FirstRand Bank

analysis of financial results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

ABOUT THIS REPORT

This report covers the unaudited condensed financial results of FirstRand Bank Limited (FRB or the bank) based on International Financial Reporting Standards (IFRS) for the six months ended 31 December 2022.

The primary results and accompanying commentary are presented on a normalised basis as the bank believes this most accurately reflects its economic performance. The normalised results have been derived from the IFRS financial results.

Normalised results include a condensed income statement, statement of comprehensive income and statement of financial position. A detailed description of the difference between normalised and IFRS results is provided on pages 124 and 125. Detailed reconciliations of normalised to IFRS results are provided on pages 134 to 136. Commentary is based on normalised results, unless indicated otherwise.

Simonet Terblanche, CA(SA), supervised the preparation of the condensed financial results.

FirstRand Bank

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

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

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FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

This report covers the results of FRB

100%	100%	100%	100%	100%	100%
FirstRand Bank Limited (FRB)	FirstRand EMA Holdings (Pty) Ltd (FREMA)	FirstRand International Limited (Guernsey) (FRI)	FirstRand Insurance Holdings (Pty) Ltd	FirstRand Investment Management Holdings Limited	FirstRand Investment Holdings (Pty) Ltd (FRIHL)
SA banking	*Broader Africa*	*UK banking and hard currency platform*	*Insurance*	*Investment management*	*Other activities*

FirstRand Bank Limited (FRB) – SA banking

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

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

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

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

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

FirstRand Insurance Holdings (Pty) Ltd – Insurance

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

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◊

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

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

Division

** *Branch*

Representative office

DirectAxis is a business unit of FirstRand Bank Limited.

† *Trading as FNB Channel Islands.*

‡ *Wholly owned subsidiary of Aldermore Group.*

^ *Wholly owned subsidiary of FirstRand Securities.*

◊ *Ashburton Investments has a number of general partners for fund seeding purposes. All of these entities fall under FirstRand Investment Management Holdings Limited.*

Note:
The operations of FNB Tanzania were taken over by Exim Bank on 7 July 2022.
There were no material changes to the group structure over the period.

Structure shows effective consolidated shareholding

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

FirstRand 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 Johannesburg Stock Exchange (JSE) and Namibian Stock Exchange (NSX). The bank provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa and offers niche products in certain international markets. The bank has three major divisions which are separately branded: First National Bank (FNB), WesBank, Rand Merchant Bank (RMB) and FRB has branches in London, India and Guernsey, and representative offices in Kenya, Angola, Shanghai and New York.

performance highlights

Normalised earnings
R13.1bn
Dec 2021: R11.9bn ▲ **10%**

Return on equity
25.3%
Dec 2021: 22.8% ▲ **250bps**

Net asset value
R100.7bn
Dec 2021: R104.5bn ▼ **4%**

CET1 ratio
12.6%
Dec 2021: 14.1% ▼ **150 bps**

normalised earnings

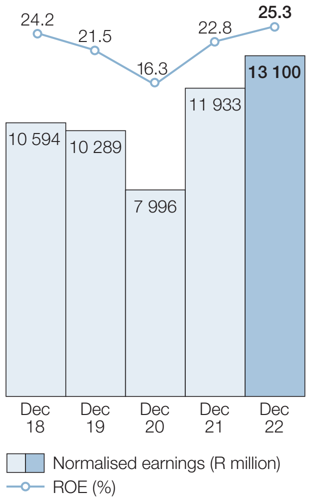
FNB
R9.4bn ▲ 14%

WesBank
R640m ▲ 35%

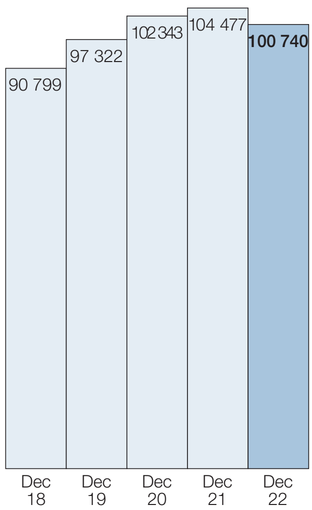
RMB
R2.4bn ▼ 2%

Track record

Normalised earnings *(R million)*
and ROE *(%)*
CAGR 5%



Normalised net
asset value *(R million)*
CAGR 3%



Key financial and operational results, ratios and statistics – normalised

This section is based on normalised results. A detailed reconciliation between IFRS and normalised results is set out on pages 134 to 136.

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Earnings performance				
Attributable earnings – IFRS (refer page 126)	**13 158**	11 988	10	24 884
Headline earnings	**13 148**	11 985	10	24 904
Normalised earnings	**13 100**	11 933	10	24 742
Normalised net asset value	**100 740**	104 477	(4)	106 554
Average normalised net asset value	**103 647**	104 865	(1)	105 904
Ratios and key statistics				
ROE (%)	**25.3**	22.8		23.4
ROA (%)	**1.69**	1.66		1.69
Diversity ratio (%)	**42.4**	43.1		43.0
Credit impairment charge	**3 877**	3 436	13	5 891
Credit loss ratio (%)*,**	**0.82**	0.81		0.68
Stage 3/NPLs as % of core lending advances*	**3.87**	4.70		4.26
Specific coverage ratio (%)**	**51.1**	49.4		50.8
Performing book coverage ratio (%)*,**	**1.70**	2.08		1.80
Cost-to-income ratio (%)	**53.2**	53.5		54.3
Effective tax rate (%)	**23.9**	24.9		24.3
Balance sheet				
Normalised total assets	**1 589 100**	1 465 056	8	1 507 347
Advances (net of credit impairment)	**1 028 653**	909 623	13	944 087
Average gross loan-to-deposit ratio (%)	**80.4**	79.2		79.6
Deposits	**1 320 103**	1 192 203	11	1 220 026
Capital adequacy – IFRS#				
Capital adequacy ratio (%)	**16.1**	17.6		17.7
Tier 1 ratio (%)	**13.6**	14.7		14.9
Common Equity Tier 1 ratio (%)	**12.6**	14.1		14.2
Leverage – IFRS#				
Leverage ratio (%)	**6.6**	7.2		7.2
Liquidity – IFRS				
Liquidity coverage ratio (%)	**124**	124		124
Net stable funding ratio (%)	**117**	121		120

* *December 2021 figures were restated.*

** *As a percentage of core lending advances. Core lending advances exclude assets under agreements to resell. Refer to page 139 for details of the change in presentation.*

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

Key financial and operational results, ratios and statistics – normalised continued

	Six months ended 31 December			Year ended 30 June
	2022	2021	% change	2022
Operational statistics				
Number of ATMs (including ADTs)	**4 789**	4 759	1	4 774
Number of branches	**611**	601	2	604
Number of employees	**39 890**	36 733	9	38 221
– South Africa	**38 746**	35 812	8	37 130
– Broader Africa	**141**	141	–	137
– FirstJob youth employment programme	**1 003**	780	29	954
FNB active customers (millions)	**9.24**	8.82	5	9.06
– Retail	**8.04**	7.68	5	7.86
– Commercial	**1.20**	1.14	5	1.20
FNB channel volumes (thousands of transactions)				
– ATM/ADT	**112 513**	108 275	4	219 158
– Digital	**369 832**	331 375	12	673 582
– Card acquiring	**486 972**	391 444	24	819 682
– Card issuing	**569 841**	487 531	17	992 896

Condensed income statement – normalised

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Net interest income before impairment of advances	**27 257**	24 679	10	50 030
Impairment charge	**(3 877)**	(3 436)	13	(5 891)
Net interest income after impairment of advances	**23 380**	21 243	10	44 139
Non-interest revenue	**20 029**	18 722	7	37 785
– Fee and commission income	**15 133**	13 817	10	27 883
– Insurance income	**217**	219	(1)	439
– Trading and other fair value income	**1 628**	2 110	(23)	3 966
– Investment income	**34**	97	(65)	199
– Other non-interest revenue	**3 017**	2 479	22	5 298
Income from operations	**43 409**	39 965	9	81 924
Operating expenses	**(25 145)**	(23 219)	8	(47 644)
Income before indirect tax	**18 264**	16 746	9	34 280
Indirect tax	**(543)**	(472)	15	(805)
Profit before income tax	**17 721**	16 274	9	33 475
Income tax expense	**(4 236)**	(4 050)	5	(8 140)
Profit for the period	**13 485**	12 224	10	25 335
Other equity instrument holders	**(385)**	(291)	32	(593)
Normalised earnings attributable to ordinary equityholders of the bank	**13 100**	11 933	10	24 742

Condensed statement of other comprehensive income – normalised

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Profit for the period	**13 485**	12 224	10	25 335
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**144**	(636)	(>100)	(3 712)
Losses arising during the period*	**(229)**	(1 888)	(88)	(2 137)
Reclassification adjustments for amounts included in profit or loss*	**426**	1 005	(58)	(2 973)
Deferred income tax	**(53)**	247	(>100)	1 398
FVOCI debt reserve	**175**	(128)	(>100)	(18)
Gains/(losses) arising during the period*	**225**	(168)	(>100)	(17)
Reclassification adjustments for amounts included in profit or loss*	**15**	(10)	(>100)	(10)
Deferred income tax	**(65)**	50	(>100)	9
Exchange differences on translating foreign operations	**181**	678	(73)	762
Gains arising during the period	**168**	648	(74)	753
Deferred income tax	**13**	30	(57)	9
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**1**	3	(67)	3
Gains arising during the period	**1**	4	(75)	8
Deferred income tax	**–**	(1)	(100)	(5)
Remeasurements on defined benefit post-employment plans	**3**	7	(57)	126
Gains arising during the period	**5**	10	(50)	185
Deferred income tax	**(2)**	(3)	(33)	(59)
Other comprehensive income/(loss) for the period	**504**	(76)	(>100)	(2 839)
Total comprehensive income for the period	**13 989**	12 148	15	22 496
Attributable to				
Ordinary equityholders	**13 604**	11 857	15	21 903
Other equity instrument holders	**385**	291	32	593
Total comprehensive income for the period	**13 989**	12 148	15	22 496

* *The lines gains/losses arising during the period and reclassification adjustments for amounts included in profit or loss have been presented separately. The total as previously reported has not changed.*

Condensed statement of financial position – normalised

	As at 31 December		As at 30 June
R million	2022	2021	2022
ASSETS			
Cash and cash equivalents	**94 727**	93 045	104 625
Derivative financial instruments	**52 263**	60 473	61 674
Commodities	**17 647**	22 261	17 580
Investment securities	**295 308**	286 533	278 879
Advances	**1 028 653**	909 623	944 087
– Advances to customers*	**949 083**	836 058	871 338
– Marketable advances	**79 570**	73 565	72 749
Other assets	**8 364**	6 193	5 789
Current tax asset	**1 174**	14	125
Amounts due by holding company and fellow subsidiaries	**66 841**	64 785	70 753
Property and equipment	**16 908**	16 594	16 333
Intangible assets	**615**	397	512
Investment properties	**249**	249	249
Deferred income tax asset	**6 351**	4 889	6 741
Total assets	**1 589 100**	1 465 056	1 507 347
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**15 135**	15 683	14 183
Derivative financial instruments	**61 616**	64 220	70 284
Creditors, accruals and provisions	**20 951**	17 840	18 899
Current tax liability	**–**	274	–
Deposits	**1 320 103**	1 192 203	1 220 026
Employee liabilities	**9 927**	8 763	11 684
Other liabilities	**2 624**	5 298	5 258
Amounts due to holding company and fellow subsidiaries	**28 199**	28 136	32 900
Tier 2 liabilities	**19 875**	21 036	20 433
Total liabilities	**1 478 430**	1 353 453	1 393 667
Equity			
Ordinary shares	**4**	4	4
Share premium	**16 804**	16 804	16 804
Reserves	**83 932**	87 669	89 746
Capital and reserves attributable to ordinary equityholders	**100 740**	104 477	106 554
Other equity instruments	**9 930**	7 126	7 126
Total equity	**110 670**	111 603	113 680
Total equities and liabilities	**1 589 100**	1 465 056	1 507 347

Note: There are no reconciling items between the condensed IFRS and normalised statements of financial position.

* *Included in advances to customers are assets under agreements to resell of R84 813 million (December 2021: R87 647 million; June 2022: R70 540 million).*

Flow of funds analysis – normalised

R million	December 2022 vs June 2022 6-month movement	December 2021 vs June 2021 6-month movement	June 2022 vs June 2021 12-month movement
Sources of funds			
Capital account movement (including profit and reserves)	**(3 010)**	(776)	1 301
Working capital movement	**(6 362)**	2 355	3 258
Short trading positions and derivative financial instruments	**1 695**	822	4 185
Deposits and long-term liabilities	**99 519**	58 841	86 061
Total	**91 842**	61 242	94 805
(Outflow)/inflow in deployment of funds			
Advances	**(84 566)**	(51 668)	(86 132)
Investments	**(745)**	(3 408)	1 419
Cash and cash equivalents	**9 898**	6 601	(4 979)
Investment securities (e.g. liquid asset portfolio)	**(16 429)**	(12 767)	(5 113)
Total	**(91 842)**	(61 242)	(94 805)

FirstRand Bank's performance reflects the quality of its operating businesses, FNB, WesBank and RMB.

The relative size and quality of the bank's transactional franchise allowed it to deliver normalised earnings growth of 10% whilst maintaining a judicious and tactical approach to lending and protecting the balance sheet. The bank delivered a superior ROE of 25.3%.

Alan Pullinger ~ CEO

Introduction and group strategy

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

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

South Africa

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

Broader Africa

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

In addition to the group's hard currency platform (RMB Mauritius), the bank's balance sheet is also utilised in RMB's cross-border lending and trade finance activities in broader Africa. The group's subsidiaries in the broader Africa portfolio form part of FREMA (refer to the simplified group structure on page 02, which outlines the group's various legal entities, including FRB) and thus fall outside the bank.

UK

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

Aldermore Group and its subsidiaries are part of FRI and thus fall outside the bank. Loans originated by MotoNovo prior to integration with Aldermore (the back book) are still housed in FirstRand Bank London branch (but managed by MotoNovo), and will continue to be funded through existing funding mechanisms. The back book continues to run down and is now insignificant with advances totalling £92 million (June 2022: £175 million). As a result, MotoNovo will ultimately cease to form part of the bank.

Operating environment

During the period under review, the macroeconomic environment was characterised by a significant increase in global inflation as supply-chain constraints and pent-up demand drove up global goods prices. The ongoing Russian-Ukrainian war continued to impact food and energy prices. Given this backdrop, almost all the geographies where the group operates grappled with higher inflation and rising interest rates.

Global commodity prices continued to support terms of trade in South Africa and other broader Africa markets, also benefiting those sectors exposed to commodities. Despite these positive outcomes, inflation and interest rates weighed on household disposable income overall. These pressures were, however, not felt equally across all consumer segments and retail credit demand remained healthy. In South Africa, the private sector added headcount (following a prolonged period of job cuts) which provided some support to employment levels and household income, albeit off a low base. Conversely, wages in the public sector remained under pressure after more than a decade of above-inflation wage increases.

Corporate credit growth remained stronger than expected with a clear shift towards working capital and asset finance, suggesting that businesses continued to restock and invest in some productive capacity. Higher stages of loadshedding towards the end of the calendar year presented a challenge for small and medium-sized enterprises (SMEs) and sole proprietors, in particular.

In the UK, higher energy prices and other inflationary pressures resulted in a steep rise in the cost of living. Although some of these pressures have started to abate, the outlook for households is divided between those with sufficient savings and those without, with the latter potentially facing financial stress.

In the broader Africa region, the most noteworthy development was in Ghana, where a combination of tighter global financial conditions, current account stress and rapid debt accumulation resulted in a sovereign debt default.

Financial performance

The 10% increase in the bank's normalised earnings was driven by good topline growth, reflecting continued momentum in new business origination in all large lending portfolios, excellent ongoing growth from the deposit franchise, the benefits of higher rates on the capital and deposit endowment, and the performance of the bank's transactional franchise (measured by customer growth and volumes).

The relative size and quality of the bank's transactional franchise allows it to deliver good growth and superior returns to shareholders whilst maintaining a judicious and tactical approach to lending and protecting the balance sheet, particularly in an operating environment characterised by uncertainty and sluggish system growth.

The bank's credit performance was better than anticipated, with almost all portfolios posting decreasing non-performing loans, except in RMB where certain highly provisioned counters migrated over the period. Cost growth remained well above inflation, and remains a key focus area for the bank.

The strong earnings performance, supported by capital optimisation (including dividends paid during the period) resulted in a significant improvement in return on equity (ROE) to 25.3% (December 2021: 22.8%). The bank's Common Equity Tier 1 (CET1) ratio remained strong at 12.6% (December 2021: 14.1%), which is above the bank's target range.

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

FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
NII	**27 257**	24 679	10	50 030
NIR	**20 029**	18 722	7	37 785
Operating expenses	**(25 145)**	(23 219)	8	(47 644)
Impairment charge	**(3 877)**	(3 436)	13	(5 891)
Normalised earnings	**13 100**	11 933	10	24 742
ROE (%)	**25.3**	22.8		23.4
Deposit franchise	**959 465**	851 953	13	901 469
Core lending advances*	**979 192**	858 974	14	908 896
Credit loss ratio (%) – core lending advances*	**0.82**	0.81		0.68
Stage 3/NPLs as % of core lending advances*	**3.87**	4.70		4.26

* *December 2021 figures were adjusted. Core lending advances exclude assets under agreements to resell. Refer to page 139 for details of the change in presentation.*

The bank's performance, in particular the composition and quality of its earnings and high return profile, continues to directly correlate with the consistent and disciplined execution on key objectives designed to maximise shareholder value, and are tightly managed through the group's financial resource management (FRM) process. In addition, the strength of the customer-facing businesses in the bank's portfolio has allowed it to capitalise on profitable growth opportunities across sectors and segments – thus delivering resilient operating performances, despite the challenging macroeconomic environment. This was demonstrated by the levels of growth in normalised earnings delivered by the customer-facing businesses, as indicated in the table below.

SOURCES OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2022	% composition	2021	% composition	% change	2022	% composition
FNB*	**9 415**	**72**	8 223	69	14	17 195	70
WesBank*	**640**	**5**	472	4	36	849	3
RMB	**2 430**	**19**	2 471	21	(2)	5 286	21
Centre**	**1 000**	**7**	1 058	8	(5)	2 005	8
Other equity instrument holders	**(385)**	**(3)**	(291)	(2)	32	(593)	(2)
Normalised earnings	**13 100**	**100**	11 933	100	10	24 742	100

* *December 2021 figures were restated due to the reallocation of asset-based finance (ABF) customers from FNB commercial to WesBank corporate.*

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

Identifying and originating quality new business continued to require a fine balancing act given competitive actions in the market. However, the momentum in advances growth that commenced in the second half of the year to June 2022 continued. At the same time, the deposit franchise and transactional balances increased strongly, both of which have provided an underpin to the ROE.

FNB and WesBank's approach to retail origination continues to be informed by internal and external data analysis of affordability indicators, which still suggest that low- to medium-risk customers have the most capacity for credit. This has been even more evident in a higher-rate environment. Origination therefore remains tilted towards these customers, particularly in the secured lending product set. This mix of advances growth has resulted in some margin compression, but the bank believes it continues to capture a higher share of low- and medium-risk business.

In the commercial segment, advances growth remains the result of a consistent strategy to originate new business tactically in those sectors showing above-cycle growth, and which are expected to perform well even in a high inflationary and interest rate environment.

Growth in corporate advances continues to be strong, with origination also leaning towards lower-volatility sectors and better-rated counterparties. RMB's earnings were, however, negatively impacted by the normalisation in the credit charge (compared to a net release in the prior period), reduced client flows in the markets business as well as the outperformance of FX and commodities in the comparative period, and a 15% increase in costs period-on-period.

The Centre performance includes several moving parts, which impacted overall growth in Centre net interest income (NII), despite the net benefit of endowment. The key drivers include:

- lower growth in capital endowment following the dividend payments during the year;
- lower returns earned on liquid assets;
- the impact of accounting mismatches; and
- the impact of the change in capital mix following recent Additional Tier 1 (AT1) issuances.

The bank's origination strategy, particularly the appetite tilt away from high risk, its focus on growing the deposit franchise and the conservative provisioning approach have resulted in a well-struck balance sheet. This is a direct outcome of FirstRand's financial resource management strategy given the group's post-pandemic growth thesis.

Revenue and cost overview

Overall bank NII increased 10%, driven by healthy advances growth, continued strong deposit gathering and the endowment benefit.

The 6% increase in lending NII was mainly due to strong growth from RMB (average core lending advances up 23%). Growth in FNB and WesBank's retail advances continued, but came at the expense of margin given the origination approach outlined previously.

The bank's transactional NII increased 21%, driven by growth in FNB retail and commercial customers, corporate and retail transactional deposit products and deposit endowment.

Notwithstanding the positive impact from endowment, the bank's underlying deposit gathering strategies added materially to growth in NII. The retail and commercial segments benefited from ongoing momentum in savings and investment products. RMB's focus on growing operational balances through increased primary-banked relationships and the scaling of investment deposit offerings resulted in a significant increase in average deposits.

Growth in advances and deposits is unpacked by operating business and segment in the table below.

	Growth in advances %	Growth in deposits %
FNB	8	11
– Retail	7	8
– Commercial	10	15
WesBank	12	n/a
RMB*	25	20

* *Advances growth for RMB based on core advances, which exclude assets under agreements to resell.*

Bank net interest margin (NIM) declined 14 basis points to 4.60% (December 2021: 4.74%), reflecting the bank's origination strategies outlined earlier and competitive margin pressure. This was partly offset by growth in the deposit franchise and the endowment benefit.

Total bank non-interest revenue (NIR) increased 7%, supported by 10% growth in fee and commission income and 22% growth in other non-interest revenue. This was partially offset by a decline in trading income.

FNB delivered NIR growth of 11%, driven by customer acquisition, growth in underlying customer activity and transactional volumes. The transactional franchise performed particularly well, delivering 15% growth in volumes.

RMB's NIR was flat and reflects a somewhat mixed picture. Knowledge-based fee income grew strongly on the back of origination activities and advisory mandates. Trading income was impacted by a softer performance from equities and commodities.

Total operating expenses were 8% higher, including a 14% increase in direct staff costs, driven by targeted and general salary increases and a 9% increase in headcount, as well as the build-out and consolidation of the enterprise platform.

The cost-to-income ratio decreased to 53.2% (December 2021: 53.5%).

ANALYSIS OF CORE LENDING ADVANCES

	As at			December 2022 vs December 2021	December 2022 vs June 2022	June 2022 vs December 2021
	31 December	30 June	31 December			
R million	**2022**	2022	2021	% change	% change	% change
FNB*	**451 470**	437 931	418 042	8	3	5
WesBank*	**148 994**	138 342	132 628	12	8	4
RMB	**350 691**	303 965	279 849	25	15	9
Centre	**28 037**	28 658	28 455	(1)	(2)	1
Total bank	**979 192**	908 896	858 974	14	8	6

* *December 2021 figures were restated due to the reallocation of ABF customers from FNB commercial to WesBank corporate.*

Credit performance

The bank's credit performance was better than expected, despite the prevailing macroeconomic environment. The overall credit loss ratio increased marginally to 82 bps (December 2021: 81 bps).

This underlying performance reflects the bank's origination approach and was achieved despite inflation and interest rate pressures. However, given these pressures, balance sheet provision levels remained conservative against the in-force book as new origination adapts to macros dynamically. As such, management retained the stress scenario at the same absolute value as at June 2022. Overall performing coverage on core lending advances decreased slightly to 1.7% as compared to the June 2022 level of 1.8%, reflecting the growth in the book and mix change.

Non-performing loans (NPLs) decreased 6% period-on-period (a decline of R794 million since June 2022). NPLs as a percentage of core lending advances reduced to 3.87%, driven by write-offs, the curing of paying NPLs, slower inflows given the bank's origination approach, strong collections and advances growth.

The overall impairment charge increased to R3 877 million (December 2021: R3 436 million) driven by the following:

> an increase in overall stage 1 provisions since June 2022, which was expected given advances growth;

> an increase in stage 2 provisions since June 2022 reflecting book growth and origination strain. This was partly offset by a decrease in the coverage ratio as the mix of the book changed;

> net write-offs continued to moderate, whilst post write-off recoveries remained resilient; and

> the overall charge benefited from a decrease in NPLs.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2022 vs June 2022	June 2022 vs December 2021	December 2021 vs June 2021
	31 December	30 June	31 December	30 June			
R million	**2022**	2022	2021	2021	% change	% change	% change
Performing book provisions	**295**	(1 375)	267	(1 261)	(>100)	(>100)	(>100)
NPL provision	**(292)**	(274)	(1 738)	(301)	7	(84)	>100
Credit provision increase/ (decrease)	**3**	(1 649)	(1 471)	(1 562)	(>100)	12	(6)
Gross write-off and other*	**5 969**	6 209	6 998	7 892	(4)	(11)	(11)
Modification loss	**353**	266	411	309	33	(35)	33
Interest suspended on stage 3 advances	**(1 441)**	(1 237)	(1 395)	(1 588)	16	(11)	(12)
Post write-off recoveries	**(1 007)**	(1 134)	(1 107)	(1 097)	(11)	2	1
Total impairment charge	**3 877**	2 455	3 436	3 954	58	(29)	(13)
Credit loss ratio (%) – core lending advances**	**0.82**	0.56	0.81	0.95			

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

** *December 2021 has been adjusted for core lending advances, which exclude assets under agreements to resell.*

The table above demonstrates the move in impairments on a rolling six-month view, based on movements in the balance sheet. The R295 million portfolio provision increase since June 2022 resulted from book growth. Performing coverage decreased, driven by lower stage 2 coverage, as credit quality held up despite the deterioration in macroeconomic assumptions. Refer to pages 165 to 168 for the updated forward-looking information (FLI) and scenario weightings. The decrease in NPL provisions was driven by good collections efforts, curing and slower inflows into NPLs.

CHANGE IN NPLS

	31 December 2022 vs 31 December 2021			31 December 2022 vs 30 June 2022		
	R million	**% change**	**Percentage point contribution to overall NPL decrease**	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	**(668)**	**(2)**	**(2)**	(455)	(2)	(1)
Other paying NPLs**	**(1 788)**	**(17)**	**(4)**	(339)	(4)	(1)
Change in total bank NPLs	**(2 456)**	**(6)**	**(6)**	(794)	(2)	(2)

* *Include debt-review and other core lending advances.*

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

The table above deals with the change in bank NPL balances. It is pleasing to see the continued reduction in operational NPLs due to slower inflows, and ongoing work-outs and write-offs. Collections remained strong.

NPL coverage increased to 51.1% (December 2021: 49.4%), given the change in mix. Retail coverage increased marginally due to the curing of paying NPLs which attract lower coverage.

Retail NPLs decreased 10% to R29.1 billion (December 2021: R32.4 billion). NPLs as a percentage of advances declined to 6.62% (December 2021: 7.93%), driven by the curing of paying NPLs, slower inflows, strong collections and support from higher advances growth.

Commercial NPLs declined 13% to R5.4 billion (December 2021: R6.1 billion) or 3.35% of advances (December 2021: 4.31%). The decline was due to settlements and increased write-offs of historical NPL flows.

NPLs in the corporate and investment banking portfolio have increased period-on-period, due to the migration of a limited number of counters to NPL status. NPL coverage has increased to 45.4% (December 2021: 23.9%). Since June 2022 the NPL ratio has, however, decreased to 0.84% of core lending advances (June 2022: 0.97%), given the strong growth in advances.

Financial resource management

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

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

Capital position

Capital ratios for the bank are summarised below.

CAPITAL ADEQUACY*

%	Internal targets	As at 31 December	
		2022	2021
CET1	11.0 – 12.0	**12.6**	14.1
Tier 1	>12.0	**13.6**	14.7
Total	>14.25	**16.1**	17.6

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

The Prudential Authority (PA) removed all temporary capital relief measures issued during the pandemic and reinstated the Pillar 2A requirement of 1% on 1 January 2022. The Bank of England (BoE) reinstated the UK countercyclical buffer (CCyB) add-on of 1% in December 2022, which impacted the bank's overall minimum capital requirements due to the reciprocity agreement in place with the PA in South Africa. The impact of the UK CCyB on the bank's minimum requirement was immaterial, therefore, the bank's targets remain unchanged.

The bank's CET1 ratio remained strong at 12.6% (December 2021: 14.1%), comfortably above the upper end of its internal target range. The bank continued its focus on the efficient use of financial resources, optimisation of risk-weighted assets (RWA) and rebalance of the capital stack.

Key factors driving the CET1 outcome are outlined below:

- the payment of dividends during the 12 months, partly offset by positive earnings generation;
- an increase in the foreign currency translation reserve due to the rand's depreciation against the dollar period-on-period;
- successful financial resource optimisation strategies; and
- an increase in RWA, mainly from credit risk driven by higher volumes. Higher revenue generation also resulted in an increase in operational risk RWA.

The bank continued to actively manage its capital composition and issued a combination of AT1 and Tier 2 instruments during the period to support balance sheet growth and replace existing capital instruments. Given the favourable conditions in the local bond market, the bank issued Tier 2 instruments totalling R3.2 billion and AT1 instruments totalling R2.8 billion to replace R4.0 billion of Tier 2 instruments redeemed during the period, as well as to partly prefund the redemption of FRB's $500 million Tier 2 bond on 23 April 2023. Requisite approvals to call the $500 million Tier 2 instrument have been received from the board and PA, and notice was given to bondholders on 23 February 2023. It remains the bank's intention to continue to optimise its regulatory capital composition by issuing a combination of AT1 and Tier 2 capital instruments in the domestic and/or international markets to align to internal targets.

The implementation of the final Basel reforms remains a key focus and the bank continues to actively engage with the industry and regulator, as well as to participate in impact assessments to better understand the effects of the proposed reforms on the bank. These have been incorporated into the bank's forward-looking capital plan.

Liquidity position

Liquidity risk is a natural outcome of the business activities undertaken by the bank. To manage the resultant risk and enable business to operate efficiently and sustainably, the group seeks to optimise its funding composition, subject to structural liquidity constraints and prudential requirements. The bank continues to pursue a deposit-led funding strategy that provides diversification and stability with an inherent liquidity risk offset. Furthermore, the bank holds appropriate liquidity buffers to withstand unexpected market disruptions.

