areas to have a specific fraud risk. **Disclosure quality** The disclosures regarding the Company's approach to determining the customer redress provision in respect of motor finance commissions are important in explaining the key judgements and material inputs to the provision calculations, as well as the sensitivity of the provision to changes in management's assumptions, in light of the estimation uncertainty arising. The effect of these matters is that, as part of our risk assessment, we determined that the customer redress provision in respect of motor finance commissions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as whole, and possibly many times that amount. This matter required significant auditor attention and was therefore considered to be a key audit matter in our audit of the financial statements.	We performed the following audit procedures rather than seeking to rely on the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Methodology implementation:** • We assessed the methodology applied by the Company to calculate the provision against the requirements of IAS 37 and in the context of the FCA Policy Statement. **Test of details:** • We performed an independent rebuild of the Company's provision calculation. We performed testing over the key inputs, including data and assumptions to assess the reasonableness of key aspects of the provision calculation. **Assumptions:** • We evaluated the appropriateness of key assumptions including the opt-in rate, rebuttal of tied arrangements and no better deal, assessing the information available to the Directors at the reporting date. Through sensitivity analysis, we assessed the impact on the provision of applying alternative assumption amounts. **Assessing transparency:** • We assessed whether the Company's disclosures appropriately reflect and address the uncertainty which exists in determining the customer redress provision in respect of motor finance commissions, and whether the key judgements and assumptions applied by management are clearly disclosed. **Observations – UK Motor commission matter** Based on the procedures performed above on the customer redress provision in respect of motor finance commissions, we did not identify any significant matters requiring further consideration in concluding on the procedures performed.

Independent auditors' report continued

for the year ended 30 June 2026

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "FirstRand Bank Annual Financial Statements for the year ended 30 June 2026", which includes the Directors' report, the Audit and compliance committee report and the Company secretary's certificate as required by the Companies Act, 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 2026", "FirstRand Remuneration Report for the year ended 30 June 2026", "Chairman's Statement" and "FirstRand Material Risk Factor Disclosure for the year ended 30 June 2026", which are expected to be made available to us after that date. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 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 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 financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act no. 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Company audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Company, as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Company audit. We remain solely responsible for our audit opinion.

Independent auditors' report continued

for the year ended 30 June 2026

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 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

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Incorporated and Ernst & Young Incorporated have been the joint auditors of FirstRand Bank Limited for 1 year and 3 years, respectively.

KPMG Inc

KPMG INC.
Director: Pierre Fourie
Chartered Accountant (SA)
Registered Auditor
Johannesburg, South Africa
9 September 2026

Ernst & Young Inc.

ERNST & YOUNG INC.
Director: Ernest van Rooyen
Chartered Accountant (SA)
Registered Auditor
Johannesburg, South Africa
9 September 2026

Income statement

for the year ended 30 June

R million	Notes	**2026**	2025
Interest income calculated using effective interest rate		**146 510**	150 567
Interest on other financial instruments and similar income		**700**	771
Interest and similar income	1.1	**147 210**	151 338
Interest expense and similar charges	1.2	**(79 960)**	(86 910)
Net interest income before impairment of advances		**67 250**	64 428
Impairment and fair value of credit on advances		**(13 026)**	(12 850)
– Impairment on amortised cost advances	11.2	**(12 617)**	(12 894)
– Fair value of credit on advances	11.2	**(409)**	44
Net interest income after impairment of advances		**54 224**	51 578
Non-interest revenue	2	**53 532**	45 642
– Net fee and commission income	2.1	**35 603**	33 568
– Fee and commission income		**42 900**	40 661
– Fee and commission expense		**(7 297)**	(7 093)
– Insurance commission income	2.2	**107**	114
– Fair value income and foreign exchange gains	2.3	**6 337**	3 771
– Fair value income and foreign exchange gains		**19 695**	15 451
– Interest expense on fair value activities		**(13 358)**	(11 680)
– Gains less losses from investing activities	2.4	**1 327**	240
– Net other non-interest revenue	2.5	**10 158**	7 949
– Other non-interest revenue		**12 404**	9 751
– Other non-interest related expense		**(2 246)**	(1 802)
Income from operations		**107 756**	97 220
Operating expenses	3	**(71 412)**	(58 467)
Income before indirect tax		**36 344**	38 753
Indirect tax	4.1	**(1 083)**	(1 173)
Profit before income tax		**35 261**	37 580
Income tax expense	4.2	**(7 447)**	(8 451)
Profit for the year		**27 814**	29 129
Attributable to			
Ordinary equityholders		**26 095**	27 465
Other equity instrument holders		**1 719**	1 664
Profit for the year		**27 814**	29 129

Statement of other comprehensive income

for the year ended 30 June

R million	**2026**	2025
Profit for the year	**27 814**	29 129
Items that may subsequently be reclassified to profit or loss		
Cash flow hedges	**(555)**	1 932
Gains arising during the year	**757**	2 202
Reclassification adjustments for amounts included in profit or loss	**(1 517)**	445
Deferred income tax	**205**	(715)
FVOCI debt reserve	**(165)**	256
Gains arising during the year	**381**	364
Reclassification adjustments for amounts included in profit or loss	**(607)**	(13)
Deferred income tax	**61**	(95)
Exchange differences on translating foreign operations	**(760)**	(346)
Losses arising during the year	**(607)**	(408)
Deferred income tax	**(153)**	62
Items that may not subsequently be reclassified to profit or loss		
FVOCI equity reserve	**(5)**	13
(Losses)/gains arising during the year	**(6)**	17
Deferred income tax	**1**	(4)
Remeasurements on defined benefit post-employment plans	**(284)**	(40)
Losses arising during the year	**(389)**	(55)
Deferred income tax	**105**	15
Revaluation of properties on transfer to investment properties	**–**	22
Other comprehensive (loss)/income for the year	**(1 769)**	1 837
Total comprehensive income for the year	**26 045**	30 966
Attributable to		
Ordinary equityholders	**24 326**	29 302
Other equity instrument holders	**1 719**	1 664
Total comprehensive income for the year	**26 045**	30 966

Statement of financial position

as at 30 June

R million	Notes	2026	2025
ASSETS			
Cash and cash equivalents	6	**116 310**	115 222
Derivative financial instruments	7	**53 662**	52 937
Commodities	8	**4 520**	7 364
Investment securities	9	**329 963**	340 769
Advances	10	**1 357 684**	1 214 195
– Advances to customers*		**1 297 235**	1 147 920
– Marketable advances		**60 449**	66 275
Collateral, settlement balances and other assets	12	**36 528**	34 294
Current tax asset		**781**	–
Amounts due by holding company and fellow subsidiary companies	13	**76 525**	71 653
Property and equipment	14	**20 588**	19 803
Intangible assets	15	**1 630**	1 289
Investment properties	16	**376**	445
Deferred income tax asset	18	**9 321**	6 659
Total assets		**2 007 888**	1 864 630
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	19	**2 941**	16 533
Derivative financial instruments	7	**49 219**	51 462
Creditors, accruals and provisions	20	**33 028**	23 325
Current tax liability		**120**	112
Deposits and debt funding	21	**1 703 288**	1 573 203
Employee liabilities	17	**14 299**	13 277
Other liabilities	22	**3 465**	3 014
Amounts due to holding company and fellow subsidiary companies	13	**34 695**	17 605
Tier 2 liabilities	23.1	**16 724**	20 580
Total liabilities		**1 857 779**	1 719 111
Equity			
Ordinary shares	24.1	**4**	4
Share premium	24.1	**16 804**	16 804
Reserves		**113 559**	110 578
Capital and reserves attributable to equityholders		**130 367**	127 386
Other equity instruments	24.2	**19 742**	18 133
Total equity		**150 109**	145 519
Total equity and liabilities		**2 007 888**	1 864 630

* *Included in advances to customers are assets under agreements to resell of R171 995 million (2025: R104 621 million).*

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	
Balance as at 1 July 2024	4	16 804	**16 808**	(558)	(884)	–	
Additional Tier 1 capital issued during the year	–	–	**–**	–	–	–	–
Additional Tier 1 capital redeemed during the period	–	–	**–**	–	–	–	–
Share-based payment expense	–	–	**–**	–	–	405	–
Deemed distribution to settle shared-based payment expense	–	–	**–**	–	–	(325)	–
Deferred tax on share based payment reserve	–	–	**–**	–	–	13	–
Ordinary dividends	–	–	**–**	–	–	–	–
Distributions on other equity instruments	–	–	**–**	–	–	–	–
Total comprehensive income for the year	–	–	**–**	(40)	1 932	–	
– Profit for the year	–	–	**–**	–	–	–	–
– Other comprehensive income for the year	–	–	**–**	(40)	1 932	–	
Balance as at 30 June 2025	4	16 804	**16 808**	(598)	1 048	93	
Additional Tier 1 capital issued during the year	–	–	**–**	–	–	–	–
Additional Tier 1 capital redeemed during the period	–	–	**–**	–	–	–	–
Share-based payment expense	–	–	**–**	–	–	1 038	–
Deemed distribution to settle shared-based payment expense	–	–	**–**	–	–	(1 213)	–
Deferred tax on share-based payment reserve	–	–	**–**	–	–	48	–
Ordinary dividends	–	–	**–**	–	–	–	–
Distributions on other equity instruments	–	–	**–**	–	–	–	–
Total comprehensive income for the year	–	–	**–**	(284)	(555)	–	
– Profit for the year	–	–	**–**	–	–	–	–
– Other comprehensive income for the year	–	–	**–**	(284)	(555)	–	
Balance as at 30 June 2026	4	16 804	**16 808**	(882)	493	(34)	

* *Refer to note 24.3 for a breakdown of other reserves.*

** *Other equity instruments and reserves at 30 June 2026 include R19 742 million (2025: R18 133 million) of AT1 instruments.*

Ordinary share capital and ordinary equityholders' funds

Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments and reserves****	**Total equity**
2 314	1 152	95 570	**97 594**	**14 755**	**129 157**
–	–	–	**–**	**6 839**	**6 839**
–	–	–	**–**	**(3 461)**	**(3 461)**
–	–	–	**405**	**–**	**405**
–	–	–	**(325)**	**–**	**(325)**
–	–	–	**13**	**–**	**13**
–	–	(16 411)	**(16 411)**	**–**	**(16 411)**
–	–	–	**–**	**(1 664)**	**(1 664)**
(346)	291	27 465	**29 302**	**1 664**	**30 966**
–	–	27 465	**27 465**	**1 664**	**29 129**
(346)	291	–	**1 837**	**–**	**1 837**
1 968	1 443	106 624	**110 578**	**18 133**	**145 519**
–	–	–	**–**	**3 009**	**3 009**
–	–	–	**–**	**(1 400)**	**(1 400)**
–	–	–	**1 038**	**–**	**1 038**
–	–	–	**(1 213)**	**–**	**(1 213)**
–	–	–	**48**	**–**	**48**
–	–	(21 218)	**(21 218)**	**–**	**(21 218)**
–	–	–	**–**	**(1 719)**	**(1 719)**
(760)	(170)	26 095	**24 326**	**1 719**	**26 045**
–	–	26 095	**26 095**	**1 719**	**27 814**
(760)	(170)	–	**(1 769)**	**–**	**(1 769)**
1 208	1 273	111 501	**113 559**	**19 742**	**150 109**

Statement of cash flows

for the year ended 30 June

R million	Notes	2026	2025
Cash flows from operating activities			
Profit before tax for the period		**35 261**	37 580
Adjustments for non-cash items:		**(49 282)**	(45 590)
– Depreciation and amortisation		**4 180**	3 871
– Net impairment on assets excluding advances*		**338**	174
– Impairment loss on advances excluding post write-off recoveries		**14 629**	14 268
– Equity-settled share-based payments		**1 038**	405
– Interest and similar income		**(147 210)**	(151 338)
– Interest expenses and similar charges		**79 960**	86 910
– Non-interest revenue and other**		**(2 737)**	(245)
– Dividends accrued		**(563)**	(808)
– Indirect tax		**1 083**	1 173
– Interest received		**145 159**	152 176
– Interest paid		**(78 934)**	(87 254)
– Dividends received		**564**	808
– Dividends paid		**(22 936)**	(18 075)
– Recharge – share award scheme		**(1 213)**	(325)
– Taxation paid		**(11 679)**	(9 237)
– Indirect tax paid		**(1 071)**	(1 066)
– Income tax paid		**(10 608)**	(8 171)
Cash generated from operating activities		**16 940**	30 083
Movements in operating assets and liabilities		**(18 533)**	(5 947)
– Investment securities	9	**10 758**	(33 063)
– Advances	10	**(158 762)**	(83 984)
– Deposits and debt funding	21	**134 342**	127 899
– Collateral, settlement balances and other assets	12	**(2 607)**	(5 982)
– Creditors, accruals and provisions	20	**10 304**	(4 064)
– Employee liabilities	17	**663**	(545)
– Amounts due (to/by) holding company and fellow subsidiary companies	13	**(272)**	(22 301)
– Derivatives and short trading position liabilities		**(15 835)**	15 010
– Derivatives and commodity assets		**2 876**	1 083
Net cash (utilised)/generated from operating activities		**(1 593)**	24 136
Cash flows from investing activities			
Acquisition of property and equipment	14	**(4 769)**	(4 593)
Proceeds on disposal of property and equipment	14	**787**	1 371
Acquisition of intangible assets	15	**(756)**	(409)
Proceeds on disposal of intangible assets	15	**–**	–
Net cash outflow from investing activities		**(4 738)**	(3 631)
Cash flows from financing activities			
Proceeds on the issue of other financing liabilities	22.1	**362**	334
Redemption of other financing liabilities		**(338)**	(509)
Principal payments towards lease liabilities	22.1	**(775)**	(742)
Proceeds from issue of Tier 2 and other loss-absorbing liabilities	23	**10 654**	3 798
Capital repaid on Tier 2 and other loss-absorbing liabilities	23	**(3 787)**	–
Redemption of AT1 equity instruments		**(1 400)**	(3 461)
Proceeds from issue of AT1 equity instruments		**3 009**	6 839
Net cash inflow from financing activities		**7 725**	6 259
Net increase in cash and cash equivalents		**1 394**	26 764
Cash and cash equivalents at the beginning of the year	6	**115 222**	88 470
Effect of exchange rate changes on cash and cash equivalents		**(306)**	(12)
Cash and cash equivalents at the end of the year		**116 310**	115 222
Cash and cash equivalents comprise:			
Coins and bank notes		**8 152**	7 814
Money at call and short notice		**23 494**	19 770
Mandatory reserve balances with central banks		**40 786**	37 975
Other balances with central banks		**43 878**	49 663
Cash and cash equivalents at the end of the year	6	**116 310**	115 222

* *The prior year description for this line was Net impairment on intangible assets and property and equipment - 2025: R166 million. During the current year, the group changed the description to Net impairment on assets excluding advances to better reflect the nature of the adjustment. The line Impairment loss on investment securities - 2025: R8 million - which was previously disclosed separately has been included in this line.*

** *The prior year description for this line was Net gain on investing activities - 2025: (R242 million). During the current year, the group changed the description to Non-interest revenue and other to better reflect the nature of the adjustment. The line Fair value remeasurement on investment property - 2025: (R3 million) - which was previously disclosed separately has been included in this line.*

Basis of preparation

The bank's financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE DSSLR and Listings Requirements as applicable, 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 2026, 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 material accounting policies and other explanatory notes. The accounting policies applied in preparation of the bank's annual financial statements have been consistently applied to all years presented.

Application of the going concern principle

The directors reviewed the bank's budgets and flow of funds forecasts for the next three years and considered the bank's ability to continue as a going concern. On the basis of this review, and in light of the current financial position and profitable trading history, the directors are satisfied that the bank 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.

Presentation of financial statements and functional and foreign currency

Items included in the financial statements of each of the bank's branches are measured using the currency of the primary economic environment in which the branch operates (the functional currency).

Presentation	The bank presents its statement of financial position in order of liquidity. Where permitted or required under IFRS Accounting Standards, the bank 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 the 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 bank	The annual financial statements are presented in South African rand (R), which is the presentation currency and functional currency of the bank.
Level of rounding	All amounts are presented in millions of rands. The bank 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.
Foreign operations with a different functional currency from the bank presentation currency	The financial position and results of the bank's foreign operations are translated at the closing and average exchange rate, respectively, as required per IAS 21. Upon translation into the bank's presentation currency, exchange differences that arise 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.
Foreign currency transactions of the bank	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 the 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 income and foreign exchange 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).

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. Included below are all the materially critical accounting estimates, assumptions and judgements made by the bank, except those related to fair value measurement, which are included in note 27.

IMPAIRMENT OF ADVANCES

In determining whether an impairment loss should be recognised, the bank 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 bank's credit risk exposure.

The bank 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.

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. Sustainability risks and the impact on macroeconomic forecasts are also considered. 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, where applicable) 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.

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.

Critical accounting estimates, assumptions and judgements continued

FORWARD-LOOKING INFORMATION continued

The table below sets out the most significant macroeconomic factors used to estimate the FLI relating to ECL provisions and is forecast over a period of three years.

Scenario	Probability	Description
Baseline	55% (2025: 57%)	• The US and global economy avoid a hard landing. • Geopolitical and trade tensions are managed in such a way that financial and trade flows are not materially disrupted. • Global inflation and risk premia rise modestly and remain elevated in the near term, prompting central banks to hold policy rates through the Middle East war-induced shock, with scope for cautious easing emerging as conditions normalise. • Countries take a fragmented approach towards reducing carbon emissions but remain broadly on course with decarbonisation strategies with some exceptions, such as the US. Carbon tax regimes become more punitive, and the outcome puts the globe on course for an above Paris Agreement temperature increase of around 2°C by 2050. • The baseline view caters for the loss of preferential access to the US export markets and targeted sanctions of individuals in line with existing conduct regulations, but some exports are able to be rerouted. • Inflation lifts in response to the war-related supply shock, temporarily breaching the South African Reserve Bank's (SARB's) tolerance band, before easing back toward 3% as global conditions normalise, allowing monetary policy to move closer to a neutral territory over the forecast horizon. • Real GDP growth lifts, supporting a recovery in credit demand above pre-pandemic levels, and a consolidation of sovereign indebtedness. • The sovereign rating is upgraded to BB+ and BBB- for foreign and local currency ratings, respectively. • South Africa realises some reductions in carbon emissions through adding renewables to its energy mix but does not realise its Nationally Determined Contributions (NDCs) in terms of the Paris Agreement.
Upside	6% (2025: 5%)	• The global economy slows but avoids a recession. • Geopolitical and trade tensions are managed in such a way that financial and trade flows are not materially disrupted. • Global inflation and risk premia rise only briefly and unwind as geopolitical tensions ease, enabling central banks, including the US Fed, to look through the Middle East war-induced shock and shift monetary policy into accommodative territory. • Globally, countries adopt a loosely coordinated approach towards carbon emissions reduction strategies, carbon tax regimes are broadly complied with and a path towards a Paris-aligned temperature increase of 1.5°C is realised. • Inflation rises briefly following the war-related supply shock and temporarily breaches the SARB's tolerance band, but rapidly reverts toward 3% as the disruption is short-lived and second-round effects do not materialise, allowing the SARB to look through the shock and shift monetary policy into accommodative territory sooner. • Real GDP growth lifts, supporting increases in credit demand and a reduction in sovereign indebtedness. • The sovereign rating is upgraded twice over the forecast period to BBB- and BBB on foreign and local currency ratings, respectively. • South Africa realises significant emissions reductions thanks to adding renewables to its energy mix and making well-coordinated investments in emissions reductions across industries, placing the country broadly on track to achieve its NDCs in terms of the Paris Agreement.

Critical accounting estimates, assumptions and judgements continued

FORWARD-LOOKING INFORMATION continued		
Scenario	**Probability**	**Description**
Mild upside	15% (2025: 13%)	• The global economy slows but avoids a recession. • Geopolitical and trade tensions are managed, albeit with increased frictions in financial and trade flows. • Global inflation and risk premia rise but unwind as geopolitical tensions ease, enabling central banks, including the US Fed, to look through the Middle East war-induced shock and shift monetary policy into accommodative territory. • Globally, countries continue to invest in reducing carbon emissions, carbon tax regimes are partially complied with and a path towards a Paris Agreement aligned temperature increase remains credible over the medium term. • Inflation lifts in response to the war-related supply shock, temporarily breaching the SARB's tolerance band, but eases back toward 3% relatively quickly as the disruption proves short-lived and second-round effects remain contained, allowing the SARB to begin easing policy earlier and move into mildly accommodative territory. • Real GDP growth lifts modestly above baseline expectations, supporting increases in credit demand and a reduction in sovereign indebtedness. • The sovereign rating is upgraded over the forecast period to BBB- and BBB on foreign and local currency ratings, respectively. • South Africa realises some emissions reductions through adding renewables to its energy mix and emissions reductions across industries.
Downside	9% (2025: 9%)	• The US and global economies fall into a recession. • Geopolitical and trade tensions are managed in such a way that financial and trade flows are considerably disrupted, leading to increased geopolitical strife and volatility. • Global inflation and risk premia remain elevated, leading to global interest rates lifting. • Countries adopt a limited approach towards reducing carbon emissions, carbon tax regimes become more punitive in pockets, and the outcome puts the globe on course for an above Paris Agreement temperature increase approaching 3°C by 2030. • Exports are materially constrained through targeted US trade restrictions translating into global trade restrictions. Sanctions are imposed on certain individuals, political parties, non-governmental organisations, companies and other organisations as part of the global fracturing theme. • Inflation surges following a prolonged war-induced supply shock and material damage to energy infrastructure across Gulf states, breaching the SARB's tolerance band by a wide margin. Second-round effects become entrenched, inflation expectations de-anchor, and the disinflation process is materially delayed, forcing the SARB to maintain a restrictive stance and re-tighten monetary policy. • Real GDP growth falls, taking demand for and supply of credit into further contractions, while fiscal debt expands. • The sovereign rating sees progressive downgrades deeper into speculative grade territory over the forecast period to B+ and BB- on both foreign and local currency ratings, respectively. • South Africa adopts a "business as usual" approach to the climate transition and does not realise its NDCs in terms of the Paris Agreement.

Critical accounting estimates, assumptions and judgements continued

FORWARD-LOOKING INFORMATION continued		
Scenario	**Probability**	**Description**
Mild downside	15% (2025: 16%)	• The US experiences a recession, and the global economy slows. • Global inflation and risk premia remain elevated, leading to global interest rates lifting. • Geopolitical and trade tensions are managed in such a way that financial and trade flows are materially disrupted. • Globally, countries take a fragmented approach towards reducing carbon emissions and carbon tax regimes become more haphazard, putting the globe on course for an above Paris Agreement temperature increase above 2°C by 2050. • Preferential access to the US market is lost and a material share of exports to the US cannot be rerouted to other markets. Targeted sanctions of individuals are extended to include political parties and other organisations. • Inflation rises in response to the war-related supply shock, breaching the SARB’s tolerance band for a more prolonged period as energy and logistics disruptions persist and some infrastructure damage reduces oil supply. While second-round effects begin to emerge, they remain only partially entrenched, delaying the disinflation process and monetary policy easing. • Real GDP growth remains low, constraining demand for and supply of credit, which poses risks to fiscal consolidation efforts. • The sovereign rating is downgraded over the forecast period to BB- and BB on foreign and local currency ratings, respectively. • South Africa adopts a “business as usual” approach to the climate transition and does not realise its NDCs in terms of the Paris Agreement.

Critical accounting estimates, assumptions and judgements continued

FORWARD-LOOKING INFORMATION continued

Overview of forward-looking information included in the 30 June 2026 impairment of advances

During the period, the global backdrop continued to be characterised by ongoing geopolitical fracturing and realignment. This included an oil-supply shock in the second half of the financial year due to the Middle East conflict. This drove renewed volatility in energy markets, placing upward pressure on inflation and keeping interest rates elevated relative to pre-pandemic norms across many advanced economies. Outside of the energy shock, inflationary pressures remained somewhat more contained, supported by relatively stable food prices and continued disinflation in China, which helped lower import prices for many of the countries in FirstRand's portfolio. Monetary policy paths became increasingly desynchronised, with some central banks maintaining restrictive stances, others pausing, and a few tightening policy in response to country-specific inflation dynamics. Supportive commodity prices nevertheless continued to provide support to the South African economy and risk assets more broadly. Overall, the global backdrop was characterised by renewed inflation pressures stemming from supply-side shocks, upward pressure on policy interest rates and persistent geopolitical uncertainty. Volatility is likely to remain elevated as markets continue to adjust to shifting trade, policy and security dynamics.

South Africa

After enjoying the benefits of strong disinflation and policy rate easing during the first half of the financial year, inflation rose following the global oil supply shock, prompting the SARB to increase interest rates by 25 bps in the second half of the year to limit second-round effects and anchor inflation expectations closer to the new 3% inflation target. While higher energy prices weighed on household purchasing power and business costs, real economic activity continued to recover from a low base.

Despite the renewed inflation pressure, the South African economy continued to benefit from supportive commodity prices, easier financial conditions and gradual progress in domestic governance and economic reform, including the adoption of a lower inflation target. Credit growth exceeded expectations, particularly among corporates, where demand was supported by asset finance and improved conditions in the commercial property market. Household credit growth remained modest but positive, reflecting the earlier interest rate easing cycle and housing market conditions that supported positive real house price growth.

Economic gains remained uneven, however. Formal sector employment growth stayed weak and investment continued to be constrained by poor municipal governance and service delivery challenges in parts of the country. At the same time, the community economy showed resilience, with informal sector activity and self-employment helping to support household incomes and consumption. Continued institutional reform and improvements in network industries contributed to a more favourable operating environment and strengthened perceptions of South Africa's sovereign creditworthiness.

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, in the economic region that the bank operates in. The information below reflects the bank's forecasts for each period at 30 June.

30 June 2026

South Africa	Upside scenario			Mild upside scenario			Baseline scenario			Mild downside scenario			Downside scenario		
(%)	2027	2028	2029	2027	2028	2029	2027	2028	2029	2027	2028	2029	2027	2028	2029
	Applicable across all portfolios														
Real GDP growth	3.80	3.80	3.20	2.50	2.90	2.60	1.00	1.60	2.00	(0.30)	1.00	1.70	(1.20)	0.20	1.30
CPI inflation	3.70	3.10	2.90	4.20	2.80	2.90	4.40	2.90	3.00	5.40	3.00	2.80	6.10	3.10	2.80
Repo rate	6.00	5.50	5.25	6.25	5.75	5.50	6.75	6.00	5.75	7.75	6.50	6.00	8.75	7.00	6.50
	Retail-specific														
Retail real income growth	6.10	3.20	1.90	3.20	2.70	1.80	0.50	1.90	1.60	(2.10)	0.70	1.30	(4.30)	(0.40)	0.90
House price index growth*	8.40	6.80	4.10	6.40	5.10	3.80	4.50	3.30	3.30	3.30	1.40	2.40	2.20	(0.50)	1.40
Household debt to income	59.80	60.10	61.00	60.20	60.20	60.60	60.80	60.50	60.20	61.70	61.60	61.30	62.70	62.90	62.30
Household debt service cost to income	7.90	8.00	8.20	8.00	8.10	8.10	8.20	8.10	8.10	8.40	8.30	8.30	8.60	8.50	8.40
Employment growth	0.10	1.50	1.60	–	1.10	1.30	(0.10)	0.80	0.90	(0.10)	0.60	0.70	–	0.40	0.60
	Wholesale-specific														
Fixed capital formation	6.40	5.90	4.00	3.90	4.30	2.90	1.30	2.80	2.00	(0.50)	1.70	1.90	(2.10)	0.60	1.70
Foreign exchange rate (USD/ZAR)	15.90	15.50	16.10	16.60	16.90	17.40	16.70	17.20	17.70	18.40	19.20	19.20	19.50	20.30	19.70

* *Applicable to the secured portfolio.*

Critical accounting estimates, assumptions and judgements continued

SIGNIFICANT MACROECONOMIC FACTORS continued

30 June 2025

South Africa	Upside scenario			Mild upside scenario			Baseline scenario			Mild downside scenario			Downside scenario		
(%)	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
	Applicable across all portfolios														
Real GDP growth	3.90	3.90	2.70	2.80	2.90	2.40	1.60	1.80	2.00	0.70	1.20	2.50	(0.60)	(0.20)	2.50
CPI inflation	2.90	3.00	3.00	3.70	3.80	3.90	4.20	4.20	4.30	4.90	5.60	4.30	5.60	6.90	5.90
Repo rate	5.50	5.50	5.50	6.25	6.25	6.25	7.00	7.00	7.00	8.00	7.25	7.25	9.00	8.00	7.50
	Retail-specific														
Retail real income growth	7.90	3.80	2.10	4.80	2.90	1.80	1.90	2.00	1.90	(0.90)	–	2.00	(3.60)	(2.30)	1.10
House price index growth*	6.10	7.70	6.00	4.80	6.20	5.40	2.70	3.10	3.20	1.00	2.20	3.60	(0.50)	0.90	4.30
Household debt to income	59.60	60.60	63.80	60.70	61.50	63.70	61.80	62.70	63.90	62.20	63.00	63.70	62.70	63.60	63.50
Household debt service cost to income	8.50	8.80	9.20	8.60	8.90	9.20	8.80	9.00	9.10	9.00	9.10	9.20	9.20	9.30	9.20
Employment growth	0.80	1.50	1.90	0.80	1.30	1.50	0.70	1.00	1.10	0.50	0.90	1.10	0.20	0.60	0.90
	Wholesale-specific														
Fixed capital formation	5.40	9.10	8.20	4.10	6.10	6.40	2.40	3.10	4.50	–	1.30	4.80	(2.60)	(1.00)	4.20
Foreign exchange rate (USD/ZAR)	17.80	17.30	17.00	18.10	17.90	17.80	18.30	18.50	18.70	19.20	19.00	19.10	20.10	19.50	19.60

The following table reflects the impact on the performing (stage 1 and stage 2) impairment provisions on advances, if the probability weighting assigned to the baseline, upside and downside scenarios were increased to 100%. The analysis only reflects changing the probability assigned to these scenarios to 100%. As the mild upside and mild downside scenarios have not been implemented across all portfolios within the group, they have not been included in the analysis.

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 2026	**17 122**	**16 936**	**(1)**	**15 316**	**(11)**	**18 968**	**11**
Retail	**11 968**	**11 816**	**(1)**	**10 515**	**(12)**	**13 535**	**13**
Commercial	**2 778**	**2 760**	**(1)**	**2 487**	**(10)**	**2 967**	**7**
RMB CIB	**2 003**	**1 988**	**(1)**	**1 944**	**(3)**	**2 085**	**4**
Centre (including Group Treasury)	**373**	**372**	**–**	**370**	**(1)**	**381**	**2**
Total at 30 June 2025	16 410	16 232	(1)	13 329	(19)	19 721	20
Retail	10 827	10 575	(2)	8 437	(22)	13 613	26
Commercial	2 681	2 752	3	2 136	(20)	3 049	14
RMB CIB	2 484	2 487	–	2 343	(6)	2 637	6
Centre (including Group Treasury)	418	418	–	413	(1)	422	1

Critical accounting estimates, assumptions and judgements 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 ECL and lifetime expected credit losses (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, the 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 ECL 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>

Critical accounting estimates, assumptions and judgements 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 bank would need to recognise if 5% of the stage 1 gross carrying amount (GCA) of advances suffered a SICR and were moved from stage 1 to stage 2 as at 30 June 2026. A movement of 5% of the stage 1 balance to stage 2 can be viewed as a reasonably possible alternative based on the current economic conditions.	

R million	**5% increase in gross carrying amount of exposure**	**Increase in the loss allowance**
	30 June 2026	
Retail secured	**18 282**	**1 341**
Retail unsecured	**4 087**	**920**
Total retail secured and unsecured	**22 369**	**2 261**
FNB commercial	**6 909**	**772**
WesBank corporate and commercial	**3 467**	**151**
RMB corporate and investment banking	**24 767**	**2 337**
Total corporate and commercial	**35 143**	**3 260**
Centre (including Group Treasury)	**5 741**	**1 704**
Total increase in stage 2 advances and ECL	**63 253**	**7 225**
	30 June 2025	
Retail secured	16 939	1 341
Retail unsecured	3 815	797
Total retail secured and unsecured	20 754	2 138
FNB commercial	6 433	781
WesBank corporate and commercial	3 053	90
RMB corporate and investment banking	23 446	3 117
Total corporate and commercial	32 932	3 988
Centre (including Group Treasury)	2 636	904
Total increase in stage 2 advances and ECL	56 322	7 030

CONSOLIDATED FINANCIAL STATEMENTS

The bank does not prepare consolidated financial statements as there are no material differences between the amounts reported in the separate and consolidated financial statements. This has been agreed upon by the various stakeholders. The bank is a wholly owned subsidiary of FirstRand, which prepares consolidated financial statements.

SUBSIDIARIES

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

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

ASSOCIATES

Determining whether the bank has significant influence over an entity:

- Significant influence may arise from rights other than voting rights, for example management agreements.
- The bank 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.

The bank does not have any associates that are material to its financial position, results of operations or cash flows.

STRUCTURED ENTITIES

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

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

Critical accounting estimates, assumptions and judgements continued

FOREIGN OPERATIONS

Management has reviewed the countries where the bank's foreign operations are actively conducted and has not identified any hyperinflationary economies in terms of the requirements of IFRS Accounting Standards. The bank only operates in South Africa, London, Guernsey and India, with representative offices in Kenya, Angola, the United States of America and Shanghai. No lending or deposit-taking activities take place at the office in Angola at this point.

TAXATION

The bank 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 bank 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 bank 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 bank in order to utilise the deferred tax assets

PROVISIONS FOR LITIGATION

The bank 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 bank's litigation database, which indicates if outflow is probable.

TRANSACTION WITH EMPLOYEES

EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

Determination of required funding levels	Funding levels are monitored on an annual basis and the current agreed employer contribution rate in respect of the defined benefit members in the pension fund is 21.1% (2025: 21.1%) of pensionable salaries, which is in excess of the minimum recommended contribution rate set by the fund actuary. The bank considers the recommended contribution rate as advised by the fund actuary with each statutory 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 interim actuarial valuation of the pension fund (30 June 2025), all categories of liabilities were at least 100% funded on a solvency reserve basis. If a defined contribution member chooses to retire and purchase a life annuity in the fund, the funding position of the pensioner liabilities increases as the life annuity purchase price is determined on the stronger solvency reserve basis.

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, expected salary, medical scheme contribution 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 volume-weighted average price of the underlying share price at grant date, adjusted for: • the time value between grant date and vesting date, through discounting using the risk-free interest rate; • the expected future dividend over the vesting period, based on independently observable market expectations (including Bloomberg consensus data) and adjusted using the risk-free interest rate; and • expected staff turnover referenced to historical behaviour as indicators of future conditions, reviewed annually

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.

Critical accounting estimates, assumptions and judgements, and new standards adopted in the current year

FAIR VALUE MEASUREMENT

The details of the processes, procedures and assumptions used in the determination of fair value are disclosed in note 27. 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 to 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.

New standards adopted in the current year

Amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates, Lack of exchangeability* became effective in the current year. This amendment has not impacted the bank's reported earnings, financial position or reserves, or accounting policies.