The prudential liquidity risk metrics, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are managed with adequate buffers above the regulatory minimums to enable the bank to comfortably withstand the natural liquidity seasonality and cyclicality that is a consequence of its chosen funding mix. The liquidity overlays above prudential requirements are determined using stress testing and scenario analysis of cash in- and outflows.

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

The bank remains well funded, with adequate liquidity buffers to meet both prudential liquidity requirements and internal risk targets. FirstRand closely monitors key risk metrics and early warning indicators as part of its ongoing funding and liquidity planning.

LIQUIDITY POSITION

	Bank*	
	As at 30 December	
%	2022	2021
LCR		
Regulatory minimum	**100**	80
Actual	**124**	124
Average available HQLA (R billion)	**349**	310
NSFR		
Regulatory minimum	**100**	100
Actual	**117**	121

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

During the period under review, the South African Reserve Bank (SARB) concluded its transition to the new monetary policy implementation framework (MPIF). The liquidity surplus framework has been well received by market participants, imparting additional liquidity and payment capacity.

Regulatory update

The PA published Directive 11/2022 on 14 December 2022, addressing items of national discretion relating to the LCR. The primary update related to foreign currency liquid assets and their contribution to domestic currency LCR. The directive noted the inclusion of foreign currency denominated level 1 HQLA (subject to an 8% haircut) for purposes of domestic currency LCR, limited to the top 10 most liquid currencies.

The Financial Sector Laws Amendment Act 23 of 2022 (FSLA) was promulgated on 28 January 2022. One of the key provisions of the FSLA is that the SARB will become the designated resolution authority with the necessary powers to operationalise an effective resolution regime. The provisions of the FSLA (including the granting of powers to the SARB to issue resolution standards) will, however, only become operational as outlined in a commencement schedule. This is yet to be gazetted by the Minister of Finance and will:

> provide for the establishment of the Corporation for Deposit Insurance (CoDI), which will be a separate entity within the SARB mandated to manage a deposit insurance scheme in South Africa, designed to protect depositors' funds and enhance financial stability. The bank's initial impact assessments suggest an annual CoDI cost of between R230 million and R280 million for a covered deposit balance of approximately R110 billion; and

> introduce a new tranche of loss-absorbing instruments, namely flac instruments, which will be subordinated to other unsecured creditors and intended for bail-in during resolution. The cost of flac instruments will depend on final calibration levels and is expected to be incurred on a phased-in basis from the proposed implementation date of 2025. These costs will be incorporated in the group's asset-liability management (ALM) strategies with various transmission mechanisms being analysed and considered as part of the group's FRM process.

Prospects

Looking ahead, the group expects inflation to trend downwards in South Africa, the UK and most other countries where it operates. This should allow most central banks to pause their hiking cycles by the second or third quarter of 2023.

Structural constraints in South Africa such as energy, freight rail and port inefficiencies will, however, continue to limit the growth opportunities that should arise from a more constructive inflation and interest rate backdrop. It is also unlikely that Eskom's generating capacity will be sufficiently restored to support GDP growth. It remains to be seen if these constraints present near-term opportunities for private sector investment.

As interest rates stabilise, domestic demand for credit should track in line with pre-pandemic levels. FirstRand Bank expects the supply of savings to remain above the demand for credit given low confidence. The credit loss ratio is expected to continue to normalise.

Events after reporting period

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

Board changes

Changes to the directorate are outlined below.

		Effective date
Resignation		
TS Mashego	Independent non-executive director	2 December 2022

Changes to important function are outlined below.

		Effective date
Appointment		
SP Sibisi	Lead independent non-executive director	2 December 2022

WR JARDINE
Chairman

AP PULLINGER
CEO

C LOW
Company Secretary

H KELLAN
CFO

1 March 2023

review of operations

FNB

FNB represents the bank's activities in the retail and commercial segments, with a growing retail offering in Guernsey (FNB Channel Islands). FNB's strategy is underpinned by:

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

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

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

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

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

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

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

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

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

FNB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Normalised earnings	**9 415**	8 223	14	17 195
Normalised profit before tax	**12 897**	11 433	13	23 880
– South Africa	**13 085**	11 578	13	24 212
– Broader Africa*	**(188)**	(145)	30	(332)
Total assets	**457 994**	418 565	9	439 489
Total liabilities	**447 424**	411 841	9	420 367
Performing advances	**423 364**	387 616	9	409 584
Stage 3/NPLs as a % of advances	**6.23**	7.28		6.47
Credit loss ratio (%) of average advances	**1.32**	1.30		1.13
Cost-to-income ratio (%)	**51.8**	52.2		52.5
Advances margin (%)	**3.85**	4.08		4.10

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

Overview of results

FNB delivered normalised profit before tax (PBT) growth of 13%. Performance drivers included a strong rebound in topline revenue resulting from solid customer growth and ongoing cross-sell. FNB's impairment charge increased 9% and the credit loss ratio moved up to 132 bps (December 2021: 130 bps).

Operating expenses increased 11%, driven by:

> inflation pressures;

> the investment in FNB's brand refresh;

> increased headcount, salary increases and repricing of certain technical skills; and

> project spend to support improved customer experience and service levels on platform.

The cost of maintaining operations given higher levels of loadshedding during the period increased to R40 million (December 2021: R6 million). The weaker rand also led to higher dollar-denominated expenses.

FNB's NII growth was driven by strong increases in average deposits. Advances growth continued, up 8% period-on-period. Furthermore, the recent interest rate hikes resulted in a significant endowment benefit uplift.

FNB's NIR increased 11%, driven by active customer acquisition and growth in customer activity and transactional volumes. These benefits were offset by fee reductions in both retail and commercial amounting to R140 million and R73 million, respectively. The transactional franchise benefited from 15% growth in volumes.

CHANNEL VOLUMES

	Six months ended 31 December			Year ended 30 June
Thousands of transactions	**2022**	2021	% change	2022
ATM/ADT	**112 513**	108 275	4	219 158
Digital*	**369 832**	331 375	12	673 582
Card acquiring	**486 972**	391 444	24	819 682
Card issuing	**569 841**	487 531	17	992 896

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

FNB's digital channels continued to deliver volume growth. This is testament to the success of its strategy to drive customer take-up of digital interfaces and migration to the FNB app (volumes up 12%). Card activity also resulted in good growth in transactional volumes.

Customer segment performance

FNB segments its customer base to identify appropriate and differentiated product offerings. The retail base is split into personal and private customer segments based on relative income. Small and medium-sized businesses and the public sector are serviced by the commercial segment.

FNB grew total active platform users by 830k, with growth in active customers (excluding eWallets) increasing 420k. The table below unpacks growth in customers per segment and platform users.

ACTIVE CUSTOMERS AND PLATFORM USERS

	Six months ended 31 December			Year ended 30 June
Millions	**2022**	2021	% change	2022
Retail	**8.04**	7.68	5	7.86
– Personal (≤R450k)	**6.17**	5.99	3	6.13
– Private (>R450k)	**1.87**	1.69	11	1.73
Commercial	**1.20**	1.14	5	1.20
Total SA customer base	**9.24**	8.82	5	9.06
eWallets*	**6.36**	5.95	7	5.95
Total platform users	**15.60**	14.77	6	15.01

* *Represent all eWallets without another FNB relationship/product that had at least one transaction in the past six months. In addition, there are 1.82 million eWallets belonging to FNB customers. FNB customer eWallets represent 22% of the total active eWallet base of 8.2 million.*

SEGMENT RESULTS

R million	Six months ended 31 December 2022	2021	% change	Year ended 30 June 2022
Normalised PBT				
Retail	**6 185**	5 590	11	12 074
Commercial	**6 900**	5 988	15	12 138
Broader Africa*	**(188)**	(145)	30	(332)
Total FNB	**12 897**	11 433	13	23 880

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

Retail's performance benefited from solid NIR growth. NII was supported by both the strong performance of the deposit franchise and healthy advances growth of 7%. The latter was within expectations given the tilt towards low- and medium-risk origination in line with stated strategy. The 5% increase in the active customer base supported this performance, with the private segment growth mainly driven by migration from personal. This reflects FNB's strategy to provide enhanced and appropriate product propositions as customer needs change.

Impairments increased 5% off the back of advances growth and anticipated customer strain given the rate hiking cycle. Coverage remains prudent considering the economic headwinds expected. Furthermore, retail's commissionable e-commerce turnover amounted to R9.2 billion (including prepaid service providers), (December 2021: R9.1 billion) with active SIM cards in the MVNO up to 879k (December 2021: 844k).

Commercial's performance was underpinned by customer acquisition (+5%) and strong growth in advances and deposits. The performance was further supported by the higher levels of transactional volumes in the merchant acquiring, current account and foreign exchange activities, which benefited NIR. Impairments normalised upwards from a modest base in the prior period.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	**%**	**R million**	**%**	**R million**
Retail	**8**	**24 606**	**7**	**23 512**
– Personal (≤R450k)	**5**	**4 036**	**(6)**	**(2 929)**
– Private (>R450k)	**8**	**20 570**	**10**	**26 441**
Commercial	**15**	**52 981**	**10**	**9 916**
Total FNB	**11**	**77 587**	**8**	**33 428**

FNB's overall lending approach is informed by internal and external data analysis related to affordability indicators, which still suggest that low- to medium-risk customers have capacity for credit and a higher propensity to take up a broader range of financial services products.

Retail advances increased 7% period-on-period, driven by residential mortgages (+8%), with new production up 9% period-on-period. Growth in unsecured lending, particularly card and FNB personal loans, picked up but was offset by the continued contraction of the DirectAxis personal loans book (down 4%) and the runoff of the Covid-19 relief book. Excluding the relief book and DirectAxis, FNB personal loans grew 10% and card advances also increased 10%. Customer preference for the new Fusion product has resulted in lower overdraft advances. Revolving loans increased 2% as risk appetite for this product was tightened.

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

Overall deposit growth of 11% was supported by innovative product offerings across all segments.

Credit performance

FNB's credit impairment charge increased 9% to R2 944 million (December 2021: R2 693 million), with the credit loss ratio at 132 bps (December 2021: 130 bps), due to:

> a net increase in modelled FLI requirements as the macro outlook weakened;

> an uptick in arrears in retail, which was in line with expectations and the interest rate cycle; offset by

> good collections efforts; and

> lower stage 3 inflows and good curing in all portfolios.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021*	% change	2022
Performing book provisions	**75**	117	(36)	(346)
NPL provision	**(204)**	(1 145)	(82)	(2 290)
Credit provision decrease	**(129)**	(1 028)	(87)	(2 636)
Gross write-off** and other	**4 860**	5 522	(12)	11 046
Modification loss	**325**	366	(11)	591
Interest suspended on stage 3 advances	**(1 311)**	(1 220)	7	(2 398)
Post write-off recoveries	**(801)**	(947)	(15)	(1 834)
Total impairment charge	**2 944**	2 693	9	4 769

* *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

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

FNB's approach to provisioning remains appropriately prudent given the anticipated economic cycle. Forward-looking economic indicators deteriorated when compared to June 2022, resulting in a net increase of FLI provisions. These indicators and weightings of the scenarios are disclosed on pages 165 to 168. However, the provisions related to the stress scenario at June 2022 were maintained given recent global and local macro uncertainties.

Collections across all product portfolios performed well. Arrears are trending up but at lower levels than anticipated. The current debt relief portfolio continued to perform better than expected and specific debt-relief outstanding advances amounted to R1.5 billion at 31 December 2022 (December 2021: R2.4 billion). These impacts, coupled with low- and medium-risk origination, resulted in overall performing coverage moderating downward to 2.39% (December 2021: 2.71%).

The NPL ratio reduced to 6.23% (December 2021: 7.28%). This improvement reflects the effectiveness of FNB's credit management strategies and resulted from lower NPL inflows and good customer curing due to focused collections. NPL coverage remained conservative at 49.9% (December 2021: 50.5%).

Platform

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

The platform strategy is that, regardless of the interface, the platform used in all interactions is the same. The platform also offers contextual customer experiences through an ecosystem of offerings called nav». These are designed to assist customers in managing key financial and lifestyle needs. The platform also enables the purchase of non-banking services such as electricity, mobile data and digital vouchers.

Along with the recent brand refresh, FNB launched some innovative payment solutions listed below:

> Auto Pay, which provides the ability to monitor and inform clients when it is predicted that they would not be able to honour a recurring payment. Thirty per cent of the customers who are being sent notifications have had unpaid debit orders (UDOs) in the past. Before the campaign, these customers had 1.4 UDOs each on average, and this reduced to 1.1 UDOs per customer. It also provides customers with the ability to set rules on their accounts that will ensure that they honour their payments.

> Instant Pay is a first-to-market real-time payment product that went live on 16 October 2022. Payment is made to a recipient's 16-digit bank card number, which does not require an account number, bank name or branch code. As at 31 December 2022, Instant Pay processed 65k payments to the value of R50 million.

Key platform highlights for the six months ended 31 December 2022 are outlined below.

> Since the launch on the FNB app, 3.9 million virtual cards have been activated and R15.3 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.

> Device payments (using Apple or Android) accounted for 41.9 million transactions worth R16.2 billion.

> Approximately 8.2 million eWallet users accounted for cash withdrawals of R23.9 billion.

> nav»Money provides customers with simple, easy-to-use money management tools which help them track their spend, view credit scores and more. It had 3.3 million users at 31 December 2022, up 33% period-on-period.

> nav»Home has placed c. 40k families in homes and paid out R46.6 billion in loans since inception. Estate agent functionality was activated on the app in FY21 and 146 estate agents have been onboarded, with 1 756 current listings.

> nav»Car had 848k vehicles loaded in the garage at the end of December 2022, and WesBank financed R406 million in vehicle loans through this channel. CarP2P was launched recently, with 186 active listings at 31 December 2022.

> Commissionable e-commerce turnover and fulfilment on platform (i.e. electricity, mobile and digital vouchers sold) amounted to R9.2 billion, up 1%. Approximately three million customers use these services.

> eBucks travel sales increased to R450 million (December 2021: R241 million).

> Digitally active customers grew to 6.73 million (December 2021: 6.21 million). Digital includes mobile banking (USSD), online banking and the app.

> The banking app active transacting base exceeded 5 million customers and reached new monthly records of 103 million logins in October 2022. Monthly app logins were 29% higher than in December 2020 and 12% higher than in December 2021.

> Digital logins totalled 878 million, with online and mobile banking (USSD) logins of 88 million and 187 million, respectively. The app contributed 603 million logins.

> Total transactional volumes through digital interfaces included 82 million for online banking, 274 million (+19%) for the banking app and 15 million for mobile banking (USSD), highlighting the scalability of FNB's platform.

WesBank

WesBank represents the bank's asset-based finance activities in the retail, commercial and corporate segments. It is one of the leading providers of vehicle finance and also provides fleet management services.

WesBank's strategy is underpinned by:

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

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

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

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

Following the robust recovery in the domestic new vehicle market in 2021, when sales increased 22% compared to the pandemic-affected 2020, aggregate new vehicle sales recovered a further 14% to 528 963 units in calendar year 2022.

The market continues to be highly competitive with margins remaining under pressure, with customer demand and market dynamics driving product risk towards higher loan-to-value levels and balloon structures.

Pleasingly, new business production was up 28% on the comparative period, with WesBank's origination strategy still tilted towards low- and medium-risk and FNB main-banked customers. This growth trend is expected to continue, and main-banked customers now represent 63% of both the retail, and commercial and corporate asset finance lending portfolios.

The strong increase in production led to an increase in total advances of 12% period-on-period.

WESBANK FINANCIAL HIGHLIGHTS *

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Normalised earnings	**640**	472	36	849
Normalised profit before tax	**876**	655	34	1 180
Total assets	**146 807**	130 448	13	135 894
Performing advances	**142 607**	124 534	15	131 454
Stage 3/NPLs as a % of advances	**4.29**	6.10		4.98
Credit loss ratio (%) of average advances	**1.08**	1.11		1.02
Cost-to-income ratio (%)	**56.0**	61.1		64.4
Net interest margin (%)	**2.66**	3.00		2.93

* *WesBank associates VWFS and TFS, together with MotoVantage, do not form part of the bank.*

WesBank's normalised earnings increased 36%, with normalised PBT up 34%. Strong new business volumes partially offset some of the margin pressure in NII.

Operational NIR grew 10%, driven by increased business volumes and production, sustained rental income and card and maintenance commissions in the fleet business, and rising levels of early terminations in the lending businesses.

The credit management strategy, including collections, continues to perform well and the focus on low- and medium-risk customers has resulted in the WesBank credit loss ratio reducing to 108 bps (December 2021: 111 bps), although it is marginally up since June 2022 (102 bps) given the expected new business strain.

Operating expenses remain well managed, decreasing 4% period-on-period, despite inflationary increases in staff costs and continued investment in integrating with FNB's digital platform.

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY*

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021*	% change	2022
Normalised PBT				
Retail VAF	**494**	362	36	684
Corporate and commercial	**382**	293	30	496
Total WesBank	**876**	655	34	1 180

* *Refer to additional segmental disclosure on page 42.*

Overall normalised retail vehicle asset finance (VAF) PBT was up 36% driven by a 10% reduction in impairment charge and a resilient NIR.

Pleasingly, corporate and commercial's normalised PBT increased 30%, as a result of a turnaround in the fleet business, following a period of heavy investment in capacity. An additional benefit was the strong performance in the ABF business, which delivered good balance sheet growth. Whilst the credit loss ratio increased to 33 bps, this was within expectations and on the back of a net release in the prior period as the business normalised its pandemic overlays.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021*	% change	2022
Performing book provisions	**235**	184	28	278
NPL provision	**(201)**	(606)	(67)	(871)
Credit provision increase/(decrease)	**34**	(422)	(>100)	(593)
Gross write-off** and other	**1 020**	1 420	(28)	2 534
Modification loss	**28**	45	(38)	86
Interest suspended on stage 3 advances	**(116)**	(166)	(30)	(286)
Post write-off recoveries	**(192)**	(143)	34	(359)
Total impairment charge	**774**	734	5	1 382

* *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

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

WesBank's credit impairment charge marginally increased to R774 million (December 2021: R734 million), with the credit loss ratio reducing to 108 bps (December 2021: 111 bps). This was driven by:

- a net increase of provisions due to modelled FLI requirements;
- good curing in WesBank's debt relief portfolios and the subsequent release of related provisions;
- improved collections on repossessions which resulted in lower write-offs; and
- a strong payment performance, especially in the corporate portfolio.

NPLs declined 21% to R6.4 billion (December 2021: R8.1 billion).

Performing coverage remained stable at 1.91% (December 2021: 1.93%). NPL coverage increased to 52.7% (December 2021: 47.4%) and remains prudent due to the current macroeconomic environment and the long timeframe to recover NPL balances.

RMB

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

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

RMB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Normalised earnings	**2 430**	2 471	(2)	5 286
Normalised profit before tax	**3 329**	3 432	(3)	7 342
Total assets	**625 946**	589 098	6	560 327
Total liabilities	**623 672**	586 573	6	554 357
Credit loss ratio (%) – core lending advances	**0.12**	(0.05)		(0.12)
Cost-to-income ratio (%)	**58.4**	56.1		56.6

RMB's normalised earnings decreased 2%. The performance is reflective of:

> investment banking benefiting from robust core average advances growth of 23% and resilient fee income;

> the transactional banking business delivering 14% growth in average deposits and sustained growth in primary-banked clients in a highly competitive environment;

> a mixed performance from the markets business with resilient growth in revenues, however, overall performance was impacted by investment spend; and

> the normalisation of the impairment charge given the net releases in the prior period.

Total costs increased 15%, due to above-inflation fixed staff costs and headcount increases. Overall cost growth was further negatively impacted by significant currency devaluation.

Growth in investment costs was driven by:

> continued modernisation of core platforms;

> enhanced digital offerings to clients; and

> the establishment of a presence (representative office) in the USA as part of RMB's broader Africa strategy.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2022	2021	% change	Year ended 30 June 2022
Performing book provisions	**95**	(25)	(>100)	(1 067)
NPL provision	**130**	(109)	(>100)	675
Credit provision increase/(decrease)	**225**	(134)	(>100)	(392)
Gross write-off* and other	**(14)**	66	(>100)	57
Interest suspended on stage 3 advances	**(13)**	(1)	>100	(2)
Post write-off recoveries	**–**	(1)	(100)	(9)
Total impairment charge	**198**	(70)	(>100)	(346)

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

The credit quality of RMB's core lending portfolio remained resilient despite the constrained macro environment. Surveillance and watchlists reflected improvements compared to December 2021. As expected, the current reporting period did see the migration of a limited number of counters to NPL status due to the lingering strain in specific sectors of the economy and a worsening macro environment. As a result, RMB raised new impairments on the core lending portfolio during the period.

RMB believes its consistent and prudent provisioning approach remains appropriate, with the performing book coverage ratio against core advances at 88 bps (December 2021: 144 bps; June 2022: 99 bps).

BREAKDOWN OF PBT CONTRIBUTION BY ACTIVITY

R million	Six months ended 31 December 2022	2021	% change	Year ended 30 June 2022
Banking	**3 027**	2 635	15	5 300
Markets	**689**	910	(24)	2 140
Other*	**(387)**	(113)	>100	(98)
Total RMB	**3 329**	3 432	(3)	7 342

* *Other includes support, head office activities and private equity.*

The banking business delivered good growth of 15% in PBT. New business origination underpinned investment banking's performance, resulting in average advances increasing 23% period-on-period. This translated into strong NII growth and supported robust structuring and commitment fee income, with advisory and trade benefiting from increased market activity. The principal investment portfolio delivered resilient revenue with solid growth in annuity and fee income. As the macro environment remains constrained, the business has retained adequate provisions to buffer against negative credit migrations and defaults.

Corporate transactional banking achieved strong domestic deposit growth of 14% due to the ongoing focus on growing operational balances through increased primary-banked relationships, increasing levels of cross-sell and significant momentum in the scaling of investment deposit offerings. Margins benefited from positive endowment and margin uplifts on certain products. NIR trended down, impacted by the competitive pricing landscape and higher association fees, as well as reduced electronic funds transfer volumes and associated fees, despite higher cash and merchant services volumes from the onboarding of strategic clients.

The markets business saw significant shifts in market dynamics and reduced client flows. Spread compression and lower volatility, which resulted from the implementation of the MPIF, reduced funding margins. As outlined earlier, the ongoing investment strategy weighed on profitability, which reduced 24% period-on-period negatively impacting the performance from the equities and commodities activities.

Fixed income and credit trading improved on the back of the stabilisation of and improvement in credit markets compared to the prior period, which saw significant risk aversion by investors and reduced liquidity on the back of inflation uncertainty. Fixed income benefited from increased client flow, but the overall performance was moderated due to a reduction in market funding spreads.

The global foreign exchange business benefited from resilient client volumes relating to hedging activities. Overall, the performance from FX and commodities reflects the outperformance in the prior period on the back of elevated client hedging activities in response to dislocations in FX and global commodity prices.

SEGMENTAL ANALYSIS OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	**2022**	**% composition**	2021	% composition	% change	2022	% composition
Retail	**4 739**	**36**	4 173	35	14	8 946	36
– FNB*	**4 378**		3 912		12	8 454	
– WesBank	**361**		261		38	492	
Commercial	**5 316**	**41**	4 522	38	18	9 098	37
– FNB**	**5 037**		4 311		17	8 741	
– WesBank**	**279**		211		32	357	
Corporate and investment banking	**2 430**	**19**	2 471	21	(2)	5 286	21
– RMB	**2 430**		2 471		(2)	5 286	
Other	**615**	**4**	767	6	(20)	1 412	6
– Centre#	**1 000**		1 058		(5)	2 005	
– Other equity instrument holders	**(385)**		(291)		32	(593)	
Normalised earnings	**13 100**	**100**	11 933	100	10	24 742	100

* *Includes FNB broader Africa, which relates to head office costs.*

** *December 2021 figures were restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

\# *Centre (including Group Treasury and MotoNovo back book).*

Segment report

for the six months ended 31 December 2022

	Retail and commercial					
	FNB					
	Retail					
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial
Net interest income before impairment of advances	2 376	1 802	3 565	3 659	**11 402**	7 411
Impairment charge	(152)	(658)	(1 572)	(396)	**(2 778)**	(166)
Net interest income after impairment of advances	2 224	1 144	1 993	3 263	**8 624**	7 245
Non-interest revenue	38	1 890	468	6 529	**8 925**	5 340
Income from operations	2 262	3 034	2 461	9 792	**17 549**	12 585
Operating expenses	(853)	(1 477)	(1 336)	(7 341)	**(11 007)**	(5 659)
Income before indirect tax	1 409	1 557	1 125	2 451	**6 542**	6 926
Indirect tax	(6)	(18)	(34)	(299)	**(357)**	(26)
Profit before tax	1 403	1 539	1 091	2 152	**6 185**	6 900
Income tax expense	(379)	(415)	(295)	(581)	**(1 670)**	(1 863)
Profit for the period	1 024	1 124	796	1 571	**4 515**	5 037
Attributable to						
Ordinary equityholders	1 024	1 124	796	1 571	**4 515**	5 037
Other equity instrument holders	–	–	–	–	**–**	–
Profit for the period	1 024	1 124	796	1 571	**4 515**	5 037
Earnings attributable to ordinary shareholders	1 024	1 124	796	1 571	**4 515**	5 037
Headline earnings adjustments	–	–	–	–	**–**	–
Headline earnings	1 024	1 124	796	1 571	**4 515**	5 037
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–
IAS 19 adjustment	–	–	–	–	**–**	–
Normalised earnings	1 024	1 124	796	1 571	**4 515**	5 037

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 subsidiaries in broader Africa form part of FREMA (see simplified group structure on page 02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 42.*

\# *Centre represents group-wide functions and includes MotoNovo back book.*

Retail and commercial				Corporate and institutional				
FNB								
FNB broader Africa*	Total FNB	WesBank**	Retail and commercial	RMB	Centre (including Group Treasury) and other#	FRB – normalised	Normalised adjustments	FRB – IFRS
(6)	18 807	2 323	21 130	4 305	1 822	27 257	(766)	26 491
–	(2 944)	(774)	(3 718)	(198)	39	(3 877)	–	(3 877)
(6)	15 863	1 549	17 412	4 107	1 861	23 380	(766)	22 614
601	14 866	1 516	16 382	4 414	(767)	20 029	942	20 971
595	30 729	3 065	33 794	8 521	1 094	43 409	176	43 585
(783)	(17 449)	(2 148)	(19 597)	(5 093)	(455)	(25 145)	(95)	(25 240)
(188)	13 280	917	14 197	3 428	639	18 264	81	18 345
–	(383)	(41)	(424)	(99)	(20)	(543)	–	(543)
(188)	12 897	876	13 773	3 329	619	17 721	81	17 802
51	(3 482)	(236)	(3 718)	(899)	381	(4 236)	(23)	(4 259)
(137)	9 415	640	10 055	2 430	1 000	13 485	58	13 543
(137)	9 415	640	10 055	2 430	615	13 100	58	13 158
–	–	–	–	–	385	385	–	385
(137)	9 415	640	10 055	2 430	1 000	13 485	58	13 543
(137)	9 415	640	10 055	2 430	615	13 100	58	13 158
–	–	–	–	–	–	–	(10)	(10)
(137)	9 415	640	10 055	2 430	615	13 100	48	13 148
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	(48)	(48)
(137)	9 415	640	10 055	2 430	615	13 100	–	13 100

Segment report continued

for the six months ended 31 December 2022

	Retail and commercial					
	FNB					
	Retail					
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial
Cost-to-income ratio (%)	35.3	40.0	33.1	72.1	**54.1**	44.4
Diversity ratio (%)	1.6	51.2	11.6	64.1	**43.9**	41.9
Credit loss ratio (%) – core lending advances	0.12	3.92	6.71	10.18	**1.66**	0.30
Stage 3/NPLs as a % of core lending advances	4.74	10.74	14.77	14.57	**6.95**	4.00
Income statement includes						
Depreciation	(1)	(3)	(7)	(1 017)	**(1 028)**	(118)
Amortisation	–	–	–	(5)	**(5)**	–
Impairment charges	–	–	–	(26)	**(26)**	–
Statement of financial position includes						
Advances (before impairments)	251 517	34 387	47 056	7 648	**340 608**	110 862
Core lending advances	251 517	34 387	47 056	7 648	**340 608**	110 862
– Other core lending advances (AC and FV)	251 517	34 387	47 056	7 648	**340 608**	110 862
Assets under agreements to resell	–	–	–	–	**–**	–
Stage 3/NPLs	11 919	3 693	6 950	1 114	**23 676**	4 430
Total deposits	615	9 831	40	341 334	**351 820**	401 053
Total assets	247 378	30 080	38 407	30 232	**346 097**	111 677
Total liabilities†	247 202	29 595	39 014	23 077	**338 888**	108 128
Capital expenditure	–	30	9	1 337	**1 376**	165

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 subsidiaries in broader Africa form part of FREMA (see simplified group structure on page 02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 42.*

Centre represents group-wide functions and includes MotoNovo back book.