Notes to the annual financial statements

for the year ended 30 June

1 Analysis of interest income and interest expense

1.1 Interest and similar income

R million	2026	2025
Analysis of interest and similar income		
Debt instruments at fair value through other comprehensive income	**1 479**	1 618
Instruments at fair value through profit or loss	**661**	754
Instruments at amortised cost	**145 031**	148 949
Non-financial instruments	**39**	17
Interest and similar income	**147 210**	151 338
Advances	**120 628**	123 731
– Overdrafts and cash management accounts	**9 729**	10 378
– Term loans*	**9 903**	10 270
– Card loans	**7 561**	7 365
– Instalment sales and hire purchase agreements	**18 391**	17 684
– Lease payments receivable	**264**	256
– Property finance	**31 712**	33 052
– Home loans	**26 707**	28 084
– Commercial property finance	**5 005**	4 968
– Personal loans	**12 887**	12 181
– Preference share agreements	**2 295**	2 416
– Assets under agreements to resell	**1 387**	1 134
– Investment bank term loans*	**16 243**	17 625
– Other customer advances*	**3 997**	3 502
– Invoice finance*	**834**	1 624
– Collateralised debt obligations	**367**	–
– Marketable advances	**5 058**	6 244
Cash and cash equivalents	**4 123**	4 021
Investment securities	**15 399**	19 583
Amounts due by holding company and fellow subsidiaries	**1 518**	1 933
Preference share dividends received from FirstRand group companies	**1 927**	1 517
Interest on deposit insurance scheme	**294**	305
Interest on derivatives qualifying as hedging instruments	**1 604**	(1 251)
Collateral, settlement balances and other	**1 717**	1 499
Interest and similar income	**147 210**	151 338

* *Following the reassessment of the classification of certain advances to improve alignment with the underlying lending products, the prior year was restated for the following items:*

- *Term loans of R7 663 million has been restated to R10 270 million following the reclassification of R2 534 million from Investment bank term loans and R72 million from Other advances.*
- *Investment bank term loans has been restated from R20 159 million to R17 625 million following the reclassification of R2 534 million to Term loans.*
- *Other advances has been restated from R4 057 million to R3 502 million following the reclassification of R555 million, comprising of R72 million to Term loans and R483 million to Invoice finance.*
- *Invoice finance has been restated from R1 141 million to R1 624 million following the reclassification of R483 million from Other advances.*

Notes to the annual financial statements continued

1 Analysis of interest income and interest expense continued

1.2 Interest expense and similar charges

R million	**2026**	2025
Analysis of interest expense and similar charges		
Instruments at fair value through profit or loss	**(143)**	(200)
Instruments at amortised cost	**(79 660)**	(86 568)
Non-financial instruments	**(157)**	(142)
Interest expense and similar charges	**(79 960)**	(86 910)
Deposits and debt funding	**(88 925)**	(95 316)
– Deposits from customers	**(75 355)**	(78 578)
– Current accounts	**(9 551)**	(10 513)
– Savings deposits	**(3 907)**	(3 896)
– Call deposits	**(25 651)**	(27 384)
– Fixed and notice deposits	**(34 152)**	(34 944)
– Other deposits	**(2 094)**	(1 841)
– Debt securities	**(11 563)**	(14 816)
– Negotiable certificates of deposit	**(2 261)**	(4 230)
– Fixed-rate and floating-rate notes	**(9 302)**	(10 586)
– Repurchase agreements	**(433)**	(415)
– Securities lending	**(418)**	(402)
– Cash collateral and credit-linked notes	**(1 156)**	(1 105)
SARB funding facility due to Covid-19 SME government guarantee	**(51)**	(71)
Preference shares and other	**(60)**	(88)
Lease liabilities	**(154)**	(142)
Tier 2 liabilities	**(1 757)**	(1 851)
Amounts due to holding company and fellow subsidiaries	**(1 070)**	(1 292)
Interest on derivatives qualifying as hedging instruments	**(972)**	460
Receiver of revenue	**(3)**	–
Deposit insurance scheme levies	**(22)**	(20)
Deposit insurance scheme premiums	**(289)**	(264)
Other	**(15)**	(6)
Gross interest expense and similar charges	**(93 318)**	(98 590)
Less: interest expense on fair value activities reallocated*	**13 358**	11 680
Interest expense and similar charges	**(79 960)**	(86 910)

* *Relates to interest expense accrued on amortised cost financial liabilities that fund fair value activities. This has been reallocated to non-interest revenue.*

Notes to the annual financial statements continued

2 Non-interest revenue

R million	Notes	2026	2025
Fee and commission income		**42 900**	40 661
– Instruments at amortised cost		**35 153**	33 210
– Instruments at fair value through profit or loss		**16**	53
– Non-financial instruments		**7 731**	7 398
Fee and commission expenses		**(7 297)**	(7 093)
Net fee and commission income	2.1	**35 603**	33 568
Insurance commission income	2.2	**107**	114
– Instruments mandatory at fair value through profit or loss		**9 198**	1 743
– Instruments designated at fair value through profit or loss		**250**	376
– Translation gains or losses on instruments not held at fair value through profit or loss		**(3 111)**	1 652
Fair value income and foreign exchange gains/(losses)	2.3	**6 337**	3 771
– Instruments at fair value through profit or loss		**(10)**	5
– Mandatory fair value through profit or loss		**(10)**	5
– Instruments at amortised cost		**554**	81
– Instruments at fair value through other comprehensive income		**619**	29
– Non-financial instruments		**164**	125
Gains less losses from investing activities*	2.4	**1 327**	240
Net other non-interest revenue	2.5	**10 158**	7 949
Total non-interest revenue		**53 532**	45 642

* *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 annual financial statements continued

2 Non-interest revenue continued

2.1 Net fee and commission income

R million	2026	2025
Banking fee and commission income	37 472	35 914
– Card commissions	7 238	6 671
– Cash deposit fees	1 670	1 663
– Commitment fees	2 337	2 250
– Electronic transaction fees	1 106	1 034
– Exchange commissions	2 444	2 374
– Brokerage income	14	7
– Bank charges	22 663	21 915
– Transaction and service fees	7 602	7 570
– Documentation and administration fees	11 483	10 855
– Cash handling fees	2 648	2 553
– Other	930	937
Knowledge-based fee and commission income	2 658	2 299
Management, trust and fiduciary fees	1 522	1 328
Other non-bank commissions	1 248	1 120
Fee and commission income*	**42 900**	40 661
Transaction processing fees	(2 340)	(2 126)
Transaction-based fees	(112)	(105)
Commission paid	(204)	(98)
Customer loyalty programmes	(2 392)	(2 495)
Cash sorting, handling and transportation charges	(1 198)	(1 190)
Card and cheque book related	(482)	(522)
ATM commissions paid	(55)	(57)
Other	(514)	(500)
Fee and commission expenses	**(7 297)**	(7 093)
Net fee and commission income	**35 603**	33 568

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

2.2 Insurance commission income

R million	2026	2025
Commission and brokerage	107	114
Insurance commission income*	**107**	114

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

2.3 Fair value income and foreign exchange gains

R million	2026	2025
Dividend income on preference shares held	563	778
Fair value income	5 774	2 993
Fair value income and foreign exchange gains	**6 337**	3 771

Notes to the annual financial statements continued

2 Non-interest revenue continued

2.4 Gains less losses from investing activities

R million	Notes	2026	2025
Gain on disposal of investment activities at amortised cost*		557	78
Impairment loss of debt investment securities at amortised cost		(3)	(8)
Reclassification from other comprehensive income on the derecognition/sale of assets FVOCI**		606	14
Dividends on equity instruments at FVOCI		13	15
Other dividends received and associated fair value movements		(11)	15
Fair value remeasurements on investment properties	16	11	3
Rental income from investment properties	16	153	122
Other gains from investing activities		1	1
Gains less losses from investing activities		**1 327**	**240**

* *The gain on disposal of financial assets measured at amortised cost includes a gain of R242 million recognised on the conversion of a portion of a loan exposure to equity following credit deterioration, partially offset by a loss of R60 million on settlement of the remaining exposure, as well as gains arising from an infrequent portfolio sale during the reporting period.*

** *A net gain of R606 million (2025: R14 million) on the disposal of financial assets measured at FVOCI, arising from the active management of the interest rate risk in the banking book.*

2.5 Net other non-interest revenue

R million	Notes	2026	2025
Revenue from contracts with customers*		3 067	2 949
– Sales**		2 901	2 619
– Other income#		166	330
Recoveries from holding company and fellow subsidiaries†	29	5 402	3 676
Rental income‡		2 236	2 135
Other non-IFRS 15 related income#		1 354	658
Other operating lease transactions		345	333
Other non-interest revenue		**12 404**	**9 751**
– Cost of sales		(2 202)	(1 947)
– (Loss)/gain on disposal of property and equipment		(38)	150
– Other		(6)	(5)
Other non-interest related expense		**(2 246)**	**(1 802)**
Net other non-interest revenue		**10 158**	**7 949**

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

** *This balance includes revenue from the commission and sale of smart devices of R1 134 million (2025: R982 million) and network services of R1 358 million (2025: R1 224 million) which are recognised at a point in time and over time, respectively.*

\# *In the prior year, Other income was presented as R988 million. Included in this balance was an amount of R658 million, which was not revenue from contracts with customers. In the current year, these balances were reclassified to this new disclosure line. Comparatives have been restated*

† *Costs the bank incurs as principal on behalf of group entities are invoiced to the respective entities as part of the bank's cost recovery process.*

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

Notes to the annual financial statements continued

3 Operating expenses

R million	Notes	2026	2025
Auditors' remuneration		**(473)**	(521)
– Audit fees		**(470)**	(500)
– Fees for other services		**(3)**	(21)
– Prior year under accrual		**–**	–
Non-capitalised lease charges		**(338)**	(353)
– Short-term lease charge		**(238)**	(254)
– Low-value lease charge		**(101)**	(119)
– Early termination gains on lease		**1**	20
Staff costs		**(38 949)**	(35 345)
– Salaries, wages and allowances		**(28 678)**	(26 809)
– Contributions to employee benefit funds		**(143)**	(131)
– Defined contribution schemes		**(97)**	(89)
– Defined benefit schemes	17.1	**(46)**	(42)
– Social security levies		**(522)**	(480)
– Share-based payments	25	**(2 582)**	(2 155)
– Movement in short-term employee benefit liabilities		**(5 947)**	(5 028)
– Other staff costs		**(1 077)**	(742)
Other operating costs		**(23 251)**	(20 715)
– Amortisation of intangible assets	15	**(314)**	(270)
– Depreciation of property and equipment	14	**(3 866)**	(3 601)
– Impairments incurred*		**(335)**	(206)
– Impairments reversed		**–**	40
– Insurance		**(251)**	(260)
– Advertising and marketing		**(2 089)**	(1 975)
– Maintenance		**(1 636)**	(1 515)
– Property		**(1 268)**	(1 286)
– Computer equipment		**(4 944)**	(4 540)
– Stationery, storage and delivery		**(232)**	(218)
– Telecommunications		**(425)**	(449)
– Professional fees		**(3 394)**	(3 040)
– Expenses paid to holding company and fellow subsidiaries	29	**(1 368)**	(1 039)
– Donations		**(458)**	(380)
– Assets costing less than R7 000		**(106)**	(75)
– Business travel		**(383)**	(360)
– Profit share expenses		**(69)**	(85)
– Bank charges		**(8)**	(15)
– Legal fee expenses		**(148)**	(141)
– Entertainment		**(340)**	(312)
– Subscriptions and memberships		**(388)**	(357)
– Training expenses		**(224)**	(306)
– Other operating expenditure		**(1 005)**	(325)
Total operating expenses excluding UK motor commission matter		**(63 011)**	(56 934)
UK motor commission matter**		**(8 401)**	(1 533)
– UK motor commission provision		**(7 832)**	(1 328)
– UK motor commission related costs incurred during the year		**(569)**	(205)
Total operating expenses		**(71 412)**	(58 467)

* *Impairments incurred in the current year included losses of R101 million recognised on software and development costs, R57 million on computer equipment and ECL of R136 million on non-advances included in the FNB segment (2025: Impairments incurred included R115 million on properties held by the bank as well as ECL of R76 million on non-advances included in the FNB segment).*

** *Refer to Note 20 – Creditors, accruals and provisions.*

Notes to the annual financial statements continued

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

	2026			2025		
	Services as directors			Services as directors		
R thousand	**FirstRand**	**Group**	**Total**	FirstRand	Group	Total
Independent non-executive directors						
G Gelink (resigned 29 November 2024)	**–**	**–**	**–**	1 362	1 283	2 645
PD Naidoo	**1 582**	**364**	**1 946**	1 487	347	1 834
L Von Zeuner	**3 627**	**1 498**	**5 125**	3 615	1 428	5 043
T Winterboer	**2 633**	**2 339**	**4 972**	2 313	2 139	4 452
Z Roscherr	**2 994**	**1 600**	**4 594**	2 957	1 968	4 925
SP Sibisi	**1 982**	**1 873**	**3 855**	1 932	1 783	3 715
TC Isaacs	**2 350**	**624**	**2 974**	2 332	349	2 681
P Makosholo (Appointed 1 October 2024)	**1 794**	**554**	**2 348**	1 207	298	1 505
JP Burger (Chairman)	**8 712**	**851**	**9 563**	8 184	893	9 077
Total	**25 674**	**9 703**	**35 377**	25 389	10 488	35 877

Directors Emoluments reporting: Awarded Remuneration

Cash package, retirement contributions and other allowances reflect what was paid to the prescribed officers during the year ended 30 June 2026. 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 granted annually under the conditional incentive plan (CIP), with vesting subject to the achievement of cumulative performance conditions over a three year period. Previously, LTI's were reported for the year in which they were issued, which occurred in the September of the financial year with reference to the previous financial year. For the year ended 30 June 2026, the value in the remuneration table reflect the face value of the LTI awarded in respect of the reporting period i.e. the LTIs awarded for the year ended 30 June issued in September of the following financial year. Comparative information is presented on the same basis.

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

Notes to the annual financial statements continued

3 Operating expenses continued

R thousand	**2026**	2025
M Vilakazi (group CEO)[1,6]		
Cash package paid during the year	**11 323**	10 703
Retirement contributions paid during the year	**248**	231
Other allowances	**368**	270
Guaranteed package	**11 939**	11 204
Performance-related STI:		
Cash[2]	**13 000**	12 500
– Within 6 months	**9 167**	8 667
– Within 1 year	**3 833**	3 833
Restricted share award 2 years (BSOP)[3]	**11 000**	10 500
Variable pay	**24 000**	23 000
Total guaranteed and variable pay	**35 939**	34 204
Value of LTI awards allocated during the financial year under the CIP[4]	**30 000**	26 000
Special LTI Award[6]	**–**	18 000
Total reward including LTIs	**65 939**	78 204
M Davias (group CFO)		
Cash package paid during the year	**8 793**	8 331
Retirement contributions paid during the year	**182**	171
Other allowances	**333**	311
Guaranteed package	**9 308**	8 813
Performance-related STI:		
Cash[2]	**10 486**	10 000
– Within 6 months	**7 491**	7 000
– Within 1 year	**2 995**	3 000
Restricted share award 2 years (BSOP)[3]	**8 486**	8 000
Variable pay	**18 972**	18 000
Total guaranteed and variable pay	**28 280**	26 813
Value of LTI awards allocated during the financial year under the CIP[4]	**21 930**	19 000
Total reward including LTIs	**50 210**	45 813
L Johnson (CEO FNB and RBB)[8,9]		
Cash package paid during the year	**7 425**	–
Retirement contributions paid during the year	**61**	–
Other allowances	**197**	–
Guaranteed package	**7 683**	–
Performance-related STI:		
Cash[2]	**8 000**	–
– Within 6 months	**5 833**	–
– Within 1 year	**2 167**	–
Restricted share award 2 years (BSOP)[3]	**6 000**	–
Variable pay	**14 000**	–
Total guaranteed and variable pay	**21 683**	–
Value of LTI awards allocated during the financial year under the CIP[4]	**16 500**	–
Total reward including LTIs	**38 183**	–

Notes to the annual financial statements continued

3 Operating expenses continued

R thousand	**2026**	2025
S Nxedlana (CEO FNB PB and WM)[8,9]		
Cash package paid during the year	7 440	–
Retirement contributions paid during the year	60	–
Other allowances	107	–
Guaranteed package	7 607	–
Performance-related STI:		
Cash[2]	8 000	–
– Within 6 months	5 833	–
– Within 1 year	2 167	–
Restricted share award 2 years (BSOP)[3]	6 000	–
Variable pay	14 000	–
Total guaranteed and variable pay	21 607	–
Value of LTI awards allocated during the financial year under the CIP[4]	16 000	–
Total reward including LTIs	37 607	–
M Ismail (CEO FNB CCB)[8]		
Cash package paid during the year	8 171	–
Retirement contributions paid during the year	170	–
Other allowances	159	–
Guaranteed package	8 500	–
Performance-related STI:		
Cash[2]	7 500	–
– Within 6 months	5 500	–
– Within 1 year	2 000	–
Restricted share award 2 years (BSOP)[3]	5 500	–
Variable pay	13 000	–
Total guaranteed and variable pay	21 500	–
Value of LTI awards allocated during the financial year under the CIP[4]	16 000	–
Total reward including LTIs	37 500	–
HS Kellan[7]		
Cash package paid during the year	9 473	9 137
Retirement contributions paid during the year	78	74
Other allowances	267	249
Guaranteed package	9 818	9 460
Performance-related STI:		
Cash[2]	12 500	11 000
– Within 6 months	8 833	7 667
– Within 1 year	3 667	3 333
Restricted share award 2 years (BSOP)[3]	10 500	9 000
Variable pay	23 000	20 000
Total guaranteed and variable pay	32 818	29 460
Value of LTI awards allocated during the financial year under the CIP[4]	–	17 500
Total reward including LTIs	32 818	46 960

Notes to the annual financial statements continued

3 Operating expenses continued

R thousand	2026	2025
E Brown (CEO RMB)		
Cash package paid during the year	8 924	8 529
Retirement contributions paid during the year	163	154
Other allowances	80	75
Guaranteed package	9 167	8 758
Performance-related STI:		
Cash[2]	13 215	11 210
– Within 6 months	9 310	7 807
– Within 1 year	3 905	3 403
Restricted share award 2 years (BSOP)[3]	11 215	9 210
Variable pay	24 430	20 420
Total guaranteed and variable pay	33 597	29 178
Value of LTI awards allocated during the financial year under the CIP[4]	18 250	17 500
Total reward including LTIs	51 847	46 678

1 *FirstRand defines its prescribed officers as the group's executive directors, and the CEOs of the group's Retail and Business Banking, Private Banking and Wealth Management, Corporate and Commercial Banking, and Corporate and Institutional segments. 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 notional interest on the deferred payments).*

3 *A portion of variable compensation is deferred restricted share awards and vests after two years and earns dividends as and when they are declared.*

4 *Long-term incentive (LTI) awards are granted annually under the CIP, with vesting subject to the achievement of cumulative performance conditions over a three-year period. Previously, LTI's were reported for the year in which they were issued, which occurred in the September of the financial year with reference to the previous financial year. For the year ended 30 June 2026, the value disclosed in the remuneration table reflect the face value of the LTI awarded in respect of the reporting period i.e. LTI's awarded for 30 June issued in September of the following financial year. Comparative information is presented on the same basis.*

5 *Steven Cooper stepped down as CEO of Aldermore and is no longer a prescribed officer effective 30 June 2025.*

6 *A once-off award of R18 million was granted to Mary in 2025, to be settled in three equal tranches of R6 million into a restricted trading account. Settlement occurs as part of the bank's annual award process in September 2025, 2026, and 2027, and vesting is subject to the applicable performance conditions being met. Dividends earned on settled shares are reinvested in the restricted account.*

7 *Harry Kellan stepped down as CEO of FNB with effect from 31 March 2026.*

8 *Lytania Johnson, Sizwe Nxedlana and Muneer Ismail were appointed CEOs of their respective businesses and became prescribed officers with effect from 1 April 2026.*

9 *The guaranteed packages of Lytania Johnson and Sizwe Nxedlana are reflected for the full year and include the promotional increase effective 1 April 2026.*

All executive directors and prescribed officers in South Africa have a notice period of one month. 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.

Ownership of FirstRand Bank Limited

FRB is a wholly owned subsidiary of FirstRand.

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 annual financial statements continued

3 Operating expenses continued

	Issue date	Value at grant date R thousand	Settlement date
M Vilakazi			
Deferred share price linked STI awards			
2023 (2-year deferral)	September 2023	4 912	September 2025
Balance deferred share price linked STIs		**4 912**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	6 275	September 2026
2025 (2-year deferral)	September 2025	10 500	September 2027
2026 (2-year deferral)	September 2026	11 000	September 2028
Balance deferred share price linked STIs		**27 775**	
LTI awards under the CIP			
2022	September 2022	15 120	September 2025
2023	September 2023	16 600	September 2026
2024	September 2024	24 000	September 2027
2025	September 2025	26 000	September 2028
2026	September 2026	30 000	September 2029
Balance LTIs		**111 720**	
2025 (Restricted LTI Award)[8]			
1st Tranche	September 2025	6 000	September 2025
2nd Tranche	September 2026	6 000	September 2026
3rd Tranche	September 2027	6 000	September 2027
Balance restricted LTIs		**18 000**	
MG Davias			
Deferred share price linked STI awards			
2023 (2-year deferral)	September 2023	3 640	September 2025
Balance deferred share price linked STIs		**3 640**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	4 880	September 2026
2025 (2-year deferral)	September 2025	8 000	September 2027
2026 (2-year deferral)	September 2026	8 486	September 2028
Balance deferred share price linked STIs		**21 366**	
LTI awards under the CIP			
2022	September 2022	6 890	September 2025
2023	September 2023	7 441	September 2026
2024	September 2024	16 600	September 2027
2025	September 2025	19 000	September 2028
2026	September 2026	21 930	September 2029
Balance LTIs		**71 861**	
L Johnson			
Deferred share price linked STI awards			
2022 (3-year deferral)[9]	September 2022	2 500	September 2025
2023 (2-year deferral)	September 2023	1 370	September 2025
Balance deferred share price linked STIs		**3 870**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	2 250	September 2026
2025 (2-year deferral)	September 2025	3 250	September 2027
2026 (2-year deferral)	September 2026	6 000	September 2028
Balance deferred share price linked STIs		**11 500**	
LTI awards under the CIP			
2022	September 2022	2 500	September 2025
2023	September 2023	5 250	September 2026
2024	September 2024	5 500	September 2027
2025	September 2025	10 000	September 2028
2026	September 2026	16 500	September 2029
Balance LTIs		**39 750**	

Units					
Opening balance	Awards made during year[1,2]	Number of awards settled in year	Closing number of awards[3,4] 30 Jun 2026	Value on settlement in 2026[5] R thousand	Total value of dividends paid in respect of all plans[6] R thousand
75 737	–	(75 737)	–	6 139	–
75 737	–	(75 737)	–	6 139	–
84 835	–	–	84 835	–	186
117 297	–	–	117 297	–	733
–	–	–	–	–	–
202 132	–	–	202 132	–	919
243 557	–	(243 557)	–	19 781	–
255 936	–	–	255 936	–	–
285 204 [7]	–	–	285 204	–	–
320 769	–	–	320 769	–	–
–	–	–	–	–	–
1 105 466	–	(243 557)	861 909	19 781	–
73 753	3 589	–	77 342	–	–
–	–	–	–	–	–
–	–	–	–	–	–
73 753	3 589	–	77 342	–	–
56 121	–	(56 121)	–	4 549	–
56 121	–	(56 121)	–	4 549	–
65 975	–	–	65 975	–	144
89 369	–	–	89 369	–	565
–	–	–	–	–	–
155 344	–	–	155 344	–	709
110 986	–	(110 986)	–	10 183	–
114 727	–	–	114 727	–	–
197 266	–	–	197 266	–	–
234 408	–	–	234 408	–	–
–	–	–	–	–	–
657 387	–	(110 986)	546 401	10 183	–
40 271	–	(40 271)	–	3 264	–
21 122	–	(21 122)	–	1 712	–
61 393	–	(61 393)	–	4 976	–
30 421	–	–	30 421	–	67
36 306	–	–	36 306	–	248
–	–	–	–	–	–
66 727	–	–	66 727	–	315
40 270	–	–	40 270	3 695	–
80 944	–	–	80 944	–	–
65 359	–	–	65 359	–	–
123 372	–	–	123 372	–	–
–	–	–	–	–	–
309 945	–	–	309 945	3 695	–

Notes to the annual financial statements continued

3 Operating expenses continued

	Issue date	Value at grant date R thousand	Settlement date
S Nxedlana			
Deferred share price linked STI awards			
2023 (2-year deferral)	September 2023	1 420	September 2025
Balance deferred share price linked STIs		**1 420**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	2 250	September 2026
2025 (2-year deferral)	September 2025	3 250	September 2027
2026 (2-year deferral)	September 2026	6 000	September 2028
Balance deferred share price linked STIs		**11 500**	
LTI awards under the CIP			
2022	September 2022	4 240	September 2025
2023	September 2023	4 800	September 2026
2024	September 2024	5 500	September 2027
2025	September 2025	10 000	September 2028
2026	September 2026	16 000	September 2029
Balance LTIs		**40 540**	
M Ismail			
Deferred share price linked STI awards			
2023 (2-year deferral)	September 2023	–	September 2025
Balance deferred share price linked STIs		**–**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	–	September 2026
2025 (2-year deferral)	September 2025	–	September 2027
2026 (2-year deferral)	September 2026	5 500	September 2028
Balance deferred share price linked STIs		**5 500**	
LTI awards under the CIP			
2022	September 2022	–	September 2025
2023	September 2023	–	September 2026
2024	September 2024	–	September 2027
2025	September 2025	13 000	September 2028
2026	September 2026	16 000	September 2029
Balance LTIs		**29 000**	
Buyout Awards (DIP and DSOP)[10]			
1st Tranche	September 2025	5 300	September 2026
2nd Tranche	September 2025	4 700	September 2027
3rd Tranche	September 2025	4 700	September 2028
Balance buyout LTIs		**14 700**	
HS Kellan			
Deferred share price linked STI awards			
2023 (2-year deferral)	September 2023	5 362	September 2025
Balance deferred share price linked STIs		**5 362**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	6 335	September 2026
2025 (2-year deferral)	September 2025	9 000	September 2027
2026 (2-year deferral)	September 2026	10 500	September 2028
Balance deferred share price linked STIs		**25 835**	
LTI awards under the CIP			
2022	September 2022	16 960	September 2025
2023	September 2023	18 317	September 2026
2024	September 2024	19 200	September 2027
2025	September 2025	17 500	September 2028
2026	September 2026	–	September 2029
Balance LTIs		**71 977**	

Units					
Opening balance	Awards made during year[1,2]	Number of awards settled in year	Closing number of awards[3,4] 30 Jun 2026	Value on settlement in 2026[5] R thousand	Total value of dividends paid in respect of all plans[6] R thousand
21 893	–	(21 893)	–	1 775	–
21 893	–	(21 893)	–	1 775	–
30 421	–	–	30 421	–	67
36 306	–	–	36 306	–	248
–	–	–	–	–	–
66 727	–	–	66 727	–	315
77 314	–	(77 314)	–	6 267	–
74 006	–	–	74 006	–	–
65 359	–	–	65 359	–	–
123 372	–	–	123 372	–	–
–	–	–	–	–	–
340 051	–	(77 314)	262 737	6 267	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
160 384	–	–	160 384	–	–
–	–	–	–	–	–
160 384	–	–	160 384	–	–
66 541	–	–	66 541	–	–
28 884	–	–	28 884	–	–
–	–	–	–	–	–
95 425	–	–	95 425	–	–
82 678	–	(82 678)	–	6 701	–
82 678	–	(82 678)	–	6 701	–
85 646	–	–	85 646	–	188
100 540	–	–	100 540	–	694
–	–	–	–	–	–
186 186	–	–	186 186	–	882
273 196	–	(273 196)	–	22 188	–
282 405	–	–	282 405	–	–
228 163	–	–	228 163	–	–
215 902	–	–	215 902	–	–
–	–	–	–	–	–
999 666	–	(273 196)	726 470	22 188	–

Notes to the annual financial statements continued

3 Operating expenses continued

	Issue date	Value at grant date R thousand	Settlement date
E Brown			
Deferred share price linked STI awards			
2023 (2-year deferral)	September 2023	8 550	September 2025
Balance deferred share price linked STIs		**8 550**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	9 045	September 2026
2025 (2-year deferral)	September 2025	9 210	September 2027
2026 (2-year deferral)	September 2026	11 215	September 2028
Balance deferred share price linked STIs		**29 470**	
LTI awards under the CIP			
2022	September 2022	12 500	September 2025
2023	September 2023	13 750	September 2026
2024	September 2024	15 000	September 2027
2025	September 2025	17 500	September 2028
2026	September 2026	18 250	September 2029
Balance LTIs		**77 000**	

1 *FirstRand share price linked schemes (BCIP/CIP) are determined on monetary value and not on the number of shares. The allocation of the share price linked awards is determined after year end, using the average three-day volume-weighted average price (VWAP) eight days after the results announcement. The final vesting of the BCIP was in 2025, thereafter the BSOP came into effect. The final vesting of the DIP will be the 2023 award which will vest in September 2026.*

2 *Restricted share awards (BSOP and DSOP) are allocated after the interim and year-end results announcements, based on the volume weighted average price (VWAP) over the ten trading days following the announcement. BSOP awards settle in full six months after the award date, while each DSOP award settles into a restricted share account in two equal tranches.*

3 *Deferred share price linked STI awards and restricted share awards vesting depends on continued employment over two years as well as individual and business unit performance.*

4 *For all, LTI schemes vesting depends on performance conditions and targets being met on a cumulative basis over three years. For the remuneration disclosures the group does not apply a probability of vesting to the unvested awards and 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 2026 is the market value of the total number of shares at R97.26 per share on the last trading day of the financial year (30 June 2026).*

5 *The values at settlement date include share price growth, performance adjustment (linked to CIP outcomes) and interest earned (deferred share price linked STI awards) from grant date.*

6 *Dividends are payable on restricted share awards as and when they are declared.*

7 *The 2024 opening balance of M Vilakazi's share award units has been restated from 285,205 to 285,204 units to correct an immaterial error in the prior period disclosure, in line with IAS 8. There is no impact on profit or loss, equity, EPS or the share-based payment charge. It is disclosed for completeness and to ensure comparability of the directors' share award disclosures.*

8 *A once-off award of R18 million was granted to Mary in 2025, to be settled in three equal tranches of R6 million into a restricted trading account. Settlement occurs as part of the bank's annual award process in September 2025, 2026 and 2027, and vesting is subject to the applicable performance conditions being met. Dividends earned on settled shares are reinvested in the restricted account.*

9 *Lytania received a DIP award in 2022 when she was the head of FNB Risk and Compliance.*

10 *On joining the group, Muneer was granted a buyout award totalling R14,7 million in respect of awards forfeited at his previous employer (HSBC). The awards were made under the DIP and DSOP and vest over the same period as the forfeited awards, subject to continued employment and to individual and business unit performance over the respective vesting periods.*

For prior year disclosure refer to Note 32 Disclosure of comparative information.

Units					
Opening balance	Awards made during year[1,2]	Number of awards settled in year	Closing number of awards[3,4] 30 Jun 2026	Value on settlement in 2026[5] R thousand	Total value of dividends paid in respect of all plans[6] R thousand
131 822	–	(131 822)	–	–	–
131 822	–	(131 822)	–	–	–
122 286	–	–	122 286	–	268
102 887	–	–	102 887	–	885
–	–	–	–	–	–
225 173	–	–	225 173	–	1 153
201 353	–	(201 353)	–	18 475	–
211 995	–	–	211 995	–	–
178 253	–	–	178 253	–	–
215 902	–	–	215 902	–	–
–	–	–	–	–	–
807 503	–	(201 353)	606 150	18 475	–

Notes to the annual financial statements continued

4 Indirect and income tax expense

	R million	2026	2025
4.1	**Indirect tax**		
	Value-added tax (net)	(1 065)	(1 173)
	Other	(18)	–
	Total indirect tax	(1 083)	(1 173)
4.2	**Income tax expense**		
	South African income tax		
	Current	(9 595)	(8 209)
	– Current year	(9 745)	(8 147)
	– Prior year adjustment	150	(62)
	Deferred income tax	2 394	586
	– Current year	2 641	608
	– Prior year adjustment	(247)	(22)
	Total South African income tax	(7 201)	(7 623)
	Foreign company and withholding tax		
	Current	(246)	(327)
	– Current year	(301)	(270)
	– Prior year adjustment	55	(57)
	Deferred income tax	–	(501)
	– Current year	–	(501)
	Total foreign company and withholding tax	(246)	(828)
	South African capital gains tax	–	–
	– Deferred capital gains tax	–	–
	Total capital gains tax	–	–
	Total income tax expense	(7 447)	(8 451)

Notes to the annual financial statements continued

The bank is within the scope of the OECD's Pillar Two global minimum tax model rules, however the rules do not impact the bank's financial statements as its ultimate parent company, FirstRand Limited, is liable to pay the additional tax, if any.

Tax rate reconciliation

%	2026	2025
Standard rate of income tax	**27.0**	27.0
Total tax has been affected by:		
Dividend and other exempt income	**(4.8)**	(4.1)
Other non-taxable income*	**(0.5)**	(0.3)
Prior year adjustments	**0.1**	0.4
Effect of capital gains tax rate	**–**	(0.1)
Disallowed expenditure**	**0.4**	0.7
Other#	**(1.1)**	(1.1)
Effective rate of tax	**21.1**	22.5

* *The majority of other non-taxable income relates to securitisation vehicles.*

** *The majority of the disallowed expense relates to non-recoverable expenses from foreign operations that are non-deductible.*

\# *The majority of other relates to AT1 instruments.*

Notes to the annual financial statements continued

5 Analysis of assets and liabilities

5.1 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
ASSETS				
Cash and cash equivalents	6	**116 310**	**–**	**–**
Derivative financial instruments	7	**–**	**52 031**	**–**
Investment securities*	9	**139 619**	**173 385**	**201**
Advances	10	**1 187 205**	**149 555**	**20 924**
Collateral, settlement balances and other assets	12	**27 823**	**–**	**–**
Amounts due by holding company and fellow subsidiaries		**76 314**	**211**	**–**
Non-financial assets		**–**	**–**	**–**
Total assets		**1 547 271**	**375 182**	**21 125**
Cash and cash equivalents	6	115 222	–	–
Derivative financial instruments	7	–	51 261	–
Investment securities*	9	214 432	106 129	202
Advances	10	1 079 968	111 787	22 440
Collateral, settlement balances and other assets	12	29 364	–	–
Amounts due by holding company and fellow subsidiaries		70 652	1 001	–
Non-financial assets		–	–	–
Total assets		1 509 638	270 178	22 642

* *All non-recourse investments are included in the investment securities balance held at mandatory fair value through profit or loss (FVTPL).*

At fair value through other comprehensive income		Derivatives designated as hedging instruments	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
Debt	Equity					
2026						
–	–	–	–	116 310	116 310	–
–	–	1 631	–	53 662	52 217	1 445
16 404	354	–	–	329 963	191 546	138 417
–	–	–	–	1 357 684	485 191	872 493
–	–	–	8 705	36 528	26 357	10 171
–	–	–	–	76 525	37 013	39 512
–	–	–	37 216	37 216	5 301	31 915
16 404	354	1 631	45 921	2 007 888	913 935	1 093 953
2025						
–	–	–	–	115 222	115 222	–
–	–	1 676	–	52 937	51 131	1 806
19 647	359	–	–	340 769	196 494	144 275
–	–	–	–	1 214 195	399 887	814 308
–	–	–	4 930	34 294	25 206	9 088
–	–	–	–	71 653	30 797	40 856
–	–	–	35 560	35 560	7 364	28 196
19 647	359	1 676	40 490	1 864 630	826 101	1 038 529

Notes to the annual financial statements continued

5 Analysis of assets and liabilities continued

5.2 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.