† *Total liabilities are net of interdivisional balances.*

Retail and commercial				Corporate and institutional				
FNB								
FNB broader Africa*	Total FNB	WesBank**	Retail and commercial	RMB	Centre (including Group Treasury) and other#	FRB – normalised	Normalised adjustments	FRB – IFRS
>100	51.8	56.0	52.2	58.4	43.1	53.2		53.2
>100	44.1	39.5	43.7	50.6	(72.7)	42.4		44.2
–	1.32	1.08	1.26	0.12	(0.28)	0.82		0.82
–	6.23	4.29	5.74	0.81	2.05	3.87		3.87
(1)	(1 147)	(390)	(1 537)	(59)	–	(1 596)	–	(1 596)
–	(5)	(8)	(13)	(40)	–	(53)	–	(53)
–	(26)	25	(1)	–	–	(1)	–	(1)
–	451 470	148 994	600 464	426 022	37 519	1 064 005	–	1 064 005
–	451 470	148 994	600 464	350 691	28 037	979 192	–	979 192
–	451 470	148 994	600 464	350 691	28 037	979 192	–	979 192
–	–	–	–	75 331	9 482	84 813	–	84 813
–	28 106	6 387	34 493	2 831	576	37 900	–	37 900
–	752 873	11	752 884	284 361	282 858	1 320 103	–	1 320 103
220	457 994	146 807	604 801	625 946	358 353	1 589 100	–	1 589 100
408	447 424	145 590	593 014	623 674	261 742	1 478 430	–	1 478 430
1	1 542	646	2 188	370	1 274	3 832	–	3 832

Segment report continued

for the six months ended 31 December 2021

R million	Retail and commercial – FNB – Retail: Residential mortgages	Card	Total personal loans	Retail other	Retail	Commercial
Net interest income before impairment of advances	2 437	1 544	3 526	3 003	**10 510**	6 257
Impairment charge	(172)	(430)	(1 591)	(465)	**(2 658)**	(35)
Net interest income after impairment of advances	2 265	1 114	1 935	2 538	**7 852**	6 222
Non-interest revenue	56	1 463	404	6 206	**8 129**	4 804
Income from operations	2 321	2 577	2 339	8 744	**15 981**	11 026
Operating expenses	(916)	(1 339)	(1 378)	(6 465)	**(10 098)**	(5 014)
Income before indirect tax	1 405	1 238	961	2 279	**5 883**	6 012
Indirect tax	(8)	37	(31)	(291)	**(293)**	(24)
Profit before tax	1 397	1 275	930	1 988	**5 590**	5 988
Income tax expense	(391)	(357)	(260)	(566)	**(1 574)**	(1 677)
Profit for the period	1 006	918	670	1 422	**4 016**	4 311
Attributable to						
Ordinary equityholders	1 006	918	670	1 422	**4 016**	4 311
Other equity instrument holders	–	–	–	–	**–**	–
Profit for the period	1 006	918	670	1 422	**4 016**	4 311
Earnings attributable to ordinary shareholders	1 006	918	670	1 422	**4 016**	4 311
Headline earnings adjustments	–	–	–	–	**–**	–
Headline earnings	1 006	918	670	1 422	**4 016**	4 311
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–
IAS 19 adjustment	–	–	–	–	**–**	–
Normalised earnings	1 006	918	670	1 422	**4 016**	4 311

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 subsidiaries in broader Africa form part of FREMA (see simplified group structure on page 02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 42.*

Centre represents group-wide functions and includes MotoNovo back book.

	Retail and commercial				Corporate and institutional				
	FNB								
	FNB broader Africa*	Total FNB	WesBank**	Retail and commercial	RMB	Centre (including Group Treasury) and other#	FRB – normalised	Normalised adjustments	FRB – IFRS
	(4)	16 763	2 272	19 035	3 448	2 196	24 679	(301)	24 378
	–	(2 693)	(734)	(3 427)	70	(79)	(3 436)	–	(3 436)
	(4)	14 070	1 538	15 608	3 518	2 117	21 243	(301)	20 942
	504	13 437	1 376	14 813	4 420	(511)	18 722	411	19 133
	500	27 507	2 914	30 421	7 938	1 606	39 965	110	40 075
	(645)	(15 757)	(2 229)	(17 986)	(4 411)	(822)	(23 219)	(33)	(23 252)
	(145)	11 750	685	12 435	3 527	784	16 746	77	16 823
	–	(317)	(30)	(347)	(95)	(30)	(472)	–	(472)
	(145)	11 433	655	12 088	3 432	754	16 274	77	16 351
	41	(3 210)	(183)	(3 393)	(961)	304	(4 050)	(22)	(4 072)
	(104)	8 223	472	8 695	2 471	1 058	12 224	55	12 279
	(104)	8 223	472	8 695	2 471	767	11 933	55	11 988
	–	–	–	–	–	291	291	–	291
	(104)	8 223	472	8 695	2 471	1 058	12 224	55	12 279
	(104)	8 223	472	8 695	2 471	767	11 933	55	11 988
	–	–	–	–	–	–	–	(3)	(3)
	(104)	8 223	472	8 695	2 471	767	11 933	52	11 985
	–	–	–	–	–	–	–	(4)	(4)
	–	–	–	–	–	–	–	(48)	(48)
	(104)	8 223	472	8 695	2 471	767	11 933	–	11 933

Segment report continued

for the six months ended 31 December 2021

	Retail and commercial					
	FNB					
	Retail					
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial
Cost-to-income ratio (%)	36.7	44.5	35.1	70.2	**54.2**	45.3
Diversity ratio (%)	2.2	48.7	10.3	67.4	**43.6**	43.4
Credit loss ratio (%) – core lending advances†	0.15	2.75	6.90	11.03	**1.69**	0.07
Stage 3/NPLs as a % of core lending advances†	5.43	12.22	16.26	18.02	**7.98**	5.07
Income statement includes						
Depreciation	(2)	(4)	(8)	(1 027)	**(1 041)**	(96)
Amortisation	–	(3)	–	–	**(3)**	–
Impairment charges	–	–	–	(11)	**(11)**	1
Statement of financial position includes						
Advances (before impairments)	232 031	31 342	45 378	8 345	**317 096**	100 946
Core lending advances	232 031	31 342	45 378	8 345	**317 096**	100 946
– Other core lending advances (AC and FV)	232 031	31 342	45 378	8 345	**317 096**	100 946
Assets under agreements to resell	–	–	–	–	**–**	–
Stage 3/NPLs	12 594	3 829	7 380	1 504	**25 307**	5 119
Total deposits	632	8 620	51	317 911	**327 214**	348 072
Total assets	227 760	26 841	36 058	28 085	**318 744**	99 635
Total liabilities‡	227 675	26 826	37 683	22 006	**314 190**	97 320
Capital expenditure	1	2	5	965	**973**	240

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 subsidiaries in broader Africa form part of FREMA (see simplified group structure on page 02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 42.*

\# *Centre represents group-wide functions and includes MotoNovo back book.*

† *Restated. Core lending advances exclude assets under agreements to resell. Refer to page 139 for details of the change in presentation.*

‡ *Total liabilities are net of interdivisional balances.*

Retail and commercial				Corporate and institutional				
FNB								
FNB broader Africa*	Total FNB	WesBank**	Retail and commercial	RMB	Centre (including Group Treasury) and other#	FRB – normalised	Normalised adjustments	FRB – IFRS
>100	52.2	61.1	53.1	56.1	48.8	53.5		53.4
>100	44.5	37.7	43.8	56.2	(30.3)	43.1		44.0
–	1.30	1.11	1.26	(0.05)	0.52	0.81		0.81
–	7.28	6.10	7.00	0.55	1.01	4.70		4.70
(1)	(1 138)	(422)	(1 560)	(56)	–	(1 616)	–	(1 616)
–	(3)	(8)	(11)	(78)	2	(87)	–	(87)
–	(10)	(31)	(41)	–	–	(41)	–	(41)
–	418 042	132 628	550 670	351 164	44 787	946 621	–	946 621
–	418 042	132 628	550 670	279 849	28 455	858 974	–	858 974
–	418 042	132 628	550 670	279 849	28 455	858 974	–	858 974
–	–	–	–	71 315	16 332	87 647	–	87 647
–	30 426	8 094	38 520	1 550	286	40 356	–	40 356
–	675 286	33	675 319	236 905	279 979	1 192 203	–	1 192 203
186	418 565	130 448	549 013	589 098	326 945	1 465 056	–	1 465 056
331	411 841	131 040	542 881	586 573	223 999	1 353 453	–	1 353 453
2	1 215	219	1 434	116	36	1 586	–	1 586

Segment report continued

for the year ended 30 June 2022

	Retail and commercial					
	FNB					
	Retail					
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial
Net interest income before impairment of advances	4 846	3 246	7 078	6 272	**21 442**	12 924
Impairment charge	(46)	(1 070)	(2 597)	(703)	**(4 416)**	(353)
Net interest income after impairment of advances	4 800	2 176	4 481	5 569	**17 026**	12 571
Non-interest revenue	102	3 103	813	12 167	**16 185**	9 792
Income from operations	4 902	5 279	5 294	17 736	**33 211**	22 363
Operating expenses	(1 804)	(2 843)	(2 778)	(13 221)	**(20 646)**	(10 168)
Income before indirect tax	3 098	2 436	2 516	4 515	**12 565**	12 195
Indirect tax	(15)	59	(69)	(466)	**(491)**	(57)
Profit before tax	3 083	2 495	2 447	4 049	**12 074**	12 138
Income tax expense	(863)	(699)	(685)	(1 134)	**(3 381)**	(3 397)
Profit for the period	2 220	1 796	1 762	2 915	**8 693**	8 741
Attributable to						
Ordinary equityholders	2 220	1 796	1 762	2 915	**8 693**	8 741
Other equity instrument holders	–	–	–	–	**–**	–
Profit for the period	2 220	1 796	1 762	2 915	**8 693**	8 741
Earnings attributable to ordinary shareholders	2 220	1 796	1 762	2 915	**8 693**	8 741
Headline earnings adjustments	–	–	–	–	**–**	–
Headline earnings	2 220	1 796	1 762	2 915	**8 693**	8 741
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–
IAS 19 adjustment	–	–	–	–	**–**	–
Normalised earnings	2 220	1 796	1 762	2 915	**8 693**	8 741

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 subsidiaries in broader Africa form part of FREMA (see simplified group structure on page 02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 42.*

\# *Centre represents group-wide functions and includes MotoNovo back book.*

	Retail and commercial				Corporate and institutional				
	FNB								
	FNB broader Africa*	Total FNB	WesBank**	Retail and commercial	RMB	Centre (including Group Treasury) and other#	FRB – normalised	Normalised adjustments	FRB – IFRS
	(10)	34 356	4 540	38 896	7 144	3 990	50 030	(1 068)	48 962
	–	(4 769)	(1 382)	(6 151)	346	(86)	(5 891)	–	(5 891)
	(10)	29 587	3 158	32 745	7 490	3 904	44 139	(1 068)	43 071
	1 112	27 089	2 762	29 851	9 393	(1 459)	37 785	797	38 582
	1 102	56 676	5 920	62 596	16 883	2 445	81 924	(271)	81 653
	(1 434)	(32 248)	(4 703)	(36 951)	(9 368)	(1 325)	(47 644)	486	(47 158)
	(332)	24 428	1 217	25 645	7 515	1 120	34 280	215	34 495
	–	(548)	(37)	(585)	(173)	(47)	(805)	–	(805)
	(332)	23 880	1 180	25 060	7 342	1 073	33 475	215	33 690
	93	(6 685)	(331)	(7 016)	(2 056)	932	(8 140)	(73)	(8 213)
	(239)	17 195	849	18 044	5 286	2 005	25 335	142	25 477
	(239)	17 195	849	18 044	5 286	1 412	24 742	142	24 884
	–	–	–	–	–	593	593	–	593
	(239)	17 195	849	18 044	5 286	2 005	25 335	142	25 477
	(239)	17 195	849	18 044	5 286	1 412	24 742	142	24 884
	–	–	–	–	–	–	–	20	20
	(239)	17 195	849	18 044	5 286	1 412	24 742	162	24 904
	–	–	–	–	–	–	–	(58)	(58)
	–	–	–	–	–	–	–	(104)	(104)
	(239)	17 195	849	18 044	5 286	1 412	24 742	–	24 742

Segment report continued

for the year ended 30 June 2022

	Retail and commercial					
	FNB					
	Retail					
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial
Cost-to-income ratio (%)	36.5	44.8	35.2	71.7	**54.9**	44.8
Diversity ratio (%)	2.1	48.9	10.3	66.0	**43.0**	43.1
Credit loss ratio (%) – core lending advances	0.02	3.34	5.55	8.56	**1.37**	0.34
Stage 3/NPLs as a % of core lending advances	4.86	11.21	14.94	16.14	**7.19**	4.29
Income statement includes						
Depreciation	(4)	(9)	(16)	(2 099)	**(2 128)**	(212)
Amortisation	–	(3)	–	(14)	**(17)**	–
Impairment charges	(2)	–	–	(45)	**(47)**	1
Statement of financial position includes						
Advances (before impairments)	242 757	32 821	46 623	7 907	**330 108**	107 823
Core lending advances	242 757	32 821	46 623	7 907	**330 108**	107 823
– Other core lending advances (AC and FV)	242 757	32 821	46 623	7 907	**330 108**	107 823
Assets under agreements to resell	–	–	–	–	**–**	–
Stage 3/NPLs	11 802	3 678	6 964	1 276	**23 720**	4 627
Total deposits	651	9 179	39	322 214	**332 083**	368 109
Total assets	238 730	28 556	38 104	27 988	**333 378**	105 883
Total liabilities†	238 016	27 854	38 934	15 171	**319 975**	99 832
Capital expenditure	–	20	21	2 191	**2 232**	360

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 subsidiaries in broader Africa form part of FREMA (see simplified group structure on page 02) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 42.*

Centre represents group-wide functions and includes MotoNovo back book.

† *Total liabilities are net of interdivisional balances.*

Retail and commercial				Corporate and institutional				
FNB								
FNB broader Africa*	Total FNB	WesBank**	Retail and commercial	RMB	Centre (including Group Treasury) and other#	FRB – normalised	Normalised adjustments	FRB – IFRS
>100	52.5	64.4	53.7	56.6	52.4	54.3		53.9
>100	44.1	37.8	43.4	56.8	(57.6)	43.0		44.1
–	1.13	1.02	1.10	(0.12)	0.28	0.68		0.68
–	6.47	4.98	6.11	0.92	2.32	4.26		4.26
(2)	(2 342)	(820)	(3 162)	(117)	(1)	(3 280)	–	(3 280)
–	(17)	(15)	(32)	(149)	–	(181)	–	(181)
–	(46)	(28)	(74)	–	–	(74)	(131)	(205)
–	437 931	138 342	576 273	351 182	51 981	979 436	–	979 436
–	437 931	138 342	576 273	303 965	28 658	908 896	–	908 896
–	437 931	138 342	576 273	303 965	28 658	908 896	–	908 896
–	–	–	–	47 217	23 323	70 540	–	70 540
–	28 347	6 888	35 235	2 795	664	38 694	–	38 694
–	700 192	24	700 216	258 030	261 780	1 220 026	–	1 220 026
228	439 489	135 894	575 383	560 327	371 637	1 507 347	–	1 507 347
560	420 367	135 968	556 335	554 357	282 975	1 393 667	–	1 393 667
2	2 594	907	3 501	274	57	3 832	–	3 832

Additional segmental disclosure – WesBank

	Six months ended 31 December 2022		
R million	**Retail**	**Corporate and commercial**	**Total WesBank**
NII before impairment of advances	**1 757**	**566**	**2 323**
Impairment of advances	**(695)**	**(79)**	**(774)**
Normalised profit before tax	**494**	**382**	**876**
Normalised earnings	**361**	**279**	**640**
Core advances	**99 642**	**49 352**	**148 994**
Stage 3/NPLs	**5 454**	**933**	**6 387**
Advances margin (%)	**2.91**	**2.14**	**2.66**
Stage 3/NPLs as a % of advances	**5.47**	**1.89**	**4.29**
Credit loss ratio (%) of average advances	**1.44**	**0.33**	**1.08**

	Six months ended 31 December 2021		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	1 739	533	2 272
Impairment of advances	(769)	35	(734)
Normalised profit before tax	362	293	655
Normalised earnings	261	211	472
Core advances	90 935	41 693	132 628
Stage 3/NPLs	7 070	1 024	8 094
Advances margin (%)	3.25	2.46	3.00
Stage 3/NPLs as a % of advances	7.77	2.46	6.10
Credit loss ratio (%) of average advances	1.70	(0.17)	1.11

	Year ended 30 June 2022		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	3 457	1 083	4 540
Impairment of advances	(1 370)	(12)	(1 382)
Normalised profit before tax	684	496	1 180
Normalised earnings	492	357	849
Core advances	93 214	45 128	138 342
Stage 3/NPLs	5 985	903	6 888
Advances margin (%)	3.18	2.40	2.93
Stage 3/NPLs as a % of advances	6.42	2.00	4.98
Credit loss ratio (%) of average advances	1.49	0.03	1.02

Additional information on internal restructures

for the six months ended 31 December 2021

Internal restructures took place during the period to better facilitate the execution of group strategy. These do not impact like-for-like comparisons at bank level, but they are material to certain individual segments. The segment disclosure has been updated for the following:

> Transfer of the revolving facilities from retail other to personal loans within FNB retail.

> The ABF activities of customers that bank with FNB have been reallocated from FNB commercial to WesBank corporate.

> A restatement in disclosure shows core lending advances which exclude assets under agreements to resell.

R million	Total personal loans previously published	Transfer of revolving facilities	Total personal loans after reallocation	Retail other previously published	Transfer of revolving facilities	Retail other after reallocation
Net interest income before impairment of advances	**3 172**	354	**3 526**	**3 357**	(354)	**3 003**
Impairment charge	**(1 349)**	(242)	**(1 591)**	**(707)**	242	**(465)**
Net interest income after impairment of advances	**1 823**	112	**1 935**	**2 650**	(112)	**2 538**
Non-interest revenue	**323**	81	**404**	**6 287**	(81)	**6 206**
Income from operations	**2 146**	193	**2 339**	**8 937**	(193)	**8 744**
Operating expenses	**(1 275)**	(103)	**(1 378)**	**(6 568)**	103	**(6 465)**
Income before indirect tax	**871**	90	**961**	**2 369**	(90)	**2 279**
Indirect tax	**(31)**	–	**(31)**	**(291)**	–	**(291)**
Profit before tax	**840**	90	**930**	**2 078**	(90)	**1 988**
Income tax expense	**(235)**	(25)	**(260)**	**(591)**	25	**(566)**
Profit for the period	**605**	65	**670**	**1 487**	(65)	**1 422**
Attributable to						
Ordinary equityholders	**605**	65	**670**	**1 487**	(65)	**1 422**
Other equity instrument holders	**–**	–	**–**	**–**	–	**–**
Profit for the period	**605**	65	**670**	**1 487**	(65)	**1 422**
Earnings attributable to ordinary equityholders	**605**	65	**670**	**1 487**	(65)	**1 422**
Headline earnings adjustments	**–**	–	**–**	**–**	–	**–**
Headline earnings	**605**	65	**670**	**1 487**	(65)	**1 422**
TRS and IFRS 2 liability remeasurement	**–**	–	**–**	**–**	–	**–**
IAS 19 adjustment	**–**	–	**–**	**–**	–	**–**
Normalised earnings	**605**	65	**670**	**1 487**	(65)	**1 422**

Commercial previously published	Reallocation of ABF	Commercial after reallocation	Total FNB previously published	Transfer of revolving facilities	Reallocation of ABF	Total FNB after reallocation	WesBank previously published	Reallocation of ABF	WesBank after reallocation
6 517	(260)	6 257	17 023	–	(260)	16 763	2 012	260	2 272
(60)	25	(35)	(2 718)	–	25	(2 693)	(709)	(25)	(734)
6 457	(235)	6 222	14 305	–	(235)	14 070	1 303	235	1 538
4 825	(21)	4 804	13 458	–	(21)	13 437	1 355	21	1 376
11 282	(256)	11 026	27 763	–	(256)	27 507	2 658	256	2 914
(5 144)	130	(5 014)	(15 887)	–	130	(15 757)	(2 099)	(130)	(2 229)
6 138	(126)	6 012	11 876	–	(126)	11 750	559	126	685
(24)	–	(24)	(317)	–	–	(317)	(30)	–	(30)
6 114	(126)	5 988	11 559	–	(126)	11 433	529	126	655
(1 712)	35	(1 677)	(3 245)	–	35	(3 210)	(148)	(35)	(183)
4 402	(91)	4 311	8 314	–	(91)	8 223	381	91	472
4 402	(91)	4 311	8 314	–	(91)	8 223	381	91	472
–	–	–	–	–	–	–	–	–	–
4 402	(91)	4 311	8 314	–	(91)	8 223	381	91	472
4 402	(91)	4 311	8 314	–	(91)	8 223	381	91	472
–	–	–	–	–	–	–	–	–	–
4 402	(91)	4 311	8 314	–	(91)	8 223	381	91	472
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
4 402	(91)	4 311	8 314	–	(91)	8 223	381	91	472

Additional information on internal restructure continued

for the six months ended 31 December 2021

R million	RMB previously published	Assets under agreements to resell	RMB after reallocation	Centre previously published	Assets under agreements to resell	Centre after reallocation
Net interest income before impairment of advances	3 448	–	3 448	2 196	–	2 196
Impairment charge	70	–	70	(79)	–	(79)
Net interest income after impairment of advances	3 518	–	3 518	2 117	–	2 117
Non-interest revenue	4 420	–	4 420	(511)	–	(511)
Income from operations	7 938	–	7 938	1 606	–	1 606
Operating expenses	(4 411)	–	(4 411)	(822)	–	(822)
Income before indirect tax	3 527	–	3 527	784	–	784
Indirect tax	(95)	–	(95)	(30)	–	(30)
Profit before tax	3 432	–	3 432	754	–	754
Income tax expense	(961)	–	(961)	304	–	304
Profit for the period	2 471	–	2 471	1 058	–	1 058
Attributable to						
Ordinary equityholders	2 471	–	2 471	767	–	767
Other equity instrument holders	–	–	–	291	–	291
Profit for the period	2 471	–	2 471	1 058	–	1 058
Earnings attributable to ordinary equityholders	2 471	–	2 471	767	–	767
Headline earnings adjustments	–	–	–	–	–	–
Headline earnings	2 471	–	2 471	767	–	767
TRS and IFRS 2 liability remeasurement	–	–	–	–	–	–
IAS 19 adjustment	–	–	–	–	–	–
Normalised earnings	2 471	–	2 471	767	–	767

	Total restructures				
	FNB	WesBank	RMB	Centre	FirstRand Bank
	(260)	260	–	–	–
	25	(25)	–	–	–
	(235)	235	–	–	–
	(21)	21	–	–	–
	(256)	256	–	–	–
	130	(130)	–	–	–
	(126)	126	–	–	–
	–	–	–	–	–
	(126)	126	–	–	–
	35	(35)	–	–	–
	(91)	91	–	–	–
	(91)	91	–	–	–
	–	–	–	–	–
	(91)	91	–	–	–
	(91)	91	–	–	–
	–	–	–	–	–
	(91)	91	–	–	–
	–	–	–	–	–
	–	–	–	–	–
	(91)	91	–	–	–

Additional information on internal restructure continued

for the six months ended 31 December 2021

R million	Total personal loans previously published	Transfer of revolving facilities	Total personal loans after reallocation	Retail other previously published	Transfer of revolving facilities	Retail other after reallocation
Cost-to-income ratio (%)	36.5		35.1	68.1		70.2
Diversity ratio (%)	9.2		10.3	65.2		67.4
Credit loss ratio (%) – core lending advances	6.89		6,90	9.19		11,03
Stage 3/NPLs as a percentage of core lending advances	17.12		16.26	15.05		18.02
Income statement includes						
Depreciation	(8)	–	(8)	(1 027)	–	(1 027)
Amortisation	–	–	–	–	–	–
Net impairment charges	–	–	–	(11)	–	(11)
Statement of financial position includes						
Advances (before impairments)	38 677	6 701	45 378	15 046	(6 701)	8 345
Core lending advances	38 677	6 701	45 378	15 046	(6 701)	8 345
– Other core lending advances (AC and FV)	38 677	6 701	45 378	15 046	(6 701)	8 345
Assets under agreements to resell	–	–	–	–	–	–
Stage 3 NPLs	6 620	760	7 380	2 264	(760)	1 504
Total deposits	6	45	51	317 956	(45)	317 911
Total assets	30 559	5 499	36 058	33 584	(5 499)	28 085
Total liabilities	32 124	5 559	37 683	27 565	(5 559)	22 006
Capital expenditure	5	–	5	965	–	965

Commercial previously published	Reallocation of ABF	Commercial after reallocation	Total FNB previously published	Transfer of revolving facilities	Reallocation of ABF	Total FNB after reallocation	WesBank previously published	Reallocation of ABF	WesBank after reallocation
45.4		45.3	52.1			52.2	62.3		61.1
42.5		43.4	44.2			44.5	40.2		37.7
0.11		0.07	1.27			1.30	1.20		1.11
4.84		5.07	7.14			7.28	6.46		6.10
(96)	–	(96)	(1 138)	–	–	(1 138)	(422)	–	(422)
–	–	–	(3)	–	–	(3)	(8)	–	(8)
1	–	1	(10)	–	–	(10)	(31)	–	(31)
115 657	(14 711)	100 946	432 753	–	(14 711)	418 042	117 917	14 711	132 628
115 657	(14 711)	100 946	432 753	–	(14 711)	418 042	117 917	14 711	132 628
115 657	(14 711)	100 946	432 753	–	(14 711)	418 042	117 917	14 711	132 628
–	–	–	–	–	–	–	–	–	–
5 594	(475)	5 119	30 901	–	(475)	30 426	7 619	475	8 094
348 072	–	348 072	675 286	–	–	675 286	33	–	33
113 942	(14 307)	99 635	432 872	–	(14 307)	418 565	116 141	14 307	130 448
111 622	(14 302)	97 320	426 143	–	(14 302)	411 841	116 738	14 302	131 040
240	–	240	1 215	–	–	1 215	219	–	219

Additional information on internal restructure continued

for the six months ended 31 December 2021

R million	RMB previously published	Assets under agreements to resell	RMB after reallocation	Centre previously published	Assets under agreements to resell	Centre after reallocation
Cost-to-income ratio (%)	56.1		56.1	48.8		48.8
Diversity ratio (%)	56.2		56.2	(30.3)		(30.3)
Credit loss ratio (%) – core lending advances	(0.04)		(0.05)	0.38		0.52
Stage 3/NPLs as a percentage of core lending advances	0.44		0.44	0.64		1.01
Income statement includes						
Depreciation	(56)	–	(56)	–	–	–
Amortisation	(78)	–	(78)	2	–	2
Net impairment charges	–	–	–	–	–	–
Statement of financial position includes						
Advances (before impairments)	351 164	–	351 164	44 787	–	44 787
Core lending advances	351 164	(71 315)	279 849	44 787	(16 332)	28 455
– Other core lending advances (AC and FV)	351 164	(71 315)	279 849	44 787	(16 332)	28 455
Assets under agreements to resell	–	71 315	71 315	–	16 332	16 332
Stage 3 NPLs	1 550	–	1 550	286	–	286
Total deposits	236 905	–	236 905	279 979	–	279 979
Total assets	589 098	–	589 098	326 945	–	326 945
Total liabilities	586 573	–	586 573	223 999	–	223 999
Capital expenditure	116	–	116	36	–	36

Total restructures				
FNB	WesBank	RMB	Centre	FirstRand Bank
–	–	–	–	–
–	–	–	–	–
–	–	–	–	–
(14 711)	14 711	–	–	–
(14 711)	14 711	(71 315)	(16 332)	(87 647)
(14 711)	14 711	(71 315)	(16 332)	(87 647)
–	–	71 315	16 332	87 647
(475)	475	–	–	–
–	–	–	–	–
(14 307)	14 307	–	–	–
(14 302)	14 302	–	–	–
–	–	–	–	–

Additional information on internal restructures

for the year ended 30 June 2022

Internal restructures took place during the period to better facilitate the execution of group strategy. These do not impact like-for-like comparisons at bank level, but they are material to certain individual segments. The segment disclosure has been updated for the following:

> Transfer of the revolving facilities from retail other to personal loans within FNB retail.