			At fair value through profit or loss	
R million	Notes	Amortised cost	Mandatory	Designated
LIABILITIES				
Short trading positions	19	**–**	**2 941**	**–**
Derivative financial instruments	7	**–**	**48 833**	**–**
Creditors, accruals and provisions	20	**10 183**	**–**	**–**
Deposits and debt funding	21	**1 621 185**	**79 213**	**2 890**
Other liabilities	22	**–**	**–**	**1 098**
Amounts due to holding company and fellow subsidiaries	13	**34 509**	**186**	**–**
Tier 2 liabilities	23	**16 724**	**–**	**–**
Non-financial liabilities		**–**	**–**	**–**
Total liabilities		**1 682 601**	**131 173**	**3 988**
Short trading positions	19	–	16 533	–
Derivative financial instruments	7	–	50 491	–
Creditors, accruals and provisions	20	9 495	–	–
Deposits and debt funding	21	1 488 689	80 217	4 297
Other liabilities	22	–	–	945
Amounts due to holding company and fellow subsidiaries	13	17 407	198	–
Tier 2 liabilities	23	20 580	–	–
Non-financial liabilities		–	–	–
Total liabilities		1 536 171	147 439	5 242

	Derivatives designated as hedging instruments	Non-financial instruments	Total carrying value	Current	Non-current and non-contractual
2026					
	–	**–**	**2 941**	**2 941**	**–**
	386	**–**	**49 219**	**48 844**	**375**
	–	**22 845**	**33 028**	**16 262**	**16 766**
	–	**–**	**1 703 288**	**1 491 353**	**211 935**
	–	**2 367**	**3 465**	**1 407**	**2 058**
	–	**–**	**34 695**	**21 735**	**12 960**
	–	**–**	**16 724**	**2 522**	**14 202**
	–	**14 419**	**14 419**	**9 204**	**5 215**
	386	**39 631**	**1 857 779**	**1 594 268**	**263 511**
2025					
	–	–	16 533	16 533	–
	971	–	51 462	51 108	354
	–	13 830	23 325	15 248	8 077
	–	–	1 573 203	1 376 496	196 707
	–	2 069	3 014	1 239	1 775
	–	–	17 605	15 946	1 659
	–	–	20 580	3 848	16 732
	–	13 389	13 389	7 903	5 486
	971	29 288	1 719 111	1 488 321	230 790

Notes to the annual financial statements continued

6 Cash and cash equivalents

R million	**2026**	2025
Coins and bank notes	**8 152**	7 814
Money at call and short notice	**23 494**	19 770
Balances with central banks	**84 664**	87 638
– Mandatory reserve balances with central banks	**40 786**	37 975
– Other balances with central banks	**43 878**	49 663
Total cash and cash equivalents*	**116 310**	115 222

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

Mandatory reserve balances with central banks

The bank is required to deposit a minimum average balance, calculated monthly, with the respective central banks, which is available for use by the bank 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, settlement balances and other assets.

Notes to the annual financial statements continued

7 Derivative financial instruments

Use of derivatives

The bank transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the bank's own risk. The bank'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 bank applies IFRS 9 for cash flow and fair value micro hedges.

For further details on the valuation of derivatives refer to note 27.

Qualifying for hedge accounting

Where all required criteria are met, derivatives may be 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. Qualifying hedging relationships are designated as either fair value or cash flow hedges. The bank applies hedge accounting in respect of specified interest rate risk and equity price risk detailed in this note.

Certain hedge relationships reference interest rate benchmarks that are subject to the Interbank Offered Rates (IBOR) reform in South Africa. This reform will result in the transition from JIBAR to ZARONIA. The bank has applied the interest rate benchmark reform amendments in IFRS 9 which allow hedge accounting to continue during the transition period. As at 30 June 2026, no hedging relationships were modified and thus the relief provided by the IBOR reform phase 2 was not applied to both the fair value and cash flow hedges. Amendments to hedging instruments and hedged items arising directly from the migration to ZARONIA will be treated as modifications of the hedging relationship rather than discontinuations where the qualifying criteria will be met.

The bank 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. For further details on the bank's approach to managing interest rate risk, market risk and the impact of the transition from JIBAR to ZARONIA, refer to note 31.

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.

The bank 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's 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 bank uses the regression analysis approach to quantitatively assess hedge effectiveness for all the cash flow and fair value hedges. 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 bank 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 bank's risk management strategy.

Notes to the annual financial statements continued

7 Derivative financial instruments continued

Held for trading activities

Most of the bank'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 bank in the derivative contracts and not its exposures to risk. Notional amounts that are denominated in foreign currency are translated to the bank's 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.

Derivative financial instruments

	2026				
R million	**Notional asset**	**Notional liability**	**Total notional**	**Fair value asset**	**Fair value liability**
Qualifying for hedge accounting	193 021	125 326	318 347	1 631	386
Fair value hedge accounting	12 050	3 569	15 619	578	227
– Interest rate derivatives*	12 050	3 569	15 619	578	227
Cash flow hedge accounting	180 971	121 757	302 728	1 053	159
– Interest rate derivatives*	178 633	121 757	300 390	588	159
– Equity derivatives	2 338	–	2 338	465	–
Not qualifying for hedge accounting					
Held for trading	13 987 474	14 388 956	28 376 430	52 031	48 833
– Currency derivatives	433 230	429 954	863 184	9 184	9 939
– Interest rate derivatives*	13 414 342	13 896 668	27 311 010	30 920	32 876
– Equity derivatives	36 156	20 268	56 424	6 815	1 821
– Commodity derivatives	93 406	36 330	129 736	4 674	3 738
– Energy derivatives	3 323	2 440	5 763	254	347
– Credit derivatives	7 017	3 296	10 313	184	112
Total derivative assets/liabilities	14 180 495	14 514 282	28 694 777	53 662	49 219
Exchange traded	35 145	17 984	53 128	–	–
Over the counter	14 145 350	14 496 298	28 641 649	53 662	49 219
Total derivative assets/liabilities	14 180 495	14 514 282	28 694 777	53 662	49 219

* *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.*

Fair value hedges

Interest rate risk

The bank defines interest rate risk, to which fair value hedge accounting is applied, as the potential variations in NII due to the bank 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 bank'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.

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

2025				
Notional asset	Notional liability	Total notional	Fair value asset	Fair value liability
188 682	187 273	375 955	1 676	971
18 629	9 201	27 830	1 009	339
18 629	9 201	27 830	1 009	339
170 053	178 072	348 125	667	632
168 774	174 616	343 390	450	318
1 279	3 456	4 735	217	314
11 625 680	11 413 755	23 039 435	51 261	50 491
377 085	349 899	726 984	10 233	8 878
11 165 310	10 969 943	22 135 253	34 306	35 488
48 999	46 368	95 367	4 791	2 692
26 695	43 236	69 931	1 572	3 203
3 064	3 148	6 212	161	150
4 527	1 161	5 688	198	80
11 814 362	11 601 028	23 415 390	52 937	51 462
35 745	32 917	68 662	–	–
11 778 617	11 568 111	23 346 728	52 937	51 462
11 814 362	11 601 028	23 415 390	52 937	51 462

Notes to the annual financial statements continued

7 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.

Identified hedged items subject to fair value interest rate risk hedge accounting and the related hedging instrument are specified long-term fixed-rate investment securities, advances and other funding liabilities measured at amortised cost, as well as investment securities measured at FVOCI. To manage the interest rate risk associated with such risk exposures, the bank uses a variety of cash collateralised vanilla fixed-for-floating interest rate swap derivatives.

The designated hedged items attract fixed-interest rate cash flows, which expose the bank 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 bank 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 bank 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;
- 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;
- 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. This is not applicable to the bank as no amendments have been made to the terms of the hedging instruments and related hedged item at 30 June 2026;
- 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.

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

	2026	2025
	Interest rate risk	Interest rate risk
R million	**Notional amount**	Notional amount
1 – 3 months	**–**	2 356
4 – 12 months	**–**	800
1 – 5 years	**10 565**	17 138
>5 years	**5 054**	7 536
Total	**15 619**	27 830

	2026	2025
	Average interest rate	Average interest rate
R million	**risk (%)**	risk (%)
Derivative assets		
1 – 3 months	**–**	2
4 – 12 months	**–**	1
1 – 5 years	**4**	5
>5 years	**3**	5
Derivative liabilities		
1 – 5 years	**9**	8
>5 years	**9**	9

Notes to the annual financial statements continued

7 Derivative financial instruments continued

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

	2026	2025
R million	**Investment securities**	Investment securities
Interest rate risk — hedged items		
Carrying amount excluding fair value hedge adjustments	**15 523**	27 814
Accumulated fair value hedge adjustments for instruments that are actively hedged	**(209)**	130
Total carrying amount of hedged items	**15 314**	27 944
Accumulated fair value hedge adjustments for items that have ceased to be adjusted for fair value hedge gains and losses	396	(227)

The following amounts were recognised in NII and NIR for the year in respect of fair value hedging relationships (single hedge relationships). Negative values reflect a credit and positive values reflect a debit against the carrying amount of the hedging instrument and the hedged item, respectively.

R million	2026	2025
Interest rate risk		
Changes in fair value for the year arising on hedging instruments	**(181)**	(1 190)
– Interest rate derivatives	**(181)**	(1 190)
Changes in fair value on the hedged items attributable to the hedged risk	**180**	1 273
– Investment securities – amortised cost	**(32)**	684
– Investment securities – FVOCI	**212**	589
Ineffectiveness recognised in NIR*	**(1)**	83

* *Included in fair value income and foreign exchange gains/losses.*

Cash flow hedges

The bank 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 JIBAR-linked advances (cash flow interest rate risk);
- variable ZARONIA-linked advances (cash flow interest rate risk);
- variable overnight financial liabilities (cash flow interest rate risk); and
- the bank'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 and ZARONIA-linked assets and overnight financial liabilities exposes the bank to volatility in interest cash flows as the variable benchmark interest rate varies over time. To manage the cash flow risk, the bank 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.

Notes to the annual financial statements continued

7 Derivative financial instruments continued

Interest rate risk continued

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-linked, JIBAR-linked and ZARONIA-linked swaps to hedge overnight financial liabilities;
- designation of JIBAR-linked advances between JIBAR fixing dates;
- designation of ZARONIA-linked advances between ZARONIA fixing dates; and
- the effects of the interest rate reforms, as the amendments to the terms of the hedging instrument and the related hedged item could take effect at different times. The bank applied the IFRS 9 phase 1 IBOR reform reliefs only to the extent that uncertainty existed regarding the timing and amount of benchmark reform-related cash flows. To the extent that hedge instruments and hedged items transition at different points in time, hedge ineffectiveness may arise and will be recognised in profit or loss in accordance with the hedge accounting requirements.

Equity price risk

Equity price risk exists within the bank'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 25 for further details. Share incentive schemes, which are accounted for as cash-settled share-based payment (SBP) in terms of IFRS 2, expose the bank 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 R29.5 million (2025: R63.3 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.

The following table discloses the maturity of the hedging instruments according to their respective maturity buckets and the average rate included in cash flow hedging relationships.

	2026		2025	
	Notional amount		Notional amount	
R million	**Interest rate risk**	**Equity price risk**	Interest rate risk	Equity price risk
1 – 3 months	**2 702**	**–**	9 098	–
4 – 12 months	**44 618**	**2 338**	50 632	4 735
1 – 5 years	**226 515**	**–**	248 170	–
>5 years	**26 555**	**–**	35 489	–
Total	**300 390**	**2 338**	343 389	4 735
	Average rate/share price		Average rate/share price	
	Interest rate risk (%)	**Equity price risk (ZAR)**	Interest rate risk (%)	Equity price risk (ZAR)
Derivative assets				
1 – 3 months	**6**	**–**	5	–
4 – 12 months	**7**	**79**	7	63
1 – 5 years	**8**	**–**	8	–
>5 years	**8**	**–**	8	–
Derivative liabilities				
1 – 3 months	**8**	**–**	6	–
4 – 12 months	**8**	**–**	6	81
1 – 5 years	**8**	**–**	8	–
>5 years	**8**	**–**	8	–

Notes to the annual financial statements continued

7 Derivative financial instruments continued

The following amounts were recorded in NIR for the year in respect of cash flow hedging relationships. Negative values reflect a credit and a positive value reflects a debit against the carrying amount of the hedging instrument.

R million	2026 Interest rate risk	2026 Equity price risk	2026 Total	2025 Interest rate risk	2025 Equity price risk	2025 Total
Changes in fair value for the year						
On the hedging instruments	**(592)**	**858**	**266**	2 794	497	3 291
– Interest rate derivatives	**(592)**	**–**	**(592)**	2 794	–	2 794
– Equity derivatives	**–**	**858**	**858**	–	497	497
On the hedged item subject to the hedged risk	**686**	**(969)**	**(283)**	(2 748)	(728)	(3 476)
– Advances	**1 437**	**–**	**1 437**	(5 649)	–	(5 649)
– Other funding liabilities	**(751)**	**–**	**(751)**	2 901	–	2 901
– Share-based payment	**–**	**(969)**	**(969)**	–	(728)	(728)
Ineffectiveness recognised in NIR*	**–**	**–**	**–**	46	–	46

* *Included in fair value income and foreign exchange gains/losses.*

The following amounts relate to the fair value and cash flow movements in the cash flow hedge reserve reflected through other comprehensive income on hedging instruments included in cash flow hedging relationships.

R million	2026 Interest rate risk	2026 Equity price risk	2026 Total	2025 Interest rate risk	2025 Equity price risk	2025 Total
Cash flow hedge reserve – opening balance ((debit)/credit)	**885**	**163**	**1 048**	(1 270)	386	(884)
Movement in reserve attributable to changes in the fair value of the hedging instruments	**(107)**	**864**	**757**	1 779	423	2 202
Analysis of transfers out of cash flow hedging reserve:						
NII and operating expenses (staff costs)	**(517)**	**(1 000)**	**(1 517)**	1 173	(728)	445
– Hedged item affects profit or loss	**(483)**	**(1 000)**	**(1 483)**	1 142	(728)	414
– Hedged future cash flows no longer expected to occur	**(34)**	**–**	**(34)**	31	–	31
Deferred tax on reserve movement	**168**	**37**	**205**	(797)	82	(715)
Cash flow hedge reserve – closing balance ((debit)/credit)	**429**	**64**	**493**	885	163	1 048
Cash flow hedge reserve relating to continuing hedges	**206**	**64**	**270**	583	163	746
Cash flow hedge reserve relating to discontinued hedges	**223**	**–**	**223**	302	–	302
Cash flow hedge reserve – closing credit balance	**429**	**64**	**493**	885	163	1 048

8 Commodities

R million	2026	2025
Agricultural commodities	**642**	1 256
Gold	**3 715**	6 006
Platinum group metals	**163**	102
Total commodities	**4 520**	7 364

Notes to the annual financial statements continued

9 Investment securities

R million	**2026**	2025
Treasury bills*	**74 480**	93 062
Other government and government-guaranteed stock*	**243 687**	237 292
Other dated securities	**2 510**	1 781
Other undated securities	**1 568**	1 250
Equities	**8 049**	7 714
Total gross carrying amount of investment securities	**330 294**	341 099
Loss allowance on investment securities	**(331)**	(330)
Total investment securities	**329 963**	340 769

* *Included in the balances are investment securities which form part of securities lending transactions or repurchase agreements in note 9.2.*

9.1 *Analysis of impairment stages of investment securities*

	Amortised cost			**FVOCI (debt)**		
R million	**Gross carrying amount**	**ECL allowance**	**Carrying amount**	**Gross carrying amount**	**ECL allowance***	**Carrying amount**
As at 30 June 2026						
Stage 1	**139 500**	**312**	**139 188**	**16 404**	**–**	**16 404**
Stage 2	**450**	**19**	**431**	**–**	**–**	**–**
Total investment securities	**139 950**	**331**	**139 619**	**16 404**	**–**	**16 404**
As at 30 June 2025						
Stage 1	214 762	330	214 432	19 647	–	19 647
Total investment securities	214 762	330	214 432	19 647	–	19 647

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

9.2 *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 and debt funding (carrying amount)**	
R million	**2026**	2025	**2026**	2025
Repurchase agreements	**18 156**	26 303	**13 895**	26 017

Transferred investments and related deposits under repurchase agreements are either measured at amortised cost or at FVTPL.

The fair value of the investment securities transferred under repurchase agreements is R17 290 million (2025: R26 303 million) and that of the associated liabilities is R14 281 million (2025: R26 017 million).

9.3 *Equity investments designated at fair value through other comprehensive income*

Strategic equity investments which the bank does not plan on selling are designated as non-trading equity instruments classified on initial recognition as measured at FVOCI. The total fair value of these investments is R353 million (2025: R359 million).

Notes to the annual financial statements continued

10 Advances

10.1 Category analysis of advances

R million	Notes	**2026**	2025
Overdrafts and cash management accounts		**92 383**	88 383
Term loans*		**107 777**	108 234
Card loans		**50 942**	48 418
Instalment sales, hire purchase agreements and lease payments receivable	10.2	**185 477**	165 466
Property finance		**338 800**	321 873
Personal loans		**62 515**	56 789
Preference share agreements		**37 873**	29 744
Investment bank term loans*		**216 291**	205 004
Long-term loans to group associates and joint ventures		**430**	550
Other*,**		**78 032**	61 982
Total customer advances		**1 170 520**	1 086 443
Marketable advances		**60 449**	66 275
Assets under agreements to resell		**171 995**	104 621
Gross value of advances		**1 402 964**	1 257 339
Impairment and credit of fair value advances	11.1	**(45 280)**	(43 144)
Net advances		**1 357 684**	1 214 195
Gross advances – amortised cost		**1 231 442**	1 122 302
Impairment of advances – amortised cost		**(44 238)**	(42 334)
Net advances – amortised cost		**1 187 204**	1 079 968
Gross advances – fair value		**171 522**	135 037
Impairment of advances – fair value		**(1 042)**	(810)
Net advances – fair value		**170 480**	134 227
Net advances		**1 357 684**	1 214 195

* *Prior year amounts have been restated following a system migration that improved the classification of advances and certain revolving facilities. The previously reported balances at 30 June 2025 for investment bank term loans and other advances have been reduced by R30 490 million and R651 million respectively, with a corresponding increase in term loans of R31 141 million.*

** *Includes R4 billion (2025: R4 billion) liquidity facility placed with the Corporation of Deposit Insurance, R16 billion (2025: R14 billion) relating to floor plan deals, R24 billion (2025: R19 billion) relating to invoice finance and R5 billion (2025: nil) relating to collateralised debt obligation.*

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

R million	**2026**	2025
Within 1 year	**1 750**	1 578
Between 1 and 2 years	**927**	792
Between 2 and 3 years	**745**	563
Between 3 and 4 years	**441**	373
Between 4 and 5 years	**234**	191
More than 5 years	**97**	82
Total gross amount*	**4 194**	3 579
Unearned finance charges	**(671)**	(553)
Net amount of hire purchase and lease payments receivable	**3 523**	3 026
Instalment sales	**181 954**	162 440
Total instalment sales, hire purchase agreements and lease payments receivable	**185 477**	165 466

* *Hire purchase agreements and lease payments receivable relate to leases for motor vehicles and equipment. The agreements do not include contingent rentals.*

10.3 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 – Nitro 8, Nitro 9 and Accelerate Finance Programme) and FNB residential mortgages (Lehae Programme). These structured entities are consolidated by FirstRand. During the financial year, new issuances were made under the Nitro Programme (Nitro 9) and Accelerate Finance Programme. The notes issued under the FAST securitisation programme were redeemed, with the residual advances sold back to WesBank. 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.

Notes to the annual financial statements continued

10 Advances continued

10.3 *Securitisation transactions* continued

Name of securitisation	Established	Initial transaction value	Carrying value of assets R million 2026	2025	Carrying value of liabilities R million 2026	2025
FAST	July 2016	R6.80 billion	**55**	1 343	**–**	3
Lehae Programme*	November 2023	R2.04 billion	**1 551**	1 758	**1 532**	1 742
Nitro Programme (Nitro 8)	December 2024	R2.06 billion	**1 145**	1 731	**1 101**	1 716
Nitro Programme (Nitro 9)	September 2025	R2.05 billion	**1 581**	–	**1 550**	–
Accelerate Finance Programme	December 2025	R2.00 billion	**1 830**	–	**1 829**	–

* *These advances form part of property finance.*

10.4 *Type of continuing involvement*

The table below sets out the financial information about the bank's continuing involvement in the transferred financial assets which have been derecognised in their entirety.

R million	Carrying amount of continuing involvement recognised in the statement of financial position: Assets	Liabilities	Fair value of continuing involvement: Assets	Liabilities	Maximum exposure to loss
As at 30 June 2026					
Traditional securitisation transactions					
Derivative financial instruments	**13**	**–**	**13**	**–**	**817**
Investment securities and other investments	**331**	**569**	**354**	**569**	**331**
Total	**344**	**569**	**367**	**569**	**1 148**
As at 30 June 2025					
Traditional securitisation transactions					
Derivative financial instruments	1	4	1	4	1 086
Investment securities and other investments	208	889	222	889	208
Total	209	893	223	893	1 294

The maximum exposure to loss from continuing involvement in derecognised financial assets is the total loss that the bank would suffer in a worst-case scenario, such as if the underlying derecognised financial asset were to lose all of its value. This includes any off-balance sheet commitments related to the derecognised financial asset.

The maximum exposure to loss from continuing involvement through clean-up calls, included in derivatives, is determined as the agreed-upon amount the bank may need to pay to repurchase a financial asset that has no value. Although the bank is not obliged to, it may decide to exercise the clean-up options even if the remaining assets are worth less than the exercise price of the options. The maximum exposure to loss from continuing involvement through derivatives is determined as any payments the bank is obligated to make in terms of the derivative contract (such as interest payments) based on the value of the underlying transferred financial assets. In the case of clean-up calls, maximum exposure to loss would be 10% of the value at issue.

The maximum exposure to loss from continuing involvement through notes issued by the structured entity and held by the bank is determined as the value of the notes recognised as marketable advances by the bank.

The table below sets out the profit or loss impact of transfers of financial assets which are derecognised in their entirety.

R million	**2026** Traditional securitisation transactions	**2026** Total	2025 Traditional securitisation transactions	2025 Total
Loss at date of transfer	**(512)**	**(512)**	(425)	(425)
Income recognised from continuing involvement	**2 476**	**2 476**	2 555	2 555
– for the current period	**(41)**	**(41)**	(2)	(2)
– cumulative	**2 517**	**2 517**	2 557	2 557

The table below sets out the undiscounted cash flows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee in respect of the transferred financial assets as at 30 June. It also sets out the maturity analysis of these undiscounted cash flows. Income recognised from continuing involvement relates to admin fees received and interest income.

Notes to the annual financial statements continued

10 Advances continued

10.4 *Type of continuing involvement* continued

	2026		2025	
R million	**Traditional securitisation transactions**	**Total**	Traditional securitisation transactions	Total
Total undiscounted cash outflows	**5 651**	**5 651**	3 996	3 996
– Call	**–**	**–**	–	–
– 1 – 3 months	**259**	**259**	301	301
– 4 – 12 months	**728**	**728**	613	613
– 1 – 5 years	**4 664**	**4 664**	3 082	3 082
– >5 years	**–**	**–**	–	–

10.5 *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, where after the type of loans provided to that type of client is reflected as subclasses.

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

Basis of preparation of the reconciliation

The reconciliation of the GCA and ECL has been prepared using a year-to-date view. This means that the bank 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 bank transfers opening balances (back book) at the value 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 653 million (2025: R12 223 million).

Included in the core lending advances are advances of R2 227 million (2025: R1 937 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 annual financial statements continued

10 Advances continued

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

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

Amortised cost – 30 June 2026

	Retail secured		Retail unsecured	
R million	**Residential mortgages**	**WesBank VAF**	**FNB card**	**Personal loans**
GCA reported as at 1 July 2025	279 985	122 379	44 236	54 088
– Stage 1	235 805	102 980	34 812	36 126
– Stage 2	24 138	12 184	3 156	8 880
– Stage 3	20 042	7 215	6 268	9 082
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	(1 925)	(5 137)	(2 060)	(3 905)
– Transfers into stage 1	8 024	2 449	1 026	1 755
– Transfers out of stage 1	(9 949)	(7 586)	(3 086)	(5 660)
Transfers to/(from) stage 2	(127)	1 529	(425)	(226)
– Transfers into stage 2	11 090	6 291	1 391	4 250
– Transfers out of stage 2	(11 217)	(4 762)	(1 816)	(4 476)
Transfers to/(from) stage 3	2 052	3 608	2 485	4 131
– Transfers into stage 3	5 742	4 736	2 696	5 630
– Transfers out of stage 3	(3 690)	(1 128)	(211)	(1 499)
Current-year movement	14 883	22 163	4 992	11 800
New business – changes in exposure	46 478	56 689	3 554	23 050
Back book – current-year movement	(31 595)	(34 526)	1 438	(11 250)
– Exposures with a change in measurement basis from 12 months to LECL	(1 389)	(1 826)	157	(1 292)
– Other current-year change in exposure/net movement on GCA	(30 206)	(32 700)	1 281	(9 958)
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances*	–	(3 608)	–	–
Transfers from/(to) other divisions	2	–	–	–
Exchange rate differences	–	–	–	–
Bad debts written off	(613)	(1 921)	(2 946)	(5 823)
Modifications that did not give rise to derecognition	(11)	(52)	(130)	(483)
GCA as at 30 June 2026	294 246	138 961	46 152	59 582
– Stage 1	249 771	115 862	36 330	40 025
– Stage 2	24 340	14 324	3 506	10 120
– Stage 3	20 135	8 775	6 316	9 437
– Purchased or originated credit impaired	–	–	–	–
Core lending advances	294 246	138 961	46 152	59 582
Assets under agreements to resell**	–	–	–	–
Total GCA of advances as at 30 June 2026	294 246	138 961	46 152	59 582

* *This balance includes advances of R7 billion acquired from HSBC as part of an asset acquisition effective 1 March 2026.*

** *All balances are included in stage 1.*

	Corporate and commercial				
Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
6 823	142 969	65 877	357 385	48 560	1 122 302
5 369	127 844	61 060	341 667	48 466	994 129
537	9 479	3 479	10 146	11	72 010
917	5 646	1 338	4 680	83	55 271
–	–	–	892	–	892
–	–	–	–	–	–
(110)	(2 933)	(1 112)	(5 602)	(49)	(22 833)
172	3 140	1 458	4 940	–	22 964
(282)	(6 073)	(2 570)	(10 542)	(49)	(45 797)
125	520	410	4 117	(6)	5 917
422	4 789	2 140	10 316	–	40 689
(297)	(4 269)	(1 730)	(6 199)	(6)	(34 772)
(15)	2 413	702	1 485	55	16 916
245	2 528	835	2 499	55	24 966
(260)	(115)	(133)	(1 014)	–	(8 050)
478	12 086	8 070	7 385	57 913	139 770
1 379	27 211	23 932	126 934	13 228	322 455
(901)	(15 125)	(15 862)	(119 284)	44 685	(182 420)
(14)	(1 120)	(1 158)	(624)	(5)	(7 271)
(887)	(14 005)	(14 704)	(118 660)	44 690	(175 149)
–	–	–	(265)	–	(265)
–	–	–	(9 856)	–	(13 464)
(2)	–	–	–	–	–
–	–	–	(1 654)	(16)	(1 670)
(834)	(1 891)	(222)	(446)	(112)	(14 808)
(12)	–	–	–	–	(688)
6 453	153 164	73 725	352 814	106 345	1 231 442
5 394	137 402	69 332	335 864	106 345	1 096 325
472	9 674	2 898	10 909	–	76 243
587	6 088	1 495	5 649	–	58 482
–	–	–	392	–	392
6 453	153 164	73 725	352 814	49 263	1 174 360
–	–	–	–	57 082	57 082
6 453	153 164	73 725	352 814	106 345	1 231 442

Notes to the annual financial statements continued

10 Advances continued

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

10.6.2 Reconciliation of the loss allowance on total advances per class

Amortised cost – 30 June 2026

	Retail secured		Retail unsecured	
R million	**Residential mortgages**	**WesBank VAF**	**FNB card**	**Personal loans**
ECL reported as at 1 July 2025	6 121	6 232	6 670	9 919
– Stage 1	403	1 032	1 258	1 762
– Stage 2	1 266	1 880	857	2 019
– Stage 3	4 452	3 320	4 555	6 138
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	303	161	108	(72)
– Transfers into stage 1	330	251	265	367
– Transfers out of stage 1	(27)	(90)	(157)	(439)
Transfers to/(from) stage 2	(146)	(611)	(454)	(936)
– Transfers into stage 2	382	152	89	758
– Transfers out of stage 2	(528)	(763)	(543)	(1 694)
Transfers to/(from) stage 3	(157)	450	346	1 008
– Transfers into stage 3	250	564	459	1 624
– Transfers out of stage 3	(407)	(114)	(113)	(616)
Current-year provision created/(released)	407	2 778	3 088	6 858
New business – impairment charge/(release)	291	1 900	303	3 195
Back book – impairment charge/(release)	116	878	2 785	3 663
– Exposures with a change in measurement basis from 12 months to LECL	(94)	(167)	277	82
– Other current-year impairment charge/(release)	210	1 045	2 508	3 581
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	29	–	–
Transfers from/(to) other divisions	–	–	(45)	–
Exchange rate differences	–	–	–	–
Bad debts written off	(613)	(1 921)	(2 946)	(5 823)
ECL as at 30 June 2026	5 915	7 118	6 767	10 954
– Stage 1	292	1 118	1 489	2 148
– Stage 2	1 130	2 056	1 043	2 382
– Stage 3	4 493	3 944	4 235	6 424
– Purchased or originated credit impaired	–	–	–	–
Current-year provision created/(released) per impairment stage	407	2 778	3 088	6 858
– Stage 1	(411)	(75)	123	457
– Stage 2	10	778	640	1 300
– Stage 3	808	2 075	2 325	5 101
– Purchased or originated credit impaired	–	–	–	–

	Corporate and commercial				
Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
1 143	6 030	1 017	4 702	500	42 334
201	1 077	247	1 486	414	7 880
149	1 240	117	998	4	8 530
793	3 713	653	1 524	82	25 230
–	–	–	694	–	694
–	–	–	–	–	–
17	197	32	125	(3)	868
26	335	49	160	–	1 783
(9)	(138)	(17)	(35)	(3)	(915)
57	(519)	(50)	(13)	–	(2 672)
116	113	25	236	–	1 871
(59)	(632)	(75)	(249)	–	(4 543)
(74)	322	18	(112)	3	1 804
44	381	45	96	3	3 466
(118)	(59)	(27)	(208)	–	(1 662)
454	2 607	344	672	(1)	17 207
57	363	214	1 196	1	7 520
397	2 244	130	(323)	(2)	9 888
9	282	10	(131)	(5)	263
388	1 962	120	(192)	3	9 625
–	–	–	(201)	–	(201)
–	–	–	(500)	–	(471)
45	–	–	–	–	–
–	–	–	(10)	(14)	(24)
(834)	(1 891)	(222)	(446)	(112)	(14 808)
808	6 746	1 139	4 418	373	44 238
141	1 230	237	1 216	373	8 244
169	1 175	136	787	–	8 878
498	4 341	766	2 275	–	26 976
–	–	–	140	–	140
454	2 607	344	672	(1)	17 207
(79)	(44)	(42)	(363)	(38)	(472)
(38)	455	69	(197)	(3)	3 014
571	2 196	317	1 293	40	14 726
–	–	–	(61)	–	(61)

Notes to the annual financial statements continued

10 Advances continued

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

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

Fair value – 30 June 2026

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2025	815	129 946	4 276	135 037
– Stage 1	815	127 260	4 232	132 307
– Stage 2	–	1 976	44	2 020
– Stage 3	–	710	–	710
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	22	43	65
– Transfers into stage 1	–	140	43	183
– Transfers out of stage 1	–	(118)	–	(118)
Transfers to/(from) stage 2	–	(1 038)	(43)	(1 081)
– Transfers into stage 2	–	–	–	–
– Transfers out of stage 2	–	(1 038)	(43)	(1 081)
Transfers to/(from) stage 3	–	1 016	–	1 016
– Transfers into stage 3	–	1 016	–	1 016
– Transfers out of stage 3	–	–	–	–
Current-year movement	(39)	33 039	4 216	37 216
New business – changes in exposure	20	24 368	858	25 246
Back book – current-year movement	(59)	8 622	3 358	11 921
– Exposures with a change in measurement basis from 12 months to LECL	–	–	–	–
– Other current-year change in exposure/net movement on GCA	(59)	8 622	3 358	11 921
Purchased or originated credit impaired	–	49	–	49
Acquisition/(disposal) of advances	–	(99)	–	(99)
Transfers from/(to) other divisions	–	–	–	–
Exchange rate differences	–	(562)	–	(562)
Bad debts written off	–	(70)	–	(70)
GCA as at 30 June 2026	776	162 254	8 492	171 522
– Stage 1	776	159 475	8 492	168 743
– Stage 2	–	1 704	–	1 704
– Stage 3	–	847	–	847
– Purchased or originated credit impaired	–	228	–	228
Core lending advances	776	53 568	2 265	56 609
Assets under agreements to resell*	–	108 686	6 227	114 913
Total GCA of advances as at 30 June 2026	776	162 254	8 492	171 522

* *All balances are included in stage 1.*

Notes to the annual financial statements continued

10 Advances continued

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

10.6.4 Reconciliation of the loss allowance on total advances per class

Fair value – 30 June 2026

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2025	16	787	7	810
– Stage 1	16	110	8	134
– Stage 2	–	471	–	471
– Stage 3	–	206	(1)	205
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	7	–	7
– Transfers into stage 1	–	8	–	8
– Transfers out of stage 1	–	(1)	–	(1)
Transfers to/(from) stage 2	–	(159)	–	(159)
– Transfers into stage 2	–	–	–	–
– Transfers out of stage 2	–	(159)	–	(159)
Transfers to/(from) stage 3	–	152	–	152
– Transfers into stage 3	–	152	–	152
– Transfers out of stage 3	–	–	–	–
Current-year provision created/(released)	(2)	402	13	413
New business – impairment charge/(release)	–	485	–	485
Back book – impairment charge/(release)	(2)	(132)	13	(121)
– Exposures with a change in measurement basis from 12 months to LECL	–	–	–	–
– Other current-year impairment charge/(release)	(2)	(132)	13	(121)
Purchased or originated credit impaired	–	49	–	49
Acquisition/(disposal) of advances	–	(99)	–	(99)
Transfers from/(to) other divisions	–	–	–	–
Exchange rate differences	–	(12)	–	(12)
Bad debts written off	–	(70)	–	(70)
ECL as at 30 June 2026	14	1 008	20	1 042
– Stage 1	14	257	20	291
– Stage 2	–	256	–	256
– Stage 3	–	275	–	275
– Purchased or originated credit impaired	–	220	–	220
Current-year provision created/(released) per impairment stage	(2)	402	13	413
– Stage 1	(2)	144	13	155
– Stage 2	–	(49)	–	(49)
– Stage 3	–	38	–	38
– Purchased or originated credit impaired	–	269	–	269