R million	**Total personal loans previously published**	Transfer of revolving facilities	**Total personal loans after reallocation**	**Retail other previously published**	Transfer of revolving facilities	**Retail other after reallocation**
Net interest income before impairment of advances	**6 374**	704	**7 078**	**6 976**	(704)	**6 272**
Impairment charge	**(2 354)**	(243)	**(2 597)**	**(946)**	243	**(703)**
Net interest income after impairment of advances	**4 020**	461	**4 481**	**6 030**	(461)	**5 569**
Non-interest revenue	**655**	158	**813**	**12 325**	(158)	**12 167**
Income from operations	**4 675**	619	**5 294**	**18 355**	(619)	**17 736**
Operating expenses	**(2 559)**	(219)	**(2 778)**	**(13 440)**	219	**(13 221)**
Income before indirect tax	**2 116**	400	**2 516**	**4 915**	(400)	**4 515**
Indirect tax	**(69)**	–	**(69)**	**(466)**	–	**(466)**
Profit before tax	**2 047**	400	**2 447**	**4 449**	(400)	**4 049**
Income tax expense	**(573)**	(112)	**(685)**	**(1 246)**	112	**(1 134)**
Profit for the year	**1 474**	288	**1 762**	**3 203**	(288)	**2 915**
Attributable to						
Ordinary equityholders	**1 474**	288	**1 762**	**3 203**	(288)	**2 915**
Other equity instrument holders	**–**	–	**–**	**–**	–	**–**
Profit for the year	**1 474**	288	**1 762**	**3 203**	(288)	**2 915**
Earnings attributable to ordinary equityholders	**1 474**	288	**1 762**	**3 203**	(288)	**2 915**
Headline earnings adjustments	**–**	–	**–**	**–**	–	**–**
Headline earnings	**1 474**	288	**1 762**	**3 203**	(288)	**2 915**
TRS and IFRS 2 liability remeasurement	**–**	–	**–**	**–**	–	**–**
IAS 19 adjustment	**–**	–	**–**	**–**	–	**–**
Normalised earnings	**1 474**	288	**1 762**	**3 203**	(288)	**2 915**

				Total restructures				
	Total FNB previously published	Transfer of revolving facilities	Total FNB after reallocation	FNB	WesBank	RMB	Centre	FirstRand Bank
	34 356	–	34 356	–	–	–	–	–
	(4 769)	–	(4 769)	–	–	–	–	–
	29 587	–	29 587	–	–	–	–	–
	27 089	–	27 089	–	–	–	–	–
	56 676	–	56 676	–	–	–	–	–
	(32 248)	–	(32 248)	–	–	–	–	–
	24 428	–	24 428	–	–	–	–	–
	(548)	–	(548)	–	–	–	–	–
	23 880	–	23 880	–	–	–	–	–
	(6 685)	–	(6 685)	–	–	–	–	–
	17 195	–	17 195	–	–	–	–	–
	17 195	–	17 195	–	–	–	–	–
	–	–	–	–	–	–	–	–
	17 195	–	17 195	–	–	–	–	–
	17 195	–	17 195	–	–	–	–	–
	–	–	–	–	–	–	–	–
	17 195	–	17 195	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	17 195	–	17 195	–	–	–	–	–

Additional information on internal restructure continued

for the year ended 30 June 2022

R million	Total personal loans previously published	Transfer of revolving facilities	Total personal loans after reallocation	Retail other previously published	Transfer of revolving facilities	Retail other after reallocation
Cost-to-income ratio (%)	36.4		35.2	69.6		71.7
Diversity ratio (%)	9.3		10.3	63.9		66.0
Credit loss ratio (%) – core lending advances	5.90		5.55	6.29		8.56
Stage 3/NPLs as a percentage of core lending advances	15.62		14.94	13.69		16.14
Income statement includes						
Depreciation	(16)	–	(16)	(2 099)	–	(2 099)
Amortisation	–	–	–	(14)	–	(14)
Impairment charges	–	–	–	(45)	–	(45)
Statement of financial position includes						
Advances (before impairments)	40 173	6 450	46 623	14 357	(6 450)	7 907
Core lending advances	40 173	6 450	46 623	14 357	(6 450)	7 907
– Other core lending advances (AC and FV)	40 173	6 450	46 623	14 357	(6 450)	7 907
Assets under agreements to resell	–	–	–	–	–	–
Stage 3 NPLs	6 274	690	6 964	1 966	(690)	1 276
Total deposits	1	38	39	322 252	(38)	322 214
Total assets	32 527	5 577	38 104	33 565	(5 577)	27 988
Total liabilities	33 599	5 335	38 934	20 506	(5 335)	15 171
Capital expenditure	21	–	21	2 191	–	2 191

	Total FNB previously published	Transfer of revolving facilities	Total FNB after reallocation	Total restructures				
				FNB	WesBank	RMB	Centre	FirstRand Bank
	52.5		52.5					
	44.1		44.1					
	1.13		1.13					
	6.47		6.47					
	(2 342)	–	(2 342)	–	–	–	–	–
	(17)	–	(17)	–	–	–	–	–
	(46)	–	(46)	–	–	–	–	–
	437 931	–	437 931	–	–	–	–	–
	437 931	–	437 931	–	–	–	–	–
	437 931	–	437 931	–	–	–	–	–
	–	–	–	–	–	–	–	–
	28 347	–	28 347	–	–	–	–	–
	700 192	–	700 192	–	–	–	–	–
	439 489	–	439 489	–	–	–	–	–
	420 367	–	420 367	–	–	–	–	–
	2 564	–	2 594	–	–	–	–	–

analysis of results

Net interest income (before impairment of advances)

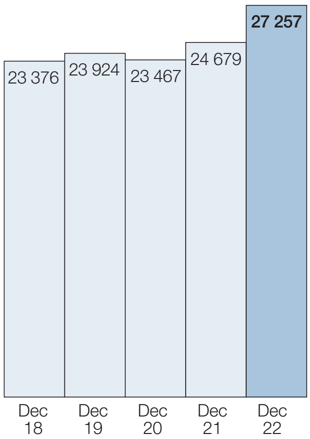
Net interest income (before impairment of advances) – up 10%

Since 2017, the bank has implemented certain ALM strategies to protect earnings and manage interest rate risk through the cycle. During the rate cutting cycle, these strategies mitigated the negative endowment impact by approximately 50% in the 2021 and 2022 financial years. In the current interest rate hiking cycle, the bank's NII growth rate will therefore only benefit from c. 50% of the endowment uplift.

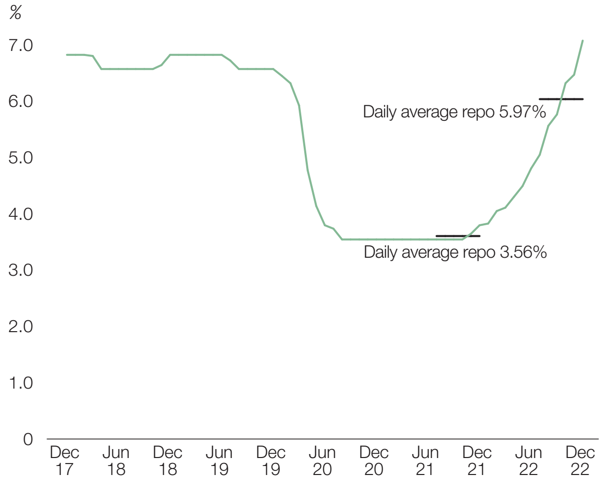
Net interest income

R million

CAGR 4%



Repo rate



Note: The average endowment book for the year was R330 billion. On average, rates were 241 bps higher in the current period, which translates into a gross positive endowment impact of approximately R4 billion excluding the ALM strategies (i.e. gross impact).

MARGIN CASCADE TABLE

	Six months ended 31 December				Year ended 30 June
	2022			2021*	2022*
Percentage of average interest-earning banking assets (%)	Average interest-earning assets	NII	NIM (bps)	NIM (bps)	NIM (bps)
31 December 2021 normalised margin	**1 032 493**	**24 679**	**4.74**	4.56	4.72
Asset growth	**142 251**	**3 399**			
Balances with central banks	**1 864**				
Cash and cash equivalents	**8 770**				
Liquid assets	**41 109**				
Loans and advances	**90 508**				
Lending interest earning assets		**(875)**	**(0.15)**	(0.09)	0.02
Asset pricing		**(541)**	**(0.09)**	(0.15)	(0.08)
Change in advances mix and other		**(334)**	**(0.06)**	0.06	0.10
Liabilities		**757**	**0.13**	0.03	0.11
Deposit pricing and endowment		**573**	**0.10**	0.04	0.06
Change in deposit mix and volume		**184**	**0.03**	(0.01)	0.05
Capital endowment (including ALM strategies)		**334**	**0.06**	0.10	0.07
Group Treasury, Centre and other activities		**(1 037)**	**(0.18)**	0.14	(0.18)
31 December 2022 normalised margin	**1 174 744**	**27 257**	**4.60**	4.74	4.74

* *The methodology used to prepare the margin cascade was updated during the current period to align with industry practice and to reflect the drivers of the margin more appropriately. In prior periods, the bank rebased the opening NIM to take into account the impact of the change in average interest-earning assets, based on the prior year NII earned, and thereafter the movements in the income statement were determined on the current year interest-earning assets. The bank no longer calculates a rebased NIM, but instead includes the growth in the average interest-earning assets based on last year's NIM as an adjustment to NII and then reflects the movements as a result of pricing and mix changes and other impacts.*

Net interest income (before impairment of advances) continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

R million	Six months ended 31 December			Year ended 30 June
Net interest income	**2022**	2021*	% change	2022
Lending	**11 949**	11 271	6	22 572
Transactional**	**9 448**	7 790	21	17 029
Deposits	**1 994**	1 742	14	3 524
Capital endowment (including ALM strategies)	**4 495**	4 161	8	8 029
Group Treasury, Centre and other#	**(629)**	(283)	>100	(1 124)
Total net interest income	**27 257**	24 679	10	50 030

* *Comparative information has been represented in order to provide better attribution of NII by nature of activity. The total NII has remained unchanged.*

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

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

KEY DRIVERS

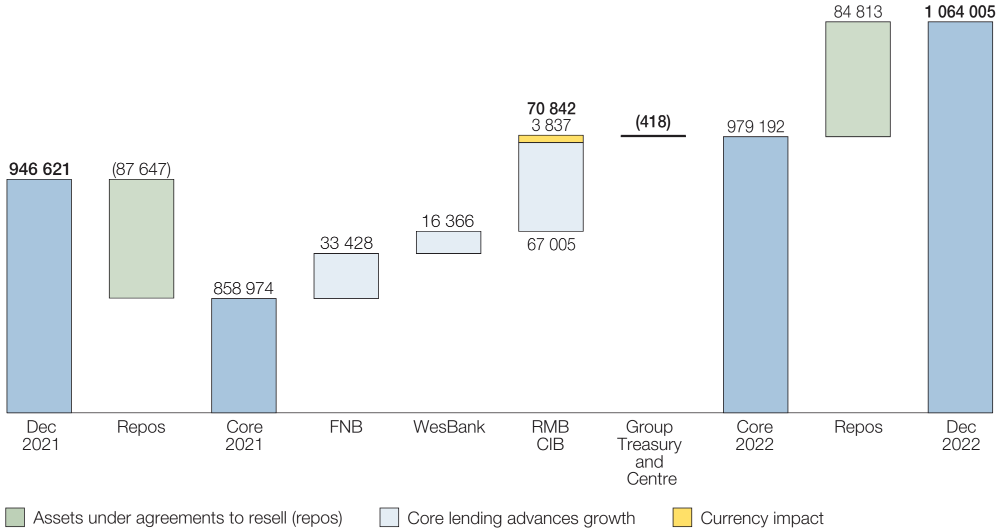
- The overall bank NII increase was driven by growth in deposits, including net endowment, and advances.
- Average interest rates moved up by 241 bps period-on-period to 5.97% (December 2021: 3.56%), following three hikes in the SA repo rate in July 2022 (75 bps), September 2022 (75 bps), and November 2022 (75 bps), which benefited endowment-related NII. A portion of the endowment benefit was captured in previous periods through the group's ALM strategy.
- Lending NII increased, driven by strong growth in average advances in RMB corporate and investment banking (CIB) (23% increase in core lending period-on-period). Average retail and commercial advances in FNB and WesBank grew 6%. The absolute level of lending NII growth reflects the continued tilt towards good-quality, low- and medium-risk credit origination.
- The increase in NII on transactional balances and investment deposits was driven by customer growth and related increase in volumes, particularly in card, and the strong deposit gathering by the deposit franchises. The current and savings accounts deposits benefited from net endowment.
- Capital endowment NII, including ALM strategies described on page 58, increased in the reporting period due to higher average interest rates benefiting overnight interest earned. This was offset by lower capital endowment following the dividends paid for the year ended June 2022.
- The NII within Group Treasury, Centre and other decreased over the period and was driven by:
  - lower returns generated on liquid assets in the current period as market returns moderated;
  - negative movements in accounting mismatches, which pull to par over the life of the instruments; and
  - basis costs increased in the period and were partially offset by foreign currency carry cost.

Net interest income (before impairment of advances) continued

Core lending advances – up 14%

Gross advances growth by business

R million



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

R million	As at 31 December 2022	2021	% change	As at 30 June 2022	December 2022 vs June 2022 % change
Total advances	**1 064 005**	946 621	12	979 436	9
Assets under agreements to resell	**(84 813)**	(87 647)	(3)	(70 540)	20
Total core lending advances (before currency impact)	**979 192**	858 974	14	908 896	8
Centre and dollar cross-border book currency impact*	**(3 744)**	–	–	(1 033)	>100
Core lending advances after currency impact	**975 448**	858 974	14	907 863	7

* *If the exchange rate (£: R20.46 and $: R16.98) had remained unchanged from 31 December 2021 (£: R21.47 and $: R15.89).*

KEY DRIVERS

- Advances growth continued to gain momentum. The RMB CIB portfolio contributed significantly to the increase in core lending advances, supported by growth in residential mortgages and WesBank.
- Since June 2022 growth in residential mortgages has slowed, as expected given the higher interest rate environment. Unsecured lending growth was driven by card and FNB personal loans, partially offset by declining volumes in the DirectAxis portfolio which has been impacted by legislation and marketing channel changes.
- WesBank retail VAF produced period-on-period growth supported by higher application volumes and increased approval rates. In WesBank commercial the growth was driven by the ABF portfolio and the onboarding of new clients in the dealer funding solutions book.
- In the FNB commercial segment, advances growth continued to be strong and aligned to the strategy to originate new business tactically in those sectors showing above-cycle growth.
- RMB CIB advances growth was largely driven by existing clients drawing down on their facilities as well as new clients in the corporate bank. Origination continued to lean towards better-rated counterparties in the lower- to medium-volatility sectors, driven by increased credit appetite on the part of corporates. The growth was concentrated in the financial institutions, mining, telecommunications, real estate and energy sectors. The rand depreciated against the US dollar period-on-period, positively impacting reported growth in the cross-border book.
- Assets under agreements to resell have grown since June 2022 due to an increased appetite for liquidity in the market, which the bank was able to capitalise on but are marginally lower than the prior period.

Net interest income (before impairment of advances) continued

AVERAGE BALANCE SHEET

		December 2022			December 2021*		
R million	Notes	Average balance	Interest income/ (expense)	Average rate %	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**9.47**			7.06
Balances with central banks		**30 477**	**–**		28 613	–	–
Cash and cash equivalents		**48 403**	**1 153**	**4.73**	39 633	550	2.75
Liquid assets portfolio**		**271 695**	**6 390**	**4.67**	230 586	5 266	4.53
Loans and advances to customers	1	**824 169**	**40 916**	**9.85**	733 661	29 327	7.93
Interest-earning assets		**1 174 744**	**48 459**	**8.18**	1 032 493	35 143	6.75
INTEREST-BEARING LIABILITIES							
Average JIBAR				**6.24**			3.69
Deposits due to customers	2	**(914 957)**	**(21 046)**	**4.56**	(805 287)	(10 786)	2.66
Group Treasury funding		**(271 029)**	**(8 593)**	**6.29**	(269 266)	(6 135)	4.52
Interest-bearing liabilities		**(1 185 986)**	**(29 639)**	**4.96**	(1 074 553)	(16 921)	3.12
ENDOWMENT AND TRADING BOOK							
Other assets#		**243 486**	**–**	**–**	275 429	–	–
Other liabilities†		**(121 377)**	**–**	**–**	(120 437)	–	–
NCNR preference shareholders		**(7 593)**	**–**	**–**	(7 126)	–	–
Equity		**(103 274)**	**–**	**–**	(105 806)	–	–
Endowment and trading book		**11 242**	**8 437**	**148.87**	42 060	6 457	30.45
Total interest-bearing liabilities, endowment and trading book		**(1 174 744)**	**(21 202)**	**3.58**	(1 032 493)	10 464	2.01
Net interest margin on average interest-earning assets		**1 174 744**	**27 257**	**4.60**	1 032 493	24 679	4.74

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

* *December 2021 numbers were restated due to refinements in processes.*

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

Include preference share advances, trading assets and securitisation notes.

† *Includes trading liabilities.*

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	December 2022		December 2021*	
R million	Average balance	Average margin %	Average balance	Average margin %
Average prime rate (RSA)	6.24	9.47		7.06
Advances				
Retail – secured	348 200	1.92	326 252	2.06
Residential mortgages	249 515	1.60	230 692	1.82
VAF	98 685	2.74	95 560	2.64
Retail – unsecured	87 913	10.81	85 843	10.83
Card	34 481	7.51	31 987	7.65
Personal loans**	46 790	13.48	46 001	13.52
Retail other**	6 642	9.17	7 855	8.03
Corporate and commercial	388 056	2.38	321 566	2.50
FNB commercial*	105 074	3.37	96 597	3.49
– Mortgages	30 625	2.20	30 030	2.17
– Overdrafts	42 746	4.65	37 807	5.04
– Term loans	31 703	2.77	28 760	2.83
WesBank corporate*	48 472	2.14	41 560	2.46
RMB CIB	234 510	1.98	183 409	2.00
Total advances	824 169	3.08	733 661	3.28

* *December 2021 was restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

** *December 2021 was restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

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

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

Net interest income (before impairment of advances) continued

KEY DRIVERS

Advances margins

> Overall advances margins reflect portfolio mix changes and pricing for low- and medium-risk advances and stronger growth in lower-margin secured and corporate portfolios relative to unsecured portfolios. The market remained highly competitive for these customers, adding to the margin pressure.

> WesBank retail VAF margins decreased from 3.25 to 2.91 reflecting the focus on low- and medium-risk customers and competitive pricing pressures, together with the ongoing run-off of the higher-margin fixed rate advances. The continued run down of the MotoNovo back book, together with the closure of the remaining securitisations, results in the overall VAF margin increasing.

> FNB commercial margins were impacted by the decline in overdraft margins owing to new business and limit increases tilting toward low- and medium-risk customers. Similarly, WesBank corporate margins decreased due to the migration tilt.

> RMB margins decreased marginally, driven by a shift in book composition (non-ZAR advances) to lower-margin products (ZAR and term), and ongoing competitive margin pressure. This was largely offset by strong growth in the long-term portfolio in high-yield sectors.

Deposit margins (refer to page 68)

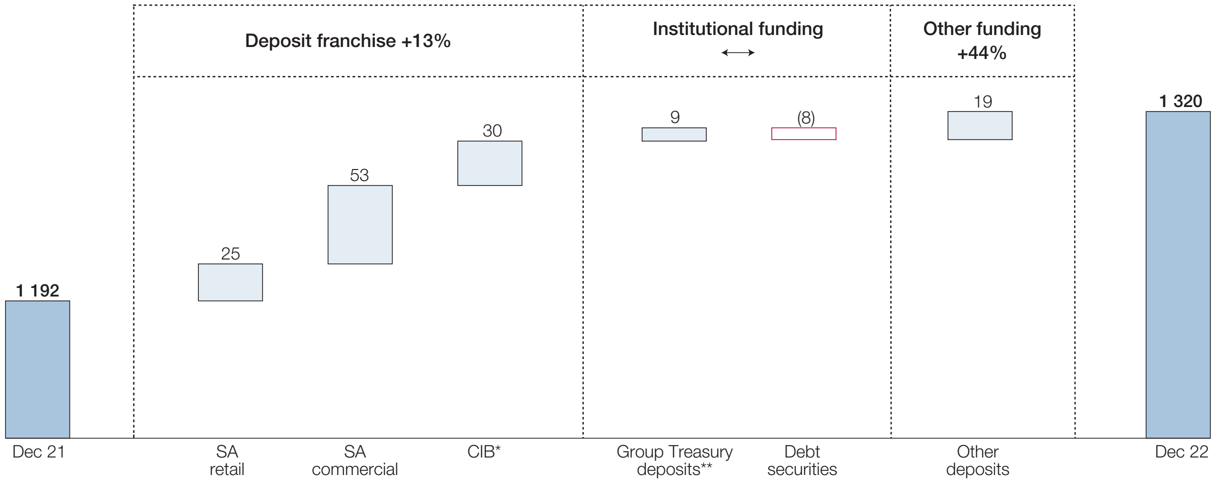
> FNB SA retail and commercial deposit margins increased, mainly due to the endowment benefit from rising interest rates.

> RMB CIB deposit margins benefited from the strategy of attracting and retaining primary-banked clients. This resulted in a number of key client wins, coupled with increases in overnight funding rates and higher operational margins due to market trends. The increase was somewhat offset by the increase in lower-margin investment products.

Funding – up 11%

Funding growth by segment

R billion

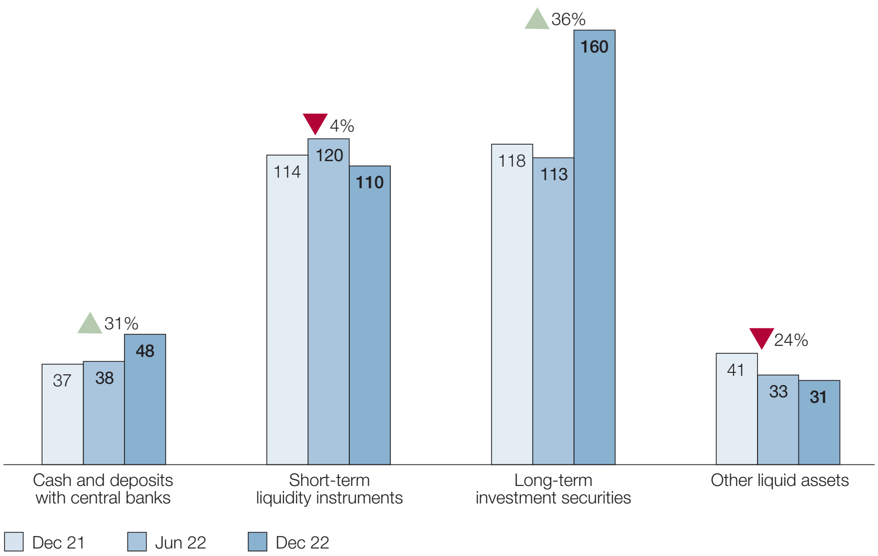


* CIB deposits include South Africa and the London branch.

** Group Treasury deposits include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme and the government's Bounce-Back Scheme.

Liquidity management by investment type*

R billion



Note: The chart is based on rand liquid assets in FirstRand Bank South Africa held by Group Treasury only.

* *Liquidity is calculated as a simple average of 92 days of daily observations over the six months ended 31 December 2022 for FirstRand Bank South Africa and the London branch.*

Net interest income (before impairment of advances) continued

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	December 2022		December 2021*	
	Average balance	Average margin %	Average balance	Average margin %
Average JIBAR (RSA)		**6.24**		3.69
Deposits				
Retail	**309 825**	**1.86**	286 458	1.42
Current and savings	**89 583**	**4.85**	84 661	3.39
Call	**116 596**	**0.84**	108 762	0.85
Term	**103 646**	**0.44**	93 035	0.31
Commercial	**380 244**	**2.41**	330 818	1.89
Current and savings	**139 810**	**5.08**	124 086	3.63
Call	**117 398**	**1.34**	103 660	1.34
Term	**123 036**	**0.41**	103 072	0.37
Corporate and investment banking	**224 888**	**0.81**	188 011	0.74
Current and savings	**97 810**	**1.54**	91 842	1.20
Call	**69 839**	**0.42**	53 179	0.40
Term	**57 239**	**0.03**	42 990	0.18
Total deposits	**914 957**	**1.83**	805 287	1.46

* *Restatements are due to refinements in FNB's processes.*

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

DEPOSITS AND FUNDING KEY DRIVERS

Deposit franchise

> The increase in FNB's average deposit base resulted from customer and balance growth across all segments and most product offerings.

> RMB's focus on growing operational balances resulted in strong growth in average deposits, further aided by traction gained in the build-out of investment deposit offerings.

Institutional and other funding

> Group Treasury institutional funding was largely flat, enabled by franchise deposit growth.

> The increase in other funding was primarily due to increases in repo funding.

Credit

CREDIT HIGHLIGHTS AT A GLANCE

		Six months ended 31 December			Year ended 30 June
R million	Notes	**2022**	2021	% change	2022
Total gross advances		**1 064 005**	946 621	12	979 436
Total core lending advances	1 on p.92	**979 192**	858 974	14	908 896
Performing core lending advances		**941 292**	818 618	15	870 202
– Stage 1*		**862 859**	746 151	16	795 126
– Stage 2		**78 433**	72 467	8	75 076
Stage 3/NPLs	3 on p.98	**37 900**	40 356	(6)	38 694
Assets under agreement to resell		**84 813**	87 647	(3)	70 540
Stage 3/NPLs as a % of core lending advances*	3 on p.98	**3.87**	4.70		4.26
Core lending advances (net of impairment)*		**943 840**	821 976	15	873 547
Total impairments		**35 352**	36 998	(4)	35 349
Portfolio impairments	2 on p.96	**15 975**	17 055	(6)	15 680
– Stage 1		**7 733**	8 315	(7)	7 584
– Stage 2		**8 242**	8 740	(6)	8 096
Stage 3 impairments	3 on p.98	**19 377**	19 943	(3)	19 669
Coverage ratios					
Performing book coverage ratio (%) – core lending advances*,**	2 on p.96	**1.70**	2.08		1.80
Specific coverage ratio (%)#	3 on p.98	**51.1**	49.4		50.8
Income statement analysis					
Impairment charge	4 on p.102	**3 877**	3 436	13	5 891
Credit loss ratio (%) – core lending advances*	4 on p.102	**0.82**	0.81		0.68

* *December 2021 was restated to exclude assets under agreements to resell.*

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

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

Updated through-the-cycle range

The bank has updated its through-the-cycle range. The previous range of 100 to 110 bps was anchored to IAS 39 impairment principles. Following the adoption of IFRS 9 the group conducted a detailed review per product and the new range for the South African operations is 90 bps – 120 bps.

It is important to note that whilst the ranges have widened to cater for volatility introduced by IFRS 9, the mid-point is unchanged as the fundamental credit economics are not affected by accounting.

Changes in presentation of the credit information

MotoNovo

The MotoNovo back book (i.e. business written prior to the integration with Aldermore) was previously separately reported in the analysis of credit information. The book has been running down for a number of years and is no longer deemed to be material enough to report separately. The MotoNovo back book has been collapsed into Centre (including Group Treasury). Comparative information has been restated.

Covid-19 relief portfolio

The Covid-19 relief book is stable and performing in line with expectation. The total relief book has continued to decline and represents less then 0.15% of total advances at 31 December 2022. As a result, separate disclosure of the Covid-19 relief will no longer be provided and comparatives have been updated.

Other

Please refer to additional voluntary changes in presentation on page 139 in the IFRS section.

Temporary stress scenario

Given the event-driven uncertainty in the global and South African economy and the forecasting risks of economic assumptions in existing statistical models, an additional stress scenario was introduced during the financial year ended 30 June 2021. The scenario was initially introduced to capture the uncertainty around the impact of the Covid-19 pandemic, and subsequently to address risks brought about by the impact of Russia's invasion of Ukraine and inflation and interest rate forecasting risks. Since June 2022, forecasting risks relating to inflation and interest rates have subsided and have to some extent been incorporated into the bank's impairment models, with the expectation to be largely captured within the models by June 2023.

The absolute provisions and stage allocations at 30 June 2022 were retained. This was done to allow management time to assess and conclude that inflation and interest forecasting risks have been sufficiently incorporated into models. In addition, the unprecedented levels of loadshedding, and the resultant impact on domestic growth and employment, have introduced new forecasting risks not specifically catered for in impairment models. On-balance, management has assessed that the absolute provisions raised at 30 June 2022 are sufficient to address these risks and they have been maintained.

Management will continually reassess the need for this scenario as credit performance data emerges and risks are adequately embedded in-model, or through specifically quantified post-model adjustments, as required.

Credit continued

Overview of credit results

STAGE DISTRIBUTION OF ADVANCES

The overall stage distribution of the book remained relatively stable, driven by advances growth and the low- and medium-risk origination strategy. Stage 2 advances increased as a result of the impact of rate hikes and inflation, although this took place off a low base and at a slower pace than expected despite the challenging macro environment. Stage 3 advances across most portfolios, excluding RMB CIB, continued to decrease, albeit at a slower rate than previous periods.

The provisions for the temporary stress scenario for retail and commercial portfolios remained at the same level as for June 2022.

Stage 1 advances

Stage 1 core lending advances increased period-on-period given new business growth and, to a lesser extent, the curing of accounts. A further analysis is contained in note 1, pages 92 to 95.

Stage 2 advances

Stage 2 advances increased period-on-period and were driven by increases in both the stage 2 advances in current status and an increase in stage 2 arrears. This increase is impacted by rate hikes and inflation, with an increase in early arrears status. A further analysis is contained in note 1, pages 92 to 95.

> Retail stage 2 advances increased period-on-period, largely attributable to an increase in stage 2 advances in current status, due to exposures triggering the significant increase in credit risk (SICR) indicators. The trend continued post June 2022, as early arrears in residential mortgages, WesBank VAF and personal loans increased. Retail customers are most affected by the higher interest rate cycle and cost-of-living pressures, which resulted in more customers entering the debt counselling process and additional accounts in arrears.

> Retail unsecured stage 2 advances contracted period-on-period, as paying stage 2 advances, including Covid-19 relief advances, cure or settle. Since June 2022, stage 2 advances in card increased, driven by accounts in current status but triggering the SICR indicators. This increase is off a very low base, as a significant number of accounts cured in the comparative period. Personal loans stage 2 advances reduced marginally as the decrease in stage 2 advances in current status outstripped the increase in the arrears portfolio.

> FNB commercial stage 2 advances decreased period-on-period, largely due to lower stage 2 advances in current status, driven by model enhancements and an improvement in economic outlook post the pandemic. Stage 2 arrears levels increased period-on-period and since June 2022, due to the migration of a few large exposures.

> RMB CIB stage 2 advances increased marginally period-on-period given by strong book growth. Since June 2022, stage 2 advances increased driven by counters in arrears.

STAGE DISTRIBUTION OF ADVANCES

Stage 3 advances

NPLs continued to decrease across most portfolios driven by good collections efforts, curing and slower inflows into NPLs. A further analysis is contained in note 3, pages 98 to 101.

- Retail NPLs contracted and NPLs as a percentage of advances declined period-on-period given book growth. Across all portfolios this reduction primarily resulted from the curing of paying NPLs due to focused collection strategies and slower inflows during the six months to June 2022. Some strain has emerged since June 2022 due to inflationary and interest rate pressure, but credit experience remains better than expected given the macro environment.
- Residential mortgage NPLs reduced period-on-period but increased marginally since June 2022, reflective of new business strain and rising interest rates.
- Personal loans (excluding Covid-19 relief advances) and card NPLs contracted period-on-period driven by the curing of NPLs and slower inflows. NPLs in both portfolios remained flat since June 2022.
- WesBank VAF NPLs decreased due to improved collections, slower inflows and a favourable curing performance.
- FNB commercial NPLs declined as a percentage of advances, driven by settlements in the agricultural portfolio (-31%) and the property finance portfolio (-10%), and increased write-offs from historical NPL inflows.
- The increase in RMB CIB NPLs can be attributed to a limited number of counters with significant exposures migrating to stage 3.

Credit continued

COVERAGE

Performing coverage

Performing coverage decreased period-on-period driven by mix change, given the higher growth in RMB and FNB commercial advances, which attract lower coverage to retail advances. Most underlying portfolios have largely maintained coverage since June 2022. A further analysis is contained in note 2, pages 96 and 97.

> The retail performing coverage reduced period-on-period. Overall impairment provision levels reflect a balance of encouraging underlying performance with uncertainties associated with the operating environment, most notably interest and inflation pressure. Performing coverage reduced period-on-period as underlying performance proved better than expected. Since June 2022 performing coverage reduced marginally, with lower stage 1 cover in part due to strong new business growth in secured, and stage 2 cover increasing in line with relative growth in arrears. The inflows into stage 2 represent accounts with lower coverages, such as exposures under debt counselling. On balance they contribute to a reduction in the stage 2 cover period-on-period however, increasing for the six months since June 2022.

> FNB commercial performing coverage reduced period-on-period, mostly driven by the release of provisions during the six months ended June 2022 due to a general improvement in the economic outlook post Covid-19.

> RMB CIB core performing coverage (excluding HQLA) declined, impacted by strong book growth from better-rated counterparties, with lower coverage, despite an expected credit loss (ECL) raise.

Stage 3 coverage

Stage 3 coverage increased from December 2021 and June 2022 levels. A further analysis is contained in note 3, pages 98 and 99.

> Retail stage 3 impairment coverage increased marginally since December 2021 and June 2022, reflecting cautious payment and recovery expectations.

> Residential mortgages stage 3 cover decreased period-on-period as the average age of NPLs improved, with older accounts being worked out while new inflows attract a lower cover due to a higher probability to cure. Cover remained flat since June 2022.

> NPL coverage in the personal loans portfolio increased marginally due to a change in the mix of the portfolio, with operational NPLs representing a higher percentage of the book.

> WesBank VAF stage 3 impairment coverage increased due to a slowdown in inflows into stage 3 and substantial write-offs in recent months, with remaining stage 3 advances representing older NPLs with higher coverage.

> RMB CIB stage 3 advances increased period-on-period and since June 2022. The stage 3 cover increased period-on-period driven by the migration of a highly covered exposure into stage 3.

IMPAIRMENT CHARGE

The increase in the credit loss ratio is largely attributable to the following, with a further analysis contained in note 4, pages 102 and 103:

- an increase in overall stage 1 provisions since June 2022, which was expected given advances growth;
- an increase in stage 2 provisions since June 2022, reflecting book growth and origination strain. This was partly offset by a decrease in the coverage ratio as the mix of the book changed;
- net write-offs continue to moderate, and post write-off recoveries remained resilient; and
- the overall charge benefited from a decrease in NPLs.

The main impairment charge drivers are:

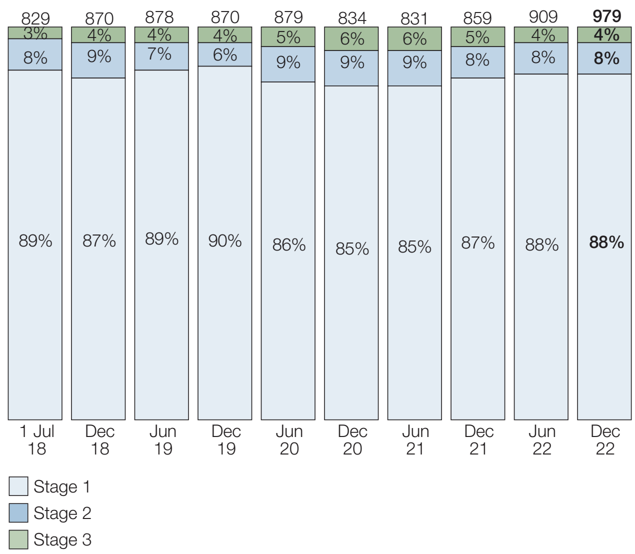
- The retail credit loss ratio (CLR) reduced marginally period-on-period, mainly as a result of a net contraction in stage 3 advances due to higher cure rates and lower inflow levels into stage 3, despite the uptick in stage 2 arrears in the secured portfolio in line with expectations. The secured portfolios CLR reduced period-on-period. The unsecured portfolios CLR had a small increase period-on-period driven by book growth, compared to a net contraction in advances in the six months to December 2021.
- The WesBank VAF CLR decreased period-on-period, aided by strong book growth and improved collections. This was further supported by releases of FLI provisions and lower levels of write-offs. Since June 2022 the CLR increased, driven by new business strain.
- The FNB commercial CLR increased, although it is still lower than the through-the-cycle range and off a low base. Balance sheet provisions were retained as uncertainty in the operating environment relating to loadshedding, adverse weather, fuel prices, interest rate outlook, inflation impact and logistical challenges remains.
- The core lending CLR for RMB CIB (excluding HQLA) increased from a net release in December 2021 and June 2022 to a raise due to strong advances growth and the migration of a limited number of counters to NPLs due to the lingering strain in specific sectors of the economy and the worsening macro environment.

Credit continued

Stage distribution

Core lending advances by stage

R billion



STAGE 2 ADVANCES

	As at 31 December 2022		
R million	Stage 2 arrears	Other stage 2 advances in current status	Total stage 2
Residential mortgages	5 060	15 110	20 170
WesBank VAF	3 408	7 824	11 232
FNB card	376	2 011	2 387
Personal loans**	2 596	4 497	7 093
Retail other**	206	3 050	3 256
Total retail	**11 646**	**32 492**	**44 138**
FNB commercial#	860	6 549	7 409
WesBank corporate#	712	3 196	3 908
Total commercial*	**1 572**	**9 745**	**11 317**
Total retail and commercial*	**13 218**	**42 237**	**55 455**

* *Prior periods have been restated due to the reallocation of Covid-19 relief to other stage 2 in current status.*

** *Prior periods have been restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

\# *December 2021 was restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

	As at 31 December 2021			As at 30 June 2022		
	Stage 2 arrears	Other stage 2 advances in current status*	Total stage 2	Stage 2 arrears	Other stage 2 advances in current status*	Total stage 2
	3 424	11 920	15 344	3 689	15 960	19 649
	3 200	7 712	10 912	3 014	7 461	10 475
	352	2 149	2 501	393	1 836	2 229
	2 323	5 420	7 743	2 099	5 050	7 149
	197	1 242	1 439	193	3 068	3 261
	9 496	28 443	37 939	9 388	33 375	42 763
	600	7 851	8 451	725	6 833	7 558
	483	3 272	3 755	574	4 234	4 808
	1 083	11 123	12 206	1 299	11 067	12 366
	10 579	39 566	50 145	10 687	44 442	55 129

Credit continued

Stage 3 non-performing loans

CHANGE IN NPLS

	31 December 2022 vs 31 December 2021			31 December 2022 vs 30 June 2022		
	R million	**% change**	**Percentage point contribution to overall NPL decrease**	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	**(668)**	**(2)**	**(2)**	(455)	(2)	(1)
Other paying NPLs**	**(1 788)**	**(17)**	**(4)**	(339)	(4)	(1)
Change in total bank NPLs	**(2 456)**	**(6)**	**(6)**	(794)	(2)	(2)

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

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

The table below provides an overview of operational and paying NPLs.

	As at 31 December 2022		
R million	**Operational NPLs****	**Other paying NPLs#**	**Total NPLs**
Residential mortgages	**7 840**	**4 079**	**11 919**
WesBank VAF	**3 592**	**1 862**	**5 454**
FNB card	**3 015**	**678**	**3 693**
Personal loans†	**5 537**	**1 413**	**6 950**
Retail other†	**966**	**148**	**1 114**
Total retail NPLs	**20 950**	**8 180**	**29 130**
FNB commercial‡	**4 266**	**164**	**4 430**
WesBank corporate‡	**549**	**384**	**933**
Total commercial NPLs	**4 815**	**548**	**5 363**
Total retail and commercial NPLs	**25 765**	**8 728**	**34 493**

* *Prior periods have been restated due to reallocation of Covid-19 relief to other paying NPLs.*

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

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

† *Prior periods restated for the reallocation of revolving facilities from the retail other segment to personal loans.*

‡ *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

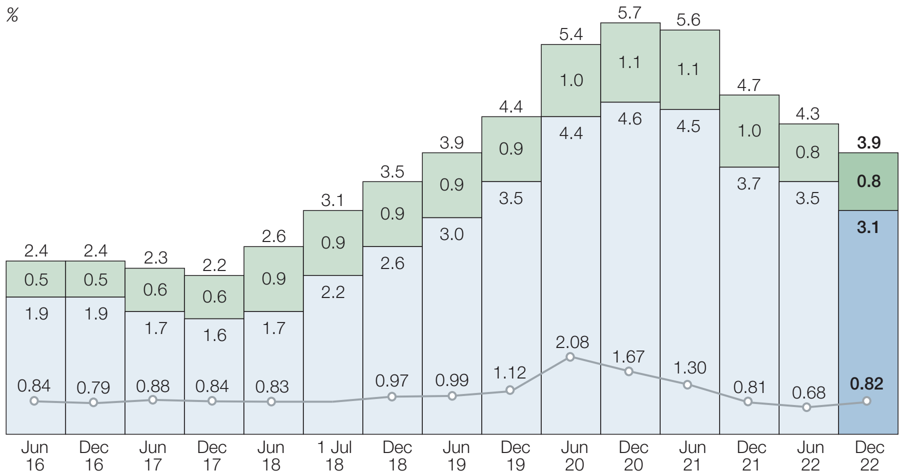
	As at 31 December 2021*			As at 30 June 2022*		
	Operational NPLs**	Other paying NPLs#	Total NPLs	Operational NPLs**	Other paying NPLs#	Total NPLs
	7 844	4 750	12 594	7 654	4 148	11 802
	4 396	2 674	7 070	3 878	2 107	5 985
	3 054	775	3 829	3 036	642	3 678
	5 606	1 774	7 380	5 370	1 594	6 964
	1 418	86	1 504	1 107	169	1 276
	22 318	10 059	32 377	21 045	8 660	29 705
	4 877	242	5 119	4 440	187	4 627
	809	215	1 024	683	220	903
	5 686	457	6 143	5 123	407	5 530
	28 004	10 516	38 520	26 168	9 067	35 235

Credit continued

Stage 3 non-performing loans

NPL and impairment history

%



Restructured debt-review accounts and technical cures (performing accounts which are classified as stage 3/NPLs because they have defaulted in the past and do not meet the stringent cure definition of performance for 12 consecutive months) included in stage 3/NPLs as a % of core lending advances

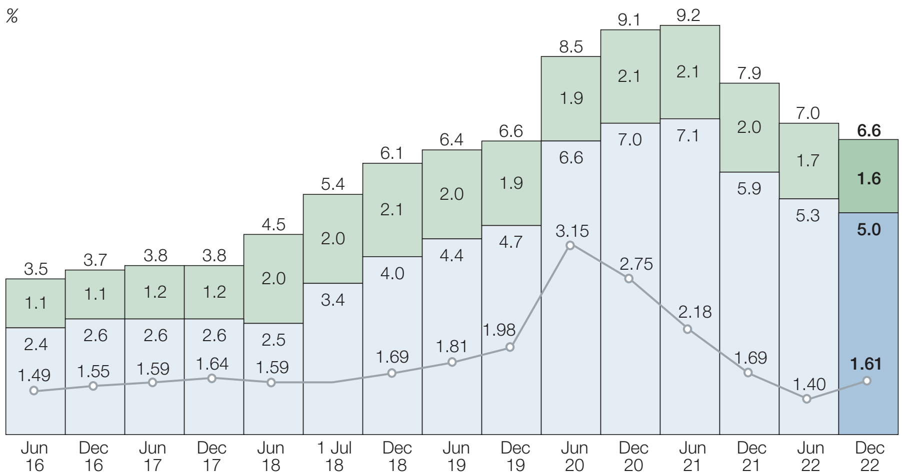
Stage 3/NPLs as a % of core lending advances*

Impairment charge as a % of average core lending advances*

* *The comparatives presented have been restated to exclude assets under agreements to resell.*

Retail NPLs and impairments

%



Restructured debt review and technical cures included in stage3/NPLs as a % of advances

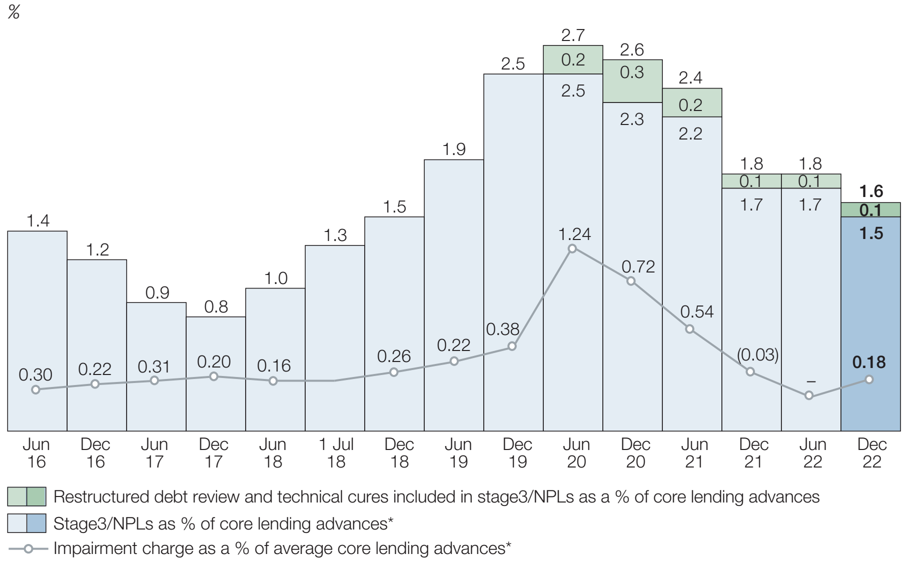
Stage3/NPLs as a % of advances

Impairment charge as a % of average advances

Note: The comparatives presented have been restated for movements between operating businesses.

2016 to 2018 figures are based on IAS 39 and 1 July 2018 to 2022 on IFRS 9.

Corporate and commercial NPLs and impairments



* *The comparatives presented have been restated to exclude assets under agreements to resell.*

Note: 2016 to 2018 figures are based on IAS 39 and 1 July 2018 to 2022 on IFRS 9.

Credit continued

Balance sheet impairments and coverage

Movement in balance sheet impairments

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

BALANCE SHEET IMPAIRMENTS

	31 December 2022			
R million	Total	Stage 1	Stage 2	Stage 3
Opening balance	35 349	7 584	8 096	19 669
Total movement in balance sheet provisions	3	149	146	(292)
Transfers between stages	–	640	(1 630)	990
Current year impairment provided	5 972	(492)	1 763	4 701
ECL provided on new business*	2 312	1 229	838	245
ECL provided/(released) on back book*	3 660	(1 721)	925	4 456
Temporary stress scenario	–	–	–	–
Gross write-off and other**	(5 969)	1	13	(5 983)
Closing balance	35 352	7 733	8 242	19 377

* *Interest suspended on stage 3 core lending advances of R1 441 million (December 2021: R1 395 million; June 2022: R2 632 million) is included in the ECL provided/(released) amounts.*

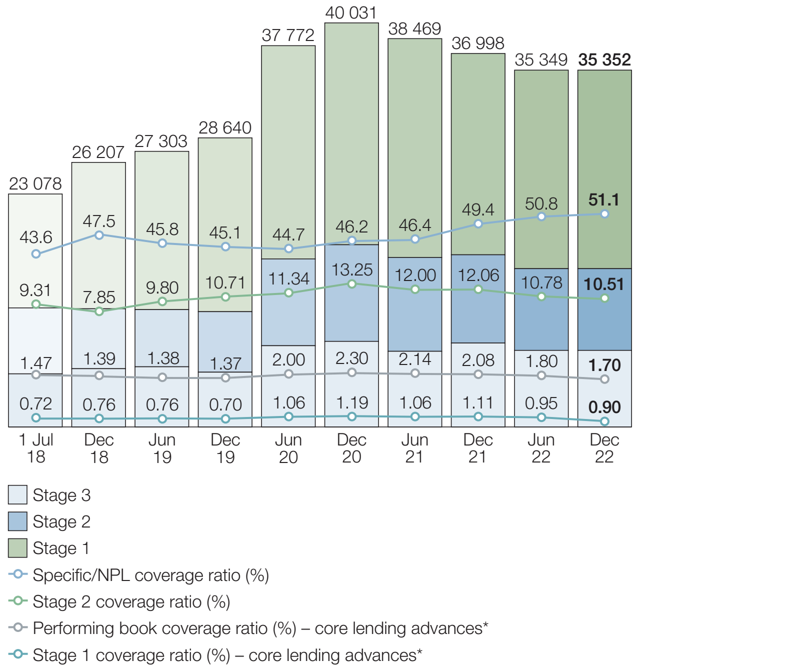
** *Write-off of gross balances excluding prior period provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

31 December 2021				30 June 2022			
Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
38 469	7 493	9 295	21 681	38 469	7 493	9 295	21 681
(1 471)	822	(555)	(1 738)	(3 120)	91	(1 199)	(2 012)
–	889	(1 582)	693	–	1 022	(1 891)	869
5 527	(47)	990	4 584	10 087	(909)	647	10 349
2 375	1 404	760	211	5 533	2 129	1 703	1 701
3 418	(1 262)	284	4 396	4 664	(2 961)	(1 067)	8 692
(266)	(189)	(54)	(23)	(110)	(77)	11	(44)
(6 998)	(20)	37	(7 015)	(13 207)	(22)	45	(13 230)
36 998	8 315	8 740	19 943	35 349	7 584	8 096	19 669

Credit continued

Balance sheet impairments and coverage ratios

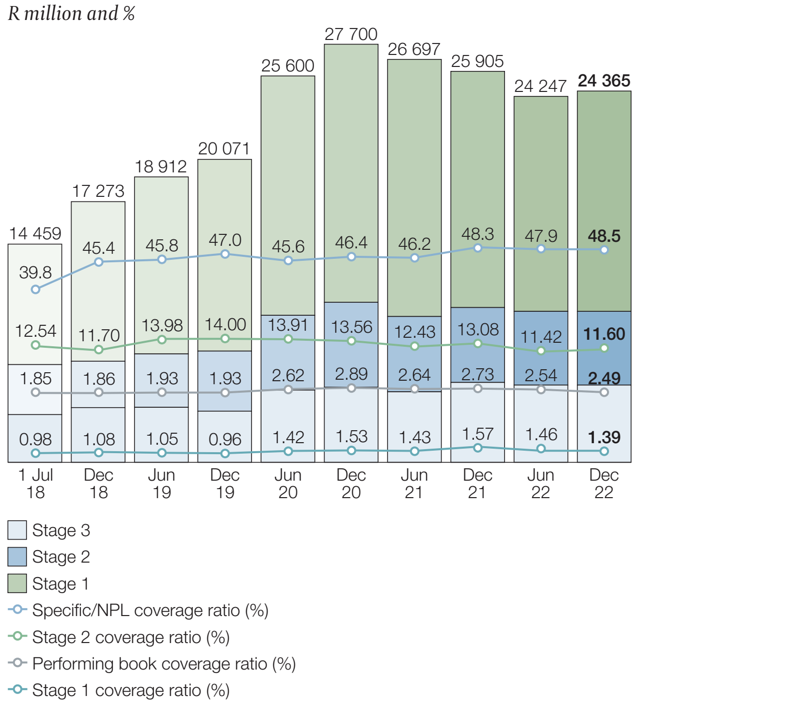
R million and %



* *Note: All above comparatives have been restated to exclude assets under agreements to resell.*

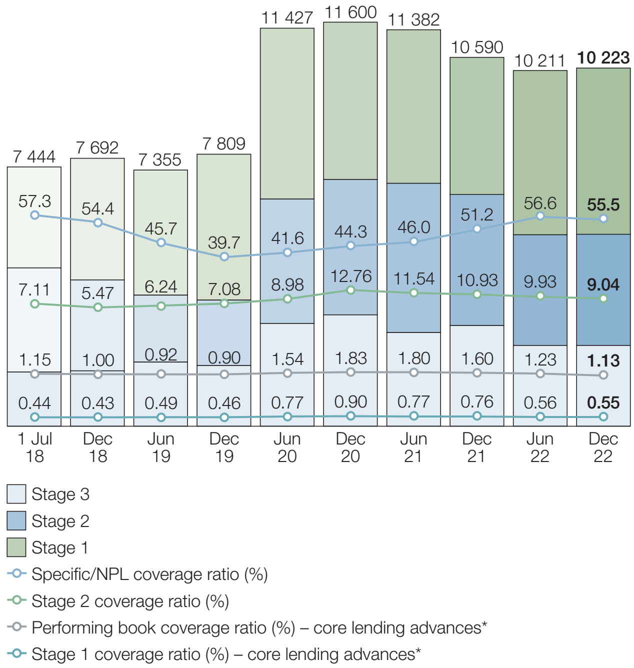
Retail balance sheet impairments and coverage ratios

R million and %



Corporate and commercial balance sheet impairments and coverage ratios

R million and %



* *Note: All above comparatives have been restated to exclude assets under agreements to resell.*

Credit continued

Impairment charge

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2022 vs June 2022	June 2022 vs December 2021	December 2021 vs June 2021
	31 December	30 June	31 December	30 June			
R million	**2022**	2022	2021	2021	% change	% change	% change
Performing book provisions	**295**	(1 375)	267	(1 261)	(>100)	(>100)	(>100)
NPL provision	**(292)**	(274)	(1 738)	(301)	7	(84)	>100
Credit provision increase/ (decrease)	**3**	(1 649)	(1 471)	(1 562)	(>100)	12	(6)
Gross write-off and other*	**5 969**	6 209	6 998	7 892	(4)	(11)	(11)
Modification loss	**353**	266	411	309	33	(35)	33
Interest suspended on stage 3 advances	**(1 441)**	(1 237)	(1 395)	(1 588)	16	(11)	(12)
Post write-off recoveries	**(1 007)**	(1 134)	(1 107)	(1 097)	(11)	2	1
Total impairment charge	**3 877**	2 455	3 436	3 954	58	(29)	(13)
Credit loss ratio (%) – core lending advances**	**0.82**	0.56	0.81	0.95			

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

** *December 2021 has been adjusted for core lending advances, which exclude assets under agreements to resell.*

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 period applied to the movement between prior and current period stage 1 advances.
Change in stage 1 coverage	Calculated as the difference in coverage period-on-period multiplied by the comparative period stage 1 advances.
Volume change in stage 2	Determined by using the stage 2 coverage in the prior period applied to the movement between prior and current year stage 2 advances.
Change in stage 2 coverage	Calculated as the difference in coverage period-on-period multiplied by the comparative period 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

	Six months ended 31 December 2022							
	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	Gross write-off and other*
Retail	172	(178)	159	76	229	(111)	118	5 050
– Secured	86	(53)	118	149	300	(154)	146	1 032
– Unsecured	86	(229)	41	(73)	(175)	43	(132)	3 996
– Temporary stress scenario	–	–	–	–	–	–	–	–
– FNB centre	–	104	–	–	104	–	104	22
Commercial	56	60	(57)	22	81	(294)	(213)	830
Corporate	187	(46)	407	(453)	95	130	225	(14)
Centre	(45)	(57)	(29)	21	(110)	(17)	(127)	103
Total	**370**	**(221)**	**480**	**(334)**	**295**	**(292)**	**3**	**5 969**

	Six months ended 31 December 2021							
	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	Gross write-off and other*,**,#
Retail**	45	576	(271)	244	594	(1 386)	(792)	5 976
– Secured	64	59	(120)	215	218	(481)	(263)	1 572
– Unsecured**	6	138	(122)	54	76	(883)	(807)	4 404
– Temporary stress scenario	(25)	(41)	(29)	(25)	(120)	(22)	(142)	–
– FNB centre	–	420	–	–	420	–	420	–
Commercial#	46	(2)	36	(373)	(293)	(365)	(658)	966
Corporate†	131	26	(208)	26	(25)	(109)	(134)	66
Centre†,‡	(38)	38	(10)	1	(9)	122	113	(10)
Total,#**	184	638	(453)	(102)	267	(1 738)	(1 471)	6 998

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

** *Restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

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

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

‡ *Restated due to the reallocation of MotoNovo back book to the Centre.*

	Six months ended 31 December 2022				
	Recognised directly in the income statement				
	Modification loss	Interest on stage 3 advances	Post write-off recoveries	Total	CLR (%)
	355	(1 180)	(870)	3 473	1.61
	87	(212)	(206)	847	0.49
	268	(968)	(664)	2 500	5.67
	–	–	–	–	–
	–	–	–	126	–
	(2)	(247)	(123)	245	0.31
	–	(13)	–	198	0.12
	–	(1)	(14)	(39)	(0.28)
	353	(1 441)	(1 007)	3 877	0.82

	Six months ended 31 December 2021				
	Recognised directly in the income statement				
	Modification loss	Interest on stage 3 advances	Post write-off recoveries	Total	CLR (%)
	411	(1 134)	(1 034)	3 427	1.69
	65	(242)	(169)	963	0.60
	346	(892)	(865)	2 186	5.09
	–	–	–	(142)	–
	–	–	–	420	–
	–	(252)	(56)	–	–
	–	(1)	(1)	(70)	(0.05)
	–	(8)	(16)	79	0.52
	411	(1 395)	(1 107)	3 436	0.81

Credit continued

INCOME STATEMENT ANALYSIS continued

	Six months ended 30 June 2022							
	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	Gross write-off and other*
Retail	377	(550)	93	(172)	(252)	(1 406)	(1 658)	5 858
– Secured	64	(153)	187	66	164	(529)	(365)	1 225
– Unsecured	229	17	(227)	(162)	(143)	(855)	(998)	4 633
– Temporary stress scenario	84	6	133	(76)	147	(22)	125	–
– FNB centre	–	(420)	–	–	(420)	–	(420)	–
Commercial	110	(177)	(65)	15	(117)	(4)	(121)	780
Corporate	199	(704)	(337)	(200)	(1 042)	784	(258)	(9)
Centre	7	7	33	(11)	36	352	388	(420)
Total	693	(1 424)	(276)	(368)	(1 375)	(274)	(1 649)	6 209

	Year ended 30 June 2022							
	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	Gross write-off and other*
Retail **	483	(35)	(128)	22	342	(2 792)	(2 450)	11 834
– Secured	126	(92)	77	271	382	(1 010)	(628)	2 797
– Unsecured**	225	165	(342)	(115)	(67)	(1 738)	(1 805)	9 037
– Temporary stress scenario	132	(108)	137	(134)	27	(44)	(17)	–
– FNB centre	–	–	–	–	–	–	–	–
Commercial	180	(203)	(67)	(320)	(410)	(369)	(779)	1 746
Corporate	335	(683)	(552)	(167)	(1 067)	675	(392)	57
Centre	(34)	48	22	(9)	27	474	501	(430)
Total	964	(873)	(725)	(474)	(1 108)	(2 012)	(3 120)	13 207

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

** *Restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

Six months ended 30 June 2022				
Recognised directly in the income statement				
Modification loss	Interest on stage 3 advances	Post write-off recoveries	Total	CLR (%)
271	(1 090)	(1 022)	2 359	1.14
69	(219)	(233)	477	0.29
202	(871)	(789)	2 177	5.05
–	–	–	125	–
–	–	–	(420)	–
(5)	(208)	(81)	365	0.49
–	(1)	(8)	(276)	(0.19)
–	62	(23)	7	0.05
266	(1 237)	(1 134)	2 455	0.56

Year ended 30 June 2022				
Recognised directly in the income statement				
Modification loss	Interest on stage 3 advances	Post write-off recoveries	Total	CLR (%)
682	(2 224)	(2 056)	5 786	1.40
134	(461)	(402)	1 440	0.44
548	(1 763)	(1 654)	4 363	5.02
–	–	–	(17)	–
–	–	–	–	–
(5)	(460)	(137)	365	0.25
–	(2)	(9)	(346)	(0.12)
–	54	(39)	86	0.28
677	(2 632)	(2 241)	5 891	0.68

Credit continued

Supplementary credit information

Note 1: Analysis of advances

SEGMENTAL ANALYSIS OF ADVANCES

	Advances					
	As at 31 December			As at 31 December		
				2022		
R million	2022	2021	% change	Stage 1	Stage 2	Stage 3
RETAIL	440 250	408 031	8	366 982	44 138	29 130
Retail – secured	351 159	322 966	9	302 396	31 390	17 373
Residential mortgages	251 517	232 031	8	219 428	20 170	11 919
WesBank VAF	99 642	90 935	10	82 968	11 220	5 454
Retail – unsecured	89 091	85 065	5	67 273	10 061	11 757
FNB card	34 387	31 342	10	28 307	2 387	3 693
Personal loans**	47 056	45 378	4	33 013	7 093	6 950
– FNB and DirectAxis**	45 530	42 929	6	31 981	6 822	6 727
– Covid-19 relief	1 526	2 449	(38)	1 032	271	223
Retail other**	7 648	8 345	(8)	5 953	581	1 114
Temporary stress scenario	–	–	–	(2 687)	2 687	–
CORPORATE AND COMMERCIAL	510 905	422 488	21	468 467	34 244	8 194
FNB commercial#	110 862	100 946	10	99 023	7 409	4 430
– FNB commercial#	109 764	99 471	10	98 138	7 279	4 347
– SME government-guaranteed loan scheme	1 098	1 475	(26)	1 015	–	83
– Temporary stress scenario	–	–	–	(130)	130	–
WesBank corporate#	49 352	41 693	18	44 511	3 908	933
RMB corporate and investment banking*,†	336 875	261 830	29	311 117	22 927	2 831
– Lending*	336 526	261 569	29	310 768	22 927	2 831
– Loans to private equity investee companies	349	261	34	349	–	–
HQLA corporate advances†,‡	13 816	18 019	(23)	13 816	–	–
Centre (INCLUDING GROUP TREASURY)*,^	28 037	28 455	(1)	27 410	51	576
Securitisation notes	24 712	24 051	3	24 712	–	–
Other^	3 325	4 404	(25)	2 698	51	576
Total core lending advances*	979 192	858 974	14	862 859	78 433	37 900
Assets under agreements to resell	84 813	87 647	(3)	84 813	–	–
Total advances	1 064 005	946 621	12	947 672	78 433	37 900
Total advances excluding currency impact of the Centre and RMB cross-border◊	1 060 261	946 621	12	944 089	78 244	37 928
Of which:						
Amortised cost book	939 284	832 378	13	828 279	73 941	37 064
Fair value book	124 721	114 243	9	119 393	4 492	836

* *December 2021 has been restated. Core lending advances exclude assets under agreements to resell. Refer to page 139 for details of the change in presentation.*

** *Prior periods have been restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

\# *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

† *Corporate and investment banking including HQLA core lending advances total R350.7 billion (December 2021: R279.8 billion; June 2022: R304.0 billion).*