Notes to the annual financial statements continued

10 Advances continued

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

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

Amortised cost – 30 June 2025

	Retail secured		Retail unsecured	
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans
GCA reported as at 1 July 2024	270 461	111 421	41 374	53 286
– Stage 1	230 024	91 975	33 111	35 345
– Stage 2	22 219	12 336	3 030	8 933
– Stage 3	18 218	7 110	5 233	9 008
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	**–**	**–**	**–**	**–**
Transfers to/(from) stage 1	(4 821)	(3 381)	(2 168)	(4 225)
– Transfers into stage 1	6 547	2 737	944	1 759
– Transfers out of stage 1	(11 368)	(6 118)	(3 112)	(5 984)
Transfers to/(from) stage 2	1 317	499	(394)	(539)
– Transfers into stage 2	11 489	5 388	1 355	4 179
– Transfers out of stage 2	(10 172)	(4 889)	(1 749)	(4 718)
Transfers to/(from) stage 3	3 504	2 882	2 562	4 764
– Transfers into stage 3	6 339	3 970	2 678	6 119
– Transfers out of stage 3	(2 835)	(1 088)	(116)	(1 355)
Current-year movement	**10 061**	**15 220**	**5 165**	**7 719**
New business – changes in exposure	40 396	47 874	3 730	19 976
Back book – current-year movement	(30 335)	(32 654)	1 435	(12 257)
– Exposures with a change in measurement basis from 12 months to LECL	(1 323)	(1 935)	144	(1 368)
– Other current-year change in exposure/net movement on GCA	(29 012)	(30 719)	1 291	(10 889)
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	(1 990)	–	–
Transfers from/(to) other divisions	1	–	–	2
Exchange rate differences	–	–	–	–
Bad debts written off	(520)	(2 221)	(2 151)	(6 177)
Modifications that did not give rise to derecognition	(18)	(51)	(152)	(742)
GCA as at 30 June 2025	279 985	122 379	44 236	54 088
– Stage 1	235 805	102 980	34 812	36 126
– Stage 2	24 138	12 184	3 156	8 880
– Stage 3	20 042	7 215	6 268	9 082
– Purchased or originated credit impaired	–	–	–	–
Core lending advances	279 985	122 379	44 236	54 088
Assets under agreements to resell*	–	–	–	–
Total GCA of advances as at 30 June 2025	279 985	122 379	44 236	54 088

* *All amounts are included in stage 1.*

	Corporate and commercial				
Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
7 314	129 022	60 218	366 875	39 754	1 079 725
5 715	115 388	55 268	343 271	39 110	949 207
584	8 901	3 841	20 490	13	80 347
1 015	4 733	1 109	2 274	631	49 331
–	–	–	840	–	840
–	**–**	**–**	**–**	**–**	**–**
(207)	(3 190)	(1 192)	5 740	3	(13 441)
145	1 672	1 781	10 498	5	26 088
(352)	(4 862)	(2 973)	(4 758)	(2)	(39 529)
82	534	512	(8 732)	(1)	(6 722)
347	3 153	2 528	4 758	2	33 199
(265)	(2 619)	(2 016)	(13 490)	(3)	(39 921)
125	2 656	680	2 992	(2)	20 163
275	2 756	800	2 992	1	25 930
(150)	(100)	(120)	–	(3)	(5 767)
294	**15 538**	**5 854**	**19 588**	**9 286**	**88 725**
1 251	30 099	18 699	116 499	497	279 021
(957)	(14 561)	(12 845)	(97 030)	8 789	(190 415)
(8)	(1 145)	(1 268)	(949)	1	(7 851)
(949)	(13 416)	(11 577)	(96 081)	8 788	(182 564)
–	–	–	119	–	119
–	–	–	(28 384)	–	(30 374)
(1)	(2)	–	–	–	–
–	–	–	(583)	38	(545)
(755)	(1 598)	(195)	(111)	(518)	(14 246)
(29)	9	–	–	–	(983)
6 823	142 969	65 877	357 385	48 560	1 122 302
5 369	127 844	61 060	341 667	48 466	994 129
537	9 479	3 479	10 146	11	72 010
917	5 646	1 338	4 680	83	55 271
–	–	–	892	–	892
6 823	142 969	65 877	357 319	32 312	1 105 988
–	–	–	66	16 248	16 314
6 823	142 969	65 877	357 385	48 560	1 122 302

Notes to the annual financial statements continued

10 Advances continued

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

10.6.6 Reconciliation of the loss allowance on total advances per class

Amortised cost – 30 June 2025

	Retail secured		Retail unsecured	
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans
ECL reported as at 1 July 2024	5 448	6 195	5 705	10 243
– Stage 1	413	978	1 157	1 884
– Stage 2	1 288	1 859	773	2 112
– Stage 3	3 747	3 358	3 775	6 247
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	206	233	56	(124)
– Transfers into stage 1	253	313	215	376
– Transfers out of stage 1	(47)	(80)	(159)	(500)
Transfers to/(from) stage 2	(245)	(641)	(414)	(1 192)
– Transfers into stage 2	282	149	81	672
– Transfers out of stage 2	(527)	(790)	(495)	(1 864)
Transfers to/(from) stage 3	39	408	358	1 316
– Transfers into stage 3	319	525	422	1 845
– Transfers out of stage 3	(280)	(117)	(64)	(529)
Current-year provision created/(released)	1 193	2 258	3 116	5 851
New business – impairment charge/(release)	312	1 398	291	2 431
Back book – impairment charge/(release)	881	860	2 825	3 420
– Exposures with a change in measurement basis from 12 months to LECL	67	(245)	166	46
– Other current-year impairment charge/(release)	814	1 105	2 659	3 374
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	2
Exchange rate differences	–	–	–	–
Bad debts written off	(520)	(2 221)	(2 151)	(6 177)
ECL as at 30 June 2025	6 121	6 232	6 670	9 919
– Stage 1	403	1 032	1 258	1 762
– Stage 2	1 266	1 880	857	2 019
– Stage 3	4 452	3 320	4 555	6 138
– Purchased or originated credit impaired	–	–	–	–
Current-year provision created/(released) per impairment stage	1 193	2 258	3 116	5 851
– Stage 1	(216)	(179)	45	4
– Stage 2	223	662	498	1 098
– Stage 3	1 186	1 775	2 573	4 749
– Purchased or originated credit impaired	–	–	–	–

	Corporate and commercial				
Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
1 326	5 071	916	3 854	838	39 596
282	1 189	245	960	244	7 352
168	947	147	2 024	5	9 323
876	2 935	524	288	589	22 339
–	–	–	582	–	582
–	–	–	–	–	–
10	149	49	513	1	1 093
24	268	76	539	1	2 065
(14)	(119)	(27)	(26)	–	(972)
3	(384)	(59)	(971)	–	(3 903)
67	97	29	26	–	1 403
(64)	(481)	(88)	(997)	–	(5 306)
(13)	235	10	458	(1)	2 810
53	289	32	458	–	3 943
(66)	(54)	(22)	–	(1)	(1 133)
572	2 559	296	1 012	144	17 001
182	504	193	483	–	5 794
390	2 055	103	350	144	11 028
9	359	(3)	(168)	(1)	230
381	1 696	106	518	145	10 798
–	–	–	179	–	179
–	–	–	(50)	–	(50)
–	(2)	–	–	–	–
–	–	–	(3)	36	33
(755)	(1 598)	(195)	(111)	(518)	(14 246)
1 143	6 030	1 017	4 702	500	42 334
201	1 077	247	1 486	414	7 880
149	1 240	117	998	4	8 530
793	3 713	653	1 524	82	25 230
–	–	–	694	–	694
572	2 559	296	1 012	144	17 001
(94)	(260)	(48)	64	167	(517)
(20)	675	29	(54)	–	3 111
686	2 144	315	823	(23)	14 228
–	–	–	179	–	179

Notes to the annual financial statements continued

10 Advances continued

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

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

Fair value – 30 June 2025

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2024	816	101 678	1 366	103 860
– Stage 1	816	98 795	1 366	100 977
– Stage 2	–	1 994	–	1 994
– Stage 3	–	889	–	889
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	(327)	(41)	(368)
– Transfers into stage 1	–	282	–	282
– Transfers out of stage 1	–	(609)	(41)	(650)
Transfers to/(from) stage 2	–	331	41	372
– Transfers into stage 2	–	609	41	650
– Transfers out of stage 2	–	(278)	–	(278)
Transfers to/(from) stage 3	–	(4)	–	(4)
– Transfers into stage 3	–	(4)	–	(4)
– Transfers out of stage 3	–	–	–	–
Current-year movement	(1)	28 379	2 912	31 290
New business – changes in exposure	–	14 697	–	14 697
Back book – current-year movement	(1)	13 682	2 912	16 593
– Exposures with a change in measurement basis from 12 months to LECL	–	(1)	2	1
– Other current-year change in exposure/ net movement on GCA	(1)	13 683	2 910	16 592
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–
Exchange rate differences	–	(111)	–	(111)
Bad debts written off	–	–	(2)	(2)
GCA as at 30 June 2025	815	129 946	4 276	135 037
– Stage 1	815	127 260	4 232	132 307
– Stage 2	–	1 976	44	2 020
– Stage 3	–	710	–	710
– Purchased or originated credit impaired	–	–	–	–
Core lending advances	815	44 308	1 607	46 730
Assets under agreements to resell*	–	85 638	2 669	88 307
Total GCA of advances as at 30 June 2025	815	129 946	4 276	135 037

* *All amounts are included in stage 1.*

Notes to the annual financial statements continued

10 Advances continued

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

10.6.8 Reconciliation of the loss allowance on total advances per class

Fair value – 30 June 2025

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2024	6	848	7	861
– Stage 1	6	497	7	510
– Stage 2	–	109	–	109
– Stage 3	–	242	–	242
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	8	2	10
– Transfers into stage 1	–	18	2	20
– Transfers out of stage 1	–	(10)	–	(10)
Transfers to/(from) stage 2	–	(8)	(2)	(10)
– Transfers into stage 2	–	10	–	10
– Transfers out of stage 2	–	(18)	(2)	(20)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current-year provision created/(released)	10	(56)	2	(44)
New business – impairment charge/(release)	–	78	1	79
Back book – impairment charge/(release)	10	(134)	1	(123)
– Exposures with a change in measurement basis from 12 months to LECL	–	189	1	190
– Other current-year impairment charge/(release)	10	(323)	–	(313)
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–
Exchange rate differences	–	(5)	–	(5)
Bad debts written off	–	–	(2)	(2)
ECL as at 30 June 2025	16	787	7	810
– Stage 1	16	110	8	134
– Stage 2	–	471	–	471
– Stage 3	–	206	(1)	205
– Purchased or originated credit impaired	–	–	–	–
Current-year provision created/(released) per impairment stage	10	(56)	2	(44)
– Stage 1	10	(392)	(1)	(383)
– Stage 2	–	373	2	375
– Stage 3	–	(37)	1	(36)
– Purchased or originated credit impaired	–	–	–	–

Notes to the annual financial statements continued

10 Advances continued

10.7 *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.

	2026			
	Stage 2 and stage 3			
R million	Gross carrying amount before modification	Loss allowance before modification	Amortised cost before modification	Modification gain/(loss)
Residential mortgages	643	(49)	594	(11)
WesBank VAF	1 599	(372)	1 227	(52)
Total retail secured	**2 242**	**(421)**	**1 821**	**(63)**
FNB card	896	(343)	553	(130)
Personal loans	2 030	(785)	1 245	(483)
Retail other	45	(9)	36	(12)
Total retail unsecured	**2 971**	**(1 137)**	**1 834**	**(625)**
FNB commercial	–	–	–	–
Total	**5 213**	**(1 558)**	**3 655**	**(688)**
	2025			
Residential mortgages	802	(72)	730	(18)
WesBank VAF	1 659	(447)	1 212	(51)
Total retail secured	2 461	(519)	1 942	(69)
FNB card	1 059	(584)	475	(152)
Personal loans	2 773	(1 047)	1 726	(742)
Retail other	91	(44)	47	(29)
Total retail unsecured	3 923	(1 675)	2 248	(923)
FNB commercial	259	(42)	217	9
Total	6 643	(2 236)	4 407	(983)

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 R619 million (2025: R546 million).

Notes to the annual financial statements continued

11 Impairment of advances

11.1 Analysis of the loss allowance closing balance

	2026				
	Loss allowance				
R million	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased or originated credit-impaired**
Amount as at 30 June 2026	**45 280**	**8 535**	**9 134**	**27 251**	**360**
Amortised cost	**44 238**	**8 244**	**8 878**	**26 976**	**140**
Fair value	**1 042**	**291**	**256**	**275**	**220**
Included in the total loss allowance					
– On- and off-balance sheet exposure*	**45 147**	**8 447**	**9 095**	**27 245**	**360**
– Letters of credit and guarantees**	**133**	**88**	**39**	**6**	**–**
Components of total loss allowance as at 30 June 2026					
– Forward-looking information#	**(109)**	**(95)**	**(33)**	**19**	**–**
– Model updates†	**845**	**795**	**229**	**(179)**	**–**
	2025				
Amount as at 30 June 2025	43 144	8 014	9 001	25 435	694
Amortised cost	42 334	7 880	8 530	25 230	694
Fair value	810	134	471	205	–
Included in the total loss allowance					
– On- and off-balance sheet exposure*	43 031	7 960	8 951	25 426	694
– Letters of credit and guarantees**	113	54	50	9	–
Components of total loss allowance as at 30 June 2025					
– Forward-looking information#	720	275	323	122	–
– Model updates†	481	15	206	260	–

* *Includes loan commitments as the credit risks are 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.*

** *These represent the total ECL closing balance related to letters of credit and guarantees granted to customers but undrawn at 30 June.*

This represents the total ECL closing balance as at 30 June that is attributable to incorporating modelled FLI macroeconomic information into the ECL calculations. For more detail on the process of incorporating FLI into the ECL calculation, please refer to the critical accounting estimates and judgements on page C22.

† *These represent 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.*

Notes to the annual financial statements continued

11 Impairment of advances continued

11.2 Breakdown of ECL created in the reporting period

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

	2026				
R million	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Purchased or originated credit-impaired**
Current-year ECL provided	17 620	(317)	2 965	14 764	208
Interest suspended on stage 3 advances	(3 679)	–	–	(3 670)	(9)
Current-year change in ECL provided after interest suspended on stage 3 advances	13 941	(317)	2 965	11 094	199
Post write-off recoveries	(1 603)	–	–	(1 603)	–
Modification losses	688	–	28	660	–
Impairment recognised in the income statement for the year ended 30 June 2026	13 026	(317)	2 993	10 151	199
Amortised cost	12 617	(472)	3 042	10 117	(70)
Fair value*	409	155	(49)	34	269
	2025				
Current-year ECL provided	16 957	(900)	3 486	14 192	179
Interest suspended on stage 3 advances	(3 672)	–	–	(3 584)	(88)
Current-year change in ECL provided after interest suspended on stage 3 advances	13 285	(900)	3 486	10 608	91
Post write-off recoveries	(1 418)	–	–	(1 418)	–
Modification losses	983	–	72	911	–
Impairment recognised in the income statement for the year ended 30 June 2025	12 850	(900)	3 558	10 101	91
Amortised cost	12 894	(517)	3 183	10 137	91
Fair value*	(44)	(383)	375	(36)	–

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

Notes to the annual financial statements continued

11 Impairment of advances continued

11.2 Breakdown of ECL created in the reporting period continued

11.2.2 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 (non-performing loans (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 annual financial statements continued

11 Impairment of advances continued

11.2 Breakdown of ECL created in the reporting period continued

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

	Movement in the balance sheet provisions				
R million	**Volume change in stage 1**	**Change in stage 1 coverage**	**Volume change in stage 2**	**Change in stage 2 coverage**	**Performing book provisions**
Total retail secured	**153**	**(178)**	**341**	**(301)**	**15**
Total retail unsecured	**245**	**312**	**366**	**203**	**1 126**
Total retail secured and unsecured	**398**	**134**	**707**	**(98)**	**1 141**
FNB commercial	**70**	**81**	**25**	**(90)**	**86**
WesBank corporate and commercial	**33**	**(43)**	**(20)**	**39**	**9**
RMB corporate and investment banking	**28**	**(151)**	**60**	**(486)**	**(549)**
Total corporate and commercial	**131**	**(113)**	**65**	**(537)**	**(454)**
Centre (including Group Treasury)	**711**	**(740)**	**(4)**	**–**	**(33)**
Total	**1 240**	**(719)**	**768**	**(635)**	**654**
Total retail secured	127	(83)	88	(89)	43
Total retail unsecured	86	(188)	20	(48)	(130)
Total retail secured and unsecured	213	(271)	108	(137)	(87)
FNB commercial	98	(200)	61	232	191
WesBank corporate and commercial	26	(24)	(14)	(16)	(28)
RMB corporate and investment banking	32	107	(983)	319	(525)
Total corporate and commercial	156	(117)	(936)	535	(362)
Centre (including Group Treasury)	(12)	183	16	(17)	170
Total	357	(205)	(812)	381	(279)

* *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 bank 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.*

2026							
Movement in the balance sheet provisions				**Recognised directly in the income statement**			
Change in stage 3 provisions	**Credit provision increase/ (decrease)**	**Gross write-off and other**	**Current year ECL provided**	**Modification loss**	**Interest suspended on stage 3 advances**	**Post write-off recoveries***	**Total**
665	680	2 505	3 185	63	(681)	(306)	2 261
(329)	797	9 603	10 400	625	(2 090)	(1 057)	7 878
336	1 477	12 108	13 585	688	(2 771)	(1 363)	10 139
628	714	1 891	2 605	–	(696)	(170)	1 739
113	122	222	344	–	(49)	(16)	279
486	(63)	1 137	1 074	–	(163)	(13)	898
1 227	773	3 250	4 023	–	(908)	(199)	2 916
(81)	(114)	126	12	–	–	(41)	(29)
1 482	2 136	15 484	17 620	688	(3 679)	(1 603)	13 026
	2025						
667	710	2 742	3 452	69	(704)	(285)	2 532
588	458	9 081	9 539	923	(2 205)	(904)	7 353
1 255	1 168	11 823	12 991	992	(2 909)	(1 189)	9 885
778	969	1 600	2 569	(9)	(567)	(170)	1 823
129	101	194	295	–	(46)	(14)	235
1 312	787	169	956	–	(150)	(33)	773
2 219	1 857	1 963	3 820	(9)	(763)	(217)	2 831
(508)	(338)	484	146	–	–	(12)	134
2 966	2 687	14 270	16 957	983	(3 672)	(1 418)	12 850

Notes to the annual financial statements continued

12 Collateral, settlement balances and other assets

R million	2026	2025
Items in transit	6 801	5 793
Interest and commission accrued	6	3
Prepayments	3 564	3 141
Properties in possession	1	11
Sundry debtors	564	711
Accounts receivable and other	5 100	3 703
Collateral and settlement balances	**20 897**	**21 331**
– Variation margin – unsettled balances	302	46
– Variation margin	6 629	6 551
– Initial margin	13 966	14 734
Total gross carrying amount of other assets	**36 933**	**34 693**
– Financial	28 228	29 763
– Non-financial	8 705	4 930
– Loss allowance on other financial assets*	(405)	(399)
Total collateral, settlement balances and other assets	**36 528**	**34 294**

* *No further information is provided in terms of IFRS 7 on the loss allowance on other assets, as the amounts are immaterial.*

13 Amounts due (to/by) holding company and fellow subsidiaries

R million	2026	2025
Amounts due by holding company	329	9
Amounts due by fellow subsidiaries	76 343	71 750
Impairment provision on amounts due by fellow subsidiaries*	(147)	(106)
Total amounts due by holding company and fellow subsidiaries	**76 525**	**71 653**
Amounts due to holding company**	(11 426)	(931)
Amounts due to fellow subsidiaries	(23 269)	(16 674)
Total amounts due to holding company and fellow subsidiaries	**(34 695)**	**(17 605)**
Net amounts due by holding company and fellow subsidiaries	**41 830**	**54 048**

* *The bank follows a similar credit risk process to intercompany loans as applied to advances to customers. Refer to the accounting policies for details of the approach followed.*

** *Includes Tier 2 (R 3 000 million) and Flac (R7 654 million) instruments issued to FirstRand Limited in the current year. Tier 2 and Flac instruments are issued by FirstRand Limited at the holding company level, with the proceeds downstreamed to the bank through intercompany funding arrangements that mirror the terms of the external issuances. Issuances included in note 23 reflect both the instruments issued to FirstRand Limited along with the bank's externally issued Tier 2 notes.*

As at 30 June 2026 all amounts due from fellow subsidiaries are classified as stage 1 and there have been no transfers between the impairment stages during the year. These loans have no fixed terms of repayment and carry varying rates of interest.
Included in the above amounts are the following:

	Amounts due by fellow subsidiaries		Amounts due to fellow subsidiaries	
R million	Notional	Fair value	Notional	Fair value
2026				
Derivative financial instruments	**30 863**	**211**	**22 745**	**186**
Currency contracts	13 591	65	13 086	108
Equity contracts	2 893	22	–	–
Bonds	3 180	8	2 711	7
Gold	–	–	–	–
Metals	–	–	–	–
Interest rate contracts	11 199	116	6 948	71
2025				
Derivative financial instruments	26 819	1 001	19 761	198
Currency contracts	11 294	259	10 059	152
Equity contracts	1 889	1	–	–
Bonds	3 903	5	3 806	3
Gold	2 260	612	–	–
Metals	19	1	–	–
Interest rate contracts	7 454	123	5 896	43

Notes to the annual financial statements continued

14 Property and equipment

R million	Freehold property	Right of use property	Right of use equipment	Computer equipment	Other equipment	Total
Net book value at 1 July 2024	7 418	2 402	256	3 897	5 553	19 526
Cost	10 678	5 748	510	7 840	8 957	33 733
Accumulated depreciation	(3 260)	(3 346)	(254)	(3 943)	(3 404)	(14 207)
Movement for the year	(401)	(34)	(31)	375	368	277
Acquisitions*	100	966	131	1 691	2 313	5 202
Disposals	(85)	(23)	–	(20)	(1 096)	(1 223)
Exchange rate difference	–	10	–	–	1	11
Depreciation charge for the year	(301)	(964)	(149)	(1 296)	(890)	(3 601)
Impairments recognised	(115)	–	–	–	–	(115)
Early terminations/modification of leases	–	(23)	(13)	–	–	(37)
Impairments reversed	–	–	–	–	40	40
Net book value at 30 June 2025	**7 017**	**2 368**	**225**	**4 272**	**5 921**	**19 803**
Cost	**10 542**	**6 134**	**476**	**8 301**	**9 183**	**34 636**
Accumulated depreciation	**(3 525)**	**(3 766)**	**(251)**	**(4 029)**	**(3 262)**	**(14 833)**
Movement for the year	**67**	**31**	**(47)**	**254**	**480**	**785**
Acquisitions*	**336**	**1 123**	**311**	**1 729**	**2 306**	**5 805**
Disposals	**(64)**	**(18)**	**–**	**(9)**	**(733)**	**(824)**
Exchange rate difference	**–**	**(16)**	**–**	**1**	**(2)**	**(17)**
Depreciation charge for the year	**(285)**	**(1 051)**	**(30)**	**(1 409)**	**(1 091)**	**(3 866)**
Impairments recognised	**–**	**–**	**–**	**(58)**	**–**	**(58)**
Early terminations/modification of leases	**–**	**(7)**	**–**	**–**	**–**	**(7)**
Derecognition due to subleasing	**–**	**–**	**(328)**	**–**	**–**	**(328)**
Transfer from investment property	**80**	**–**	**–**	**–**	**–**	**80**
Net book value at 30 June 2026	**7 084**	**2 399**	**178**	**4 526**	**6 401**	**20 588**
Cost	**10 046**	**5 760**	**211**	**9 212**	**9 521**	**34 750**
Accumulated depreciation	**(2 962)**	**(3 361)**	**(33)**	**(4 686)**	**(3 120)**	**(14 162)**

* *Include capitalised improvements of R397 million (2025: R356 million) to property leases and a transfer of Rnil (2025: R133 million) to investment property.*

Notes to the annual financial statements continued

15 Intangible assets

R million	Software and development costs	Total
Net book value at 1 July 2024	1 150	1 150
Cost	2 499	2 499
Accumulated amortisation and impairment	(1 349)	(1 349)
Movement for the year	139	139
Acquisitions and capitalisations	409	409
Amortisation for the year	(270)	(270)
Net book value at 30 June 2025	**1 289**	**1 289**
Cost	**2 727**	**2 727**
Accumulated amortisation and impairment	**(1 438)**	**(1 438)**
Movement for the year	**341**	**341**
Acquisitions and capitalisations	**756**	**756**
Amortisation for the year	**(314)**	**(314)**
Impairments recognised	**(101)**	**(101)**
Net book value at 30 June 2026	**1 630**	**1 630**
Cost	**3 119**	**3 119**
Accumulated amortisation and impairment	**(1 489)**	**(1 489)**

During the current year, management reassessed the recoverable amount of a strategic software platform used to support digital billing and transaction processing activities and concluded that the asset will not deliver the benefits expected. This resulted in an impairment of R101 million.

16 Investment properties

R million	Notes	2026	2025
Opening balance		**445**	281
Fair value remeasurements	2.4	**11**	3
Additions*		**–**	161
Transfer to freehold property		**(80)**	–
Closing balance		**376**	445

* *This balance includes a transfer from property and equipment of R133 million in the prior year.*

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

R million	Notes	2026	2025
Rental income from investment property	2.4	**153**	122
Direct operating expenses on investment property that generated rental income		**80**	75

In the current and prior year the bank had 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 December 2025. A desktop valuation is undertaken in the years where an external valuation is not performed, so as to ensure significant changes in the fair value of investment properties are reported.

Refer to note 27 for the significant inputs used to determine the fair value of investment properties.

Notes to the annual financial statements continued

17 Employee liabilities and related costs

R million	Notes	2026	2025
Liability for short-term employee benefits		8 908	7 828
Share-based payment liability (detailed in note 25)		3 573	4 004
Defined benefit post-employment liability	17.1	1 817	1 443
Other long-term employee benefit liability		1	2
Total employee liabilities		**14 299**	13 277

17.1 *Defined benefit post-employment liability*

The bank has financial liabilities in respect of two defined benefit arrangements in South Africa – a plan that provides defined post-employment medical benefits to a closed group of employees payable during retirement, and a defined benefit pension plan. In terms of the defined post-employment medical plan, the bank is liable to the retirees for specific payments in their retirement and for the defined benefit pension plan the bank is liable 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.

<table>
<tr><th colspan="2">NATURE OF BENEFITS</th></tr>
<tr><th>Pension</th><th>Medical</th></tr>
<tr><td>The pension plan (FirstRand Retirement Fund) provides retired employees with a pension benefit after service.

A separate trust 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 dependant’s 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 (nine members), the bank 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 the value of member contributions and investment returns at retirement) should the member so choose.

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 bank is liable to maintain the nominal value of pensions in payment.

The fund also provides benefits on death, retrenchment and withdrawal.</td><td>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.</td></tr>
</table>

Notes to the annual financial statements continued

17 Employee liabilities and related costs continued

17.1 *Defined benefit post-employment liability* continued

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 bank and board of trustees. The board of trustees must be composed of representatives of the bank and plan participants in accordance with the plans' regulations. The board consists of four representatives of the bank and four representatives of the plan participants in accordance with the plans' rules and 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 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 and accepted by 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 bank. The bank 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 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.

ASSET-LIABILITY MATCHING STRATEGIES

The pension plan board of trustees ensures that the investment positions are managed within an asset and liability matching framework that has been developed to achieve long-term investment returns that are in line with the obligations under the scheme. Within this framework, the plan's asset-liability matching 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 plan trustees actively monitor how the duration and expected yield of the investments match the expected cash outflows arising from the pension obligations. Investments are well diversified to ensure 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 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 quarterly 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 plan.

RISK ASSOCIATED WITH THE PLANS

The bank is exposed to a number of risks through its defined benefit pension plans and post-employment medical plans. The most significant of risks are detailed as follows:

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 annual financial statements continued

17 Employee liabilities and related costs continued

17.1 *Defined benefit post-employment liability* continued

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

		2026			2025		
R million	Notes	**Pension**	**Medical***	**Total**	Pension	Medical*	Total
Post-employment benefit fund liability							
Present value of funded obligation		**7 949**	**3 761**	**11 710**	7 269	3 248	10 517
Fair value of plan assets		**(9 079)**	**(1 944)**	**(11 023)**	(8 354)	(1 805)	(10 159)
– Listed equity instruments		**(2 566)**	**–**	**(2 566)**	(2 439)	–	(2 439)
– Cash and cash equivalents		**(197)**	**–**	**(197)**	(158)	–	(158)
– Debt instruments		**(2 365)**	**–**	**(2 365)**	(2 177)	–	(2 177)
– Derivatives		**(8)**	**–**	**(8)**	(18)	–	(18)
– Qualifying insurance policy		**–**	**(1 944)**	**(1 944)**	–	(1 805)	(1 805)
– Other		**(3 943)**	**–**	**(3 943)**	(3 562)	–	(3 562)
Total employee (asset)/liability		**(1 130)**	**1 817**	**687**	(1 085)	1 443	358
Limitation imposed by IAS 19 asset ceiling		**1 130**	**–**	**1 130**	1 085	–	1 085
Total net post-employment (asset)/liability		**–**	**1 817**	**1 817**	–	1 443	1 443
Total amount recognised on the income statement (included in staff costs)	3	**(120)**	**166**	**46**	(127)	178	51
Movement in post-employment benefit fund liability							
Present value at the beginning of the year		**7 269**	**3 248**	**10 517**	7 136	3 200	10 336
Current service cost		**2**	**27**	**29**	2	29	31
Interest expense		**771**	**337**	**1 108**	833	365	1 198
Remeasurements: recognised in OCI		**712**	**398**	**1 110**	78	(110)	(32)
– Actuarial (losses)/gains from financial assumptions		**746**	**407**	**1 153**	66	(81)	(15)
– Other remeasurements		**(34)**	**(9)**	**(43)**	12	(29)	(17)
Benefits paid		**(805)**	**(249)**	**(1 054)**	(780)	(236)	(1 016)
Closing balance		**7 949**	**3 761**	**11 710**	7 269	3 248	10 517

* *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 bank and are recognised in accounts receivable and other. The bank's liability is therefore sufficiently funded.*

Notes to the annual financial statements continued

17 Employee liabilities and related costs continued

17.1 Defined benefit post-employment liability continued

	2026			2025		
R million	**Pension**	**Medical***	**Total**	Pension	Medical*	Total
Movement in the fair value of plan assets:						
Opening balance	**8 354**	**1 805**	**10 159**	8 171	1 823	9 994
Interest income	**893**	**199**	**1 092**	971	216	1 186
Remeasurements: recognised in OCI	**635**	**131**	**766**	(10)	(27)	(37)
Employer contributions	**1**	**58**	**59**	1	29	30
Employee contributions	**1**	**–**	**1**	1	–	1
Benefits paid and settlements	**(805)**	**(249)**	**(1 054)**	(780)	(236)	(1 016)
Closing balance	**9 079**	**1 944**	**11 023**	8 354	1 805	10 159
Reconciliation of limitation imposed by IAS 19 asset ceiling						
Opening balance	**1 085**	**–**	**1 085**	1 035	–	1 035
Interest income	**122**	**–**	**122**	129	–	129
Change in the asset ceiling, excluding amounts included in interest	**(77)**	**–**	**(77)**	(78)	–	(78)
Closing balance	**1 130**	**–**	**1 130**	1 085	–	1 085
Actual return on plan assets	**9%**			11%		
Included in plan assets were the following:						
FirstRand Limited ordinary shares with a fair value of	**28**	**–**	**28**	555	–	555
Total	**28**	**–**	**28**	555	–	555

* *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 bank and are recognised as an account receivable and other. The bank'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.

	2026			2025		
R million	**Pension**	**Medical**	**Total**	Pension	Medical	Total
Movement in post-employment benefit fund liability						
Present value at the beginning of the year	**–**	**1 443**	**1 443**	–	1 377	1 377
Current service cost	**2**	**27**	**29**	2	29	31
Net interest	**(122)**	**138**	**16**	(138)	149	11
Remeasurements: recognised in OCI	**122**	**267**	**389**	138	(83)	55
– Actuarial gains/(losses) from financial assumptions	**746**	**407**	**1 153**	66	(81)	(15)
– Other remeasurements	**(624)**	**(140)**	**(764)**	72	(2)	70
Benefits paid	**–**	**–**	**–**	–	–	–
Employer contribution	**(1)**	**(58)**	**(59)**	(1)	(29)	(30)
Employee contribution	**(1)**	**–**	**(1)**	(1)	–	(1)
Closing balance	**–**	**1 817**	**1 817**	–	1 443	1 443

Notes to the annual financial statements continued

17 Employee liabilities and related costs continued

17.1 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.

	2026		2025	
%	**Pension**	**Medical**	Pension	Medical
The principal actuarial assumptions used for accounting purposes:				
Expected rates of salary increases %	**5.9**	**–**	6.9	–
Discount rate %	**9.2**	**8.9**	11.2	10.8
Long-term increase in health costs %	**–**	**6.3**	—	7.4
The effects of a change in the discount rate:				
Increase in the discount rate by 1%				
Effect on the defined benefit obligation (R million)	**1.8**	**351.6**	1.8	284.9
Effect on the aggregate of the current service cost and interest cost (R million)	**0.3**	**3.1**	0.4	5.9
Decrease in the discount rate by 1%				
Effect on the defined benefit obligation (R million)	**(1.9)**	**(421.5)**	(1.9)	(337.1)
Effect on the aggregate of the current service cost and interest cost (R million)	**(0.3)**	**(2.6)**	(0.3)	(6.1)
The effects of a 1% movement in the assumed health cost rate (medical) and the expected rates of salary (pension):				
Increase of 1%				
Effect on the defined benefit obligation (R million)	**2.0**	**427.0**	1.9	345.1
Effect on the aggregate of the current service cost and interest cost (R million)	**0.3**	**43.6**	0.3	41.9
Decrease of 1%				
Effect on the defined benefit obligation (R million)	**(1.9)**	**(362.4)**	(0.7)	(295.4)
Effect on the aggregate of the current service cost and interest cost (R million)	**(0.3)**	**(36.8)**	(1.8)	(35.7)
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)	**277.9**	**132.3**	234.2	105.9
Effect on the aggregate of the current service cost and interest cost (R million)	**43.7**	**12.6**	42.9	12.0
Decrease in life expectancy by 1 year				
Effect on the defined benefit obligation (R million)	**(275.5)**	**(133.6)**	(233.2)	(106.4)
Effect on the aggregate of the current service cost and interest cost (R million)	**(43.4)**	**(12.7)**	(42.8)	(12.1)
Estimated contributions expected to be paid to the plan in the next annual period (R million)	**1.6**	**—**	1.8	–
Net increase in rate used to value pensions, allowing for pension increases (%)	**4.1**	**2.4**	5.1	3.5
The weighted average duration of the defined benefit obligation (years)	**8.8**	**11.2**	8.1	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	**830**	**3 406**	**22 975**	**27 211**
Post-employment medical benefits	**254**	**1 154**	**12 804**	**14 212**
Total as at 30 June 2026	**1 084**	**4 560**	**35 779**	**41 423**
Pension benefits	832	3 279	41 408	45 519
Post-employment medical benefits	245	1 135	16 058	17 438
Total as at 30 June 2025	1 077	4 414	57 466	62 957

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

Notes to the annual financial statements continued

17 Employee liabilities and related costs continued

17.1 *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 a 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 benefit 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.