‡ *Managed by the Group Treasurer.*

^ *December 2021 has been restated due to the reallocation of MotoNovo to the Centre.*

◊ *If the exchange rate had remained unchanged from 31 December 2021.*

Advances				
As at 31 December			% composition 2022	As at 30 June
2021*				
Stage 1*	Stage 2	Stage 3		2022
337 715	37 939	32 377	**41**	423 322
277 146	26 156	19 664	**33**	335 971
204 093	15 344	12 594	**24**	242 757
73 053	10 812	7 070	**9**	93 214
61 535	10 817	12 713	**8**	87 351
25 012	2 501	3 829	**3**	32 821
30 255	7 743	7 380	**4**	46 623
28 660	7 224	7 045	**4**	44 660
1 595	519	335	**–**	1 963
6 268	573	1 504	**1**	7 907
(966)	966	–	**–**	–
380 355	34 440	7 693	**48**	456 916
87 376	8 451	5 119	**10**	107 823
86 052	8 353	5 066	**10**	106 532
1 422	–	53	**–**	1 291
(98)	98	–	**–**	–
36 914	3 755	1 024	**5**	45 128
238 046	22 234	1 550	**32**	288 959
237 785	22 234	1 550	**32**	288 592
261	–	–	**–**	367
18 019	–	–	**1**	15 006
28 081	88	286	**3**	28 658
24 051	–	–	**2**	23 358
4 030	88	286	**1**	5 300
746 151	72 467	40 356	**92**	908 896
87 647	–	–	**8**	70 540
833 798	72 467	40 356	**100**	979 436
833 798	72 467	40 356		978 403
722 882	69 301	40 195	**88**	886 992
110 916	3 166	161	**12**	92 444

Credit continued

CIB ADVANCES BREAKDOWN

	Advances				
	As at 31 December			% composition	As at 30 June
R million	**2022**	2021	% change	**2022**	2022
RMB corporate and investment banking core lending advances	**336 875**	261 830	29	**79**	288 959
– South Africa	**277 052**	223 816	24	**65**	247 674
– Cross-border (broader Africa) – $ million	**3 523**	2 392	47		2 516
– Cross-border (broader Africa)	**59 823**	38 014	57	**14**	41 285
HQLA corporate advances*	**13 816**	18 019	(23)	**3**	15 006
CIB total core lending advances	**350 691**	279 849	25	**82**	303 965
CIB total lending advances	**350 342**	279 588	25	**82**	303 598
CIB shareholder loans to private equity investing companies	**349**	261	34	**–**	367
CIB total core lending advances	**350 691**	279 849	25	**82**	303 965
CIB core lending advances – South Africa**	**290 868**	241 835	20	**68**	262 680
CIB core lending advances – broader Africa#	**59 823**	38 014	57	**14**	41 285
CIB total core lending advances	**350 691**	279 849	25	**82**	303 965
Assets under agreements to resell	**75 331**	71 315	6	**18**	47 217
CIB total advances	**426 022**	351 164	21	**100**	351 182
Total advances excluding currency impact of RMB cross-border†	**55 986**	38 014	47		39 986

* *Managed by the Group Treasurer.*

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

\# *CIB core lending advances – broader Africa consist of RMB CIB cross-border core lending advances.*

† *If the exchange rate had remained unchanged from 31 December 2021.*

CENTRE (INCLUDING GROUP TREASURY) ADVANCES BREAKDOWN

	Advances				
	As at 31 December			% composition	As at 30 June
R million	**2022**	2021	% change	**2022**	2022
Core lending advances	**28 037**	28 455	(1)	**75**	28 658
Assets under agreements to resell	**9 482**	16 332	(42)	**25**	23 323
Total advances	**37 519**	44 787	(16)	**100**	51 981

Credit continued

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

	Total portfolio impairments						
	As at 31 December			As at 31 December			
				2022		2021	
R million	**2022**	2021	% change	**Stage 1**	**Stage 2**	Stage 1	Stage 2
RETAIL	**10 234**	10 257	–	**5 115**	**5 119**	5 294	4 963
Retail – secured	**3 916**	3 452	13	**1 421**	**2 495**	1 477	1 975
Residential mortgages	**1 640**	1 520	8	**579**	**1 061**	719	801
WesBank VAF	**2 276**	1 932	18	**842**	**1 434**	758	1 174
Retail – unsecured	**5 899**	6 217	(5)	**3 437**	**2 462**	3 334	2 883
FNB card	**1 787**	1 559	15	**1 159**	**628**	919	640
Personal loans**	**3 723**	4 136	(10)	**2 032**	**1 691**	2 132	2 004
– FNB and DirectAxis**	**3 604**	3 935	(8)	**1 983**	**1 621**	2 062	1 873
– Covid-19 relief	**119**	201	(41)	**49**	**70**	70	131
Retail other**	**389**	522	(25)	**246**	**143**	283	239
Temporary stress scenario	**315**	168	88	**153**	**162**	63	105
FNB centre	**104**	420	(75)	**104**	**–**	420	–
CORPORATE AND COMMERCIAL	**5 672**	6 655	(15)	**2 576**	**3 096**	2 891	3 764
FNB commercial#	**2 200**	2 221	(1)	**1 136**	**1 064**	1 072	1 149
– FNB commercial#	**2 119**	2 145	(1)	**1 087**	**1 032**	1 020	1 125
– SME government-guaranteed loan scheme	**26**	52	(50)	**26**	**–**	52	–
– Temporary stress scenario	**55**	24	>100	**23**	**32**	–	24
WesBank corporate#	**406**	421	(4)	**222**	**184**	237	184
RMB corporate and investment banking*	**3 066**	4 013	(24)	**1 218**	**1 848**	1 582	2 431
– Lending*	**3 061**	4 009	(24)	**1 213**	**1 848**	1 578	2 431
– Loans to private equity investee companies	**5**	4	25	**5**	**–**	4	–
Centre (INCLUDING GROUP TREASURY)*,†	**69**	143	(52)	**42**	**27**	130	13
Securitisation notes	**25**	23	9	**25**	**–**	23	–
Other†	**44**	120	(63)	**17**	**27**	107	13
Total portfolio impairments*	**15 975**	17 055	(6)	**7 733**	**8 242**	8 315	8 740

* *December 2021 performing book coverage ratios have been restated. Calculated on core lending advances.*

** *Prior periods have been restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

\# *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

† *December 2021 has been restated due to the reallocation of MotoNovo to the Centre.*

Total portfolio impairments											
			Performing book coverage ratio (% of performing core lending advances)								
As at 30 June			As at 31 December						As at 30 June		
2022	Stage 1	Stage 2	**2022**	**Stage 1**	**Stage 2**	2021*	Stage 1*	Stage 2	2022	Stage 1	Stage 2
10 005	5 121	4 884	**2.49**	**1.39**	**11.60**	2.73	1.57	13.08	2.54	1.46	11.42
3 616	1 388	2 228	**1.17**	**0.47**	**7.95**	1.14	0.53	7.55	1.14	0.48	7.40
1 548	609	939	**0.68**	**0.26**	**5.26**	0.69	0.35	5.22	0.67	0.29	4.78
2 068	779	1 289	**2.42**	**1.01**	**12.78**	2.30	1.04	10.86	2.37	1.01	12.32
6 074	3 580	2 494	**7.63**	**5.11**	**24.47**	8.59	5.42	26.65	8.05	5.47	25.03
1 750	1 130	620	**5.82**	**4.09**	**26.31**	5.67	3.67	25.59	6.00	4.20	27.82
3 792	2 065	1 727	**9.28**	**6.16**	**23.84**	10.88	7.05	25.88	9.56	6.35	24.16
3 639	1 999	1 640	**9.29**	**6.20**	**23.76**	10.97	7.19	25.93	9.58	6.41	24.11
153	66	87	**9.13**	**4.75**	**25.83**	9.51	4.39	25.24	9.14	4.98	25.00
532	385	147	**5.95**	**4.13**	**24.61**	7.63	4.51	41.71	8.02	6.37	25.09
315	153	162	**–**	**–**	**–**	–	–	–	–	–	–
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
5 496	2 319	3 177	**1.13**	**0.55**	**9.04**	1.60	0.76	10.93	1.23	0.56	9.93
2 146	1 056	1 090	**2.07**	**1.15**	**14.36**	2.32	1.23	13.60	2.08	1.10	14.42
2 057	999	1 058	**2.01**	**1.11**	**14.18**	2.27	1.19	13.47	2.02	1.06	14.24
34	34	–	**2.56**	**2.56**	**–**	3.66	3.66	–	2.79	2.79	–
55	23	32	**–**	**–**	**–**	–	–	–	–	–	–
379	186	193	**0.84**	**0.50**	**4.71**	1.04	0.64	4.90	0.86	0.47	4.01
2 971	1 077	1 894	**0.92**	**0.39**	**8.06**	1.54	0.66	10.93	1.04	0.40	9.65
2 966	1 072	1 894	**0.92**	**0.39**	**8.06**	1.54	0.66	10.93	1.04	0.40	9.65
5	5	–	**1.43**	**1.43**	**–**	1.53	1.53	–	1.36	1.36	–
179	144	35	**0.25**	**0.15**	**52.94**	0.51	0.46	14.77	0.64	0.52	11.22
21	21	–	**0.10**	**0.10**	**–**	0.10	0.10	–	0.09	0.09	–
158	123	35	**1.60**	**0.63**	**52.94**	2.91	2.66	14.77	3.41	2.84	11.22
15 680	7 584	8 096	**1.70**	**0.90**	**10.51**	2.08	1.11	12.06	1.80	0.95	10.78

Credit continued

Note 3: Analysis of stage 3/NPLs and impairments

SEGMENTAL ANALYSIS OF STAGE 3/NPLS AND IMPAIRMENTS

	Stage 3/NPLs					Stage 3/NPLs as a % of core lending advances		
	As at 31 December			% composition	As at 30 June	As at 31 December		As at 30 June
R million	2022	2021	% change	2022	2022	2022	2021*	2022
RETAIL	**29 130**	32 377	(10)	**76**	29 705	**6.62**	7.93	7.02
Retail – secured	**17 373**	19 664	(12)	**45**	17 787	**4.95**	6.09	5.29
Residential mortgages	**11 919**	12 594	(5)	**31**	11 802	**4.74**	5.43	4.86
WesBank VAF	**5 454**	7 070	(23)	**14**	5 985	**5.47**	7.77	6.42
Retail – unsecured	**11 757**	12 713	(8)	**31**	11 918	**13.20**	14.95	13.64
FNB card	**3 693**	3 829	(4)	**10**	3 678	**10.74**	12.22	11.21
Personal loans**	**6 950**	7 380	(6)	**18**	6 964	**14.77**	16.26	14.94
– FNB and DirectAxis**	**6 727**	7 045	(5)	**17**	6 675	**14.77**	16.41	14.95
– Covid-19 relief	**223**	335	(33)	**1**	289	**14.61**	13.68	14.72
Retail other**	**1 114**	1 504	(26)	**3**	1 276	**14.57**	18.02	16.14
Temporary stress scenario	**–**	–	–	**–**	–	**–**	–	–
CORPORATE AND COMMERCIAL	**8 194**	7 693	7	**22**	8 325	**1.60**	1.82	1.82
FNB commercial#	**4 430**	5 119	(13)	**12**	4 627	**4.00**	5.07	4.29
– FNB commercial#	**4 347**	5 066	(14)	**12**	4 554	**3.96**	5.09	4.27
– SME government-guaranteed loan scheme	**83**	53	57	**–**	73	**7.56**	3.59	5.65
WesBank corporate#	**933**	1 024	(9)	**2**	903	**1.89**	2.46	2.00
RMB corporate and investment banking*	**2 831**	1 550	83	**8**	2 795	**0.84**	0.59	0.97
– Lending*	**2 831**	1 550	83	**8**	2 795	**0.84**	0.59	0.97
– Loans to private equity investee companies	**–**	–	–	**–**	–	**–**	–	–
Centre (INCLUDING GROUP TREASURY)*,†	**576**	286	>100	**2**	664	**2.05**	1.01	2.32
Securitisation notes	**–**	–	–	**–**	–	**–**	–	–
Other†	**576**	286	>100	**2**	664	**17.32**	6.49	12.53
Total stage 3/NPLs*	**37 900**	40 356	(6)	**100**	38 694	**3.87**	4.70	4.26
Of which:								
Amortised cost book	**37 064**	40 195	(8)	**98**	37 842	**3.95**	4.83	4.27
Fair value book	**836**	161	>100	**2**	852	**0.67**	0.14	0.92

* *December 2021 ratios have been restated. Calculated on core lending advances.*

** *Prior periods have been restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

\# *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

† *December 2021 has been restated due to the reallocation of MotoNovo to the Centre.*

Stage 3/specific impairment provisions				Coverage ratios (% of stage 3/NPLs)		
As at 31 December			As at 30 June	As at 31 December		As at 30 June
2022	2021	% change	2022	2022	2021	2022
14 131	15 648	(10)	14 242	48.5	48.3	47.9
5 535	6 218	(11)	5 689	31.9	31.6	32.0
2 561	2 814	(9)	2 536	21.5	22.3	21.5
2 974	3 404	(13)	3 153	54.5	48.1	52.7
8 596	9 408	(9)	8 553	73.1	74.0	71.8
2 633	3 024	(13)	2 611	71.3	79.0	71.0
5 055	5 276	(4)	4 889	72.7	71.5	70.2
4 855	4 993	(3)	4 639	72.2	70.9	69.5
200	283	(29)	250	89.7	84.5	86.5
908	1 108	(18)	1 053	81.5	73.7	82.5
–	22	(100)	–	–	–	–
4 551	3 935	16	4 715	55.5	51.2	56.6
2 873	3 137	(8)	3 145	64.9	61.3	68.0
2 790	3 085	(10)	3 072	64.2	60.9	67.5
83	52	60	73	100.0	98.1	100.0
394	428	(8)	416	42.2	41.8	46.1
1 284	370	>100	1 154	45.4	23.9	41.3
1 284	370	>100	1 154	45.4	23.9	41.3
–	–	–	–	–	–	–
695	360	93	712	120.7	125.9	107.2
–	–	–	–	–	–	–
695	360	93	712	120.7	125.9	107.2
19 377	19 943	(3)	19 669	51.1	49.4	50.8

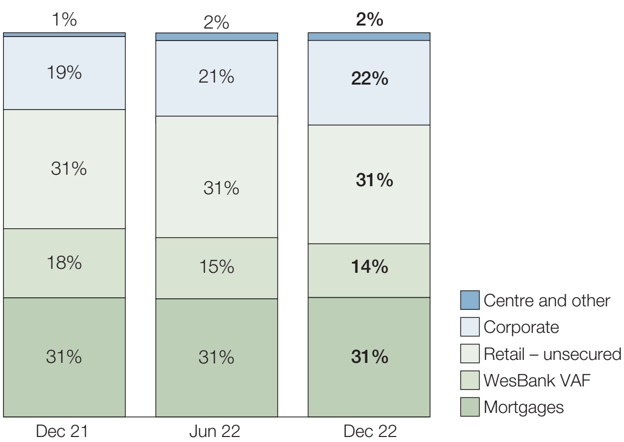
Credit continued

SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES AND NPLS

	Advances				
	As at 31 December			% composition	As at 30 June
R million	**2022**	2021	% change	**2022**	2022
Sector analysis					
Agriculture	**50 863**	46 435	10	**5**	48 017
Banks	**46 445**	55 582	(16)	**4**	47 679
Financial Institutions*	**183 540**	152 603	20	**17**	143 757
Building and property development	**64 741**	57 037	14	**6**	58 934
Government, Land Bank and public authorities	**32 180**	25 281	27	**3**	28 119
Individuals	**422 525**	393 428	7	**39**	408 991
Manufacturing and commerce	**135 321**	105 978	28	**13**	131 705
Mining	**10 308**	7 882	31	**1**	6 490
Transport and communication	**37 586**	27 773	35	**4**	31 749
Other services	**80 496**	74 622	8	**8**	73 995
Total	**1 064 005**	946 621	12	**100**	979 436
Geographic analysis					
South Africa	**968 618**	861 403	12	**91**	901 313
Broader Africa	**44 601**	23 827	87	**4**	29 026
UK	**21 119**	34 118	(38)	**2**	20 771
Other Europe	**11 582**	11 765	(2)	**1**	17 182
North America	**6 147**	4 557	35	**1**	3 979
South America	**2**	2	–	**–**	2
Australasia	**7**	7	–	**–**	6
Asia	**11 929**	10 942	9	**1**	7 157
Total	**1 064 005**	946 621	12	**100**	979 436

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

NPL distribution



Stage 3/NPLs				
As at 31 December			% composition	As at 30 June
2022	2021	% change	2022	2022
2 213	1 295	71	**6**	2 239
–	–	–	**–**	–
139	224	(38)	**–**	215
1 094	893	23	**3**	934
14	324	(96)	**–**	190
28 621	31 243	(8)	**75**	29 164
2 492	2 438	2	**7**	2 361
93	100	(7)	**–**	95
660	811	(19)	**2**	769
2 574	3 028	(15)	**7**	2 727
37 900	40 356	(6)	**100**	38 694
37 198	40 047	(7)	**98**	37 888
114	16	>100	**–**	129
579	287	>100	**2**	666
4	3	33	**–**	5
1	–	–	**–**	1
–	–	–	**–**	–
1	–	–	**–**	1
3	3	–	**–**	4
37 900	40 356	(6)	**100**	38 694

Credit continued

Note 4: Analysis of income statement credit impairments

R million	Total impairment charge – Six months ended 31 December 2022	2021	% change	Year ended 30 June 2022
RETAIL	**3 473**	3 427	1	5 786
Retail – secured	**847**	963	(12)	1 440
Residential mortgages	**152**	172	(12)	46
WesBank VAF	**695**	791	(12)	1 394
Retail – unsecured	**2 500**	2 186	14	4 363
FNB card	**658**	430	53	1 070
Personal loans**	**1 572**	1 591	(1)	2 597
– FNB and DirectAxis**	**1 590**	1 451	10	2 436
– Covid-19 relief	**(18)**	140	(>100)	161
Retail other**	**270**	165	64	696
Temporary stress scenario	**–**	(142)	(100)	(17)
FNB centre	**126**	420	(70)	–
CORPORATE AND COMMERCIAL	**443**	(70)	(>100)	19
FNB commercial#	**166**	35	>100	353
– FNB commercial#	**169**	160	6	445
– SME government-guaranteed loan scheme	**(3)**	(1)	>100	1
– Temporary stress scenario	**–**	(124)	(100)	(93)
WesBank corporate#	**79**	(35)	(>100)	12
RMB corporate and investment banking*	**198**	(70)	(>100)	(346)
– Lending*	**198**	(70)	(>100)	(347)
– Loans to private equity investee companies	**–**	–	–	1
Centre (INCLUDING GROUP TREASURY)*,†	**(39)**	79	(>100)	86
Securitisation notes	**3**	(1)	(>100)	(3)
Other†	**(42)**	80	(>100)	89
Total impairment charge*	**3 877**	3 436	13	5 891
Of which:				
Portfolio impairments charge	**1 352**	987	37	(145)
Specific impairments charge	**2 525**	2 449	3	6 036

* *December 2021 ratios have been restated. Calculated on core lending advances.*

** *Prior periods have been restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

\# *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

† *December 2021 has been restated due to the reallocation of MotoNovo to the Centre.*

As a % of average core lending advances			
Six months ended 31 December		Year ended 30 June	Six months ended 30 June
2022	2021*	2022	2022
1.61	1.69	1.40	1.14
0.49	0.60	0.44	0.29
0.12	0.15	0.02	(0.11)
1.44	1.74	1.52	1.31
5.67	5.09	5.02	5.05
3.92	2.75	3.34	3.99
6.71	6.90	5.55	4.37
7.05	6.70	5.51	4.50
(2.06)	10.03	6.32	1.90
6.94	3.92	8.48	13.07
–	–	–	–
–	–	–	–
0.18	(0.03)	–	0.04
0.30	0.07	0.34	0.61
0.31	0.33	0.44	0.55
(0.50)	(0.13)	0.07	0.29
–	–	–	–
0.33	(0.17)	0.03	0.22
0.13	(0.06)	(0.13)	(0.20)
0.13	(0.06)	(0.13)	(0.20)
–	–	0.31	0.64
(0.28)	0.52	0.28	0.05
0.02	(0.01)	(0.01)	(0.02)
(1.95)	2.90	1.49	0.37
0.82	0.81	0.68	0.56
0.29	0.23	(0.01)	(0.25)
0.53	0.58	0.69	0.81

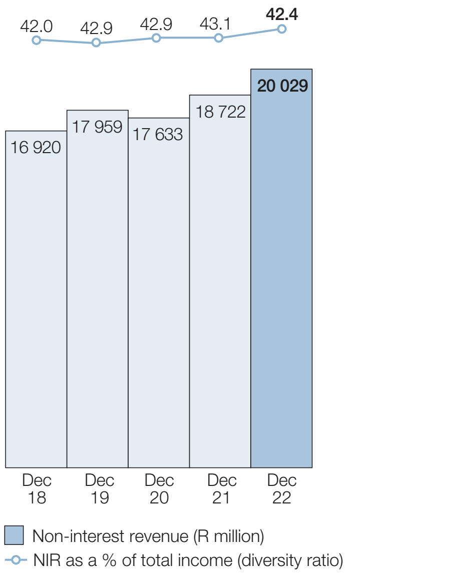
Non-interest revenue

Non-interest revenue – up 7%

Non-interest revenue and diversity ratio

R million

NIR CAGR 4%



ANALYSIS OF NON-INTEREST REVENUE

		Six months ended 31 December			Year ended 30 June
R million	Notes	2022	2021	% change	2022
Net fee, commission and insurance income		**15 350**	14 036	9	28 322
– Fee and commission income	1	**15 133**	13 817	10	27 883
– Insurance commission and brokerage income		**217**	219	(1)	439
Trading and other fair value income	2	**1 628**	2 110	(23)	3 966
Investment income		**34**	97	(65)	199
Other non-interest revenue	3	**3 017**	2 479	22	5 298
Non-interest revenue		**20 029**	18 722	7	37 785

NOTE 1 – FEE AND COMMISSION INCOME – UP 10%

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Bank fee and commission income	**16 432**	14 899	10	30 068
– Card commissions	**3 004**	2 510	20	5 147
– Cash deposit fees	**838**	812	3	1 582
– Exchange and other commissions*	**1 524**	1 565	(3)	3 039
– Bank charges	**11 066**	10 012	11	20 300
– Commitment fees	**833**	708	18	1 449
– Other bank charges**	**10 233**	9 304	10	18 851
Knowledge-based fees	**585**	466	26	1 068
Management and fiduciary fees	**676**	683	(1)	1 364
– Investment management fees	**271**	305	(11)	595
– Management fees from associates and joint ventures	**392**	372	5	756
– Other management and brokerage fee income	**13**	6	>100	13
Other non-bank commissions	**368**	368	–	734
Gross fee and commission income	**18 061**	16 416	10	33 234
Fee and commission expenditure	**(2 928)**	(2 599)	13	(5 351)
– Transaction-related fees	**(710)**	(621)	14	(1 271)
– Commission paid	**(120)**	(124)	(3)	(244)
– Customer loyalty programmes	**(1 054)**	(980)	8	(2 019)
– Cash sorting, handling and transporting charges	**(573)**	(528)	9	(1 069)
– Card-related	**(260)**	(187)	39	(366)
– Other	**(211)**	(159)	33	(382)
Net fee and commission income	**15 133**	13 817	10	27 883

* *The description has been updated to more appropriately reflect the nature of income earned. This line was previously titled "Electronic transaction fees". The amount reported in the prior period has not changed.*

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

KEY DRIVERS

- FNB NIR grew 11%, reflecting 15% higher transaction volumes and 5% growth in the active customer base, despite annual sub-inflation account fee increases with fee givebacks of R213 million.
- Electronic platform logins grew 9% in total across all interfaces, whilst manual volumes increased 4%. Branch and cash centre transaction volumes decreased 12% and 6%, respectively.
- Card swipe volumes increased 17% reflecting strong customer activity levels, which contributed to the 20% overall growth in card commissions.
- RMB's knowledge-based fee income was supported by increased deal flow, providing an uplift to both structuring and commitment fee income, coupled with strong advisory income.
- Overall bank fee and commission income growth was softened by higher levels of expenses relating to transactional activity, and the cost of customer rewards. This increase is due to higher commissionable turnover as customer spending normalises, an increase in card network association fees and currency impacts.

Non-interest revenue continued

NOTE 2 – TOTAL TRADING AND OTHER FAIR VALUE INCOME – DOWN 23%

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Trading income	**1 799**	1 804	–	4 080
– Equities	**(157)**	61	(>100)	(1)
– Commodities	**157**	283	(45)	663
– Fixed income	**1 156**	890	30	2 206
– Currencies	**643**	570	13	1 212
Other fair value income	**(171)**	306	(>100)	(114)
– RMB banking activities and other	**(68)**	214	(>100)	286
– Group Treasury economic hedges and other	**(103)**	92	(>100)	(400)
Total trading and other fair value income	**1 628**	2 110	(23)	3 966

KEY DRIVERS

> Trading income reflects the following:
- Equities experienced some normalisation from the record highs of the previous period, which resulted from increased client flows on the back of significant corporate actions and overall higher market activity. In the current period equities reflected a net loss attributable to back-to-back trades with a joint venture partner with only one leg of the transaction reflected in bank and the offsetting performance reflected outside bank.
- The commodities performance also reflects the base effect of an outperformance in the prior period, on the back of elevated client hedging and trading activities.
- Strong fixed income growth was driven by client flows arising from rate movements, further supported by credit trading following the stabilisation of markets.
- Currencies performance was supported by structured fee income with strong foreign exchange client execution.

> RMB banking activities include various one-off items, albeit at lower levels than those of the prior period.

> Group Treasury fair value income declined, driven by the net open foreign exchange position. In the current period there was a translation loss compared to a gain in the prior period. The current period loss is largely due to the 7% depreciation of the rand against the US dollar from October 2022 to December 2022.

NOTE 3 – OTHER NON-INTEREST REVENUE – UP 22%

KEY DRIVERS

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

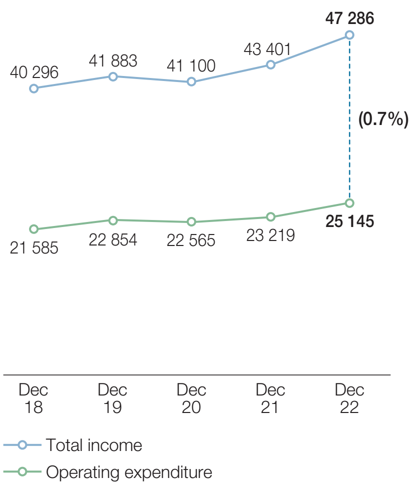
> Rental income represents 18% (December 2021: 21%) of other NIR.

Operating expenses

Operating expenses – up 8%

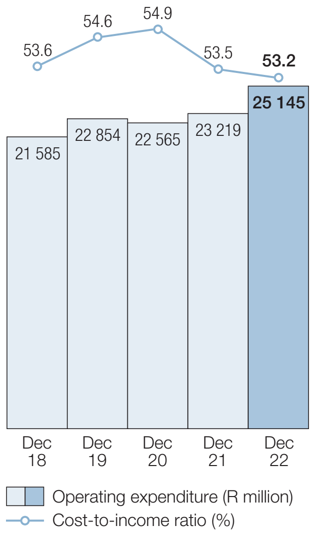
Operating jaws

R million



Operating efficiency

R million



OPERATING EXPENSES – UP 8%

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Staff expenditure	**15 609**	13 841	13	28 580
– Direct staff expenditure	**12 065**	10 625	14	21 392
– Variable staff expenditure	**2 802**	2 679	5	5 672
– Short-term incentive payments	**1 854**	1 846	–	4 114
– Share price linked incentive payments	**948**	833	14	1 558
– Other staff-related expenditure	**742**	537	38	1 516
Depreciation of property and equipment	**1 596**	1 616	(1)	3 280
Amortisation of intangible assets	**53**	87	(39)	181
Advertising and marketing	**777**	670	16	1 568
Insurance	**133**	123	8	248
Lease charges	**266**	231	15	458
Professional fees	**1 168**	824	42	1 978
Audit fees	**187**	174	7	384
Computer expenses	**1 679**	1 473	14	3 164
Repairs and maintenance	**643**	602	7	1 226
Telecommunications	**187**	195	(4)	377
Property	**534**	490	9	941
Business travel	**176**	54	>100	167
Assets costing less than R7 000	**78**	133	(41)	206
Stationery and printing	**48**	44	9	86
Donations	**139**	173	(20)	320
Legal fees	**208**	350	(41)	767
Other expenditure	**1 664**	2 139	(22)	3 713
Total operating expenses	**25 145**	23 219	8	47 644

Operating expenses continued

KEY DRIVERS

> Staff costs represent 62% (December 2021: 60%) of the bank's operating expenses.

	% change	Reasons
Direct staff costs	14	The increase in staff costs is driven by: > annual salary increases, which averaged above 6% (unionised staff at 6.5%); > headcount increase of 8% from December 2021 and 4% since June 2022, excluding FirstJob employees; and > repricing of certain technical skills.
Variable staff expenditures		
Short-term incentive payments	–	The estimated growth in the short-term incentive payments is aligned to performance.
Share price related incentive payments	14	The 2019 long-term incentive did not vest, however this release was offset by the Covid-19 retention scheme, new schemes concluded at higher grant prices and various revaluations. This creates a distortion in the period-on-period growth, combined with the inclusion of the bonus deferral which is linked to the FirstRand share price.
Other staff-related costs	38	Due to an increase in temporary and contract staff to provide additional capacity for projects and strategic initiatives.

> The marginal decline in depreciation reflects the commensurate decrease in the size of the fleet management and leasing fleet.

> Advertising and marketing costs increased due to the FNB brand refresh and higher levels of economic activity, the reinstatement of previously suspended campaigns and sports sponsorships.

> Professional fees increased, mainly due to additional resourcing required for the execution of platform-related projects.

> Computer expenses grew because of higher software and licensing costs, because of increased headcount and annual renewals. Costs were further negatively impacted by a weaker currency.

> Business travel has returned to pre-pandemic levels, with associated costs structurally higher, including currency impacts.

> Other expenditure includes various items such as other provisions, entertainment, bank charges, insurance-related acquisition costs, subscriptions and membership fees.

financial resource management

Economic view of the balance sheet

One of the group's key financial resource management objectives is to protect and enhance FirstRand's financial performance through the holistic management of the balance sheet and its income streams within the context of the macro environment. This includes the relative positioning of the balance sheet through strategic tilts related to long-term trends, whilst tactical tilts are associated with the current point in the cycle.

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

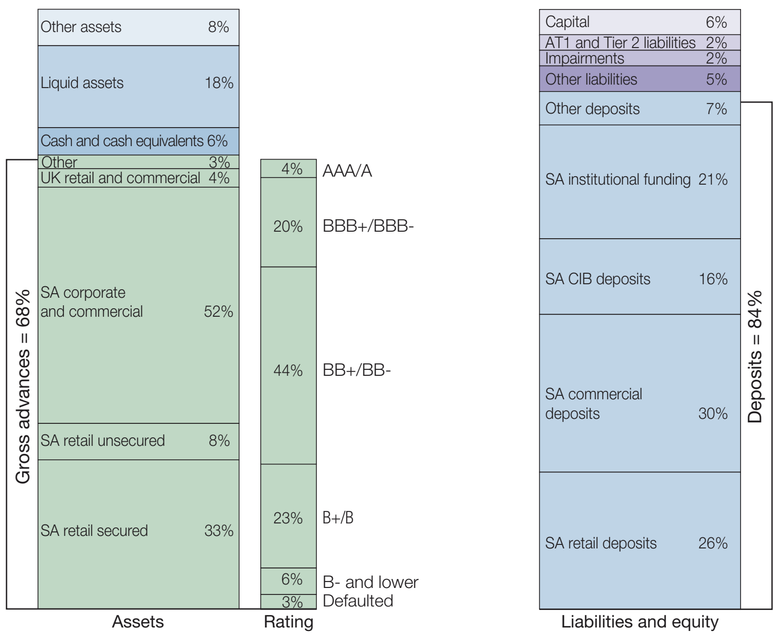
When assessing the underlying risk in the balance sheet, the bank's asset profile reflects a diversified advances portfolio, which constitutes 68% of total assets. The composition of the gross advances portfolio consists of SA corporate and commercial (52%), SA retail secured (33%), SA retail unsecured (8%), other (3%) and UK retail and commercial (4%). At December 2022, the bank reported total NPLs of R37 900 million (3.87% of core lending advances) and a credit loss ratio as a percentage of average core lending advances of 82 bps.

Cash and cash equivalents, and liquid assets, represent 6% and 18%, respectively, of total assets.

The bank has continued to successfully enhance its risk-adjusted funding profile through optimised use of Group Treasury funding and growing its deposit franchise. The weighted average remaining term of domestic institutional funding was 33 months at December 2022 (2021: 37 months – restated on refinement of the calculation). The reduction resulted from lower long-dated issuance volumes for the period (senior, Tier 2 and AT1) compared to a marginal increase in shorter-tenor money market funding. The contribution of institutional funding to the funding stack has moderated further.

The bank remained strongly capitalised with a CET1 ratio of 12.6%, a Tier 1 ratio of 13.6% and a total capital adequacy ratio of 16.1%. Gearing increased to 15.0 times (December 2021: 13.7 times), driven by 1% decrease in average total equity and 8% growth in average total assets for the period.

Economic view of the balance sheet



Funding and liquidity

Funding and liquidity management approach

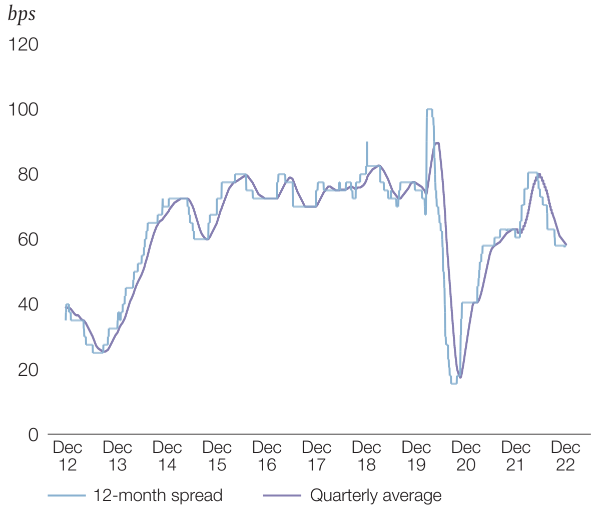
A comprehensive overview of the group's funding and liquidity management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2022, which is available at www.firstrand.co.za/investors/basel-pillar-3-disclosure/.

Funding conditions

The bank continued to contend with a weak global and local macroeconomic environment as central banks continued to tighten monetary policy to address the inflation pressures which have contributed to elevated global recession risks. Despite macroeconomic headwinds, there has been limited impact on funding access and liquidity availability for the bank in both rand and hard currency.

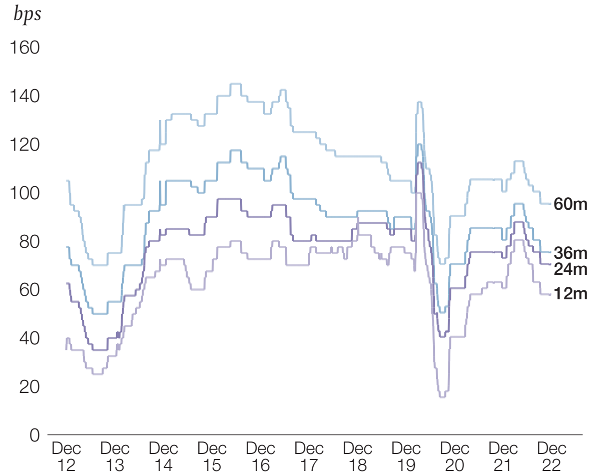
The spread to JIBAR paid on 12-month money market instruments is most representative of bank funding costs in the money markets. During the period under review institutional funding spreads tracked marginally lower. This was in response to the additional liquidity injected into the market following the final implementation of the revised monetary policy implementation framework. The period under review was also marked by renewed economic activity and credit demand which contributed to funding demand. Through its customer franchises, the bank continued to grow customer deposits, enabling it to more selectively incorporate institutional funding, with money market and debt issuances where required.

12-month mid-market funding spread



Sources: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads



Sources: Bloomberg (RMBP screen) and Reuters.

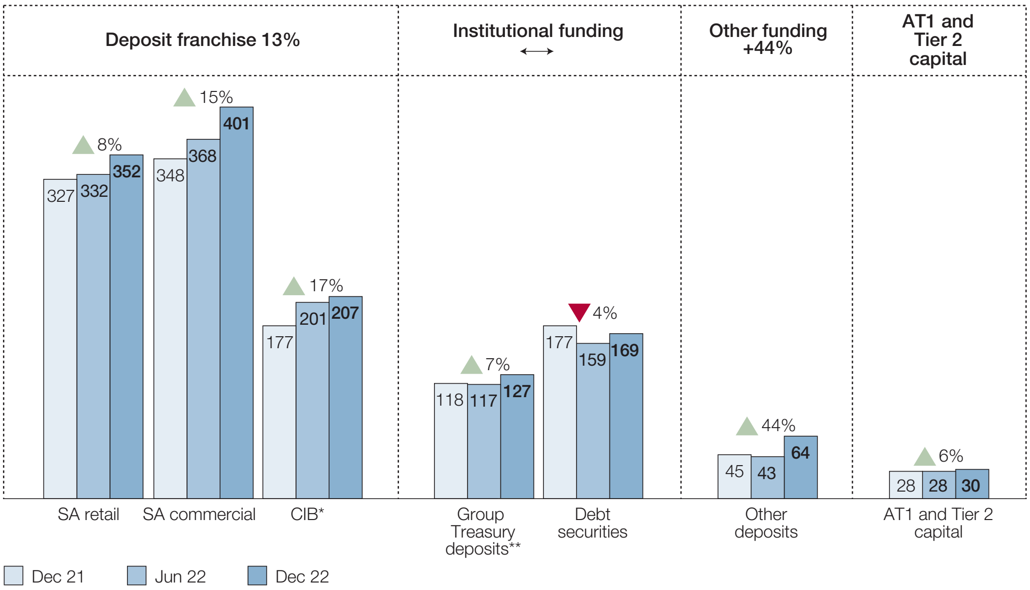
Funding and liquidity continued

Funding measurement and activity

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

Funding portfolio growth

R billion



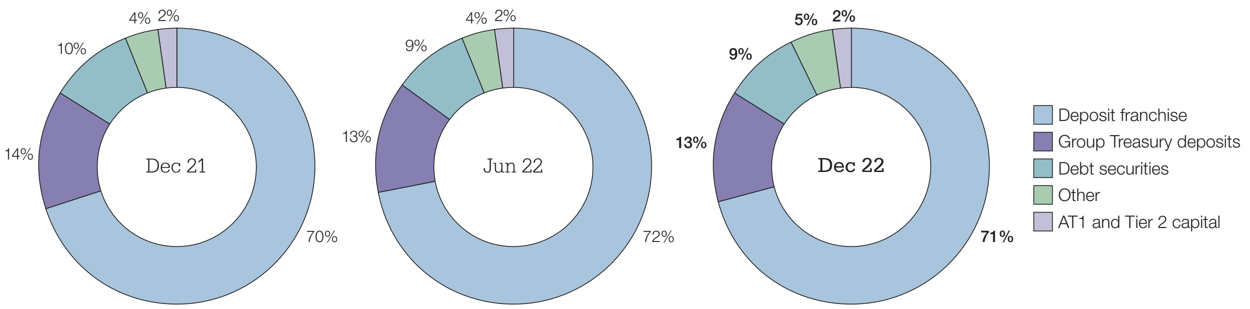
Note 1: Percentage change is based on actual underlying numbers rather than the rounded figures shown in the bar graphs above.

* *CIB deposits include South Africa and the London branch.*

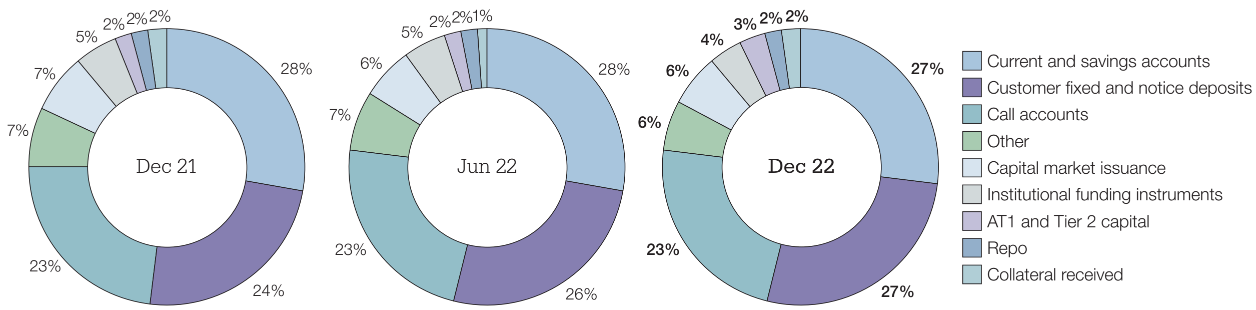
** *Group Treasury deposits include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme and the government's Bounce-Back Scheme.*

The bank's funding mix has improved marginally, with further growth in deposits relative to institutional funding sources period-on-period

Funding mix



Funding by instrument type



Funding and liquidity continued

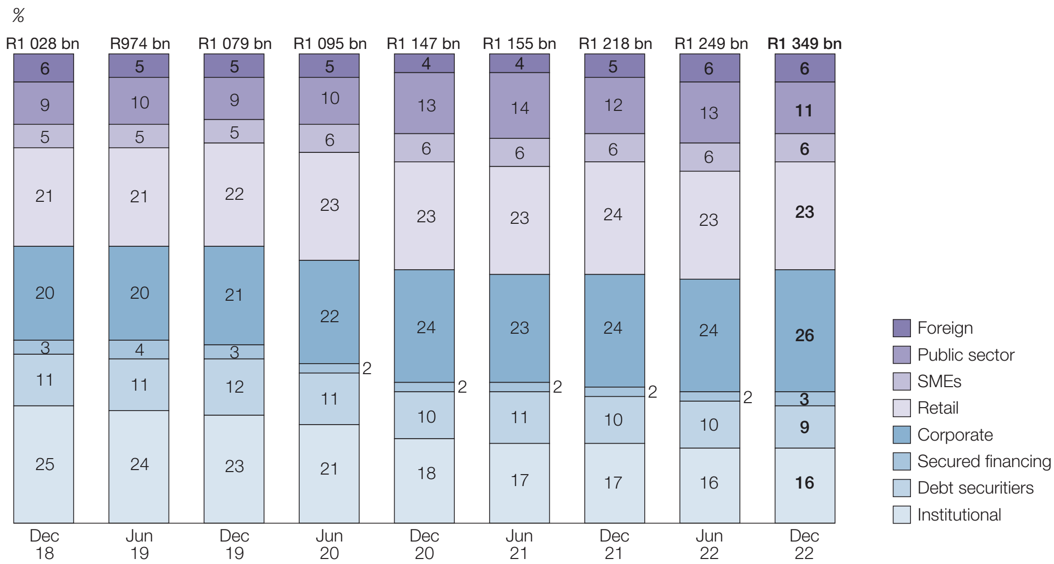
The bank's focus on growing main-banked transactional accounts naturally results in a significant proportion of contractually short-dated funding. Although these deposits fluctuate depending on each customer's individual transactional and savings requirements, viewed in aggregate the overall funding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

BANK COUNTERPARTY FUNDING ANALYSIS*

	As at 31 December					As at 30 June
	2022				2021	2022
% of funding liabilities	Total	Short term	Medium term	Long term	Total	Total
Institutional	15.5	8.0	1.9	5.6	17.1	15.5
ZAR	15.3	7.8	1.9	5.6	16.8	15.2
FX	0.2	0.2	0.0	0.0	0.3	0.3
Debt securities	9.3	0.1	0.8	8.4	10.5	9.9
Secured financing	3.1	2.2	0.1	0.8	1.6	1.8
Corporate	25.8	23.4	2.1	0.3	24.2	24.3
ZAR	24.3	21.9	2.1	0.3	23.0	22.6
FX	1.5	1.5	0.0	0.0	1.2	1.7
Retail	23.0	17.7	3.2	2.1	23.7	23.5
ZAR	22.4	17.1	3.2	2.1	23.1	22.9
FX	0.6	0.6	–	–	0.6	0.6
SMEs	5.9	4.9	0.7	0.3	5.9	6.1
Public sector	11.6	9.6	1.3	0.7	11.9	12.7
Foreign	5.8	3.6	1.1	1.1	5.1	6.2
Total	100.0	69.5	11.2	19.3	100.0	100.0

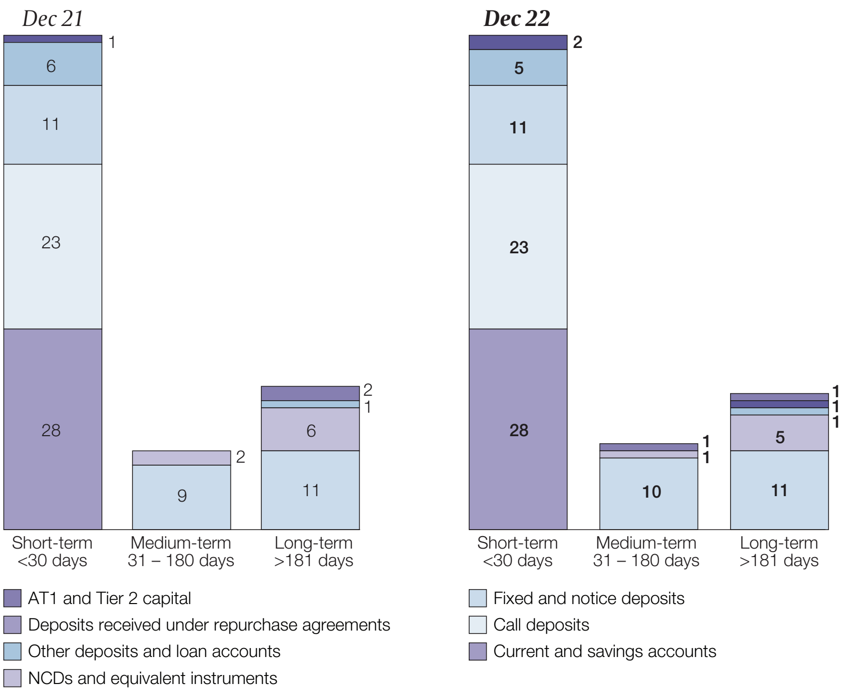
* *Excluding foreign branches.*

Bank funding analysis by source*



* *Excluding foreign branches.*

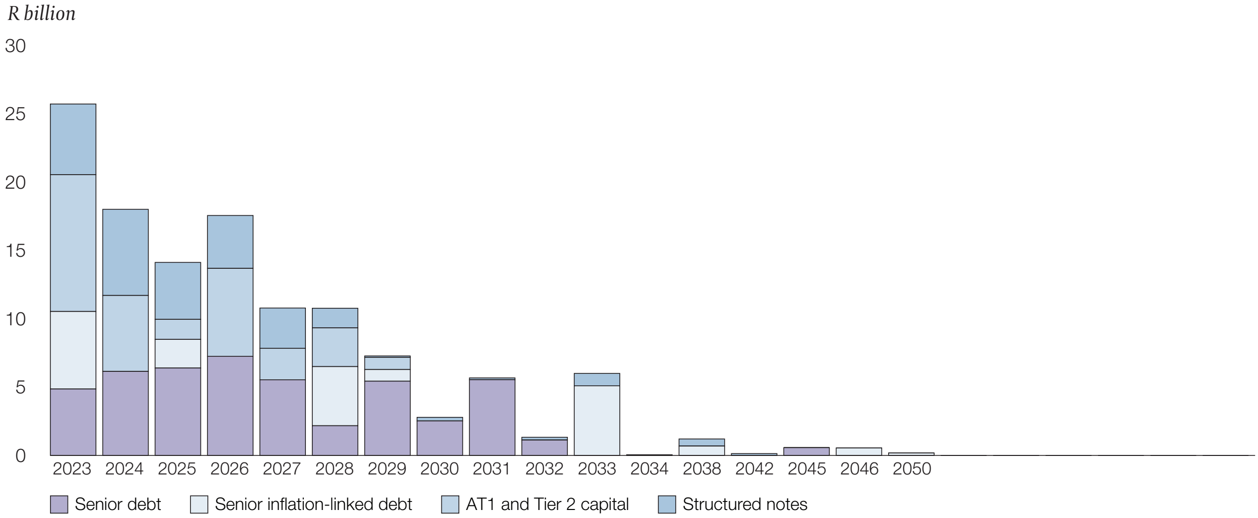
Bank funding liabilities by instrument type and term*



* *Excluding foreign branches.*

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

Maturity profile of the bank's capital market instruments*



* *Including foreign branches.*

Funding and liquidity continued

Liquidity risk position

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

COMPOSITION OF LIQUID ASSETS

R billion	**2022**	2021
Cash and deposits with central banks	**48**	37
Short-term liquidity instruments	**110**	114
Long-term investment securities	**160**	118
Other liquid assets	**31**	41
Total liquid assets	**349**	310

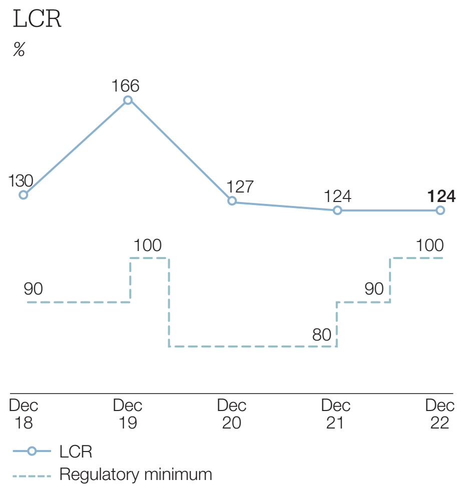
Liquidity ratios for the bank at December 2022 are summarised below.

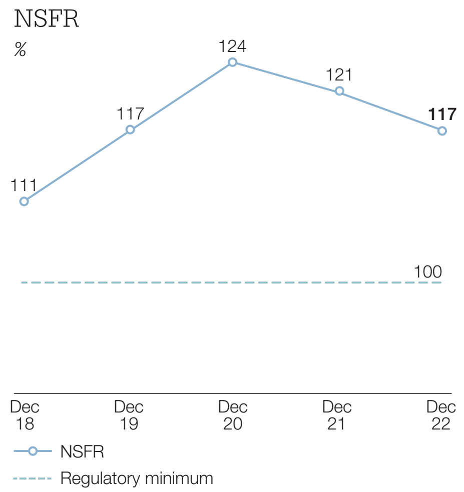
LIQUIDITY RATIOS

%	LCR*	NSFR*
Regulatory minimum	100	100
Actual	124	117

* *The bank's LCR and NSFR reflect South African operations only. LCR is calculated as a simple average of 92 days of daily observations over the period ended 31 December 2022 for FirstRand Bank South Africa.*

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





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 2022, which is available at www.firstrand.co.za/investors/basel-pillar-3-disclosure/.

Period under review

During the period under review the bank maintained strong capital and leverage ratios in excess of regulatory minimums and internal targets.

CAPITAL ADEQUACY AND LEVERAGE RATIOS AS AT 31 DECEMBER

	Capital			Leverage
%	CET1	Tier 1	Total	Total
Regulatory minimum*	8.5	10.8	13.0	4.0
Internal target	11.0 – 12.0	>12.0	>14.25	>5.5
Actual (including unappropriated profits)**				
2022	**12.6**	**13.6**	**16.1**	**6.6**
2021	14.1	14.7	17.6	7.2

* *Including the bank's domestic systemically important bank requirement of 1.5%. The CCyB requirement is nil at 31 December 2022. 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/basel-pillar-3-disclosure/ for ratios excluding unappropriated profits.*

The PA removed all temporary capital relief measures issued during the pandemic and restored the Pillar 2A requirement of 1% on 1 January 2022. The BoE reinstated the UK CCyB add-on of 1% in December 2022, which impacted the bank's overall minimum capital requirements due to the reciprocity agreement in place with the PA in South Africa. The impact of the UK CCyB on the bank's minimum requirement was immaterial, therefore, the bank's targets remain unchanged.

There is ongoing focus on optimising the bank's overall level and mix of capital. The bank issued a combination of AT1 and Tier 2 instruments to ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments.

The bank continues to enhance the use of economic capital in risk-based decision-making, including capital allocation. The assessment of economic risk aligns with FirstRand'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 period under review, the bank continued to meet its economic capital requirements and reported an economic capital multiple (loss-absorbing capital/economic capital requirement) of 1.6 times on a post-diversified basis.

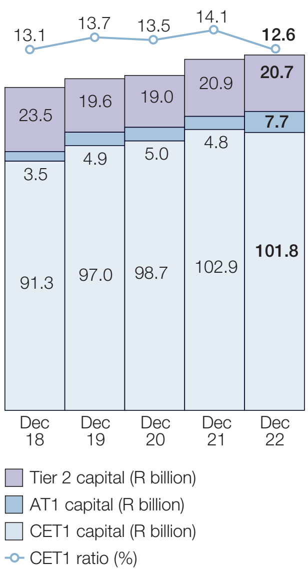
Capital continued

The capital and leverage information included in the following sections relate to FRB, including foreign branches.

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

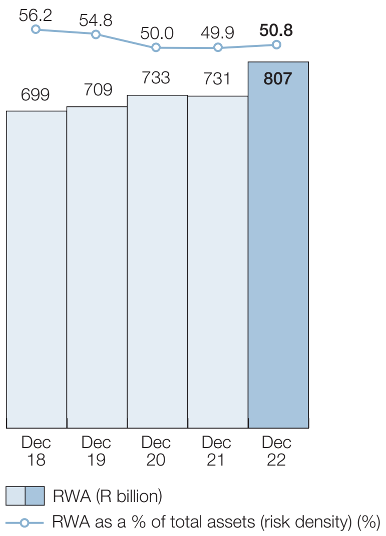
The increase in the bank's risk density is a function of the balance sheet mix.

Capital adequacy*

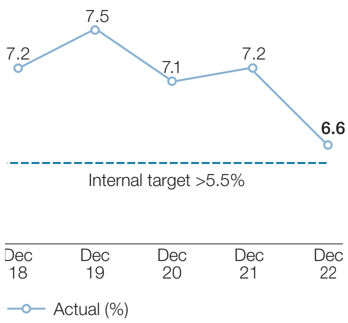


* *Including unappropriated profits.*

RWA history



Leverage*



* *Including unappropriated profits.*

The Basel III leverage ratio is a supplementary measure to the risk-based capital ratios and is a function of Tier 1 capital, and total on- and off-balance sheet exposures. The decrease in the leverage ratio to December 2022 is due to an increase in total exposures, partly offset by an increase in Tier 1 capital.

Supply of capital

COMPOSITION OF CAPITAL*

	As at		
	31 December		30 June
R million	2022	2021	2022
CET1 capital excluding unappropriated profits	**96 454**	**92 186**	**92 145**
Unappropriated profits	**5 297**	10 671	15 566
CET1 capital including unappropriated profits	**101 751**	**102 857**	**107 711**
Additional Tier 1 capital	**7 721**	4 808	4 971
Tier 1 capital	**109 472**	**107 665**	**112 682**
Tier 2 capital	**20 681**	20 952	20 997
Total qualifying capital	**130 153**	**128 617**	**133 679**

* *Refer to the Basel Pillar 3 standardised disclosures at www.firstrand.co.za/investors/basel-pillar-3-disclosure/ for additional detail on the composition of capital.*

KEY DRIVERS: DECEMBER 2022 VS DECEMBER 2021

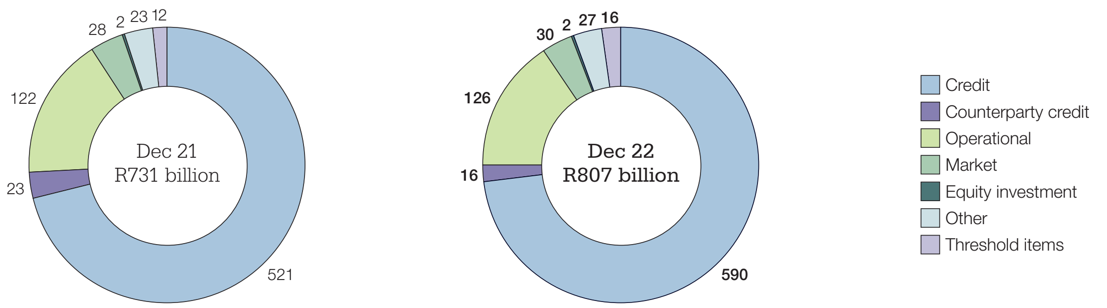
CET 1 capital	▼	> The payment of dividends during the year, partly offset by positive earnings generation and an increase in the foreign currency translation reserve.
AT1 capital	▲	> AT1 issuance (R2.8 billion) in line with the bank's focus on rebalancing the overall capital stack to meet Tier 1 targets.
Tier 2 capital	▼	> Tier 2 issuance (R3.2 billion) to replace existing instruments (R4.6 billion) redeemed during the year, reflecting a tilt towards a higher proportion of AT1 instruments in the capital stack. > Foreign exchange movements due to rand depreciation against the dollar.

Additional detail on the bank's capital instruments is included on page 184.

Capital continued

Demand for capital

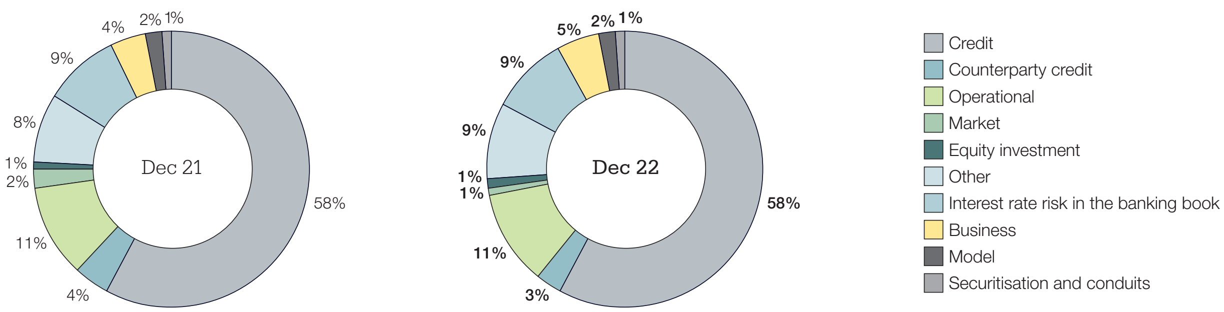
Regulatory RWA analysis



KEY DRIVERS: DECEMBER 2022 VS DECEMBER 2021

Credit	▲	> Volume growth, model refinement, regulatory changes, foreign currency movements and optimisation.
Counterparty credit	▼	> Decreased risk positions supported by increased central clearing and collateral activities to mitigate derivative risk.
Operational	▲	> Updates to model input data for entities on the advanced measurement approach, as well as changes in average gross income for entities on the standardised approach.
Market	▲	> Increased exposure driven by the impact of stress scenarios against the backdrop of a tight monetary policy environment.
Other	▲	> Movement in other assets, property and equipment, and current tax assets.
Threshold items	▲	> Increase in deferred income tax assets.