	2026	2025
Pension		
The number of employees covered by the scheme		
Active members	**9**	10
Pensioners	**4 725**	4 900
Deferred plan participants	**245**	245
Total employees	**4 979**	5 155
Defined benefit obligation amounts due to		
Benefits vested at the end of the reporting period (R million)	**7 948**	7 269
– Amounts attributable to future salary increases (R million)	**50**	41
– Other benefits (R million)	**7 898**	7 228
Medical		
The number of employees covered by the scheme		
Active members	**1 738**	1 905
Pensioners	**4 876**	4 941
Total employees	**6 614**	6 846
Defined benefit obligation amounts due to		
Total benefits (R million)	**3 762**	3 248
– Benefits vested at the end of the reporting period (R million)	**2 738**	2 396
– Benefits accrued but not vested at the end of the reporting period (R million)	**1 024**	852
Total benefits (R million)	**3 762**	3 248
– Conditional benefits (R million)	**1 024**	852
– Other benefits (R million)	**2 738**	2 396

17.2 *Defined contribution post-employment liability*

R million	**2026**	2025
Post-employment defined contribution plan		
Present value of obligation	**49 806**	42 932
Present value of assets	**(49 806)**	(42 932)
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 bank 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 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 a 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 as determined by the fund actuary.

Notes to the annual financial statements continued

18 Deferred income tax

R million	2026	2025
Deferred income tax asset		
Opening balance	**6 659**	7 292
Exchange rate difference	**–**	11
Release to profit or loss	**2 394**	85
Deferred income tax on amounts charged directly to other comprehensive income	**268**	(729)
Total deferred income tax asset	**9 321**	6 659

	As at 30 June		Recognised on income statement	
R million	**2026**	2025	**2026**	2025
Deferred income tax asset				
Provision for loan impairment	**4 289**	4 072	**218**	96
Provision for post-employment benefits	**491**	390	**(4)**	3
Other provisions	**4 481**	2 239	**2 242**	346
Cash flow hedges	**(182)**	(388)	**–**	–
Financial instruments	**(20)**	(2)	**(18)**	(15)
Instalment credit assets	**(314)**	(89)	**(225)**	83
Accruals	**71**	87	**(15)**	10
Debt instruments designated at FVOCI	**(72)**	(133)	**–**	–
Capital gains tax	**7**	3	**4**	(300)
Equity instruments designated at FVOCI	**79**	78	**–**	–
Foreign currency translation reserve	**–**	–	**153**	(62)
Share-based payments	**965**	1 081	**(165)**	(211)
Deferred revenue and deferred expenses	**(623)**	(545)	**(78)**	(56)
Intangible assets	**90**	56	**33**	25
Other*	**59**	(190)	**249**	166
Total deferred income tax asset	**9 321**	6 659	**2 394**	85

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

19 Short trading positions

R million	2026	2025
Government and government-guaranteed stock	**2 881**	16 522
Other dated securities	**60**	11
Total short trading positions	**2 941**	16 533

20 Creditors, accruals and provisions

R million	Notes	2026	2025
Net unclaimed balances		**598**	547
Accounts payable		**12 678**	10 586
Accrued expenses		**3 523**	3 466
Audit fees accrued		**266**	321
Customer loyalty programme liability	20.1	**2 063**	2 091
Contract liabilities	20.1	**361**	321
Payments received in advance		**235**	218
Provisions (including litigations and claims)	20.2	**12 448**	4 957
Withholding tax for employees		**856**	818
Total creditors, accruals and provisions		**33 028**	23 325

Notes to the annual financial statements continued

20 Creditors, accruals and provisions

20.1 Reconciliation of contract liabilities and customer loyalty programme liability

R million	2026	2025
Opening balance	2 412	2 418
Increases due to cash received and other increases in contract liabilities	2 928	3 281
Revenue recognised during the year	(2 916)	(3 287)
Closing balance	2 424	2 412

Contract liabilities relate to service fees that are earned on value-added products provided to customers, with the revenue recognised over the contract period. The customer loyalty programme liability relates to eBucks, and is determined based on the value of 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.

20.2 Reconciliation of provisions

	2026			2025		
R million	UK motor commission provision	Other	Total	UK motor commission provision	Other	Total
Opening balance	4 066	891	4 957	2 581	1 943	4 524
Exchange rate differences	(499)	4	(495)	208	15	223
Charge to profit or loss	7 832	250	8 082	1 328	(717)	611
– Additional provisions created	7 832	295	8 127	1 328	208	1 536
– Unused provisions reversed	–	(45)	(45)	–	(925)	(925)
Utilised	(30)	(66)	(96)	(51)	(350)	(401)
Closing balance	11 369	1 079	12 448	4 066	891	4 957

At 30 June 2026, the bank recognised a provision of R11.4 billion (£525 million) (2025: R4.1 billion; £167 million) in respect of potential customer redress and associated costs arising from the Financial Conduct Authority's (FCA's) review of historical motor finance commission arrangements. The increase in the provision recognised in the year of R7.8 billion (£359 million) (2025: R1.3 billion; £57 million) reflects revised estimates following the FCA's publication of its final redress policy statement on 30 March 2026.

The provision represents management's best estimate of the expenditure required to settle obligations arising from the FCA's motor finance consumer redress scheme, including compensatory interest and incremental costs to administer the scheme.

The provision has been assessed in the context of evolving regulatory and legal developments, in particular:

- The Supreme Court judgment in August 2025 concluded that motor dealers do not generally owe fiduciary duties when acting as credit brokers, but identified an unfair relationship in the specific Johnson case under section 140A of the Consumer Credit Act 1974 based on its specific facts. Given the specific nature of this unfairness finding, the group does not believe that this unfairness finding creates a broadly applicable precedent for other courts to follow;
- In October 2025, the FCA issued a consultation on an industry-wide redress framework (CP25/27;.
- Following the conclusion of its consultation, the FCA published its final policy statement (PS26/3) on 30 March 2026, setting out the design of a formal redress scheme. The bank's provision has been aligned to the requirements of this scheme, where appropriate; and
- A number of legal challenges to the FCA's formal redress scheme were announced in April 2026. The FCA subsequently indicated in early July 2026 that the related hearings were likely to take place between December 2026 and February 2027, hence the delay in the commencement date of the redress scheme.

The bank continues to constructively engage with the FCA regarding the implementation of the scheme and associated customer remediation requirements.

At 30 June 2026, the provision has been determined based on a single scenario which, as noted above, is aligned where appropriate to the requirements of the FCA's final policy statement. This differs from the provision as at 30 June 2025, where there was significant uncertainty regarding the form and structure of any potential redress scheme. Accordingly, the bank measured the provision using a probability-weighted scenario approach at that date.

Notes to the annual financial statements continued

20 Creditors, accruals and provisions continued

20.2 Reconciliation of provisions continued

The provision has been discounted to present value, where the effect of the time value of money is material, using an appropriate pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability. The gross undiscounted provision (including the expected extension of the scheme start date) is R12.2 billion (£562 million).

The provision reflects management's assumptions regarding:

- the size of the eligible customer population;
- expected customer participation rates (opt-in behaviour);
- rebuttals permitted under the FCA's remediation scheme;
- expected redress values, including compensatory interest; and
- the length of time that it will take to complete the remediation process.

Compensatory interest has been calculated based on the FCA's methodology, being simple interest at the average Bank of England base rate per year plus 1%, subject to a minimum of 3% in any year.

The provision also includes an estimate of the probably future legal, regulatory and incremental operational costs to administer the scheme, including the approach to engaging with impacted customers. The population of impacted customers comprises in-scope motor finance originations within the bank's relevant lending entity up to the scheme cut-off date.

In addition to the provision, the bank incurred R569 million (30 June 2025: R205 million) of costs during the financial year in relation to complaint handling, legal proceedings and preparations for the implementation of the FCA scheme. These costs have been recognised in the income statement as incurred.

Based on the information available at the reporting date, management considers the provision recognised at 30 June 2026 to represent the bank's best estimate of the expenditure required to settle the present obligation. However, significant estimation uncertainty remains in determining the ultimate cost of remediation, reflecting the scale and complexity of the scheme and ongoing legal and regulatory developments.

The most significant sources of estimation uncertainty are in relation to determining the total population of customers who may require redress as per the bank's provision, and comprise of assumptions regarding:

- customer participation rates (opt-in); and
- the ability to apply the rebuttals available under the FCA's remediation scheme.

The ultimate financial impact could differ materially from the amount currently recognised, for example should actual experience once the FCA's remediation scheme is implemented differ from the Directors' assumptions at the reporting date. For illustrative purposes, a 5% increase or decrease in the number of customers that require redress would increase or decrease the provision by R774 million (R £35.7 million). A future increase or decrease could exceed this amount.

Based on the information available at the reporting date, management considers the provision recognised at 30 June 2026 to represent the Group's best estimate of the expenditure required to settle the present obligation.

Notes to the annual financial statements continued

21 Deposits and debt funding

R million	2026	2025
Category analysis		
Deposits from customers*	1 440 911	1 314 227
– Current accounts	384 720	352 840
– Call deposits	397 495	370 615
– Savings accounts	72 582	61 735
– Fixed and notice deposits	522 925	466 362
– Other deposits from customers	63 189	62 675
Debt securities	198 639	183 646
– Negotiable certificates of deposit	39 554	31 781
– Fixed-rate and floating-rate notes**	157 629	150 478
– Exchange-traded notes	1 456	1 387
Other	63 738	75 330
– Repurchase agreements	14 257	31 347
– Securities lending	1 677	1 534
– Cash collateral and credit-linked notes	47 317	41 403
– SARB funding facility	487	1 046
Total deposits and debt funding	1 703 288	1 573 203

* *Includes the deposits book of R9.14 billion acquired from HSBC as part of an asset acquisition effective 1 March 2026.*
** *During the current year the bank issued nature-linked outcome-based bonds to the value of R2.5 billion.*

22 Other liabilities

R million	2026	2025
Lease liabilities	2 000	1 747
Funding liabilities	1 465	1 267
– Preference shares	367	323
– Other	1 098	944
Total other liabilities	3 465	3 014

22.1 Other liabilities reconciliation

	2026			2025		
R million	Funding liabilities	Lease	Total	Funding liabilities	Lease	Total
Opening balance	1 267	1 747	3 014	1 252	1 794	3 046
Cash flow movements	21	(917)	(896)	(179)	(878)	(1 057)
– Proceeds from the issue of other liabilities	362	–	362	334	–	334
– Redemption of other financial liabilities	(338)	–	(338)	(509)	–	(509)
– Principal payments towards lease liabilities	–	(775)	(775)	–	(742)	(742)
– Interest paid	(3)	(142)	(145)	(4)	(136)	(140)
Non-cash flow movements	177	1 170	1 347	194	831	1 025
– Fair value movement	117	–	117	105	–	105
– Foreign exchange	–	(14)	(14)	–	9	9
– New leases recognised during the year	–	1 038	1 038	–	740	740
– Early termination/modification of lease	–	(8)	(8)	–	(60)	(60)
– Interest accrued	60	154	214	89	142	231
Total other liabilities	1 465	2 000	3 465	1 267	1 747	3 014

Notes to the annual financial statements continued

22 Other liabilities continued

22.1 *Other liabilities reconciliation* continued

The bank's significant leases relate to property rentals of office premises and the various branch network channels represented by full-service and tellerless branches, self-service devices and Smartboxes. The rentals have fixed monthly payments. Escalation clauses are based on market-related rates and vary between 0% and 10%.

The lease periods usually have a duration 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 31.2.1 – Liquidity risk.

23 Tier 2 and other loss-absorbing liabilities

This note provides information on the bank's Tier 2 capital and other loss-absorbing liabilities. The bank's Tier 2 capital and loss-absorbing structure comprise both external notes issued directly to third-party investors and internal instruments issued to FirstRand Limited. External Tier 2 instruments are presented as Tier 2 liabilities on the statement of financial position. Internal Tier 2 and Flac instruments are presented within Amounts due (to)/by holding company and fellow subsidiaries (note 13).

R million	Notes	**2026**	2025
Total Tier 2 liabilities		**19 748**	20 580
External Tier 2 liability	23.1	**16 724**	20 580
Internal Tier 2 liability	23.2	**3 024**	–
Flac liabilities	23.3	**7 685**	–
Tier 2 and other loss-absorbing liabilities		**27 433**	20 580

23.1 *Tier 2 liabilities – External issuance*

R million	**Call dates***	**Maturity dates**	**Interest rate**	**2026**	2025
Fixed-rate bonds				**–**	1 430
	19 April 2026 to 3 June 2026	19 April 2031 to 3 June 2031	8.155% - 10.19%	**–**	1 430
Floating-rate bonds				**16 724**	19 150
	26 November 2026 to 13 November 2030	24 November 2031 to 13 November 2035	3-month JIBAR + 173 bps – 220 bps	**16 724**	19 150
Total Tier 2 liabilities				**16 724**	20 580

* *Redemption subject to regulatory approval.*

23.2 *Tier 2 liabilities reconciliation*

	2026			2025		
R million	**External**	**Internal***	**Total**	External	Internal	Total
Opening balance	**20 580**	**–**	**20 580**	16 758	–	16 758
Cash flow movements	**(5 613)**	**3 000**	**(2 613)**	1 972	–	1 972
– Proceeds from the issue of Tier 2 liabilities	**–**	**3 000**	**3 000**	3 798		3 798
– Capital repaid on Tier 2 liabilities	**(3 787)**	**–**	**(3 787)**	–	–	–
– Interest paid on Tier 2 liabilities	**(1 826)**	**–**	**(1 826)**	(1 826)		(1 826)
Non-cash flow movements	**1 757**	**24**	**1 781**	1 850	–	1 850
– Interest accrued	**1 757**	**24**	**1 781**	1 850	–	1 850
Total Tier 2 liabilities	**16 724**	**3 024**	**19 748**	20 580	–	20 580

* *The internal Tier 2 instruments were issued to FirstRand Limited on terms identical to those of the corresponding Tier 2 instruments issued by FirstRand Limited into the market. These are presented within Amounts due (to)/by holding company and fellow subsidiaries (note 13).*

Notes to the annual financial statements continued

23 Tier 2 and other loss-absorbing liabilities continued

23.3 *Internal Flac reconciliation*

R million	2026	2025
Opening balance	–	–
Cash flow movements	7 595	–
– Proceeds from the issue of Flac liabilities	7 654	–
– Capital repaid on Flac liabilities	–	–
– Interest paid on Flac liabilities	(59)	–
Non-cash flow movements	90	–
– Interest accrued	90	–
Total Flac liabilities	7 685	–

The internal Flac instruments were issued to FirstRand Limited on terms identical to those of the corresponding Flac instruments issued by FirstRand Limited into the market. These instruments provide loss-absorption and recapitalisation capacity in support of the orderly regulatory resolution of the bank. The instruments form part of the bank's total loss-absorbing capacity framework established under the Prudential Authority's Flac requirements.

24 Share capital, share premium and other reserves

24.1 *Share capital and share premium*

Authorised shares

	2026	2025
Ordinary shares		
2 000 000 shares with a par value of R2 per share. All issued share capital is fully paid up.	4	4

Issued shares

	2026			2025		
	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	1 866 836	4	16 804	1 866 836	4	16 804
Shares issued	–	–	–	–	–	–
Total issued ordinary share capital and share premium	1 866 836	4	16 804	1 866 836	4	16 804

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

The dividend paid is R21 218 million (2025: R16 411 million), which resulted in a dividend per share of R11 366 (2025: R8 791).

Notes to the annual financial statements continued

24 Share capital, share premium and other reserves continued

24.2 Additional Tier 1 capital

R million	Rate	2026	2025
FRB28	3-month JIBAR plus 440 basis points	–	1 400
FRB34	3-month JIBAR plus 340 basis points	2 804	2 804
FRB37	3-month JIBAR plus 310 basis points	1 387	1 387
FRB38	3-month JIBAR plus 296 basis points	2 039	2 039
FRB39	3-month JIBAR plus 290 basis points	1 574	1 574
FRB41	3-month JIBAR plus 290 basis points	2 090	2 090
FRB42	3-month JIBAR plus 284 basis points	3 910	3 910
FRB44	3-month JIBAR plus 262 basis points	2 929	2 929
FSR02*	ZARONIA plus 211 basis points	3 009	–
Total Additional Tier 1 capital		**19 742**	18 133

* *Issued to FirstRand Limited on terms identical to those of the corresponding Additional Tier 1 instrument issued by FirstRand Limited into the market.*

The bank's AT1 capital instruments are perpetual and pay non-cumulative, discretionary coupons. 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) and/or Resolution Authority (RA), the issuer 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 coupons to the noteholders.

The total coupon paid during the financial year was R1 719 million (2025: R1 664 million). Current tax of R464 million (2025: R449 million) was recognised in the income statement.

24.3 Other reserves

Other reserves are made up of the following:

R million	2026	2025
FVOCI reserve – debt instruments	194	359
FVOCI reserve – equity instruments	(287)	(282)
Capital redemption reserve fund	1 345	1 345
Other reserves	21	21
Total	**1 273**	1 443

25 Remuneration schemes

R million	Notes	2026	2025
The charge to profit or loss for share-based payments is as follows:			
Conditional and deferred incentive plan		2 582	2 155
Amount included in profit or loss	3	**2 582**	2 155
Attributable to:			
– Cash-settled share-based payments		1 544	1 750
– Equity-settled share-based payments		1 038	405

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

Notes to the annual financial statements continued

25 Remuneration schemes continued

Description of the scheme and vesting conditions:

CONDITIONAL AND DEFERRED AWARDS		
IFRS 2 treatment	**Cash settled**	**Equity settled**
Description	The award is a notional share scheme based on the FirstRand share price.	The award is settled by the parent directly settling with FirstRand shares.
Vesting conditions	**Deferred bonus awards** Prior to September 2024, short-term incentives over a specified threshold are converted to share awards and vest after 24 months to ensure that these payments are share price linked. These awards are subject to employment conditions and personal and business unit performance requirements, and were accounted for as cash-settled. From September 2024, the group introduced share ownership plans for all new awards going forward. Previously the awards were share price linked. The new scheme awards restricted share instruments, with the participant qualifying for dividends when they are declared. These awards were accounted for as equity-settled. **Deferred incentive and conditional incentive awards** These awards vest up to three years after the initial award. The awards vest if the employment and performance conditions are met. Prior to September 2024, the deferred incentive plan (DIP) awards are subject to employment conditions and personal performance requirements, and were accounted for as cash-settled. From September 2024 the group introduced the share ownership plans for all new awards going forward. Similar to the DIP, this award is only forfeited if the individual performance requirements are not met over the three-year vesting period, or if the individual is no longer employed by the group. However, where the DIP is share price linked, the share ownership plans award restricted share instruments, with the participants qualifying for dividends when they are declared. These awards were accounted for as equity-settled. Prior to September 2024, the conditional incentive plan (CIP) awards are subject to employment conditions and vesting conditions relating to the group's performance. CIP vesting conditions are subject to specified financial performance targets set annually by the group's remuneration committee. These corporate performance targets are set out below. These awards were accounted for as cash-settled. From September 2024, all new CIP awards are settled in FirstRand shares (with the exception of employees outside of South Africa, who receive cash settlements), and are accounted for as equity-settled.	
Valuation methodology	The awards are valued using the awards' fair value which is revised for share price and the time value of money, and adjusted for dividends paid and past staff forfeitures. The awards are repriced at each reporting date.	For the share ownership plans, the award value is settled by the delivery of a variable number of FirstRand shares by the parent, at specified points during the vesting period. As such, the share awards are valued at the fair value of the award at grant date. For CIP awards the FirstRand share price at grant date informs the fair value of the award at grant date adjusted to exclude rights to dividends over the vesting period. The conditional features are non-market vesting and affect the number of awards that vest.
VALUATION ASSUMPTIONS		
Dividend data	Expected future dividends over the vesting period are based on independently observable market expectations (including Bloomberg consensus data) (CIP awards only).	
Market related	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.	
Employee related	The weighted average forfeiture rate used is based on historical forfeiture data observed over all schemes.	

Notes to the annual financial statements continued

25 Remuneration schemes continued

Corporate performance targets for CIP awards

All CIP awards are subject to performance conditions. The FirstRand remuneration committee (Remco) sets the corporate performance target for each award based on expected macroeconomic conditions, group earnings and return 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 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 target levels. The vesting outcome is based on the delivery of the performance conditions. This level is finally determined and calculated by the group remuneration committee.

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

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

In terms of the scheme rules, participants are not entitled to dividends on their conditional share awards during the vesting period.

The criteria for the expired and currently open schemes are set out below.

Expired schemes

2022 (Award vested at vesting date in September 2025)

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 ROE and earnings growth performance conditions must be met for vesting to occur.

		Performance conditions (both conditions must be met)	
	Vesting level*	**Minimum ROE requirement ** **	**Diluted normalised earnings per share growth requirement (3-year CAGR)#** FirstRand Limited must achieve compound annual growth in normalised earnings per share relative to the South African CPI plus real GDP growth 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%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 1.5%
On-target performance	100%	≥20.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 2.5%
Stretch†	120%	≥22%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 5%
Super stretch†	150%	≥22%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 9%

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

\# *In the event that the three-year CAGR of real GDP growth is negative, the target will be calculated using CPI only.*

† *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 annual financial statements continued

25 Remuneration schemes continued

During the year, it was determined by Remco that the ROE and earnings growth conditions were met for 100% vesting, even with the inclusion of the UK motor commission provision as at 30 June 2025. Remco however excluded the UK motor commission provision from the calculation of the graded vesting level for all participants other than the executive directors (in the role pre-April 2024). The outcomes were as follow (excluding the UK motor commission provision):

- The average ROE over the three-year period was delivered at the upper end of the group's target ROE range, at 21.1%. The ROE outcome was delivered above the 100% vesting level, allowing the graded vesting outcome above 100%. The compound growth in diluted normalised earnings per share determined the final vesting level. Diluted normalised earnings per share at 30 June 2025 was 781.3 cents, and delivered a three-year compound annual growth rate of 10.3%. This growth was 4.2% above real GDP plus CPI measured over the three-year period.
- The combination of the ROE at 21.1% and the strong earnings growth performance resulted in the vesting level of 113.2%, as the group delivered on its outperformance targets.
- For the executive directors (in the role pre-April 2024) the vesting outcome is 100.2%.
- After considering the non-financial measures, Remco concluded that no downward adjustment of the vesting outcome was necessary.

Currently open

2023 (Vesting date in September 2026)

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 ROE and earnings growth performance conditions must be met for vesting to occur.

		Performance conditions (both conditions must be met)	
	Vesting level*	**Minimum ROE requirement****	**Diluted normalised earnings per share growth requirement (3-year CAGR)#** FirstRand Limited must achieve compound annual growth in normalised earnings per share relative to the South African CPI plus real GDP growth 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%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI
On-target performance	100%	≥21%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 4%
Stretch†	120%	≥22%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 6.5%
Super stretch†	150%	≥22%	Compound annual growth in normalised earnings per share over three 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 changes in volatile reserves.*

In the event that the three-year CAGR of real GDP growth is negative, the target will be calculated using CPI only.

† *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 annual financial statements continued

25 Remuneration schemes continued

Currently open continued

2024 (Vesting date in September 2027)

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 ROE and earnings growth performance conditions must be met for vesting to occur.

		Performance conditions (both conditions must be met)*	
	Vesting level*	**Minimum ROE requirement****	**Diluted normalised earnings per share growth requirement (3-year CAGR)#** FirstRand Limited must achieve compound annual growth in normalised earnings per share relative to the South African CPI plus real GDP growth over the three-year performance period from the base year end, being 30 June 2024, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥19.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 1.5%
On-target performance	100%	≥20.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 2.5% to real GDP growth plus CPI plus 4%
	100.1% to 119.9%	>20.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus >4% to real GDP growth plus CPI plus <6%
Stretch†	120%	≥21.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 6%
Super stretch†	150%	≥21.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 9%

* *Linear grading between these vesting levels based on the earnings growth achieved. After measuring the ROE outcome and growth outcome separately, the lower of either will become the vesting level. Both conditions must be met for vesting at any level to occur. Thereafter, Remco will assess if any downward adjustment is necessary for the factors listed.*

** *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 changes in volatile reserves (including the foreign currency translation reserves).*

In the event that the three-year CAGR of real GDP growth is negative, the target will be calculated using CPI only. The diluted normalised earnings per share at 30 June 2024 of 720.3 cents, as adjusted for the UK motor commission provision and fees, will be referenced as the base year value in the CAGR calculation.

† *For vesting at 120% or above, ROE of ≥21.5% 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 annual financial statements continued

25 Remuneration schemes continued

Currently open continued

2025 (Vesting date in September 2028) .

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 ROE and earnings growth performance conditions must be met for vesting to occur.

		Performance conditions (both conditions must be met)*	
	Vesting level*	Minimum ROE requirement**	**Diluted normalised earnings per share growth requirement (3-year CAGR)#** FirstRand Limited must achieve compound annual growth in normalised earnings per share relative to the South African CPI plus real GDP growth over the three-year performance period from the base year end, being 30 June 2025, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥19.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 1.5%
On-target performance	100%	≥20.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 3% to real GDP growth plus CPI plus 5%
	100.1% to 119.9%	≥21%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus >5% to real GDP growth plus CPI plus <6%
Stretch†	120%	≥21.5%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 6%
	150%	>22%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 7.5%
Super stretch†	200%	>22%	Compound annual growth in normalised earnings per share over three years of real GDP growth plus CPI plus 10%

* *Linear grading between these vesting levels based on the earnings growth achieved. After measuring the ROE outcome and growth outcome separately, the lower of either will become the vesting level. Both conditions must be met for vesting at any level to occur. Thereafter, Remco will assess if any downward adjustment is necessary for the factors listed.*

** *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 changes in volatile reserves (including the foreign currency translation reserves).*

In the event that the three-year CAGR of real GDP growth is negative, the target will be calculated using CPI only. The diluted normalised earnings per share at 30 June 2025 of 781.3 cents, as adjusted for the UK motor commission provision, will be referenced as the base year value in the CAGR calculation.

† *For vesting of 120% to 150%, average ROE of ≥21.5% is required and for vesting of 150% and above, average ROE of >22% is required. The vesting level between 120% and 150% or between 150% and 200% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 200% at a level of real GDP growth plus CPI plus 10% over the three-year period.*

Notes to the annual financial statements continued

25 Remuneration schemes continued

The significant weighted average assumptions used to estimate the grant value (for equity-settled share-based payments) and the fair value (for cash-settled share-based payments) of the various awards granted are detailed below.

	Conditional and deferred incentive plans	
	2026	2025
Award life (years)	**2 – 3**	2 – 3
Risk-free rate (%)	**7.05 – 7.84**	7.35 – 7.68

	Conditional and deferred incentive plans (FirstRand shares)	
Share awards outstanding	**2026**	2025
Number of awards in force at the beginning of the year (millions)	**80.0**	103.6
Number of awards granted during the year (millions)	**12.1**	12.8
Number of awards purchased with respect to the share ownership award plans (millions)	**12.9**	4.4
Number of awards transferred (within the group) during the year (millions)	**(0.1)**	(0.5)
Number of awards exercised/released during the year (millions)	**(35.3)**	(37.6)
– Market value range at date of exercise/release (cents)*	**7 520 – 9 261**	6 486 – 8 415
– Weighted average (cents)	**8 108**	8 396
Number of awards forfeited during the year (millions)	**(3.9)**	(2.7)
Number of awards in force at the end of the year (millions)	**65.7**	80.0

	Conditional and deferred incentive plan (FirstRand shares)*			
	2026		2025	
*Awards outstanding***	**Weighted average remaining life (years)**	**Outstanding awards (millions)**	Weighted average remaining life (years)	Outstanding awards (millions)
Vesting during 2023	**–**	**0.1**	–	0.1
Vesting during 2025	**–**	**–**	0.25	33.9
Vesting during 2026	**0.27**	**33.9**	1.36	35.3
Vesting during 2027	**1.34**	**22.8**	2.30	10.7
Vesting during 2028	**2.31**	**8.9**		
Total conditional awards		**65.7**		80.0
Number of participants		**3 950**		4 289

* *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 relate to calendar years and not financial years.*

With respect to the share ownership award plans, the award value granted to employees is settled in a variable number of shares at specific points throughout the vesting period. Therefore it is not possible to determine, at reporting date, the number of awards in force. The award value outstanding table below reflects the share award value for which shares have not yet been purchased. At the point at which the shares are purchased the value of the award is transferred to awards outstanding, with the number of shares purchased with respect to the share ownership award plan reflected in the share award outstanding table above.

Notes to the annual financial statements continued

25 Remuneration schemes continued

	Share award plans	
R million	**2026**	2025
Award value outstanding		
Value of awards in force at the beginning of the year	**1 321.5**	–
Value of awards granted during the year	**2 369.6**	1 692.2
Value of awards transferred (within the group) during the year	**(6.4)**	–
Value of awards released during the year	**(5.0)**	–
Value of awards forfeited during the year	**(129.9)**	(46.8)
Value of awards that were transferred to awards outstanding	**(1 089.2)**	(323.9)
Value of awards in force at the end of the year	**2 460.6**	1 321.5

26 Contingencies and commitments

R million	**2026**	2025
Committed capital expenditure*	**4 163**	5 674
Legal proceedings**	**83**	70
Total contingencies and commitments	**4 246**	5 744

* *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 bank, 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.*

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

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

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

	2026			
R million	**Within 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Property	**121**	**314**	**–**	**435**
Motor vehicles	**1 473**	**2 531**	**240**	**4 244**
Total operating lease commitments	**1 594**	**2 845**	**240**	**4 679**
		2025		
Property	91	222	66	379
Motor vehicles	1 371	2 272	239	3 882
Total operating lease commitments	1 462	2 494	305	4 261

27 Fair value measurements

27.1 Valuation methodology

The bank 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 bank 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.

Notes to the annual financial statements continued

27 Fair value measurements continued

27.2 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 bank 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 Range of volatilities: 1 754 – 6 834 bps (2025: 1 759 – 11 575 bps)
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 a case where the fair value of the credit is not significant year on year but may become significant in future, and where the counterparties do not have actively traded or observable credit spreads, the bank 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 such as PD of the counterparty. 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 spread Range of credit spreads: 3.5 – 3 198 bps (2025: 3.5 – 3 198 bps)

Notes to the annual financial statements continued

27 Fair value measurements continued

27.2 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 Range of P/E multiples: 1.3 – 14.4 (2025: 1.3 – 15)
Unlisted bonds, short bond positions, bonds listed in an inactive market or negotiable certificates of deposit (NCDs)	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 Range of credit inputs: 40 – 414 bps (2025: 115 – 414 bps)
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 specific debt market trading models, for example the JSE Debt Market, or by discounting the cash flows off an appropriate curve.	Market quotes for money market and fixed-income instruments and market interest rates	N/A

Notes to the annual financial statements continued

27 Fair value measurements continued

27.2 *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 g places reliance on valuations from third parties, such as broker quotes or valuations from asset managers. Where considered necessary, the bank 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	Income capitalisation method/ discounted cash flow (DCF)	The fair value of investment properties is determined through valuations conducted by professional valuers. These valuations incorporate either the DCF method or the income capitalisation approach, depending on the nature of the property and available data. The DCF method estimates value by calculating the present value of projected future cash flows, including an appropriate exit or terminal value. The income capitalisation method, on the other hand, applies a capitalisation rate to the property's net operating income. Both approaches consider factors such as above-market and below-market rentals, variable operating expenses and general property risk. Inputs are sourced from market surveys and comparable recent transactions that are not publicly quoted. Professional valuations are performed every two years and are subject to internal management review. Desktop valuations are performed in the years where professional valuations are not performed. The fair value was based on unobservable income capitalisation rate inputs.	N/A	Expected rentals, capitalisation and exit/ terminal rates

Notes to the annual financial statements continued

27 Fair value measurements continued

27.2 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 AND DEBT FUNDING				
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
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 Spread of rate curves: 280 – 312 bps (2025: -34 – 650 bps)
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 annual financial statements continued

27 Fair value measurements continued

27.2 Fair value hierarchy and measurements continued

27.2.1 Fair value hierarchy

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

	2026				2025			
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	**–**	**45 950**	**7 712**	**53 662**	–	48 658	4 279	52 937
Advances	**–**	**111 445**	**59 035**	**170 480**	–	80 927	53 301	134 228
Investment securities*	**129 084**	**59 372**	**1 887**	**190 343**	114 484	10 653	1 200	126 337
Commodities	**4 520**	**–**	**–**	**4 520**	7 364	–	–	7 364
Investment properties	**–**	**–**	**377**	**377**	–	–	445	445
Amounts due by holding company and fellow subsidiaries	**–**	**211**	**–**	**211**	–	1 001	–	1 001
Total fair value assets	**133 604**	**216 978**	**69 011**	**419 593**	121 848	141 239	59 225	322 312
Liabilities								
Recurring fair value measurements								
Short trading positions	**2 355**	**586**	**–**	**2 941**	15 000	1 533	–	16 533
Derivative financial instruments	**6**	**47 302**	**1 910**	**49 218**	–	49 536	1 927	51 463
Deposits and debt funding	**–**	**71 148**	**10 956**	**82 104**	–	68 711	15 803	84 514
Other liabilities	**–**	**1 098**	**–**	**1 098**	–	945	–	945
Amounts due to holding company and fellow subsidiaries	**–**	**186**	**–**	**186**	–	198	–	198
Total fair value liabilities	**2 361**	**120 320**	**12 866**	**135 547**	15 000	120 923	17 730	153 653

* *In the prior year, an amount of R1 262 million was classified as level 1 instead of level 2. The comparatives have been restated to correctly reflect these instruments as level 2. The prior year balances for level 1 and level 2 were previously reported as R115 746 million and R9 390 million respectively.*

27.3 Additional disclosures for level 3 financial instruments

27.3.1 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.

	2026			2025		
	Transfers			Transfers		
R million	**in**	**out**	**Reasons for significant transfers in**	in	out	Reasons for significant transfers in
Level 1	**142**	**(103)**	The inputs used in determining the fair value of certain investment securities became observable in the current year due to improved market liquidity. As a result, these investment securities transferred from level 3 to level 1.	417	(136)	The inputs used in determining the fair value of certain investment securities became observable in the current year due to improved market liquidity. As a result, these investment securities transferred from level 3 to level 1.
Level 2	**4 965**	**(6 942)**	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.	1 192	(1 392)	The inputs used to determine the fair value of certain structured deposits and derivatives have become observable during the current year, resulting in the transfer from level 3 to level 2.
Level 3	**7 045**	**(5 107)**	The inputs used to determine the fair value of certain structured deposits have become unobservable during the current year, resulting in the transfer from level 2 to level 3.	1 528	(1 609)	The inputs used to determine the fair value of certain structured deposits and equity derivatives have become unobservable during the current year, resulting in the transfer from level 2 to level 3.
Total transfers	**12 152**	**(12 152)**		3 137	(3 137)	

Notes to the annual financial statements continued

27 Fair value measurements continued

27.3 Additional disclosures for level 3 financial instruments continued

27.3.2 Changes in level 3 instruments with recurring fair value measurements

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

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Derivative financial liabilities	Deposits and debt funding
Balance as at 1 July 2024	628	44 379	1 684	281	1 854	10 469
Gains or losses recognised in profit or loss	3 144	4 953	(302)	3	1 056	260
Losses recognised in other comprehensive income	–	–	13	–	–	–
Purchases, sales, issue and settlements	(251)	4 055	(494)	161	(781)	6 012
Transfers into level 3*	842	–	673	–	2	11
Transfers out of level 3*	(84)	–	(372)	–	(204)	(949)
Exchange rate differences	–	(86)	(2)	–	–	–
Balance as at 30 June 2025	**4 279**	**53 301**	**1 200**	**445**	**1 927**	**15 803**
Gains or losses recognised in profit or loss	**4 148**	**2 336**	**80**	**11**	**903**	**826**
Gains recognised in other comprehensive income	**–**	**–**	**(8)**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**(2 361)**	**3 913**	**640**	**(80)**	**(1 410)**	**(5 514)**
Acquisitions/disposals of subsidiaries	**–**	**–**	**17**	**–**	**–**	**–**
Transfers into level 3	**1 646**	**–**	**103**	**–**	**490**	**4 806**
Transfers out of level 3	**–**	**–**	**(142)**	**–**	**–**	**(4 965)**
Exchange rate differences	**–**	**(515)**	**(3)**	**–**	**–**	**–**
Balance as at 30 June 2026	**7 712**	**59 035**	**1 887**	**376**	**1 910**	**10 956**

* *In the prior year, transfers within level 3 balances were presented net. The balances have been disaggregated in the current year to show transfers in and out of level 3 separately. Comparatives have been restated.*

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

Gains or losses on advances classified as level 3 of the hierarchy comprise gross interest income on advances, fair value of credit adjustments, 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 annual financial statements continued

27 Fair value measurements continued

27.3 Additional disclosures for level 3 financial instruments continued

27.3.3 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.

	2026		2025	
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	**2 149**	**–**	3 059	–
Advances*	**2 452**	**–**	4 200	–
Investment securities	**84**	**(4)**	(834)	13
Investment properties	**12**	**–**	155	–
Total	**4 697**	**(4)**	6 580	13
Liabilities				
Derivative financial instruments	**21**	**–**	(896)	–
Deposits and debt funding	**(1 457)**	**–**	(652)	–
Total	**(1 436)**	**–**	(1 548)	–

* *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.*

27.3.4 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 is adjusted to fully reflect the upside or downside scenarios 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 the reasonability of the rate(s) used.</td></tr>
<tr><td>Deposits and debt funding</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 annual financial statements continued

27 Fair value measurements continued

27.3 Additional disclosures for level 3 financial instruments continued

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

	2026			2025		
	Reasonably possible alternative fair value			Reasonably possible alternative fair value		
R million	**Fair value**	**Using more positive assumptions**	**Using more negative assumptions**	Fair value	Using more positive assumptions	Using more negative assumptions
Assets						
Derivative financial instruments	**7 712**	**7 944**	**7 380**	4 279	4 468	4 091
Advances	**59 035**	**59 251**	**58 685**	53 301	53 376	53 161
Investment securities	**1 887**	**2 153**	**1 616**	1 200	1 346	1 033
Investment properties	**376**	**434**	**319**	445	507	383
Total financial assets measured at fair value in level 3	**69 010**	**69 782**	**68 000**	59 225	59 697	58 668
Liabilities						
Derivative financial instruments	**1 910**	**1 677**	**2 343**	1 927	1 886	1 982
Deposits and debt funding	**10 956**	**10 872**	**11 040**	15 803	15 561	16 047
Total financial liabilities measured at fair value in level 3	**12 866**	**12 549**	**13 383**	17 730	17 447	18 029

Notes to the annual financial statements continued

27 Fair value measurements continued

27.4 *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.

	2026				
R million	**Carrying value**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Advances	1 187 204	1 200 976	–	215 180	985 796
Investment securities	139 619	142 011	126 254	15 757	–
Total financial assets at amortised cost	1 326 823	1 342 987	126 254	230 937	985 796
Liabilities					
Deposits and debt funding	1 621 185	1 621 297	–	1 618 056	3 241
Other liabilities	368	361	–	336	25
Tier 2 liabilities	16 724	16 968	–	16 968	–
Total financial liabilities at amortised cost	1 638 277	1 638 626	–	1 635 360	3 266
	2025				
Assets					
Advances	1 079 968	1 091 448	–	187 583	903 865
Investment securities	214 432	213 778	135 029	78 749	–
Total financial assets at amortised cost	1 294 400	1 305 226	135 029	266 332	903 865
Liabilities					
Deposits and debt funding	1 488 689	1 488 348	–	1 488 271	77
Other liabilities	323	328	–	–	328
Tier 2 liabilities	20 580	20 756	–	20 756	–
Total financial liabilities at amortised cost	1 509 592	1 509 432	–	1 509 027	405

27.5 *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	**2026**	2025
Opening balance	39	169
Day 1 profits or losses not initially recognised on financial instruments in the current year	228	33
Amount recognised in profit or loss as a result of changes which would be observable by market participants	(99)	(163)
Closing balance	168	39

Notes to the annual financial statements continued

27 Fair value measurements continued

27.6 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 bank'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 bank 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.

27.6.1 Financial assets designated at fair value through profit or loss

The bank has designated certain financial assets at FVTPL that would otherwise have been measured at amortised cost or FVOCI. The table below contains details regarding the change in credit risk attributable to these financial assets. Losses are indicated in brackets.

	2026			
			Change in fair value due to credit risk	
R million	**Fair value**	**Mitigated credit risk**	**Current period**	**Cumulative**
Advances	**21 967**	**300**	**37**	**(13)**
Investment securities	**201**	**–**	**–**	**–**
Total	**22 168**	**300**	**37**	**(13)**
	2025			
Advances	23 250	550	66	(134)
Investment securities	201	–	–	–
Total	23 451	550	66	(134)

Losses are included in brackets.

27.6.2 Financial liabilities designated at fair value through profit or loss

	2026		2025	
R million	**Fair value**	**Contractually payable at maturity**	Fair value	Contractually payable at maturity
Deposits and debt funding	**2 890**	**2 624**	4 297	3 894
Other liabilities	**1 098**	**1 098**	945	945
Total	**3 988**	**3 722**	5 242	4 839

27.7 Total fair value income included in profit or loss for the year

R million	**2026**	2025
Total fair value income for the year has been disclosed as:		
Fair value gains and losses included in non-interest revenue*	**6 337**	3 771
Fair value of credit of advances included in impairment of advances	**(409)**	44

* *Includes foreign exchange gains – refer to note 2.3.*

Notes to the annual financial statements continued

28 Segment information

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. 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.

28.1 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	FirstRand Bank 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 bank's activities in the retail and commercial segments in South Africa. FNB offers a diverse set of financial products and services to market segments, including retail (personal and private), small and medium-sized enterprises (SMEs), business, agriculture, medium corporate and public sector entities. FNB's products cover the entire spectrum of financial services – transactional, lending 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, a rewards programme (eBucks), FNB Connect (a mobile virtual network operator), merchant services (card acquiring) and cash management solutions, among others.	FNB operates in South Africa and its distribution channels include its branch network and other physical representation points, ATMs, call centres, an app, cellphone banking (USSD) and online banking.
	Products and services	**Footprint**
WesBank	WesBank represents the bank's asset-based finance activities in the retail, commercial and corporate segments in South Africa. It is a leading provider of vehicle finance and fleet management in the country.	WesBank operates in South Africa.

Notes to the annual financial statements continued

28 Segment information

28.1 Reportable segments

REPORTABLE SEGMENTS		
CORPORATE AND INSTITUTIONAL		
RMB	RMB represents the bank'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, USA and India. 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.	RMB operates in South Africa and utilises the bank's balance sheet for certain cross-border lending and trade finance activities in broader Africa. RMB manages FirstRand Bank's representative offices in Kenya, Angola, Shanghai and New York. RMB has niche offerings in the UK (London branch) and India.

REPORTING SEGMENTS	
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 consolidation entries and the total operational performance of MotoNovo's back book (i.e. business written prior to the integration with Aldermore).

Notes to the annual financial statements continued

28 Segment information continued

28.2 Description of normalised adjustments

NORMALISED ADJUSTMENTS

The bank 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 bank.

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.

Margin-related items included in fair value income	In terms of IFRS Accounting Standards, the bank is required to or has elected to measure certain financial assets and liabilities at FVTPL. In terms of the bank'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.
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.
Cash-settled share-based payments and the economic hedge	The bank 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 bank 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 bank's results. This reflects the economic substance of the hedge and associated SBP expense for the bank 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.
UK motor finance commission provision and costs	In March 2026, the UK Financial Conduct Authority announced an industry-wide redress scheme, and the bank, through the MotoNovo back book recognised an IAS 37 provision for its estimated liability. As the provision and costs arise from a discrete industry-wide regulatory matter linked to historical business practices, it does not reflect the bank's underlying operating performance in the current or comparative years. Accordingly, the provision charge and associated costs are excluded from normalised earnings, with the comparative information adjusted consistently for the prior-year provision and costs. Accordingly, the total provision is excluded from the bank's normalised balance sheet.

Notes to the annual financial statements continued

28 Segment information continued

28.3 Reportable segments

	Retail and commercial		
	FNB		
R million	FNB SA	FNB broader Africa	WesBank
Net interest income before impairment of advances	46 108	(42)	6 347
Impairment charge	(9 553)	–	(2 604)
Net interest income after impairment of advances	36 555	(42)	3 743
Non-interest revenue	33 724	1 787	3 157
Net income from operations	70 279	1 745	6 900
Operating expenses*	(39 462)	(2 249)	(4 961)
Income before tax	30 817	(504)	1 939
Indirect tax	(784)	–	(30)
Profit for the year before tax	30 033	(504)	1 909
Income tax expense*	(8 109)	136	(515)
Profit for the year	21 924	(368)	1 394
The income statement includes			
Staff expenditure	(26 251)	(436)	(1 879)
Depreciation	(3 040)	(2)	(730)
Amortisation	(189)	–	(11)
Net impairment charges (non-financial assets)	(178)	–	18
Non-interest revenue earned between segments	225	–	–
Non-interest revenue includes the following external revenue from contracts with customers**			
Banking, knowledge based fees and commissions	34 016	(13)	557
Non-banking fees and commissions	1 216	–	1
Insurance income (excluding risk-related income)	43	–	64
Management, trust and fiduciary fees	614	–	625
Other non-interest revenue from customers	2 036	–	985
The statement of financial position includes			
Total assets	560 632	545	210 450
Total liabilities#	530 866	1 049	208 541
Capital expenditure	4 281	3	1 966

The segmental analysis is based on the management accounts for the respective segments. In the current year, the bank has enhanced its segment reporting disclosures to separately present additions to non-current assets by reportable segment in accordance with IFRS 8. Comparative information has been presented on a consistent basis.

* *Includes R8 401 million operating expenses and tax of R2 350 million relating to the MotoNovo back book portion of the UK motor commission matter.*

** *The vast majority of external revenue from contracts with customers was recognised at a point in time.*

Total liabilities are net of interdivisional balances.

2026					
	Corporate and institutional				
Retail and commercial	RMB	Centre (including Group Treasury)	FirstRand Bank – normalised	Normalised adjustments	FirstRand Bank – IFRS
52 413	11 935	6 793	71 141	(3 891)	67 250
(12 157)	(898)	29	(13 026)	–	(13 026)
40 256	11 037	6 822	58 115	(3 891)	54 224
38 668	12 401	(1 513)	49 556	3 976	53 532
78 924	23 438	5 309	107 671	85	107 756
(46 672)	(14 208)	(1 945)	(62 825)	(8 587)	(71 412)
32 252	9 230	3 364	44 846	(8 502)	36 344
(814)	(252)	(17)	(1 083)	–	(1 083)
31 438	8 978	3 347	43 763	(8 502)	35 261
(8 488)	(2 424)	1 091	(9 821)	2 374	(7 447)
22 950	6 554	4 438	33 942	(6 128)	27 814
(28 566)	(7 759)	(2 597)	(38 922)	(27)	(38 949)
(3 772)	(90)	(4)	(3 866)	–	(3 866)
(200)	(115)	1	(314)	–	(314)
(160)	(15)	(1)	(176)	(159)	(335)
225	1 792	(2 017)	–	–	–
34 560	5 585	(15)	40 130	–	40 130
1 217	26	5	1 248	–	1 248
107	–	–	107	–	107
1 239	283	–	1 522	–	1 522
3 021	46	–	3 067	–	3 067
771 627	747 991	485 098	2 004 716	3 172	2 007 888
740 456	741 422	364 532	1 846 410	11 369	1 857 779
6 250	277	35	6 562	–	6 562

Notes to the annual financial statements continued

28 Segment information continued

28.3 *Reportable segments* continued

R million	Retail and commercial FNB FNB SA	 FNB broader Africa	 WesBank
Net interest income before impairment of advances	43 265	(31)	6 044
Impairment charge	(9 882)	–	(2 061)
Net interest income after impairment of advances	33 383	(31)	3 983
Non-interest revenue	30 801	1 645	3 147
Net income from operations	64 184	1 614	7 130
Operating expenses*	(37 108)	(2 051)	(4 700)
Income before tax	27 076	(437)	2 430
Indirect tax	(783)	(1)	(48)
Profit for the year before tax	26 293	(438)	2 382
Income tax expense*	(7 057)	118	(643)
Profit for the year	19 236	(320)	1 739
The income statement includes			
Staff expenditure	(24 405)	(400)	(1 696)
Depreciation	(2 683)	(2)	(710)
Amortisation	(193)	–	(11)
Net impairment charges (non-financial asset)	(50)	–	(31)
Non-interest revenue earned between segments	253	64	–
Non-interest revenue includes the following external revenue from contracts with customers**			
Banking, knowledge based fees and commissions	32 363	(12)	536
Non-banking fees and commissions	1 083	–	4
Insurance income (excluding risk-related income)	48	–	65
Management, trust and fiduciary fees	454	–	576
Other non-interest revenue from customers	1 977	–	857
The statement of financial position includes			
Total assets	528 676	335	186 720
Total liabilities#	501 581	775	184 297
Capital expenditure	3 476	2	2 008

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

* *Includes R1 533 million operating expenses and tax of R413 million relating to the MotoNovo back book portion of the UK motor commission matter.*

** *The vast majority of external revenue from contracts with customers was recognised at a point in time.*

\# *Total liabilities are net of interdivisional balances.*

2025					
	Corporate and institutional				
Retail and commercial	RMB	Centre (including Group Treasury)	FirstRand Bank – normalised	Normalised adjustments	FirstRand Bank– IFRS
49 278	10 851	5 835	65 964	(1 536)	64 428
(11 943)	(773)	(134)	(12 850)	–	(12 850)
37 335	10 078	5 701	53 114	(1 536)	51 578
35 593	10 682	(2 266)	44 009	1 633	45 642
72 928	20 760	3 435	97 123	97	97 220
(43 859)	(12 702)	(461)	(57 022)	(1 445)	(58 467)
29 069	8 058	2 974	40 101	(1 348)	38 753
(832)	(261)	(80)	(1 173)	–	(1 173)
28 237	7 797	2 894	38 928	(1 348)	37 580
(7 582)	(2 105)	872	(8 815)	364	(8 451)
20 655	5 692	3 766	30 113	(984)	29 129
(26 501)	(6 639)	(2 369)	(35 509)	164	(35 345)
(3 395)	(201)	(5)	(3 601)	–	(3 601)
(204)	(66)	–	(270)	–	(270)
(81)	(10)	–	(91)	(75)	(166)
317	(1085)	768	–	–	–
32 887	5 344	(18)	38 213	–	38 213
1 087	28	5	1 120	–	1 120
113	–	1	114	–	114
1 030	256	42	1 328	–	1 328
2 834	115	–	2 949	–	2 949
715 731	706 436	441 352	1 863 519	1 111	1 864 630
686 653	700 953	327 439	1 715 045	4 066	1 719 111
5 486	252	5	5 743	–	5 743

Notes to the annual financial statements continued

28 Segment information continued

Geographical segments

R million	South Africa	United Kingdom	Other	Total
	2026			
Non-interest revenue from contracts with customers	**45 492**	**564**	**18**	**46 074**
Non-current assets*	**22 478**	**115**	**1**	**22 594**
	2025			
Non-interest revenue from contracts with customers	43 100	608	16	43 724
Non-current assets*	21 356	180	1	21 537

In the current year, the bank has enhanced its segment reporting disclosures to reflect Revenue from contracts with customers and non-current assets by geographical segments only. Comparative information has been presented on a consistent basis.

* *Exclude financial instruments, other assets, deferred income tax assets, current tax assets and post-employment benefit assets.*

Notes to the annual financial statements continued

29 Related parties

29.1 Balances with related parties

R million	2026	2025
Advances		
Associates	24 271	23 994
Joint ventures	1 638	1 041
Key management personnel	56	43
Other assets		
Associates	298	693
Joint ventures	3 844	10 565
Amounts due by holding company and fellow subsidiaries		
Parent	329	9
Fellow subsidiaries	75 701	70 912
Fellow subsidiaries – bank accounts	494	732
Investment securities		
Parent	1 733	545
Associates	–	162
Deposits and debt funding		
Associates	1 461	1 713
Joint ventures	3 989	11 800
Key management personnel	297	194
Accounts payable		
Associates	17	61
Amounts due to holding company and fellow subsidiaries		
Parent	11 426	931
Fellow subsidiaries	17 933	12 883
Fellow subsidiaries – bank accounts	5 336	3 790
Derivative liabilities		
Joint ventures	242	138
Commitments		
Fellow subsidiaries	12 406	13 969
Associates	945	207
Joint ventures	3	3

Refer to the remuneration disclosures on page C126 for details of the compensation payable to key management personnel (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 R429 million (2025: R550 million), which provides growth finance to early-stage SMEs. In line with supplier development financing arrangements, the loans were granted at preferential funding rates.

Notes to the annual financial statements continued

29 Related parties continued

29.2 Transactions with related parties appear below

R million	**2026**	2025
Interest received		
Fellow subsidiaries*	**3 445**	3 450
Associates	**1 361**	2 117
Joint ventures	**1 072**	844
Key management personnel	**7**	12
Interest paid		
Parent**	**(157)**	(46)
Fellow subsidiaries#	**(912)**	(1 246)
Associates	**(65)**	(70)
Joint ventures	**(251)**	(266)
Key management personnel	**(17)**	(17)
Non-interest revenue		
Fellow subsidiaries	**5 402**	3 676
Associates	**2 369**	1 269
Joint ventures	**1 956**	386
Key management personnel	**8**	7
Operating expenses		
Fellow subsidiaries	**(1 368)**	(1 039)
Associates	**(878)**	(863)
Dividends received		
Parent	**90**	16
Joint ventures	**740**	738
Dividends paid		
Parent	**(21 218)**	(16 411)
Recharge – share award scheme		
Parent	**1 210**	325
Salaries and other employee benefits		
Key management personnel	**198**	94
– Salaries and other short-term benefits	**131**	59
– Share-based payments	**67**	35

* *In the prior year, preference share dividends of R1 517 million was omitted from interest received from fellow subsidiaries. The prior year balance disclosed was R1 933 million and has been restated to include the preference share dividends received.*

** *In the prior year, interest paid to fellow subsidiaries included interest paid to the parent company of R46 million. The balance has been disaggregated in the current year to separately disclose interest received from parent and fellow subsidiaries to provide more useful information. The prior year balance reported was R1 292 million.*

Interest paid on bank accounts with fellow subsidiaries amounted to R178 million (2025: R207 million).

Deferred compensation of R39 million (2025: R18 million) is due to KMP and settlement value is linked to FirstRand shares. A list of the board of directors of the bank 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 bank had an interest and which significantly affected the business of the bank.

The directors had no interest in any third party or company responsible for managing any of the business activities of the bank.

29.3 Post-retirement benefit fund

Details of transactions between the bank and the bank's post-employment benefit plan are listed below.

R million	**2026**	2025
Dividend income	**29**	26
Deposits held with the group	**929**	969

Refer to note 17 for details of the closing balance of the bank's post-employment benefit plan.

Notes to the annual financial statements continued

30 Interest in other entities

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

In terms of IFRS 12, paragraph 29 disclosures about structured entities are only required in the consolidated financial statements, unless separate financial statements are the only annual financial statements prepared by an entity. As the bank does not prepare consolidated financial statements, these required disclosures have been included. Refer to *Critical accounting estimates, assumptions and judgements* for additional information about the bank's decision not to prepare consolidated financial statements.

Structured investment vehicles

The bank 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 the advancement of credit loan facilities. The bank's involvement is predominantly to provide financing. The bank's rights under its involvement are limited to typical lender protection rights. The bank's financing of and investment in the preference shares or notes issued by the entities is considered to have been made at market-related terms. As such the relationship between the bank and the structured entities is considered to be a typical customer-supplier relationship. The bank does not have the ability to direct the relevant business activities of these entities, Therefore, in the absence of control, the entities are not consolidated.

The bank earns interest income on the loans advanced to the customer and the 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 bank has not provided any additional financial or other support to this entity in the current or prior year. The bank 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.

Refer to note 10.3 for information on securitisation transactions.

Investment in funds

The bank may hold direct interests in a number of the funds, however, the magnitude of such interest varies with sufficient regularity. Whether the bank 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 bank's ability to direct the relevant activities of the fund, either directly or indirectly. The bank recognises unrealised gains and losses as a result of revaluations of the units held directly in the funds.

The following table shows the carrying amount of the bank's recorded interest in its statement of financial position, in R'millions, as well as the maximum exposure to risk due to these exposures in the unconsolidated structured entities.

	2026			2025		
	Structured investment vehicles*	**Investment in funds**	**Total**	Structured investment vehicles*	Investment in funds	Total
Advances	**950**	**1 388**	**2 338**	111	1 599	1 710
Total assets	**950**	**1 388**	**2 338**	111	1 599	1 710
Liabilities	**–**	**–**	**–**	–	–	–
Off-balance sheet exposures	**–**	**–**	**–**	–	–	–
Fair value income/(loss)	**–**	**17**	**17**	–	13	–
Maximum exposure to loss**	**1 057**	**1 388**	**2 445**	460	1 599	2 059

* *This information excludes securitisation transactions. Refer to note 10.3.*

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

The bank did not incur losses related to the bank's interests in unconsolidated structured entities in the current financial reporting period (2025: Rnil). The bank did not provide any financial support to unconsolidated structured entities during the current financial reporting period. In the current year the assets held by unconsolidated structured investment vehicles of the bank totalled R1 127 million (2025: R1 178 million).

Notes to the annual financial statements continued

31 Financial risks

Risk governance in the bank

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 bank'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 bank. In line with the bank'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 bank's risk management framework describes the bank'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 those 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 http://www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Overview of financial risks

The financial instruments recognised on the bank's statement of financial position expose the bank to various financial risks.

The information presented in this note represents the information required by IFRS 7 and sets out the bank's exposure to these financial and insurance risks. This section also contains details on the bank's capital management process.

<table>
<tr><th colspan="3">OVERVIEW OF FINANCIAL 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:
• 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 (31.1.1);
• information about the quality of credit assets (31.1.2 and 31.1.3); and
• credit risk mitigation techniques and collateral held (31.1.4).</td></tr>
<tr><td rowspan="2">Liquidity risk</td><td colspan="2">The risk that the bank 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 bank to liquidity risk.</td><td>The following information is presented for these assets and liabilities:
• undiscounted cash flow analysis of financial liabilities (31.2.1);
• discounted cash flow analysis of total assets and liabilities (31.2.2);
• collateral pledged (31.2.3); and
• concentration analysis of deposits and debt funding (31.2.4).</td></tr>
</table>

Notes to the annual financial statements continued

31 Financial risks continued

Overview of financial risks continued

<table>
<tr><th colspan="3">Overview of financial risks</th></tr>
<tr><td rowspan="4">Market risk</td><td colspan="2">The bank distinguishes between traded market risk and non-traded market risk. For non-traded market risk the bank 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 (31.3.1) 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% expected tail loss (ETL) analysis has been presented for traded market risk.</td></tr>
<tr><td>Interest rate risk in the banking book (31.4.1) 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 bank capital.</td></tr>
<tr><td>Structural foreign exchange risk (31.4.2) is the risk of an adverse impact on the bank'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.</td><td>Information on the bank'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 (31.5) arises primarily from equity exposures from private equity and corporate and investment banking activities in RMB, and strategic investments held by WesBank, FNB, and the Centre.</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">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 bank's solvency and quality of capital during calm and turbulent periods in the economy and financial markets. The bank, 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 annual financial statements continued

31 Financial risks continued

31.1 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 bank'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 ECL, capital assessment, stress testing, collections and recoveries.

Credit risk management across the bank 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 bank 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 bank 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 rating 100 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-, BBB+, BBB (upper)
15 – 25	0.29 %	BBB, BBB-(upper), BBB-, BB+(upper), BB+
26 – 32	0.77 %	BB(upper), BB, BB-(upper), BB-
33 – 39	1.44 %	B+(upper)
40 – 53	2.52 %	B+, B(upper)
54 – 83	6.18 %	B, B-(upper), B-
84 – 90	13.68 %	CCC+
91 – 99	59.11 %	CCC
100	100 %	D (defaulted)

* *Indicative mapping to the international rating scales of S&P Global Ratings. The bank currently only uses mapping to S&P rating scales.*

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

Climate risk

Climate risk refers to the potential for financial and non-financial impacts arising from physical effects of climate (including climate change) and the transition to a lower-carbon and more climate-resilient economy.

- Physical risk arises from the direct impacts of climate change on natural and built environments, including damage to assets, infrastructure, supply chains, and business continuity. It includes both acute and chronic physical hazards that can impair a client's ability to repay, reduce collateral values, disrupt operations and increase costs for both FirstRand and its clients.
- Transition risk arises from the economic transition to a lower-carbon economy. It includes the effects of changes in policy and regulation, carbon pricing, technology, markets and customer preferences, and may affect client profitability, repayment capacity, asset values and business viability. Transition risk may manifest through existing risk types, including credit risk (through reduced cash flows, declining collateral values or increased compliance costs), operational risk (through required changes to systems, processes and supply chains), and market risk (through asset repricing, changing demand patterns and market volatility). Transition risk may also arise where policy, market, investor or technological developments occur more rapidly than clients or sectors can adapt, resulting in heightened financial and operational impacts.

The bank does not embed climate-related risks directly in its expected credit loss (ECL) models. It applies management adjustments for physical and transition risks where these risks are considered material and are not fully captured through existing modelled inputs.

Macroeconomic scenarios used to inform forward-looking indicators for expected losses under IFRS 9 specifically incorporate climate-related metrics, including carbon pricing and emissions reduction trajectories. These metrics provide a broader mechanism to reflect climate-related effects where specific physical and transition risks have not yet been mapped to individual exposures.

The bank expects to retain an out-of-model process while data, modelling approaches, and methodologies continue to evolve. This remains appropriate where climate-related effects are difficult to isolate within core models and is consistent with international practice, where these effects are often reflected through management post-model adjustments rather than embedded directly in base ECL models.

Benchmarking of ECL adjustments and international industry practice indicates that the bank's approach remains aligned with observed practice among comparable banking groups. The bank continues to invest in more granular hazard modelling, improved asset-level information, and calibration against observed experience as data becomes available. For forward-looking scenarios, the bank relies substantially on international research on damage functions to estimate potential impacts.

31.1.1 Credit assets and concentration risk

The assets and off-balance sheet amounts included in the table below expose the bank 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 include loan commitments as defined in the bank's accounting policy.

Revocable loan commitments which the bank can cancel at any time amounted to R100 346 million (2025: R96 108 million).

Credit concentration risk is the risk of loss to the bank 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 annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.1 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.

	2026					
R million	**South Africa**	**Broader Africa**	**United Kingdom**	**Other Europe**	**Asia, Americas and Australasia**	**Total**
On-balance sheet exposures						
Cash and short-term funds	92 003	135	4 029	4 030	7 961	108 158
Total advances	1 283 394	52 508	32 086	18 881	16 095	1 402 964
Stage 3 advances*	58 543	488	866	30	22	59 949
Derivatives	20 134	1 525	12 366	18 042	1 595	53 662
Debt investment securities	296 832	7 180	1 720	384	16 129	322 245
Collateral, settlement balances and other financial assets	22 583	129	2 020	2 923	573	28 228
Off-balance sheet exposures						
Guarantees, acceptances and letters of credit**	62 552	17 107	3 768	3 379	6 574	93 380
Loan commitments#	183 024	10 583	7 899	8 044	4 220	213 770

* *Include purchased or originated credit impaired advances.*

** *Includes intercompany guarantees, acceptances and letters of credit of R25 575 million (2025: R21 283 million).*

In the prior year, an irrevocable facility of R3.8 billion was incorrectly excluded in Loan commitments for broader Africa. The comparative has been restated from R4.8 billion to R8.7 billion.

2025					
South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	Total
92 865	454	4 801	4 943	4 345	107 408
1 152 434	35 688	30 239	22 811	16 167	1 257 339
55 662	1 080	93	17	21	56 873
23 712	840	10 866	17 051	468	52 937
304 338	6 382	610	81	21 974	333 385
20 996	207	4 347	3 105	1 108	29 763
43 999	14 680	244	1 470	5 914	66 307
155 206	8 655	7 196	4 768	3 455	179 280

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.1 Credit assets and concentration risk continued

Breakdown of advances per class

R million	2026	2025
Retail secured	**433 207**	402 364
– Residential mortgages	**294 246**	279 985
– WesBank VAF*	**138 961**	122 379
Retail unsecured**	**112 187**	105 147
– FNB card	**46 152**	44 236
– Personal loans	**59 582**	54 088
– Retail other	**6 453**	6 823
Corporate and commercial	**742 733**	696 992
– FNB commercial	**153 940**	143 784
– WesBank corporate and commercial	**73 725**	65 877
– RMB corporate and investment banking	**515 068**	487 331
Centre (including Group Treasury)	**114 837**	52 836
Gross advances	**1 402 964**	1 257 339

* *Includes public sector.*

** *Includes acceptances.*

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.1 Credit assets and concentration risk continued

Sector analysis concentration of advances

Advances expose the bank to concentration risk in various industry sectors. The following tables set out the bank's exposure to various industry sectors for total advances and credit-impaired advances.

	2026			
		Stage 3		
R million	Total advances	Advances	Security held and expected recoveries	Impairment
Sector analysis				
Agriculture	58 058	1 046	615	431
Banks	77 840	–	–	–
Financial institutions	238 332	869	347	522
Building and property development	78 419	4 658	2 977	1 681
Government, Land Bank and public authorities	23 818	16	4	12
Individuals	513 308	43 539	24 833	18 706
Manufacturing and commerce	215 138	3 569	1 214	2 355
Mining	28 597	673	226	447
Transport and communication	62 526	1 049	419	630
Other services	106 928	4 530	1 703	2 827
Total advances	1 402 964	59 949	32 338	27 611
	2025			
Sector analysis				
Agriculture	58 754	1 347	806	541
Banks	38 356	–	–	–
Financial institutions	204 458	1 266	586	680
Building and property development	78 893	3 692	2 418	1 274
Government, Land Bank and public authorities	20 678	1 021	805	216
Individuals	478 562	41 958	23 514	18 444
Manufacturing and commerce	193 686	3 651	1 143	2 508
Mining	27 387	124	33	91
Transport and communication	60 550	714	301	413
Other services	96 015	3 100	1 138	1 962
Total advances	1 257 339	56 873	30 744	26 129

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.2 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 bank holds a guarantee against a stage 3 advance, the FirstRand rating would reflect the same.

30 June 2026

	Retail secured		Retail unsecured	
R million	**Residential mortgages**	**WesBank VAF**	**FNB card**	**Personal loans**
Total on-balance sheet	294 246	138 961	46 152	59 582
FirstRand 1-25 on-balance sheet	120 186	–	37	276
– Stage 1	119 952	–	37	28
– Stage 2	218	–	–	248
– Stage 3	16	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 26-90 on-balance sheet	142 418	125 693	37 497	40 626
– Stage 1	129 260	115 591	35 653	38 734
– Stage 2	13 158	10 102	1 844	1 892
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 91-100 on-balance sheet	31 642	13 268	8 618	18 680
– Stage 1	559	271	640	1 263
– Stage 2	10 964	4 222	1 662	7 980
– Stage 3	20 119	8 775	6 316	9 437
– Purchased or originated credit impaired	–	–	–	–
Total off-balance sheet	53 195	–	–	–
FirstRand 1-25 off-balance sheet	49 366	–	–	–
– Stage 1	49 359	–	–	–
– Stage 2	7	–	–	–
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 26-90 off-balance sheet	3 808	–	–	–
– Stage 1	3 771	–	–	–
– Stage 2	37	–	–	–
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 91-100 off-balance sheet	21	–	–	–
– Stage 1	1	–	–	–
– Stage 2	12	–	–	–
– Stage 3	8	–	–	–
– Purchased or originated credit impaired	–	–	–	–
Total exposure	347 441	138 961	46 152	59 582
– Stage 1	302 902	115 862	36 330	40 025
– Stage 2	24 396	14 324	3 506	10 120
– Stage 3	20 143	8 775	6 316	9 437
– Purchased or originated credit impaired	–	–	–	–

	Corporate and commercial				
Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
6 453	153 940	73 725	515 068	114 837	1 402 964
–	31 694	17 940	225 791	102 004	497 928
–	31 660	17 888	225 791	102 004	497 360
–	–	52	–	–	518
–	34	–	–	–	50
–	–	–	–	–	–
5 413	112 787	53 475	281 667	12 833	812 409
5 273	106 215	51 185	269 499	12 833	764 243
131	6 522	2 290	12 168	–	48 107
9	50	–	–	–	59
–	–	–	–	–	–
1 040	9 459	2 310	7 610	–	92 627
121	303	259	49	–	3 465
341	3 152	556	445	–	29 322
578	6 004	1 495	6 496	–	59 220
–	–	–	620	–	620
716	17 988	1 099	208 577	–	281 575
152	6 959	1 019	110 829	–	168 325
152	6 958	1 016	110 829	–	168 314
–	–	3	–	–	10
–	1	–	–	–	1
–	–	–	–	–	–
557	10 949	46	97 157	–	112 517
557	10 852	46	95 199	–	110 425
–	97	–	1 944	–	2 078
–	–	–	14	–	14
–	–	–	–	–	–
7	80	34	591	–	733
7	34	1	17	–	60
–	28	–	246	–	286
–	18	33	328	–	387
–	–	–	–	–	–
7 169	171 928	74 824	723 645	114 837	1 684 539
6 110	156 022	70 395	701 384	114 837	1 543 867
472	9 799	2 901	14 803	–	80 321
587	6 107	1 528	6 838	–	59 731
–	–	–	620	–	620

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.2 Quality of credit assets continued

30 June 2025

R million	Retail secured		Retail unsecured	
	Residential mortgages	WesBank VAF	FNB card	Personal loans
Total on-balance sheet	279 985	122 379	44 236	54 088
FirstRand 1-25 on-balance sheet	107 149	–	669	273
– Stage 1	106 994	–	669	73
– Stage 2	155	–	–	200
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 26-90 on-balance sheet	141 795	111 823	35 380	36 647
– Stage 1	128 390	102 796	33 638	34 858
– Stage 2	13 395	9 027	1 742	1 789
– Stage 3	10	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 91-100 on-balance sheet	31 041	10 556	8 187	17 168
– Stage 1	421	184	505	1 195
– Stage 2	10 588	3 157	1 414	6 891
– Stage 3	20 032	7 215	6 268	9 082
– Purchased or originated credit impaired	–	–	–	–
Total off-balance sheet	49 371	–	–	–
FirstRand 1-25 off-balance sheet	45 911	–	–	–
– Stage 1	45 911	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 26-90 off-balance sheet	3 449	–	–	–
– Stage 1	3 411	–	–	–
– Stage 2	38	–	–	–
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 91-100 off-balance sheet	11	–	–	–
– Stage 1	1	–	–	–
– Stage 2	5	–	–	–
– Stage 3	5	–	–	–
– Purchased or originated credit impaired	–	–	–	–
Total exposure	329 356	122 379	44 236	54 088
– Stage 1	285 128	102 980	34 812	36 126
– Stage 2	24 181	12 184	3 156	8 880
– Stage 3	20 047	7 215	6 268	9 082
– Purchased or originated credit impaired	–	–	–	–

* *In the prior year, exposures and off balance sheet amounts for FNB commercial that should have been recorded in FR1-25 were recorded in FR26-32.*
All the stages have been restated, with the FNB commercial total migration of exposures of R19 279 million and off-balance sheet of R5 056 million. Exposure amounts previously reported were R10 million (FR1-25) and R134 228 million (FR26-90) respectively. Off balance-sheet amounts previously reported were nil (FR1-25) and R15 674 million (FR26-90) respectively.

	Corporate and commercial				
Retail other	FNB commercial*	WesBank corporate and commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total*
6 823	143 784	65 877	487 331	52 836	1 257 339
286	19 289	11 693	227 282	46 372	413 013
286	19 258	11 689	227 148	46 372	412 489
–	22	4	134	–	515
–	9	–	–	–	9
–	–	–	–	–	–
5 138	114 949	51 904	252 983	6 368	756 987
5 013	109 170	49 064	241 760	6 325	711 014
116	5 678	2 840	11 223	43	45 853
9	101	–	–	–	120
–	–	–	–	–	–
1 399	9 546	2 280	7 066	96	87 339
70	231	307	19	1	2 933
421	3 779	635	765	12	27 662
908	5 536	1 338	5 390	83	55 852
–	–	–	892	–	892
553	15 752	1 409	153 386	–	220 471
74	5 056	1 394	81 253	–	133 688
74	5 044	1 394	81 253	–	133 676
–	12	–	–	–	12
–	–	–	–	–	–
–	–	–	–	–	–
460	10 618	15	71 593	–	86 135
460	10 335	15	69 583	–	83 804
–	280	–	2 010	–	2 328
–	3	–	–	–	3
–	–	–	–	–	–
19	78	–	540	–	648
19	23	–	187	–	230
–	35	–	252	–	292
–	20	–	57	–	82
–	–	–	44	–	44
7 376	159 536	67 286	640 717	52 836	1 477 810
5 922	144 061	62 469	619 950	52 698	1 344 146
537	9 806	3 479	14 384	55	76 662
917	5 669	1 338	5 447	83	56 066
–	–	–	936	–	936

Notes to the annual financial statements continued

31 Financial risks continued

31.1 *Credit risk* continued

31.1.2 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 bank manages credit risk.

	2026		
R million	Total	Security held and expected recoveries	Stage 3 impairment
Stage 3 by class			
Total retail secured	28 910	20 473	8 437
– Residential mortgages	20 135	15 642	4 493
– WesBank VAF	8 775	4 831	3 944
Total retail unsecured	16 340	5 183	11 157
– FNB card	6 316	2 081	4 235
– Personal loans	9 437	3 013	6 424
– Retail other	587	89	498
Total retail secured and unsecured	45 250	25 656	19 594
Total corporate and commercial*	14 699	6 682	8 017
– FNB commercial	6 088	1 747	4 341
– WesBank corporate and commercial	1 495	729	766
– RMB corporate and investment banking	7 116	4 206	2 910
Centre (including Group Treasury) – unsecured	–	–	–
Total stage 3	59 949	32 338	27 611
Stage 3 by category			
Overdrafts and cash management accounts	3 399	602	2 797
Term loans	2 223	689	1 534
Card loans	6 678	2 112	4 566
Instalment sales and hire purchase agreements	10 168	5 533	4 635
Lease payments receivable	135	44	91
Property finance	21 558	16 388	5 170
– Home loans	20 023	15 545	4 478
– Commercial property finance	1 535	843	692
Personal loans	9 520	3 035	6 485
Investment bank term loans	5 487	3 573	1 914
Other	781	362	419
Total stage 3	59 949	32 338	27 611

** The vast majority of total corporate and commercial is secured with collateral.*

2025		
Total	Security held and expected recoveries	Stage 3 impairment
27 257	19 485	7 772
20 042	15 590	4 452
7 215	3 895	3 320
16 267	4 781	11 486
6 268	1 713	4 555
9 082	2 944	6 138
917	124	793
43 524	24 266	19 258
13 266	6 476	6 790
5 646	1 933	3 713
1 338	685	653
6 282	3 858	2 424
83	2	81
56 873	30 744	26 129
3 414	628	2 786
1 425	632	793
6 614	1 745	4 869
8 594	4 573	4 021
79	27	52
21 282	16 291	4 991
19 928	15 507	4 421
1 354	784	570
9 172	2 989	6 183
5 746	3 537	2 209
547	322	225
56 873	30 744	26 129

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.3 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.

	2026		
R million	**AAA to BBB**	**BB+ to B-**	**CCC**
Investment securities			
Investment securities at amortised cost	2 774	136 726	450
– Stage 1	2 774	136 726	–
– Stage 2	–	–	450
Investment securities at fair value through other comprehensive income	2 305	14 099	–
– Stage 1	2 305	14 099	–
Investment securities at fair value through profit or loss	14 276	151 044	571
Total investment securities	19 355	301 869	1 021
Collateral, settlement balances and other financial assets			
– Stage 1*	6 498	14 399	–
– Stage 2	351	6 350	352
– Stage 3	–	198	80
Total collateral, settlement balances and other financial assets	6 849	20 947	432
Cash and cash equivalents			
– Stage 1	17 071	91 086	1
Total cash and cash equivalents	17 071	91 086	1
Derivative assets	34 823	18 832	7

* *Collateral balances are similar in nature to cash and cash equivalents and are included in stage 1.*

	2025		
R million	AAA to BBB	BB+ to B-	CCC
Investment securities			
Investment securities at amortised cost	10 066	204 697	–
– Stage 1	10 066	204 697	–
Investment securities at fair value through other comprehensive income	3 146	16 494	6
– Stage 1	3 146	16 494	6
Investment securities at fair value through profit or loss	11 228	87 630	118
Total investment securities	24 440	308 821	124
Collateral, settlement balances and other financial assets			
– Stage 1*	7 050	14 279	–
– Stage 2	496	7 335	256
– Stage 3	–	250	97
Total collateral, settlement balances and other financial assets	7 546	21 864	353
Cash and cash equivalents			
– Stage 1	15 055	92 353	–
Total cash and cash equivalents	15 055	92 353	–
Derivative assets	32 214	20 706	17

* *Collateral balances are similar in nature to cash and cash equivalents and are included in stage 1.*

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.4 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 bank 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 bank'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 sale finance portfolios in FNB and WesBank are secured by the underlying assets financed.
- FNB 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 insurance against disability, and retrenchment 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 the offsetting table within note 31.1.4.
- Working capital facilities in RMB can be secured or unsecured.

The bank 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.

There have been no significant changes to collateral valuation policies and procedures in the reporting period.

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 annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.4 Credit risk mitigation and collateral held continued

	2026			
R million	**Gross carrying amount**	**Off-balance sheet exposure**	**Loss allowance**	**Maximum exposure to credit risk**
Residential mortgages	**294 246**	**53 195**	**(5 915)**	**341 526**
WesBank VAF	**138 961**	**–**	**(7 118)**	**131 843**
FNB card	**46 152**	**–**	**(6 767)**	**39 385**
Personal loans	**59 582**	**–**	**(10 954)**	**48 628**
Retail other	**6 453**	**716**	**(808)**	**6 361**
FNB commercial	**153 940**	**17 988**	**(6 760)**	**165 168**
WesBank corporate and commercial	**73 725**	**1 099**	**(1 139)**	**73 685**
RMB corporate and investment banking	**515 068**	**208 577**	**(5 426)**	**718 219**
Centre (including Group Treasury)	**114 837**	**–**	**(393)**	**114 444**
Total advances	**1 402 964**	**281 575**	**(45 280)**	**1 639 259**
Investment securities#	**322 245**	**–**	**(331)**	**321 914**
Cash and cash equivalents	**108 158**	**–**	**–**	**108 158**
Collateral, settlement balances and other financial assets	**28 228**	**–**	**(405)**	**27 823**
Derivatives	**53 662**	**–**	**–**	**53 662**
	2025			
Residential mortgages	279 985	49 371	(6 121)	323 235
WesBank VAF	122 379	–	(6 232)	116 147
FNB card	44 236	–	(6 670)	37 566
Personal loans	54 088	–	(9 919)	44 169
Retail other	6 823	553	(1 143)	6 233
FNB commercial	143 784	15 752	(6 046)	153 490
WesBank corporate and commercial	65 877	1 409	(1 017)	66 269
RMB corporate and investment banking	487 331	153 386	(5 489)	635 228
Centre (including Group Treasury)†	52 836	–	(507)	52 329
Total advances	1 257 339	220 471	(43 144)	1 434 666
Investment securities#	333 385	–	(330)	333 055
Cash and cash equivalents	107 408	–	–	107 408
Collateral, settlement balances and other financial assets	29 763	–	(399)	29 364
Derivatives	52 937	–	–	52 937

* *Financial collateral relating to reverse repos are excluded. Details of these transactions are included on page C147 on the note detailing the offsetting disclosures.*

** *Secured represent balances which have non-financial collateral and financial collateral received under reverse repos. Details of financial collateral and netting on these are disclosed on page C147 on the note detailing the offsetting disclosures.*

Include debt instruments measured at fair value but excludes equity.

† *In the prior year year, an amount of R28 118 million was incorrectly reported as unsecured for the Centre. This has been reclassified from unsecured to secured. The amount previously reported was R31 779 million for unsecured and R20 550 million for secured.*

Netting and financial collateral*	Unsecured	Secured**
2 060	12	339 454
–	–	131 843
–	39 385	–
–	48 628	–
–	2 476	3 885
4 121	27 630	133 417
–	233	73 452
235	143 842	574 142
–	6 822	107 622
6 416	269 028	1 363 815
–	321 083	831
4 326	103 219	613
14 465	13 211	147
37 424	16 238	–
2 553	40	320 642
–	–	116 147
–	37 566	–
–	44 169	–
–	3 124	3 109
4 282	25 782	123 426
–	123	66 146
1 711	123 430	510 087
–	3 661	48 668
8 546	237 895	1 188 225
–	331 131	1 924
3 526	103 882	–
20 725	8 634	5
39 775	13 162	–

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.4 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	**2026**	2025
Cash collateral held	**13 739**	11 218

The table below reflects the collateral that the bank 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

	2026		2025	
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	**13 739**	**–**	11 217	–
Advances	**171 995**	**4 483**	104 621	24 294
Investment securities	**4 330**	**4 326**	3 539	3 520
Total collateral pledged	**190 064**	**8 809**	119 377	27 814

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 bank takes possession of collateral that is neither cash nor readily convertible into cash, the bank determines a minimum sale amount (pre-set sale amount) and auctions the asset for the pre-set sale amount. Where the bank 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 R1 million (2025: R11 million).

Notes to the annual financial statements continued

31 Financial risks continued

31.1 Credit risk continued

31.1.4 Credit risk mitigation and collateral held 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. 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		Intercompany	
R million	**2026**	2025	**2026**	2025	**2026**	2025
Assets						
Offsetting applied						
Gross amount	**91 080**	88 227	**219 878**	135 814	**100 539**	86 803
Amount offset*	**(37 418)**	(35 290)	**(47 883)**	(31 193)	**(24 014)**	(15 150)
Net amount reported on the statement of financial position	**53 662**	52 937	**171 995**	104 621	**76 525**	71 653
Offsetting not applied						
Financial instruments subject to MNAs and similar agreements	**(34 607)**	(37 303)	**(5 778)**	(5 289)	**(782)**	(171)
Financial collateral	**(2 817)**	(2 472)	**(144 020)**	(77 899)	**(19 992)**	(18 812)
Net amount	**16 238**	13 162	**22 197**	21 433	**55 751**	52 670
Liabilities						
Offsetting applied						
Gross amount	**86 637**	86 752	**63 818**	64 074	**58 709**	32 755
Amount offset*	**(37 418)**	(35 290)	**(47 883)**	(31 193)	**(24 014)**	(15 150)
Net amount reported on the statement of financial position	**49 219**	51 462	**15 935**	32 881	**34 695**	17 605
Offsetting not applied						
Financial instruments subject to MNAs and similar agreements	**(34 606)**	(37 303)	**(5 779)**	(5 289)	**(782)**	(171)
Financial collateral	**(8 979)**	(9 140)	**(8 187)**	(17 786)	**(411)**	(624)
Net amount	**5 634**	5 019	**1 969**	9 806	**33 502**	16 810

* *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.*

31.2 Liquidity risk

Objective

Liquidity risk arises from the bank's potential inability to meet its payment obligations as and 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 bank's assets and liabilities as well as client behaviour. To effectively manage and mitigate the liquidity risk introduced by its core business activities, the bank strategically optimises its funding mix within structural and regulatory constraints and pursues a funding strategy that supports operational efficiency and long-term sustainability.

The bank continues to offer innovative and competitive products to grow its deposit franchise to reduce dependence on institutional funding. These initiatives continue to improve the funding and liquidity profile of the bank and provide for natural liquidity risk buffers. Ongoing compliance with prudential liquidity metrics remains a central pillar of the bank's funding approach.

Assessment and management

The bank focuses on continually monitoring and analysing the impact of potential risks on its funding and liquidity position in order to ensure business activities are preserved, and that funding is available and stable. This ensures that the bank can operate through periods of stress when access to funding may be 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 is held, either to be sold into the market or to serve as collateral for loans to cover any unforeseen cash shortfall that may arise.

Notes to the annual financial statements continued

31 Financial risks continued

31.2 *Liquidity risk* continued

The bank's approach to liquidity risk management distinguishes between 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 below.

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 contingent 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 the solvency position; and
- proactively evaluating the potential secondary and tertiary effects of other risks on the bank.

31.2.1 Undiscounted cash flows

The following table presents the contractual or determinable maturity of financial liabilities and off-balance sheet commitments. The final maturity bucket includes both contractual cash flows due after 12 months and a limited number of balances for which no contractual or determinable maturity exists at reporting date.

	2026			
		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 debt funding	1 808 803	1 332 320	183 500	292 983
Short trading positions	2 941	2 941	–	–
Derivative financial instruments	49 413	48 435	48	930
Creditors, accruals and provisions*	33 899	16 490	633	16 776
Tier 2 liabilities	20 385	367	3 538	16 480
Other liabilities	1 594	532	–	1 062
Lease liabilities	2 218	236	709	1 273
Amounts due to holding company and fellow subsidiaries	39 411	19 198	3 224	16 989
Off-balance sheet exposures				
Financial and other guarantees	93 380	63 080	22 345	7 955
Loan commitments	213 770	213 770	–	–
	2025			
On-balance sheet exposures				
Deposits and debt funding	1 658 798	1 242 212	154 420	262 166
Short trading positions	16 533	16 533	–	–
Derivative financial instruments	51 936	49 607	1 721	608
Creditors, accruals and provisions	23 347	13 658	1 608	8 081
Tier 2 liabilities	26 103	450	5 286	20 367
Other liabilities	1 366	489	–	877
Lease liabilities	2 022	202	606	1 214
Amounts due to holding company and fellow subsidiaries	17 688	13 394	2 635	1 659
Off-balance sheet exposures				
Financial and other guarantees	66 307	65 109	1 169	29
Loan commitments**	179 280	179 280	–	–

* *Included in >12 months is the UK motor commission provision*

** *In the prior year, an irrevocable facility of R3.8 billion was incorrectly excluded in Loan commitments, the comparative has been restated from R175 billion to R179 billion.*

Notes to the annual financial statements continued

31 Financial risks continued

31.2 Liquidity risk continued

31.2.2 Discounted cash flows

The following table represents the bank'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 scenario 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 bank'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. mortgages.

Discounted cash flow analysis – maturity analysis of total assets, liabilities and equity based on the present value of the expected payment

	2026			
		Term to maturity		
R million	**Discounted carrying amount**	**Call to 3 months**	**4 – 12 months**	**> 12 months and non-contractual**
Total assets	**2 007 888**	**739 925**	**174 011**	**1 093 952**
Total equity and liabilities	**2 007 888**	**1 418 965**	**175 301**	**413 622**
Net liquidity gap	**–**	**(679 040)**	**(1 290)**	**680 330**
Cumulative liquidity gap	**–**	**(679 040)**	**(680 330)**	**–**
	2025			
Total assets	1 864 630	640 119	185 982	1 038 529
Total equity and liabilities	1 864 630	1 336 927	151 394	376 309
Net liquidity gap	–	(696 808)	34 588	662 220
Cumulative liquidity gap	–	(696 808)	(662 220)	–

31.2.3 Collateral pledged

The bank pledges assets under the following terms and conditions:

- assets are pledged as collateral under repurchase agreements with other banks and as variation margin for local futures and options; and
- collateral in the form of cash and other investment securities is pledged when the bank 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 that are usual and customary to lending arrangements.

Notes to the annual financial statements continued

31 Financial risks continued

31.2 Liquidity risk continued

31.2.3 Collateral pledged continued

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	**2026**	2025
Cash and collateral balances	**14 762**	22 642
Advances	**–**	1 013
Investment securities – held under repurchase agreements	**18 156**	26 303
Investment securities – other	**3 371**	4 521
Total assets pledged	**36 289**	54 479

The following liabilities have been secured by the bank pledging either its own or borrowed financial assets, except for the short trading positions, which are covered by borrowed securities only.

R million	**2026**	2025
Short-trading positions	**2 941**	16 533
Total deposits	**17 233**	33 790
– Deposits under repurchase agreements	**14 257**	31 347
– Deposits in securities lending transactions*	**1 677**	1 534
– Other secured deposits	**1 299**	909
Derivative liabilities	**13 462**	21 734
Total	**33 636**	72 057

* *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.*

31.2.4 Concentration analysis of deposits

R million	**2026**	2025
Sector analysis		
Deposit current accounts and other loans		
Sovereigns, including central banks	**76 318**	88 468
Public sector entities	**77 249**	90 028
Local authorities	**26 378**	14 572
Banks	**59 536**	59 090
Securities firms	**13 956**	9 522
SME, commercial and corporate customers	**988 254**	870 025
Retail customers	**458 584**	438 454
Other	**3 013**	3 044
Total deposits and debt funding	**1 703 288**	1 573 203
Geographical analysis		
South Africa	**1 580 180**	1 473 307
Broader Africa	**40 378**	29 232
UK	**29 088**	23 445
Other	**53 642**	47 219
Total deposits and debt funding	**1 703 288**	1 573 203

Notes to the annual financial statements continued

31 Financial risks continued

31.3 Market risk

31.3.1 Traded market risk

Objective

Traded market risk for the bank 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

Risk related to market risk-taking activities is measured using an internal expected tail loss (ETL) measure, which serves as a proxy for economic capital. ETL is measured at a 99% confidence level using a full revaluation methodology based on historical market risk factor scenarios. The scenario set comprises the most recent 260 trading days together with a period of significant market stress, currently the 2008/2009 financial crisis. The appropriateness of the stress period is reviewed periodically. For exposures deemed illiquid, ETL may be adjusted for liquidity risk through the application of holding periods ranging from 10 to 90 days or longer.

During the current year, the bank adopted the Basel III Fundamental Review of the Trading Book (FRTB) standardised approach for the measurement and management of market risk. Consequently, market risk disclosures have been updated from Value at Risk (VaR) to ETL. While VaR measures the loss threshold at a specified confidence level, ETL measures the average loss expected beyond that threshold, providing a more comprehensive assessment of tail risk and potential losses arising from extreme market events.

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

Management and monitoring of interest rate risk in the domestic banking book is discussed in the *Interest rate risk in the banking book* 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 for the trading book according to the same principles and processes outlined in this section, and management oversight provided by the FirstRand market and investment risk committee. This portion of the RMB banking book interest rate risk exposure was R67 million on a 10-day ETL basis at 30 June 2026 (2025: R66 million). During the current year, the bank refined the ETL methodology and the comparative, previously reported as R99 million, has been restated.

31.3.2 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 Financial Risk Management executive committee and the FirstRand Market and Investment Risk committee. ETL limits are set for portfolios and risk types, with risk utilisation being a primary factor in determining the level of limits set. Market risk limits are governed according to the market risk framework. The ETL model is designed to take into account a comprehensive set of risk factors across all asset classes.

Global economies continued to be characterised by slow economic growth, uncertainty imposed by geopolitical tensions in the Middle East and shifting inflation and core rates expectations primarily driven by commodity price fluctuations.

During the current year, the bank adopted the FRTB standardised approach for market risk. Accordingly, market risk disclosures are presented using expected tail loss (ETL), replacing the previously disclosed Value at Risk (VaR) measure. Comparative information has been restated on an ETL basis, with prior year VaR information disclosed in note 32.5.

The table presents the summary statistics representing the trading portfolio's market risk profile, measured using the 10-day 99% ETL metric observed daily during the financial year. It summarises the maximum, average, minimum, and year-end risk exposures across the principal risk classes and the diversified portfolio, illustrating both the key drivers of market risk and the risk-reducing benefits of diversification.

Notes to the annual financial statements continued

31 Financial risks continued

31.3 Market risk continued

31.3.2 Market risk in the trading book continued

R million	Equities	Interest rates*	Foreign exchange	Com-modities	Traded credit	Diversi-fication effect	Diversified total
				2026			
ETL (10-day 99%)							
Maximum value#	**138.6**	**563.7**	**425.3**	**138.9**	**61.5**	**–**	**568.6**
Average value	**64.3**	**260.9**	**187.5**	**44.1**	**9.5**	**–**	**297.8**
Minimum value#	**25.7**	**80.5**	**36.2**	**14.8**	**2.4**	**–**	**126.6**
Period end	**47.0**	**306.1**	**129.7**	**52.7**	**8.2**	**265.9**	**277.7**
				2025**			
ETL (10-day 99%)							
Maximum value#	158.2	592.7	588.3	118.3	22.5	–	572.2
Average value	68.6	322.6	322.1	35.3	7.0	–	348.5
Minimum value#	4.7	143.4	92.1	8.9	3.4	–	169.0
Period end	104.3	265.9	254.5	117.2	11.7	503.7	249.9

* *Interest rate risk in the trading book.*

** *Refer to note 32.5 for prior year disclosure.*

\# *The maximum and minimum ETL figures for each asset class did not necessarily occur on the same day. Consequently, the diversification effect was omitted from the table above.*

31.4 Non-traded market risk

31.4.1 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 price value of a basis point 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 at 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 portfolio-wide in line with the bank'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. 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 the bank's foreign branches is the responsibility of in-country management teams, with oversight provided by Group Treasury and Group Treasury Risk Management. Where applicable, NAV sensitivity risk limits are used for endowment hedges.

Notes to the annual financial statements continued

31 Financial risks continued

31.4 Non-traded market risk

31.4.1 Interest rate risk in the banking book continued

Assessment and management continued

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 and enhance both the financial performance as a result of a change in earnings as well as the long-term economic value. To achieve this, both earnings sensitivity and economic value 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 bank's IRRBB methodology, which aligns with Directive 2 of 2023, ensures that:

- 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.
- There is a more effective and transparent measure of the risk associated with specific currency exposures to different interest rates and different possible shocks.
- There is a more explicit consideration of basis risk and credit spread risk.

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.

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 is consistent with the regulatory prescribed shocks per currency. The most material shocks applied are 400 bps for ZAR exposures, 200 bps for USD exposures and 250 bps for GBP exposures.

Most of the bank's NII sensitivity relates to the endowment book mismatch. The bank's average endowment book was R347 billion for the year ended 30 June 2026 (2025: R324 billion).

Projected ZAR NII sensitivity to interest rate movements:

	Change in projected 12-month NII	
R million	**2026**	2025
Downward	**(4 483)**	(4 227)
Upward	**3 617**	4 270

As at 30 June 2026, 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 R4 483 million (2025: R4 227 million). A similar increase in interest rates would result in an increase in projected 12-month NII of R3 617 million (2025: R4 270 million).

The endowment effect is the most significant driver of IRRBB and is a result of the use of low or non-rate liabilities to fund variable-rate assets.

Effect of reference rate reform

The SARB formally announced on 3 December 2025 that the last date for the publication of Johannesburg Interbank Average Rate (JIBAR) is 31 December 2026, following which JIBAR will be replaced by the South African Rand Overnight Index Average Rate (ZARONIA). The SARB's industry timeline outlines key milestones leading to the transition. These milestones are expected to enable the industry to appropriately prepare and phase in the changes required leading up to the cessation date.

A steering committee, comprising representatives from Finance, Risk, IT, Treasury, Legal and Compliance, oversees the bank's interbank offered rate reform transition. The committee has established a comprehensive transition process for existing contracts and any potential future exposures. This process aims to minimise business disruption, reduce operational and conduct risks, and prevent financial losses during the transition.

The bank has certain designated hedging relationships where hedged items and/or hedging instruments reference JIBAR as the interest rate benchmark. It is expected that the impacted hedged items and hedge instruments will transition to ZARONIA continuously during the remainder of the calendar year, with a large quantum transitioning via activation of the fallback clauses (ZARONIA plus CAS) on 31 December 2026.

The bank has applied the IFRS 9 relief where amendments are made to the contractual cash flows of a financial asset or financial liability as a result of interest rate benchmark reform, if the amendment is necessary as a direct consequence of the reform and the basis for determining the contractual cash flows is economically equivalent.

Notes to the annual financial statements continued

31 Financial risks continued

31.4 Non-traded market risk continued

31.4.1 Interest rate risk in the banking book continued

Effect of reference rate reform continued

Financial assets impacted by the reference rate reform which are yet to transition:

	2026	2025
R million	**ZAR JIBAR**	ZAR JIBAR
Assets recognised on the balance sheet		
Derivative financial instruments (assets)*	**12 134 240**	5 809 756
Investment securities	**27 787**	28 332
Advances	**150 785**	191 211
Other assets	**3 586**	3 824
Total assets recognised on the balance sheet subject to reference rate reform	**12 316 398**	6 033 123
Off-balance sheet items		
Loan commitments	**20 882**	19 314
Total off-balance sheet exposure subject to reference rate reform	**20 882**	19 314
Total asset exposure subject to reference rate reform	**12 337 280**	6 052 437

Financial liabilities impacted by the reference rate reform which are yet to transition:

	2026	2025
R million	**ZAR JIBAR**	ZAR JIBAR
Liabilities recognised on the balance sheet		
Derivative financial instruments (liabilities)*	**12 573 994**	5 508 578
Deposits and debt funding	**74 286**	121 682
Other liabilities	**1**	3
Tier 2 liabilities	**16 558**	19 099
Total liabilities recognised subject to reference rate reform	**12 664 839**	5 649 362

* *These balances represent the notional amount directly impacted by the reference rate reform.*

Hedge accounting relationships impacted by the reference rate reform which are yet to transition:

	2026	2025
R million	**Notional amount ZAR JIBAR**	Notional amount ZAR JIBAR
Assets	**168 210**	174 805
Cash flow hedges	**165 670**	168 774
- Interest rate risk	165 670	168 774
Fair value hedges	**2 540**	6 031
- Interest rate risk	2 540	6 031
Liabilities	**122 188**	183 816
Cash flow hedges	**118 619**	174 616
- Interest rate risk	118 619	174 616
Fair value hedges	**3 569**	9 201
- Interest rate risk	3 569	9 201

Notes to the annual financial statements continued

31 Financial risks continued

31.4 Non-traded market risk continued

31.4.1 Interest rate risk in the banking book continued

Economic value of equity

An EVE sensitivity measure is used to assess the impact on the total NAV of the bank as a result of a shock to underlying rates. Unlike the trading book, where a change in rates will impact fair value income and reportable earnings of an entity, the realisation of a rate move in the banking book will impact the economic value of equity. This represents an opportunity cost/benefit over the life of the underlying positions. As a result, a purely forward-looking EVE shock applied to the banking book 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 comprise 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 Bank Tier 1 capital

	2026	2025
Downward	**11.95**	11.90
Upward	**(9.12)**	(9.94)

31.4.2 Structural foreign exchange risk

Objective

The bank is exposed to foreign exchange risk as a result of on-balance sheet transactions in a currency other than rand, as well as through structural foreign exchange risk from the translation of its foreign operations' results into rand.

Group Treasury is responsible for the oversight of structural foreign exchange risk and reports to group ALCCO, a subcommittee of the RCC. It is also responsible for the management and reporting of the bank's foreign currency exposures relative to the macroprudential limit for authorised dealers.

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 bank, 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 31.3.1 – Traded market risk* section).

Structural foreign exchange risk impacts the current NAV of the bank as well as future profitability and earnings potential. Economic hedging may be undertaken where viable, given market constraints and risk appetite levels.

The following table provides an overview of the bank's exposure to entities with functional currencies other than the rand, and the pre-tax impact on equity (upward and downwards) 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 bank in the current financial year.

Net structural foreign exposures

	2026		2025	
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
US dollar	**9 563**	**1 434**	9 426	1 414
Sterling	**(4 226)**	**(634)**	(1 692)	(254)
Indian rupee	**594**	**89**	714	107
Total	**5 931**	**889**	8 448	1 267

Notes to the annual financial statements continued

31 Financial risks continued

31.5 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 bank seeks to take a number of seats on the company's board and maintains close oversight through the 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. 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 the carrying value of investments in associates and joint ventures.

Investment risk exposure and sensitivity of investment risk

R million	**2026**	2025
Listed investment risk exposure included in the equity investment risk ETL process	**–**	–
Estimated sensitivity of remaining investment balances		
Sensitivity to 10% movement in market value on investment fair value	**237**	101

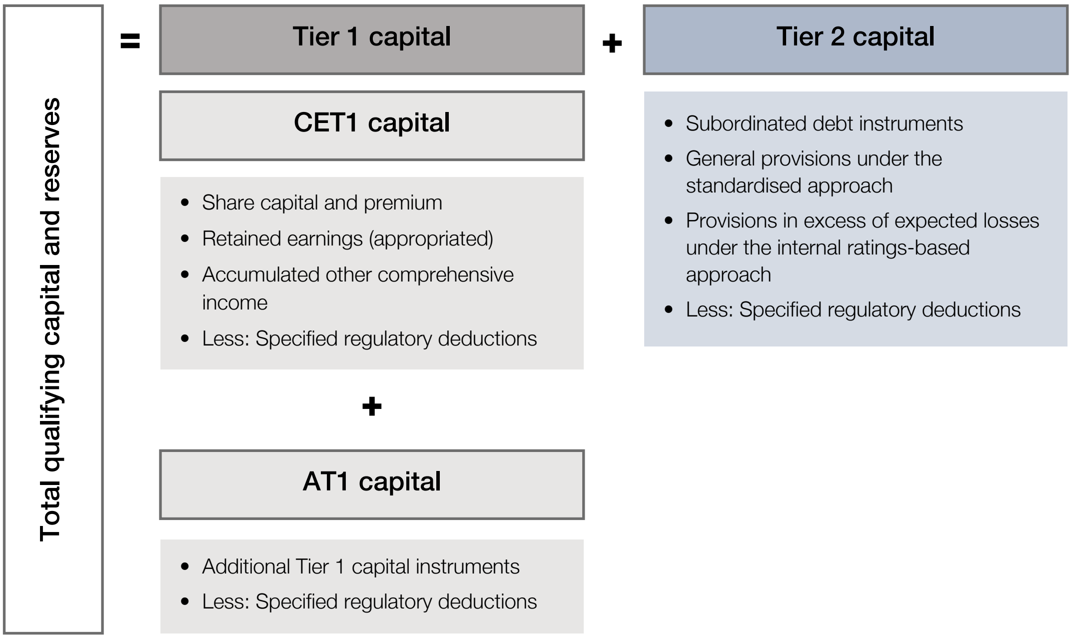
Notes to the annual financial statements continued

31 Financial risks continued

31.6 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 bank remains appropriately capitalised under a range of normal and severe stress scenarios. The bank aims to back all economic risk with loss-absorbing capital and remains well capitalised in the current environment. The bank continues to focus on the quality and mix of capital, as well as optimisation of the bank's RWA. The bank's capital ratios remain strong and above the regulatory minimums and internal targets. The board-approved internal targets are CET1 of >11.25% (2025: 11.25% – 12.25%), Tier 1 of >13.0% (2025: >13.0%) and total capital of >15.25% (2025: >15.25%).

The following diagram defines the main components of qualifying capital and reserves.



Notes to the annual financial statements continued

32 Disclosure of comparative information

32.1 Directors emoluments - 30 June 2025

	Issue date	Value at grant date R thousand	Settlement date
M Vilakazi			
Deferred share price linked STI awards			
2022 (2-year deferral)	September 2022	4 406	September 2024
2023 (2-year deferral)	September 2023	4 912	September 2025
Balance deferred share price linked STIs		**9 318**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	6 275	September 2026
2025 (2-year deferral)	September 2025	10 500	September 2027
Balance deferred share price linked STIs		**16 775**	
LTI awards under the CIP			
2021	September 2021	14 000	September 2024
2022	September 2022	15 120	September 2025
2023	September 2023	16 600	September 2026
2024	September 2024	24 000	September 2027
2025	September 2025	18 000	September 2025-2027
2025	September 2025	26 000	September 2028
Balance LTIs		**113 720**	
MG Davias			
Deferred share price linked STI awards			
2022 (2-year deferral)	September 2022	3 250	September 2024
2023 (2-year deferral)	September 2023	3 640	September 2025
Balance deferred share price linked STIs		**6 890**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	4 880	September 2026
2025 (2-year deferral)	September 2025	8 000	September 2027
Balance deferred share price linked STIs		**12 880**	
LTI awards under the CIP			
2021	September 2021	6 500	September 2024
2022	September 2022	6 890	September 2025
2023	September 2023	7 441	September 2026
2024	September 2024	16 600	September 2027
2025	September 2025	19 000	September 2028
Balance LTIs		**56 431**	
HS Kellan			
Deferred share price linked STI awards			
2022 (2-year deferral)	September 2022	4 838	September 2024
2023 (2-year deferral)	September 2023	5 362	September 2025
Balance deferred share price linked STIs		**10 200**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	6 335	September 2026
2025 (2-year deferral)	September 2025	9 000	September 2027
Balance deferred share price linked STIs		**15 335**	
LTI awards under the CIP			
2021	September 2021	16 000	September 2024
2022	September 2022	16 960	September 2025
2023	September 2023	18 317	September 2026
2024	September 2024	19 200	September 2027
2025	September 2025	17 500	September 2028
Balance LTIs		**87 977**	

Opening balance	Awards made during year[1,2]	Number of awards settled in year	Closing number of awards[3,4] 30 Jun 2025	Value on settlement in 2025[5] R thousand	Total value of dividends paid in respect of all plans[6] R thousand
Units					
70 977	–	(70 977)	–	6 717	–
75 737	–	–	75 737	–	–
146 714	–	(70 977)	75 737	6 717	–
–	84 835	–	84 835	–	186
–	–	–	–	–	–
–	84 835	–	84 835	–	186
227 221	–	(227 221)	–	23 557	–
243 557	–	–	243 557	–	–
255 936	–	–	255 936	–	–
–	285 205	–	285 205	–	–
–	260 456	–	260 456	–	–
–	–	–	–	–	–
726 714	545 661	(227 221)	1 045 154	23 557	–
52 352	–	(52 352)	–	4 954	–
56 121	–	–	56 121	–	–
108 473	–	(52 352)	56 121	4 954	–
–	65 975	–	65 975	–	144
–	–	–	–	–	–
–	65 975	–	65 975	–	144
105 496	–	(105 496)	–	12 837	–
110 986	–	–	110 986	–	–
114 727	–	–	114 727	–	–
–	197 266	–	197 266	–	–
–	–	–	–	–	–
331 209	197 266	(105 496)	422 979	12 837	–
77 924	–	(77 924)	–	7 374	–
82 678	–	–	82 678	–	–
160 602	–	(77 924)	82 678	7 374	–
–	85 646	–	85 646	–	188
–	–	–	–	–	–
–	85 646	–	85 646	–	188
259 682	–	(259 682)	–	26 922	–
273 196	–	–	273 196	–	–
282 405	–	–	282 405	–	–
–	228 163	–	228 163	–	–
–	–	–	–	–	–
815 283	228 163	(259 682)	783 764	26 922	–

Notes to the annual financial statements continued

32 Disclosure of comparative information continued

32.1 *Directors emoluments - 30 June 2025* continued

	Issue date	Value at grant date R thousand	Settlement date
E Brown			
Deferred share price linked STI awards			
2022 (2-year deferral)	September 2022	8 375	September 2024
2023 (2-year deferral)	September 2023	8 550	September 2025
Balance deferred share price linked STIs		**16 925**	
Restricted Share Awards (BSOP) STI awards			
2024 (2-year deferral)	September 2024	9 045	September 2026
2025 (2-year deferral)	September 2025	9 210	September 2027
Balance deferred share price linked STIs		**18 255**	
LTI awards under the CIP			
2021	September 2021	8 400	September 2024
2022	September 2022	12 500	September 2025
2023	September 2023	13 750	September 2026
2024	September 2024	15 000	September 2027
2025	September 2025	17 500	September 2028
Balance LTIs		**67 150**	
S Cooper (£ thousand)			
Deferred share price linked STI awards[7]			
2021 (3-year deferral)	September 2021	32	September 2022-2024
2022 (7-year deferral)	September 2022	434	September 2023-2030
2023 (7-year deferral)	September 2023	581	September 2024-2031
2024 (7-year deferral)	September 2024	566	September 2025-2032
2025 (7-year deferral)	September 2025	611	September 2026-2033
Balance deferred share price linked STIs		**2 224**	
LTI awards under the CIP[8]			
2021	September 2021	542	September 2024-2029
2022	September 2022	282	September 2025-2030
2023	September 2023	282	September 2026-2031
2024	September 2024	360	September 2027-2032
2025	September 2025	–	September 2028-2033
Balance LTIs		**1 466**	

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 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.*

Units					
Opening balance	Awards made during year[1,2]	Number of awards settled in year	Closing number of awards[3,4] 30 Jun 2025	Value on settlement in 2025[5] R thousand	Total value of dividends paid in respect of all plans[6] R thousand
134 907	–	(134 907)	–	12 767	–
131 822	–	–	131 822	–	–
266 729	–	(134 907)	131 822	12 767	–
–	122 286	–	122 286	–	268
–	–	–	–	–	–
–	122 286	–	122 286	–	268
136 333	–	(136 333)	–	16 589	–
201 353	–	–	201 353	–	–
211 995	–	–	211 995	–	–
–	178 253	–	178 253	–	–
–	–	–	–	–	–
549 681	178 253	(136 333)	591 601	16 589	–
–	–	–	–	14	–
–	–	–	–	–	–
–	–	–	–	434	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	448	–
–	–	–	–	860	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	860	–

Notes to the annual financial statements continued

32 Disclosure of comparative information continued

32.2 Advances

32.2.1 Category analysis of advances (previously reported)

This note includes prior-year reported disclosures relating to advances that are impacted by the restatement of Term loans, Investment bank term loans and Other categories. Refer to note 10.1.

R million	2025
Overdrafts and cash management accounts	88 383
Term loans	77 093
Card loans	48 418
Instalment sales, hire purchase agreements and lease payments receivable	165 466
Property finance	321 873
Personal loans	56 789
Preference share agreements	29 744
Investment bank term loans	235 494
Long-term loans to group associates and joint ventures	550
Other	62 633
Total customer advances	1 086 443
Marketable advances	66 275
Assets under agreements to resell	104 621
Gross value of advances	1 257 339
Impairment and credit of fair value advances	(43 144)
Net advances	1 214 195
Gross advances – amortised cost	1 122 302
Impairment of advances – amortised cost	(42 334)
Net advances – amortised cost	1 079 968
Gross advances – fair value	135 037
Impairment of advances – fair value	(810)
Net advances – fair value	134 227
Net advances	1 214 195

Notes to the annual financial statements continued

32 Disclosure of comparative information continued

32.3 Credit assets and concentration risk

32.3.1 Geographic concentration of significant credit asset exposure (previously reported)

This note includes prior-year reported disclosures relating to geographic concentration of significant credit asset exposure that are impacted by the restatement of the loan commitments. Refer to note 31.1.1.

	2025					
R million	South Africa	Broader Africa	United Kingdom	Other Europe	Asia, Americas and Australasia	Total
On-balance sheet exposures						
Cash and short-term funds	92 865	454	4 801	4 943	4 345	107 408
Total advances	1 152 434	35 688	30 239	22 811	16 167	1 257 339
Stage 3 advances*	55 662	1 080	93	17	21	56 873
Derivatives	23 712	840	10 866	17 051	468	52 937
Debt investment securities	304 338	6 382	610	81	21 974	333 385
Collateral, settlement balances and other financial assets	20 996	207	4 347	3 105	1 108	29 763
Off-balance sheet exposures						
Guarantees, acceptances and letters of credit**	43 999	14 680	244	1 470	5 914	66 307
Loan commitments	155 206	4 822	7 196	4 768	3 455	175 447

* *Include purchased or originated credit impaired advances.*

** *Includes intercompany guarantees, acceptances and letters of credit of R21 283 million.*

Notes to the annual financial statements continued

32 Disclosure of comparative information continued

32.4 Quality of credit assets and credit risk mitigation and collateral held

32.4.1 Quality of credit assets (previously reported)

This note includes prior-year reported disclosures relating to quality of credit assets and credit risk mitigation and collateral held that are impacted by the restatement of financial and other guarantees (off-balance sheet exposures). Refer to notes 31.1.2.

30 June 2025

R million	Retail secured: Residential mortgages	Retail secured: WesBank VAF	Retail unsecured: FNB card	Retail unsecured: Personal loans
Total on-balance sheet	279 985	122 379	44 236	54 088
FirstRand 1-25 on-balance sheet	107 149	–	669	273
– Stage 1	106 994	–	669	73
– Stage 2	155	–	–	200
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 26-90 on-balance sheet	141 795	111 823	35 380	36 647
– Stage 1	128 390	102 796	33 638	34 858
– Stage 2	13 395	9 027	1 742	1 789
– Stage 3	10	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 91-100 on-balance sheet	31 041	10 556	8 187	17 168
– Stage 1	421	184	505	1 195
– Stage 2	10 588	3 157	1 414	6 891
– Stage 3	20 032	7 215	6 268	9 082
– Purchased or originated credit impaired	–	–	–	–
Total off-balance sheet	49 371	–	–	–
FirstRand 1-25 off-balance sheet	45 911	–	–	–
– Stage 1	45 911	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 26-90 off-balance sheet	3 449	–	–	–
– Stage 1	3 411	–	–	–
– Stage 2	38	–	–	–
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–
FirstRand 91-100 off-balance sheet	11	–	–	–
– Stage 1	1	–	–	–
– Stage 2	5	–	–	–
– Stage 3	5	–	–	–
– Purchased or originated credit impaired	–	–	–	–
Total exposure	329 356	122 379	44 236	54 088
– Stage 1	285 128	102 980	34 812	36 126
– Stage 2	24 181	12 184	3 156	8 880
– Stage 3	20 047	7 215	6 268	9 082
– Purchased or originated credit impaired	–	–	–	–

	Corporate and commercial				
Retail other	FNB commercial	WesBank corporate and commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
6 823	143 784	65 877	487 331	52 836	1 257 339
286	10	11 693	227 282	46 372	393 734
286	10	11 689	227 148	46 372	393 241
–	–	4	134	–	493
–	–	–	–	–	–
–	–	–	–	–	–
5 138	134 228	51 904	252 983	6 368	776 266
5 013	128 418	49 064	241 760	6 325	730 262
116	5 700	2 840	11 223	43	45 875
9	110	–	–	–	129
–	–	–	–	–	–
1 399	9 546	2 280	7 066	96	87 339
70	231	307	19	1	2 933
421	3 779	635	765	12	27 662
908	5 536	1 338	5 390	83	55 852
–	–	–	892	–	892
553	15 752	1 409	153 386	–	220 471
74	–	1 394	81 253	–	128 632
74	–	1 394	81 253	–	128 632
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
460	15 674	15	71 593	–	91 191
460	15 379	15	69 583	–	88 848
–	292	–	2 010	–	2 340
–	3	–	–	–	3
–	–	–	–	–	–
19	78	–	540	–	648
19	23	–	187	–	230
–	35	–	252	–	292
–	20	–	57	–	82
–	–	–	44	–	44
7 376	159 536	67 286	640 717	52 836	1 477 810
5 922	144 061	62 469	619 950	52 698	1 344 146
537	9 806	3 479	14 384	55	76 662
917	5 669	1 338	5 447	83	56 066
–	–	–	936	–	936

Notes to the annual financial statements continued

32 Disclosure of comparative information continued

32.4 Quality of credit assets and credit risk mitigation and collateral held continued

32.4.2 Credit risk mitigation and collateral held (previously reported)

This note includes prior-year reported disclosures relating to quality of credit assets and credit risk mitigation and collateral held that are impacted by the restatement of financial and other guarantees (off-balance sheet exposures). Refer to notes 31.1.4.

	2025			
R million	**Gross carrying amount**	**Off-balance sheet exposure**	**Loss allowance**	**Maximum exposure to credit risk**
Residential mortgages	279 985	49 371	(6 121)	323 235
WesBank VAF	122 379	–	(6 232)	116 147
FNB card	44 236	–	(6 670)	37 566
Personal loans	54 088	–	(9 919)	44 169
Retail other	6 823	553	(1 143)	6 233
FNB commercial	143 784	15 752	(6 046)	153 490
WesBank corporate and commercial	65 877	1 409	(1 017)	66 269
RMB corporate and investment banking	487 331	153 386	(5 489)	635 228
Centre (including Group Treasury)†	52 836	–	(507)	52 329
Total advances	1 257 339	220 471	(43 144)	1 434 666
Investment securities#	333 385	–	(330)	333 055
Cash and cash equivalents	107 408	–	–	107 408
Collateral, settlement balances and other financial assets	29 763	–	(399)	29 364
Derivatives	52 937	–	–	52 937

* *Financial collateral relating to reverse repos are excluded. Details of these transactions are included on the note detailing the offsetting disclosures.*

** *Secured represent balances which have non-financial collateral and financial collateral received under reverse repos. Details of financial collateral and netting on these are disclosed on the note detailing the offsetting disclosures.*

Include debt instruments measured at fair value but exclude equity and non-recourse investments

Net exposure to credit risk	Unsecured	Secured**
2 553	40	320 642
–	–	116 147
–	37 566	–
–	44 169	–
–	3 124	3 109
4 282	25 782	123 426
–	123	66 146
1 711	123 430	510 087
–	31 779	20 550
8 546	266 013	1 160 107
–	331 131	1 924
3 526	103 882	–
20 725	8 634	5
39 775	13 162	–

Notes to the annual financial statements continued

32 Disclosure of comparative information continued

32.5 VaR analysis by risk type (previously reported)

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.

	2025*						
R million	Equities	Interest rates**	Foreign exchange	Com-modities	Traded credit	Diversi-fication effect	Diversified total
VaR (10-day 99%)							
Maximum value#	67.8	370.7	516.8	119.9	6.3	–	503.0
Average value	25.0	184.3	287.2	29.1	3.5	–	309.5
Minimum value#	1.8	58.1	50.9	3.0	0.6	–	82.6
Period end	66.8	195.4	66.8	115.8	2.6	(240.8)	206.5
sVaR (10-day 99%)							
Maximum value#	155.6	604.0	418.6	86.0	19.5	–	520.7
Average value	69.2	306.1	141.9	30.2	6.8	–	285.4
Minimum value#	4.8	125.0	30.6	8.9	1.8	–	123.9
Period end	105.1	257.6	232.6	28.2	8.6	(422.7)	209.4

* *Excludes foreign branches, which are reported on in the standardised approach for market risk.*

** *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.*

33 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 annual financial statements continued

Accounting policies

The accounting policies and other methods of computation applied in the preparation of the bank's financial statements are in terms of IFRS Accounting Standards and are consistent with those applied for the year ended 30 June 2025.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES				
1	**Investments in other entities**	Subsidiaries and associates	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	Dividends and non-cash distributions	Other reserves
6	**Transactions with employees**	Employee liabilities	Share-based payment transactions	

Notes to the annual financial statements continued

1 Investments in other entities

Subsidiaries, structured entities and associates

	SUBSIDIARIES AND OTHER STRUCTURED ENTITIES	ASSOCIATES
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%

The bank evaluates whether a business combination falls within the scope of IFRS 3 as a business combination or, where the optional concentration test is met, should be accounted for as an asset acquisition. This assessment includes consideration of whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. Where the concentration test is not met, the group applies the IFRS 3 definition of a business to determine whether a business has been acquired. Where the optional concentration test is met, the group elects on a transaction-by-transaction basis, whether to apply asset acquisition or business combination accounting treatment.

When an entity is a structured entity and control of it is not evidenced through shareholding, the bank considers the substance of the arrangement and the bank's involvement with it to determine whether the bank has control or significant influence over the significant decisions that impact its relevant activities.

Nature of the relationship between the bank and the investee	Entities over which the bank has control, as defined in IFRS 10, are consolidated. These include certain securitisation structures or other entities used for the purpose of buying or selling credit protection.	Entities over which the bank has significant influence as defined in IAS 28.

INVESTMENTS IN SUBSIDIARIES, OTHER STRUCTURED ENTITIES AND ASSOCIATES

The bank measures investments in these entities at cost less impairment (in terms of IAS 36), with the exception of investments acquired and held exclusively with the view of disposing 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 bank 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 bank 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 bank 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 bank 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 NAV and the amount paid (i.e. the purchase consideration) is recorded directly in equity.

Related party transactions

Related parties of the bank, as defined, include:

Parent company	Fellow subsidiaries	**Associates and associates of the bank's parent and fellow subsidiaries**	Post-employment benefit funds (pension funds)
Entities that have significant influence over the parent company and subsidiaries of these entities	**KMP**	Close family members of KMP	**Entities controlled, jointly controlled or significantly influenced by KMP or their close family members**

KMP of the bank are the FirstRand Limited board of directors, the bank's board of directors and the bank's prescribed officers, including any entities which provide KMP services to the bank. Their close family members include spouse/domestic partner and dependent children, domestic partner's dependent children and any other dependants of the individual or their domestic partner. Children over the age of 25 are not considered dependants.

Notes to the annual financial statements continued

2 Income, expenses and taxation

NET INTEREST INCOME RECOGNISED IN PROFIT OR LOSS

Interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:

- the GCA of financial assets which are not credit impaired;
- the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit impaired. The contractual interest on the gross exposure is suspended (through the ECL provision) and is only recognised in credit impairments when the advance is classified from (out of) stage 3 (Interest suspended on stage 3 advances);
- 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 in non-interest revenue as part of the gain/(loss) arising from the disposal of financial assets measured at amortised cost. New fees or costs charged on the new balance which are integral to the new asset recognised are capitalised to the new loan.

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 bank's funding operations; and
- fees and transaction costs that form an integral part of generating an involvement with the resulting financial instrument.

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 bank's funding or insurance operations;
- interest on capitalised leases where the bank is the lessee; and
- the difference between the purchase and resale price in repurchase (interest expense) and reverse repurchase agreements (interest income) 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 bank's fair value activities. This amount is reported in fair value income within NIR.

The bank 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 bank 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 bank 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 bank is the principal in its revenue arrangements as the bank controls the goods and services before transferring them to the customer.

Notes to the annual financial statements continued

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 income	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 bank 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; 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, electronic transaction fees, card commissions, exchange commissions, brokerage income, 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 bank's performance obligation is satisfied, e.g. annual card fees and management, trust and fiduciary fees. 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 bank, 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 bank 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 bank needs to fulfil. The supplier of the goods or services to be acquired by customers can either be the bank or an external third party. The bank 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 bank 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 bank is recognised in fee and commission income.
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 they are incurred.
Other non-interest revenue	The bank, through its various operating businesses, 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 (network 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).

Notes to the annual financial statements continued

2 Income, expenses and taxation continued

NON-INTEREST AND FINANCIAL INSTRUMENT REVENUE RECOGNISED IN PROFIT OR LOSS

Fair value gains or losses and foreign exchange gains or losses

Fair value gains or losses of the bank 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 bank'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 bank's 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 bank repurchases debt instruments that it has issued;
- fair value gains or losses on policyholder liabilities under investment contracts;
- 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 bank, 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 bank in terms of IFRS 15; and
- ineffectiveness gain or loss arising from fair value and cash flow hedges.

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 associates;
- 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 bank, including non-trading equity instruments measured at FVOCI; and
- fair value gains or losses on investment property held at FVTPL.

Dividend income

The bank recognises dividend income when the bank's right to receive payment is established. This falls on 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 bank, 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 bank 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.

Notes to the annual financial statements continued

2 Income, expenses and taxation continued

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. • 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.
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 bank 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 bank 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).

Notes to the annual financial statements continued

3 Financial instruments

CLASSIFICATION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

The bank recognises purchases and sale of financial instruments that require delivery within the timeframe 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 FINANCIAL ASSETS

Management determines the classification of its financial assets at initial recognition, based on:

- the bank's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

BUSINESS MODEL

The bank 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 at least, 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 bank 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 bank 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 occasions that the bank 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 annual financial statements continued

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 bank, as well as certain investment securities utilised for liquidity risk management of the bank. For purchased or originated credit-impaired financial assets, the bank 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		
	Business model	**Cash flow characteristics**
Retail advances	The FNB and WesBank 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 bank 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 annual financial statements continued

3 Financial instruments continued

CORPORATE AND COMMERCIAL ADVANCES		
	Business model	**Cash flow characteristics**
Corporate and commercial advances	The business models of FNB, WesBank and RMB 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 bank 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.

INVESTMENT SECURITIES		
	Business model	**Cash flow characteristics**
Investment securities	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.

Notes to the annual financial statements continued

3 Financial instruments continued

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 bank 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.	

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 bank has elected to designate certain equity investments not held for trading to be measured at FVOCI.

Notes to the annual financial statements continued

3 Financial instruments continued

FINANCIAL LIABILITIES AND COMPOUND FINANCIAL INSTRUMENTS

The bank 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 bank. 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.

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 bank'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 bank 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.

FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS

Financial guarantee contracts are initially recognised at fair value on the date that the guarantee is provided. The bank's liabilities under such guarantees are subsequently measured at the higher of the initial measurement, less amortisation of any fee income earned over the reporting period, and the amount of the ECL calculated in terms of IFRS 9 at the reporting date.

Loan commitments are measured with reference to the quantum of ECL required to be recognised. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the bank together with the drawn component as a single exposure.

Notes to the annual financial statements continued

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 commitments that are irrevocable over the life of the facility, or are revocable only in response to a materially 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 bank is the lessor.

Refer to the *Critical accounting estimates, assumptions and judgements* section of this document, 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 FLI). The origination date is defined as the most recent date at which the bank 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 SME facilities on a credit watchlist. 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 annual financial statements continued

3 Financial instruments continued

ADVANCES	
Credit-impaired financial assets	Advances are considered credit impaired if they meet the definition of default. The bank'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 bank 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	These are 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 reassessment 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 vehicle asset finance (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 bank 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 annual financial statements continued

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, is 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 bank does not use the low credit risk exemption for investment securities, including government bonds.
Intercompany balances	ECLs are calculated using PD, LGD and EAD parameters that are determined through application of expert credit judgement and approved through appropriate governance structures. A SICR event warrants the balance to move to stage 2. Where there is evidence of default, the balance is moved to stage 3.

TRANSFERS, MODIFICATIONS 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 bank 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 bank 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 bank 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 annual financial statements continued

3 Financial instruments continued

Transaction type	Description	Accounting treatment
TRANSFERS WITHOUT DERECOGNITION		
Reverse repurchase agreements	Investment securities and advances are sold to an external counterparty in exchange for cash and the bank 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 bank 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 bank in full. Such advances and investment securities are disclosed separately in the relevant notes. The bank 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 bank's only recourse in respect of the return of the securities it has lent is to the cash collateral held and as such, the bank generally requires cash collateral in excess of the fair value of the securities lent.	
Other transfers	The bank enters into transactions in terms of which it sells advances to conduits of FirstRand or a structured entity, but retains substantially all the risks and rewards of ownership related to the transferred advances.	Similar to repurchase agreements above.
TRANSFERS WITH DERECOGNITION		
Where the bank 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.	
Traditional securitisations and other structured transactions	Specific advances or investment securities are sold to the structured entity, which in turn issues liabilities to third-party investors, for example variable rate notes or investment grade commercial paper, to fund the purchase thereof. The bank assumes an obligation to pay over all the cash flows it collects from the securitised assets to the structured entity in terms of a servicing agreement. The bank may acquire other financial assets or liabilities that continue to expose it to the returns of the transferred securitised assets. For example, the bank may take up some of the notes issued by the structured entity that it is unable to issue into the market, enter into an interest rate swap with the structured entity or continue to be exposed through a clean-up call, in terms of which it has an option to repurchase the remaining securitised assets once their value falls below a certain level.	The securitisation results in full derecognition of the securitised financial assets by the bank: • if the bank does not have the power to control the structured entity, and the bank does not substantially retain all the risks and rewards; or • in situations where the bank neither substantially transfers nor retains all the risks and rewards, but has relinquished control of the assets. • Where the bank has continuing involvement in the derecognised assets, it makes disclosures around the risks it is exposed to as well as the other financial assets and liabilities it has recognised.
MODIFICATIONS 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 bank 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 annual financial statements continued

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 bank 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 bank 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 bank are set out in the table below.

Derivative financial instruments	The bank'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 bank are covered by master agreements with netting terms similar to those of the ISDA MNAs. Where the bank 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 bank has the intention to settle these amounts on a net basis. The bank 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 bank has a legally enforceable right to offset the amounts and the bank has the intention to settle the net amount.

It is the bank'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 bank elected to adopt IFRS 9 for cash flow and fair value hedges.

Notes to the annual financial statements continued

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 and are calculated to be effective.

The bank 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 local interbank offered rates with alternative reference rates to improve market efficiency and mitigate systemic risk across financial markets. The bank 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 bank include: • assets utilised by the bank 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 bank and leased to third parties under operating leases as part of the bank's revenue-generating operations; • capitalised leased assets; and • other assets utilised by the bank 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 bank is the lessee, in which case it is depreciated per the leases accounting policy 4c. Freehold property and property held under leasing agreements: – 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 bank. When investment properties become owner-occupied, the bank 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 annual financial statements continued

4 Other assets and liabilities continued

a. *Classification and measurement* continued

CLASSIFICATION	MEASUREMENT
INTANGIBLE ASSETS	
Intangible assets of the bank 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. • 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 bank exceeding the costs incurred for more than one financial period. • Material acquired trademarks, patents and similar rights are capitalised when the bank 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
COMMODITIES	
Commodities acquired for short-term trading purposes include the following: • commodities acquired with the intention to resell in the short term or those forming part of the trading operations of the bank; 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 bank 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 bank 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 bank will recognise the amount as an accrual. The most significant provision is the motor commission provision. Other provisions include 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 VAPS business. The bank 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, 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 bank 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 annual financial statements continued

4 Other assets and liabilities continued

c. *Leases*

The bank 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 bank 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 bank.

	Bank is the lessee	Bank is the lessor
At inception	The bank 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 bank 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 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. Where ownership is not transferred at the end of the lease, the asset is depreciated on a straight-line basis, over the shorter of the lease term or useful life. Where ownership is transferred at the end of the lease term, the asset is depreciated over the lease term. The bank 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 bank 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 bank 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 annual financial statements continued

5 Capital and reserves

Transaction	Liability	Equity
Shares issued and issue costs	Preference shares, where the bank does not have the unilateral ability to avoid repayments, are classified as other liabilities.	The bank's equity includes ordinary shares and Additional Tier 1 notes. Additional Tier 1 notes 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.
Other reserves	Not applicable	Other reserves recognised by the bank include the capital redemption reserve funds and cash flow hedge accounting reserve.

6 Transactions with employees

a. *Employee benefits*

The bank 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 bank employees. The defined benefit plans are funded by contributions from employees and the relevant bank 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 annual financial statements continued

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 bank recognises a liability for employees' rights to annual leave in respect of past service. The amount recognised by the bank is based on the current salary of employees and the contractual terms between employees and the bank. The expense is included in staff costs.
Bonuses	The bank 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 bank operates cash-settled and equity-settled share-based incentive plans 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. Cash-settled awards include awards where the award is actually settled in shares, but at a bank level are reflected as cash-settled.

Awards where FirstRand Limited is obligated to settle the award with its own shares, the bank treats such plans as an equity-settled incentive plans. Recharge amounts payable to the holding company in respect of such awards are accrued over the vesting period and to the extent that the recharge payment is made in advance, the recharge payable is reflected as a prepaid asset. The recharge payable or prepayment is reflected in Amounts due by/to holding company.

Notes to the annual financial statements continued

7 Standards and interpretations issued but not yet effective

The following new and revised standards and interpretations are applicable to the business of the bank. The bank will comply with these from the stated effective date.

Standard	Impact assessment	Effective date
IFRS 9 and IFRS 7	**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 linked features and other similar contingent features; • the treatment of non-recourse assets and contractually linked instruments; and • additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event. The impact on the annual financial statements is currently being assessed and not expected to have a material impact on the bank's results.	Annual periods commencing on or after 1 January 2026
IFRS 9 and IFRS 7	**Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7** The amendments include: • clarifying the application of the own-use requirements; • permitting hedge accounting if these contracts are used as hedging instruments; and • adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The bank does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2026
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. 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 have a material impact on the bank's financial statements.	Annual periods commencing on or after 1 January 2027

Supplementary Information

D

Key market indicators

	Year ended 30 June		
	2026	2025	% change
Market indicators			
$/R exchange rate			
– Closing	**16.37**	17.78	(8)
– Average	**16.88**	18.15	(7)
£/R exchange rate			
– Closing	**21.67**	24.36	(11)
– Average	**22.66**	23.49	(4)
SA prime overdraft (%)	**10.50**	10.75	
SA average prime overdraft (%)	**10.39**	11.28	
SA average CPI (%)	**3.67**	3.27	
JSE All Share Index	**110 314**	96 430	14
JSE Banks Index	**16 633**	12 828	30
Share price performance			
FirstRand average share price (cents)	**8 559**	7 707	11
JSE Bank Index (average)	**14 787**	12 655	17
JSE All Share Index (average)	**111 614**	86 622	29

Company information

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

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

JSE debt sponsor
(in terms of JSE DSSLR)
FirstRand Bank Limited
4 Merchant Place, Corner Fredman Drive and Rivonia Road
Sandton, 2196
Tel: +27 11 282 1808

NSX debt sponsor
(for dual-listed exchange-traded notes in terms of NSX requirements)
Cirrus Securities (Pty) Ltd
35 Schanzen Road, Windhoek, Namibia

Auditors
KPMG Inc.
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122
South Africa

Ernst & Young Inc.
102 Rivonia Road
Sandton
Private Bag X14, 2146
South Africa

Listed financial instruments of the bank

Listed debt

South Africa

The bank's JSE-listed programmes and debt instruments are available online at:

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

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

Credit ratings

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

Listed financial instruments of the bank continued

Capital instruments

BASEL III COMPLIANT AT1 AND TIER 2 INSTRUMENTS

R million	Maturity date	Call date	As at 30 June 2026	2025
AT1				
FRB28	Perpetual	2025/12/02	**–**	1 400
FRB34	Perpetual	2028/06/02	**2 804**	2 804
FRB37	Perpetual	2029/02/26	**1 387**	1 387
FRB38	Perpetual	2029/05/06	**2 039**	2 039
FRB39	Perpetual	2028/11/13	**1 574**	1 574
FRB41	Perpetual	2029/06/12	**2 090**	2 090
FRB42	Perpetual	2030/09/26	**3 910**	3 910
FRB44	Perpetual	2031/06/09	**2 929**	2 929
FSR02*	Perpetual	2032/06/29	**3 009**	–
Total AT1 instruments			**19 742**	18 133
Tier 2				
FRB27	2031/06/03	2026/06/03	**–**	715
FRB29	2031/04/19	2026/04/19	**–**	2 374
FRB30	2031/04/19	2026/04/19	**–**	698
FRB31	2031/11/24	2026/11/24	**2 500**	2 500
FRB32	2032/09/28	2027/09/28	**2 296**	2 296
FRB33	2034/09/28	2029/09/28	**1 662**	1 662
FRB35	2033/02/06	2028/02/06	**2 300**	2 300
FRB36	2033/09/14	2028/09/14	**2 500**	2 500
FRB40	2035/03/11	2030/03/11	**2 846**	2 846
FRB43	2035/11/13	2030/11/13	**2 500**	2 500
FSR01*	2036/05/26	2031/11/26	**3 000**	–
Total Tier 2 instruments			**19 604**	20 391

* *Issued to FirstRand Limited on terms identical to those of the corresponding capital instruments issued by FirstRand Limited into the market. Internal Tier 2 is reported under Note 13, Amount due (to/by) holding company and fellow subsidiaries in the bank's annual financial statements.*

Refer to www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/ and https://www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/ for additional information on the terms and conditions of the capital instruments.

Flac instruments

FirstRand issued Flac notes and the proceeds were invested in FRB by way of subordinated loans on terms and conditions that mirror the external issuances. These internal Flac instruments are reported under *Note 13, Amount due (to/by) holding company and fellow subsidiaries* in the bank's annual financial statements.

R million	Maturity date	As at 30 June 2026	2025
FR01F	2030/03/16	**1 258**	–
FR02F	2032/03/16	**1 013**	–
FR03F	2034/03/16	**729**	–
FR01FB	2030/06/09	**561**	–
FR02FB	2032/06/09	**2 198**	–
FR03FB	2034/06/09	**1 895**	–
Total Flac instruments		**7 654**	–

Refer to https://www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/ for additional information on the terms and conditions of the externally issued Flac instruments.

Definitions

Additional Tier 1 (AT1) capital	AT1 capital instruments 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, and qualifying reserves, less specified regulatory deductions
Core lending advances	Total advances excluding assets under agreements to resell
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average core lending advances (average between the opening and closing balance for the year)
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures
Effective tax rate	Tax per the income statement divided by the profit before tax per the income statement
Flac	A new class of unsecured subordinated debt instruments issued by a designated institution or holding company that provides loss-absorbing and recapitalisation capacity during resolution
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
Normalised earnings	The group believes normalised earnings reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies
Normalised net asset value	Normalised equity attributable to ordinary equityholders
Return on assets (ROA)	Normalised earnings divided by average assets
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity
Risk-weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable and in line with the banking regulations
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 and qualifying provisions less specified regulatory deductions
Total coverage %	Total impairment provisions expressed as a percentage of core lending advances
Total qualifying capital and reserves	Tier 1 capital plus Tier 2 capital

Abbreviations

AC and FV	Amortised cost and fair value
ALM	Asset-liability management
ASF	Available stable funding
AT1	Additional Tier 1
CAGR	Compound annual growth rate
CCB	Corporate and Commercial Banking
CCyB	Countercyclical buffer
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
CIP	Conditional incentive plan
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
DCF	Discounted cash flow
DIP	Deferred incentive plan
ECL	Expected credit loss
EVE	Economic value of equity
FCA	Financial Conduct Authority
FI	Financial institution
FLI	Forward-looking information
FML	Fleet management and leasing
FRB	FirstRand Bank Limited
FREMA	FirstRand EMA Holdings (Pty) Ltd
FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FRISCOL	FirstRand Insurance Services Company
FRM	Financial resource management
FRTB	Fundamental Review of the Trading Book
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FX	Foreign exchange
GCA	Gross carrying amount
GM	Global Markets
HQLA	High-quality liquid assets
IBD	Investment Banking Division
IFRS	IFRS® Accounting Standards
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited
JSE DSSLR	JSE Limited Debt and Specialist Securities Listing Requirements
LCR	Liquidity coverage ratio
LGD	Loss given default
NAV	Net asset value
NDC	Nationally Determined Contribution
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NPL	Non-performing loan
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
PA	Prudential Authority
PB and WM	Private Banking and Wealth Management
PBT	Profit before tax
RA	Resolution Authority
RBB	Retail and Business Banking
ROA	Return on assets
ROE	Return on equity
RWA	Risk-weighted assets
SA	South Africa
SARB	South African Reserve Bank
SICR	Significant increase in credit risk
SME	Small and medium-sized enterprise
TRS	Total return swap
TTC	Through-the-cycle
TTS	Treasury and Trade Solutions
UK	United Kingdom
VAF	Vehicle asset finance
ZARONIA	South African Rand Overnight Index Average Rate

Abbreviations of financial reporting standards

IFRS Accounting Standards

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

IFRS Accounting Standards

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

FirstRand Bank