Economic capital analysis*



* *Economic capital post intra-risk diversification.*

Capital adequacy for the bank and its foreign branches

RWA AND CAPITAL ADEQUACY POSITIONS OF FRB AND ITS FOREIGN BRANCHES

	As at 31 December					As at 30 June
	2022				2021	2022
%	Total minimum requirement*	RWA** R million	Tier 1	Total capital adequacy	Total capital adequacy	Total capital adequacy
Basel III (PA regulations)						
FirstRand Bank#	**13.0**	**806 672**	**13.6**	**16.1**	17.6	17.7
FirstRand Bank South Africa†	**13.0**	**771 388**	**13.3**	**16.0**	17.3	17.4
FirstRand Bank London	**13.2**	**35 167**	**14.5**	**15.7**	23.5	21.6
FirstRand Bank Guernsey	**13.0**	**778**	**54.3**	**54.3**	39.5	43.0
FirstRand Bank India	**13.0**	**572**	**>100**	**>100**	>100	>100

* *Excluding any confidential bank-specific requirements.*

** *RWA for entities outside of South Africa converted to rand using the closing rate at 31 December 2022.*

Including unappropriated profits and foreign branches.

† *Ratios including unappropriated profits: CET1 of 12.3%, Tier 1 of 13.3% and total capital adequacy of 16.0%. Ratios excluding unappropriated profits: CET1 of 11.8%, Tier 1 of 12.8% and total capital adequacy of 15.4%.*

IFRS information

Presentation

Basis of presentation

The condensed interim financial statements contained in this *Analysis of financial results* booklet are prepared in accordance with the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The JSE Listings Requirements require interim reports to be prepared in accordance with and to contain the information required by:

> International Financial Reporting Standard IAS 34;
> SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; and
> Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The condensed interim financial statements for the six months ended 31 December 2022 have not been audited or independently reviewed by the bank's external auditors.

Any forecast financial information contained herein has not been reviewed or reported on by the bank's external auditors.

Accounting policies

The accounting policies and other methods of computation applied in the preparation of the condensed interim financial statements are in terms of IFRS and are consistent with those applied for the year ended 30 June 2022.

The condensed interim financial report is prepared in accordance with the going concern principle under the historical cost basis as modified by fair value accounting for certain assets and liabilities where required or permitted by IFRS.

Improvements to the conceptual framework, as well as amendments to IAS 16, IAS 37 and IFRS 9, became effective in the current period. None of these amendments to IFRS impacted the bank's reported earnings, financial position or reserves, or the accounting policies.

Normalised results

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

All normalised entries, as included and described in the *Analysis of financial results* for the year ended 30 June 2022, remain unchanged in nature.

This *pro forma* financial information, which is the responsibility of the bank's directors, has been prepared for illustrative purposes to more accurately reflect operational performance. Due to its nature it may not fairly present, in terms of IFRS, the bank's financial position, changes in equity, and results of operations or cash flows.

Description of difference between normalised and IFRS results

Margin-related items included in fair value income

In terms of IFRS the bank has elected to measure certain financial assets and liabilities at fair value through profit or loss. In terms of the bank's IFRS accounting 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

In terms of IAS 19, interest income is recognised on the plan assets and offset 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 group's share schemes.

In accordance with IFRS 2, the expense resulting from these 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 share-based payment expense.

When calculating normalised results, the bank defers the recognition of the fair value gain or loss on the hedging instrument for the specific reporting period to the period in which the IFRS 2 impact will manifest in the bank's results. This reflects the economic substance of the hedge and associated IFRS 2 impact for the bank regarding 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.

Headline earnings adjustments

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

The description and the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 132.

Condensed income statement – IFRS

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Interest income calculated using effective interest rate	**53 244**	41 329	29	85 174
Interest on other financial instruments and similar income	**1 324**	655	>100	1 283
Interest and similar income	**54 568**	41 984	30	86 457
Interest expense and similar charges	**(28 077)**	(17 606)	59	(37 495)
Net interest income before impairment of advances	**26 491**	24 378	9	48 962
Impairment and fair value of credit on advances	**(3 877)**	(3 436)	13	(5 891)
– Impairment on amortised cost advances	**(3 853)**	(3 272)	18	(5 380)
– Fair value of credit on advances	**(24)**	(164)	(85)	(511)
Net interest income after impairment of advances	**22 614**	20 942	8	43 071
Non-interest revenue	**20 971**	19 133	10	38 582
– Net fee and commission income	**15 133**	13 817	10	27 883
– Fee and commission income	**18 061**	16 416	10	33 234
– Fee and commission expense	**(2 928)**	(2 599)	13	(5 351)
– Insurance income	**217**	219	(1)	439
– Fair value gains or losses	**1 817**	2 687	(32)	2 432
– Fair value gains or losses	**5 672**	5 618	1	8 387
– Interest expense on fair value activities	**(3 855)**	(2 931)	32	(5 955)
– Gains less losses from investing activities	**34**	97	(65)	199
– Other non-interest revenue	**3 770**	2 313	63	7 629
Income from operations	**43 585**	40 075	9	81 653
Operating expenses	**(25 240)**	(23 252)	9	(47 158)
Income before indirect tax	**18 345**	16 823	9	34 495
Indirect tax	**(543)**	(472)	15	(805)
Profit before income tax	**17 802**	16 351	9	33 690
Income tax expense	**(4 259)**	(4 072)	5	(8 213)
Profit for the period	**13 543**	12 279	10	25 477
Attributable to				
Ordinary equityholders	**13 158**	11 988	10	24 884
Other equity instruments holders	**385**	291	32	593
Profit for the period	**13 543**	12 279	10	25 477

Condensed statement of other comprehensive income – IFRS

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Profit for the period	**13 543**	12 279	10	25 477
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**144**	(636)	(>100)	(3 712)
Losses arising during the period*	**(229)**	(1 888)	(88)	(2 137)
Reclassification adjustments for amounts included in profit or loss*	**426**	1 005	(58)	(2 973)
Deferred income tax	**(53)**	247	(>100)	1 398
FVOCI debt reserve	**175**	(128)	(>100)	(18)
Gains/(losses) arising during the period*	**225**	(168)	(>100)	(17)
Reclassification adjustments for amounts included in profit or loss*	**15**	(10)	(>100)	(10)
Deferred income tax	**(65)**	50	(>100)	9
Exchange differences on translating foreign operations	**181**	678	(73)	762
Gains arising during the period	**168**	648	(74)	753
Deferred income tax	**13**	30	(57)	9
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**1**	3	(67)	3
Gains arising during the period	**1**	4	(75)	8
Deferred income tax	**–**	(1)	(100)	(5)
Remeasurements on defined benefit post-employment plans	**(45)**	(41)	10	22
(Losses)/gains arising during the period	**(62)**	(57)	9	41
Deferred income tax	**17**	16	6	(19)
Other comprehensive gain/(loss) for the period	**456**	(124)	(>100)	(2 943)
Total comprehensive income for the period	**13 999**	12 155	15	22 534
Attributable to				
Ordinary equityholders	**13 614**	11 864	15	21 941
Other equity instrument holders	**385**	291	32	593
Total comprehensive income for the period	**13 999**	12 155	15	22 534

* *The lines gains/losses arising during the period and reclassification adjustments for amounts included in profit or loss have been presented separately. The total as previously reported has not changed.*

Condensed statement of financial position – IFRS

	Six months ended 31 December		Year ended 30 June
R million	**2022**	2021	2022
ASSETS			
Cash and cash equivalents	**94 727**	93 045	104 625
Derivative financial instruments	**52 263**	60 473	61 674
Commodities	**17 647**	22 261	17 580
Investment securities	**295 308**	286 533	278 879
Advances	**1 028 653**	909 623	944 087
– Advances to customers*	**949 083**	836 058	871 338
– Marketable advances	**79 570**	73 565	72 749
Other assets	**8 364**	6 193	5 789
Current tax asset	**1 174**	14	125
Amounts due by holding company and fellow subsidiaries	**66 841**	64 785	70 753
Property and equipment	**16 908**	16 594	16 333
Intangible assets	**615**	397	512
Investment properties	**249**	249	249
Deferred income tax asset	**6 351**	4 889	6 741
Total assets	**1 589 100**	1 465 056	1 507 347
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**15 135**	15 683	14 183
Derivative financial instruments	**61 616**	64 220	70 284
Creditors, accruals and provisions	**20 951**	17 840	18 899
Current tax liability	**–**	274	–
Deposits	**1 320 103**	1 192 203	1 220 026
Employee liabilities	**9 927**	8 763	11 684
Other liabilities	**2 624**	5 298	5 258
Amounts due to holding company and fellow subsidiaries	**28 199**	28 136	32 900
Tier 2 liabilities	**19 875**	21 036	20 433
Total liabilities	**1 478 430**	1 353 453	1 393 667
Equity			
Ordinary shares	**4**	4	4
Share premium	**16 804**	16 804	16 804
Reserves	**83 932**	87 669	89 746
Capital and reserves attributable to ordinary equityholders	**100 740**	104 477	106 554
Other equity instruments	**9 930**	7 126	7 126
Total equity	**110 670**	111 603	113 680
Total equity and liabilities	**1 589 100**	1 465 056	1 507 347

* *Included in advances to customers are assets under agreements to resell of R84 813 million (December 2021: R87 647 million; June 2022: R70 540 million).*

Effective at 31 December 2022, the bank established its ability to offset derivative positions with a fellow subsidiary. The derivative positions were presented on a grossed-up basis in the comparative periods.

Condensed statement of cash flows – IFRS

	Six months ended 31 December		Year ended 30 June
R million	2022	2021	2022
Cash flows from operating activities			
Interest, fee and commission receipts	**68 400**	52 527	108 322
– Interest received	**53 051**	38 491	80 000
– Fee and commission received	**18 061**	16 416	33 234
– Insurance income received	**217**	219	439
– Fee and commission paid	**(2 929)**	(2 599)	(5 351)
Trading and other income	**2 729**	2 057	7 474
Interest payments	**(27 228)**	(14 414)	(32 531)
Other operating expenses	**(21 370)**	(17 993)	(37 313)
Dividends received	**680**	371	694
Dividends paid	**(19 813)**	(12 931)	(21 233)
Taxation paid	**(5 368)**	(4 072)	(10 614)
Cash (utilised)/generated from operating activities	**(1 970)**	5 545	14 799
Movements in operating assets and liabilities	**(4 689)**	(11 957)	(7 797)
– Liquid assets and trading securities	**(16 717)**	(13 149)	(7 632)
– Advances	**(85 141)**	(52 419)	(85 853)
– Deposits	**100 907**	59 386	86 882
– Other assets	**(1 538)**	(706)	(729)
– Creditors	**1 087**	1 124	1 904
– Employee liabilities	**(4 535)**	(4 270)	(4 552)
– Other liabilities*	**1 248**	(1 923)	2 183
Net cash (utilised)/generated from operating activities	**(6 659)**	(6 412)	7 002
Cash flows from investing activities			
Acquisition of property and equipment	**(1 839)**	(1 089)	(2 811)
Proceeds on disposal of property and equipment	**231**	123	600
Acquisition of intangible assets and investment properties	**(156)**	(146)	(355)
Net cash outflow from investing activities	**(1 764)**	(1 112)	(2 566)
Cash flows from financing activities			
Proceeds on the issue of other financing liabilities	**108**	202	247
Redemption of other financing liabilities	**(2 924)**	(118)	(135)
Principal payments towards lease liabilities	**(304)**	(238)	(673)
Proceeds from issue of Tier 2 liabilities	**3 186**	2 500	2 500
Capital repaid on Tier 2 liabilities	**(4 299)**	(1 623)	(1 619)
Proceeds from issue of AT1 equity instruments	**2 804**	–	–
Net cash (outflow)/inflow from financing activities	**(1 429)**	723	320
Net (decrease)/increase in cash and cash equivalents	**(9 852)**	(6 801)	4 756
Cash and cash equivalents at the beginning of the period	**104 625**	99 646	99 646
Effect of exchange rate changes on cash and cash equivalents	**(46)**	200	223
Cash and cash equivalents at the end of the period	**94 727**	93 045	104 625
Mandatory reserve balances included above**	**31 357**	28 678	29 361

* *Other liabilities consist of various operating liabilities. The most significant balances included in other operating liabilities include short trading positions and derivative financial instruments.*

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

Condensed statement of changes in equity – IFRS

for the six months ended 31 December

	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 2021	4	16 804	**16 808**	(576)	1 333
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Total comprehensive income for the period	–	–	**–**	(41)	(636)
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	(41)	(636)
Balance as at 31 December 2021	4	16 804	**16 808**	(617)	697
Balance as at 1 July 2022	4	16 804	**16 808**	(554)	(2 379)
AT1 instruments issued	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Total comprehensive income for the period	–	–	**–**	(45)	144
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	(45)	144
Balance as at 31 December 2022	4	16 804	**16 808**	(599)	(2 235)

* *Other reserves include FVOCI reserve.*

** *Other equity instruments at 31 December 2022 include R9 930 million AT1 instruments (December 2021: R7 126 million; June 2022: R7 126 million).*

	Ordinary share capital and ordinary equityholders' funds					
	Foreign currency translation reserve	Other reserves*	Retained earnings	Reserves attributable to ordinary equity-holders	Other equity instruments**	Total equity
	892	1 212	85 584	88 445	7 126	112 379
	–	–	(12 640)	(12 640)	–	(12 640)
	–	–	–	–	(291)	(291)
	678	(125)	11 988	11 864	291	12 155
	–	–	11 988	11 988	291	12 279
	678	(125)	–	(124)	–	(124)
	1 570	1 087	84 932	87 669	7 126	111 603
	1 654	1 197	89 828	89 746	7 126	113 680
	–	–	–	–	2 804	2 804
	–	–	(19 428)	(19 428)	–	(19 428)
	–	–	–	–	(385)	(385)
	181	176	13 158	13 614	385	13 999
	–	–	13 158	13 158	385	13 543
	181	176	–	456	–	456
	1 835	1 373	83 558	83 932	9 930	110 670

Statement of headline earnings – IFRS

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Profit for the period	**13 543**	12 279	10	25 477
Other equity instrument holders	**(385)**	(291)	32	(593)
Earnings attributable to ordinary equityholders	**13 158**	11 988	10	24 884
Adjusted for	**(10)**	(3)	>100	20
Compensation from third parties for impaired/lost property and equipment	**–**	–	–	(109)
Gain on the disposal of property and equipment	**(14)**	(4)	>100	(10)
Cost recovery – property, plant and equipment (PPE)	**–**	–	–	(3)
Impairment of assets in terms of IAS 36	**–**	–	–	131
Tax effects of adjustments	**4**	1	>100	11
Headline earnings	**13 148**	11 985	10	24 904

Reconciliation from headline to normalised earnings

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Headline earnings	**13 148**	11 985	10	24 904
Adjusted for	**(48)**	(52)	(8)	(162)
TRS and IFRS 2 liability remeasurement*	**–**	(4)	(100)	(58)
IAS 19 adjustment	**(48)**	(48)	–	(104)
Normalised earnings	**13 100**	11 933	10	24 742

* *The bank uses various TRSs with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the bank's long-term incentive schemes. A TRS is accounted for as a derivative in terms of IFRS with the fair value change recognised in NIR, unless it qualifies for hedge accounting. In the current period, FirstRand's share price decreased R0.25 and increased R7.21 during the prior period. This resulted in a mark-to-market fair value volatility period-on-period being included in the bank's IFRS attributable earnings. The normalised results reflect the adjustment to normalise this period-on-period IFRS fair value volatility from the TRS, as described in more detail on page 125.*

Reconciliation of normalised to IFRS condensed income statement

for the six months ended 31 December 2022

R million	Normalised	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings	TRS and IFRS 2 liability remeasurement	IFRS
Net interest income before impairment of advances	**27 257**	(875)	–	–	109	**26 491**
Impairment charge	**(3 877)**	–	–	–	–	**(3 877)**
Net interest income after impairment of advances	**23 380**	(875)	–	–	109	**22 614**
Non-interest revenue	**20 029**	875	–	14	53	**20 971**
Income from operations	**43 409**	–	–	14	162	**43 585**
Operating expenses	**(25 145)**	–	67	–	(162)	**(25 240)**
Income before indirect tax	**18 264**	–	67	14	–	**18 345**
Indirect tax	**(543)**	–	–	–	–	**(543)**
Profit before income tax	**17 721**	–	67	14	–	**17 802**
Income tax expense	**(4 236)**	–	(19)	(4)	–	**(4 259)**
Profit for the period	**13 485**	–	48	10	–	**13 543**
Attributable to						
Other equity instrument holders	**(385)**	–	–	–	–	**(385)**
Ordinary equityholders	**13 100**	–	48	10	–	**13 158**
Headline and normalised earnings adjustments	**–**	–	(48)	(10)	–	**(58)**
Normalised earnings attributable to ordinary equityholders of the bank	**13 100**	–	–	–	–	**13 100**

Reconciliation of normalised to IFRS condensed income statement

for the six months ended 31 December 2021

R million	Normalised	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings	TRS and IFRS 2 liability remeasurement	IFRS
Net interest income before impairment of advances	24 679	(438)	–	–	137	24 378
Impairment charge	(3 436)	–	–	–	–	(3 436)
Net interest income after impairment of advances	21 243	(438)	–	–	137	20 942
Non-interest revenue	18 722	438	–	4	(31)	19 133
Income from operations	39 965	–	–	4	106	40 075
Operating expenses	(23 219)	–	67	–	(100)	(23 252)
Income before indirect tax	16 746	–	67	4	6	16 823
Indirect tax	(472)	–	–	–	–	(472)
Profit before income tax	16 274	–	67	4	6	16 351
Income tax expense	(4 050)	–	(19)	(1)	(2)	(4 072)
Profit for the period	12 224	–	48	3	4	12 279
Attributable to						
Other equity instrument holders	(291)	–	–	–	–	(291)
Ordinary equityholders	11 933	–	48	3	4	11 988
Headline and normalised earnings adjustments	–	–	(48)	(3)	(4)	(55)
Normalised earnings attributable to ordinary equityholders of the bank	11 933	–	–	–	–	11 933

Reconciliation of normalised to IFRS condensed income statement

for the year ended 30 June 2022

R million	Normalised	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings	TRS and IFRS 2 liability remeasurement	IFRS
Net interest income before impairment of advances	50 030	(1 303)	–	–	235	48 962
Impairment charge	(5 891)	–	–	–	–	(5 891)
Net interest income after impairment of advances	44 139	(1 303)	–	–	235	43 071
Non-interest revenue	37 785	1 303	–	122	(628)	38 582
Income from operations	81 924	–	–	122	(393)	81 653
Operating expenses	(47 644)	–	144	(131)	473	(47 158)
Income before indirect tax	34 280	–	144	(9)	80	34 495
Indirect tax	(805)	–	–	–	–	(805)
Profit before income tax	33 475	–	144	(9)	80	33 690
Income tax expense	(8 140)	–	(40)	(11)	(22)	(8 213)
Profit for the period	25 335	–	104	(20)	58	25 477
Attributable to						
Other equity instrument holders	(593)	–	–	–	–	(593)
Ordinary equityholders	24 742	–	104	(20)	58	24 884
Headline and normalised earnings adjustments	–	–	(104)	20	(58)	(142)
Normalised earnings attributable to ordinary equityholders of the bank	24 742	–	–	–	–	24 742

Advances

Note 1 – Category analysis of advances

	Advances			
	As at 31 December			As at 30 June
R million	2022	2021	% change	2022
Category analysis				
Overdrafts and cash management accounts	**73 359**	64 821	13	72 014
Term loans	**66 268**	45 246	46	53 665
Card loans	**37 906**	34 657	9	36 593
Instalment sales, hire purchase agreements and lease payments receivable	**131 601**	118 231	11	123 696
Property finance	**280 995**	260 236	8	270 422
Personal loans	**49 429**	47 572	4	48 922
Preference share agreements	**31 371**	30 814	2	31 466
Investment bank term loans	**164 357**	138 086	19	148 493
Loans to associates and joint ventures	**502**	300	67	500
Other	**63 834**	45 446	40	50 376
Total customer advances	**899 622**	785 409	15	836 147
Marketable advances	**79 570**	73 565	8	72 749
Assets under agreements to resell	**84 813**	87 647	(3)	70 540
Gross value of advances	**1 064 005**	946 621	12	979 436
Impairment and credit of fair value advances	**(35 352)**	(36 998)	(4)	(35 349)
Net advances	**1 028 653**	909 623	13	944 087
Gross advances – amortised cost	**939 284**	832 378	13	886 992
Impairment of advances – amortised cost	**(34 046)**	(36 088)	(6)	(34 080)
Net advances – amortised cost	**905 238**	796 290	14	852 912
Gross advances – fair value	**124 721**	114 243	9	92 444
Impairment of advances – fair value	**(1 306)**	(910)	44	(1 269)
Net advances – fair value	**123 415**	113 333	9	91 175
Net advances	**1 028 653**	909 623	13	944 087

Advances continued

Note 2 – Breakdown of ECL created in the reporting period

R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
	31 December 2022				
Current period ECL provided	5 972	(493)	1 763	4 707	(5)
Interest suspended on stage 3 advances	(1 441)	–	–	(1 441)	–
Current period change in ECL provided after interest suspended on stage 3 advances	4 531	(493)	1 763	3 266	(5)
Post write-off recoveries	(1 007)	–	–	(1 007)	–
Modification losses	353	–	81	272	–
Impairment recognised in the income statement for the period ended 31 December 2022	3 877	(493)	1 844	2 531	(5)
Amortised cost	3 853	(484)	1 811	2 531	(5)
Fair value*	24	(9)	33	–	–
	31 December 2021				
Current period ECL provided	5 527	(46)	990	4 583	–
Interest suspended on stage 3 advances	(1 395)	–	–	(1 395)	–
Current period change in ECL provided after interest suspended on stage 3 advances	4 132	(46)	990	3 188	–
Post write-off recoveries	(1 107)	–	–	(1 107)	–
Modification losses	411	1	42	368	–
Impairment recognised in the income statement for the period ended 31 December 2021	3 436	(45)	1 032	2 449	–
Amortised cost	3 272	(157)	980	2 449	–
Fair value*	164	112	52	–	–
	30 June 2022				
Current year ECL provided	10 088	(908)	647	10 356	(7)
Interest suspended on stage 3 advances	(2 633)	–	–	(2 633)	–
Current year change in ECL provided after interest suspended on stage 3 advances	7 455	(908)	647	7 723	(7)
Post write-off recoveries	(2 241)	–	–	(2 241)	–
Modification losses	677	–	116	561	–
Impairment recognised in the income statement for the year ended 30 June 2022	5 891	(908)	763	6 043	(7)
Amortised cost	5 380	(964)	767	5 584	(7)
Fair value*	511	56	(4)	459	–

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

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

The basis of presentation of the reconciliation of the gross carrying amount (GCA) and loss allowance on advances can be found in Note 10 – *Advances* in the annual financial statements of the bank which are available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Voluntary changes in presentation

Core lending advances

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

Asset-based finance book

ABF advances with customers that bank with FNB were moved from FNB commercial to WesBank corporate. This change was implemented to create consistency of process and to effect business efficiencies by managing the ABF book as a single portfolio within WesBank. The bank has voluntarily updated the comparative information. Details of the comparative information that has been restated are included in Note 4 – *Voluntary changes to presentation*.

MotoNovo back book

The MotoNovo back book (i.e., business written prior to the integration with Aldermore) was previously separately reported in the analysis of credit information per class. The book has been running down for a number of years and is no longer deemed to be material enough to report separately. The MotoNovo back book has been collapsed into Centre (including Group Treasury). This is also aligned with how its results are reported in the segment report and reviewed by the group's executives. The bank has voluntarily updated the comparative information. Details of the comparative information that has been restated are included in Note 4 – *Voluntary changes to presentation*.

Revolving facilities

Revolving facilities have been moved from the retail other segment to personal loans. These revolving facilities are used by customers in meeting longer-term, high-value lending needs. This move will enable a single view of medium-term unsecured lending products and will align the external reporting with how these products are managed internally. The bank has voluntarily updated the comparative information. Details of the comparative information that has been restated are included in Note 4 – *Voluntary changes to presentation*.

Changes in general presentation of the advances note

The bank made voluntary changes to the presentation of the reconciliations within this note. To allow the user to compare the amended comparatives to the information previously presented in this booklet, the information previously presented for 30 June 2022 has been included in Note 33 – *Change in presentation of advances* in the bank annual financial statements, which are available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Temporary stress scenario

Given the event-driven uncertainty in the global and South African economy and the forecasting risks of economic assumptions in existing statistical models, an additional stress scenario was introduced during the financial year ended 30 June 2021. The scenario was initially introduced to capture the uncertainty around the impact of the Covid-19 pandemic and subsequently to address risks brought about by the impact of Russia's invasion of Ukraine, and inflation and interest rate forecasting risks. Since June 2022, the forecasting risks relating to inflation and interest rate forecasting have subsided and have to some extent been incorporated into the group's impairment models, with the expectation to be largely captured within the models by June 2023.

The absolute levels of provisioning and stage classification at 30 June 2022 was maintained. This was done to allow management time to assess and conclude that inflation and interest forecasting risks have been sufficiently incorporated into models. In addition, the unprecedented levels of loadshedding, and the resultant impact on domestic growth and employment, has introduced new forecasting risks not specifically catered for in impairment models. On-balance, management has assessed that the absolute provisions raised at 30 June 2022 are sufficient to address these risks and have been maintained.

Management will continually reassess the need for this scenario as credit performance data emerges and risks are adequately embedded in-model, or through specifically quantified post-model adjustments, as required.

Due to the temporary nature of this stress scenario, and consistent with December 2021 and June 2022, the impact on the staging of the gross carrying amount and the additional ECL attributable to this scenario have been separately presented in all tables with information per class in the line *Temporary stress scenario*.

Advances continued

Note 3.1 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 31 DECEMBER 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
GCA reported as at 1 July 2022	242 757	93 214	32 821	46 623	7 907	–
– Stage 1	211 306	76 766	26 914	32 510	6 045	(2 687)
– Stage 2	19 649	10 463	2 229	7 149	586	2 687
– Stage 3	11 802	5 985	3 678	6 964	1 276	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(1 376)	(1 839)	(813)	(1 896)	(155)	–
– Transfers into stage 1	6 149	1 897	604	1 245	153	–
– Transfers out of stage 1	(7 525)	(3 736)	(1 417)	(3 141)	(308)	–
Transfers to/(from) stage 2	10	717	(60)	81	(25)	–
– Transfers into stage 2	7 877	3 674	952	2 548	255	–
– Transfers out of stage 2	(7 867)	(2 957)	(1 012)	(2 467)	(280)	–
Transfers to/(from) stage 3	1 366	1 122	873	1 815	180	–
– Transfers into stage 3	2 365	1 602	938	2 265	249	–
– Transfers out of stage 3	(999)	(480)	(65)	(450)	(69)	–
Current period movement	9 106	7 374	2 494	2 968	391	–
New business – changes in exposure	24 864	23 498	1 437	10 998	813	–
Back book – current period movement	(15 758)	(16 124)	1 057	(8 030)	(422)	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(796)	(896)	46	(843)	(3)	–
– Other current period change in exposure net movement on gross carrying amount	(14 962)	(15 228)	1 011	(7 187)	(419)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(278)	(918)	(875)	(2 321)	(658)	–
Modifications that did not give rise to derecognition	(59)	(28)	(53)	(214)	(1)	–
GCA as at 31 December 2022	251 517	99 642	34 387	47 056	7 648	–
– Stage 1	219 428	82 968	28 307	33 013	5 953	(2 687)
– Stage 2	20 170	11 220	2 387	7 093	581	2 687
– Stage 3	11 919	5 454	3 693	6 950	1 114	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	251 517	99 642	34 387	47 056	7 648	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 31 December 2022	251 517	99 642	34 387	47 056	7 648	–

	Corporate and commercial					
	FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Centre (including Group Treasury)	Total
	107 711	–	45 128	260 431	50 400	886 992
	95 656	(130)	39 417	240 834	49 467	776 098
	7 428	130	4 808	17 654	269	73 052
	4 627	–	903	1 211	664	37 110
	–	–	–	732	–	732
	–	–	–	–	–	–
	(1 377)	–	(183)	(2 597)	118	(10 118)
	1 683	–	3 428	3 104	165	18 428
	(3 060)	–	(3 611)	(5 701)	(47)	(28 546)
	346	–	(45)	2 354	(147)	3 231
	2 583	–	3 418	5 701	38	27 046
	(2 237)	–	(3 463)	(3 347)	(185)	(23 815)
	1 031	–	228	243	29	6 887
	1 059	–	311	243	47	9 079
	(28)	–	(83)	–	(18)	(2 192)
	3 406	–	4 326	44 045	(14 344)	59 766
	9 083	–	12 297	62 301	8 825	154 116
	(5 677)	–	(7 971)	(18 279)	(23 169)	(94 373)
	(687)	–	(739)	(483)	(86)	(4 487)
	(4 990)	–	(7 232)	(17 796)	(23 083)	(89 886)
	–	–	–	23	–	23
	–	–	–	(1 402)	–	(1 402)
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	205	78	283
	(829)	–	(102)	–	(21)	(6 002)
	2	–	–	–	–	(353)
	110 290	–	49 352	303 279	36 113	939 284
	98 581	(130)	44 511	282 807	35 528	828 279
	7 279	130	3 908	18 477	9	73 941
	4 430	–	933	1 239	576	36 308
	–	–	–	756	–	756
	110 290	–	49 352	302 721	26 631	929 244
	–	–	–	558	9 482	10 040
	110 290	–	49 352	303 279	36 113	939 284

Advances continued

Note 3.2 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 31 DECEMBER 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
ECL reported as at 1 July 2022	4 084	5 221	4 361	8 681	1 585	315
– Stage 1	609	779	1 130	2 065	385	153
– Stage 2	939	1 289	620	1 727	147	162
– Stage 3	2 536	3 153	2 611	4 889	1 053	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	138	88	64	42	17	–
– Transfers into stage 1	184	124	147	273	35	–
– Transfers out of stage 1	(46)	(36)	(83)	(231)	(18)	–
Transfers to/(from) stage 2	(108)	(284)	(243)	(500)	(42)	–
– Transfers into stage 2	153	53	64	303	35	–
– Transfers out of stage 2	(261)	(337)	(307)	(803)	(77)	–
Transfers to/(from) stage 3	(30)	196	179	458	25	–
– Transfers into stage 3	91	221	212	621	59	–
– Transfers out of stage 3	(121)	(25)	(33)	(163)	(34)	–
Current period provision created/(released)	230	947	934	2 418	639	–
New business – impairment charge/(release)	193	401	77	972	78	–
Back book – impairment charge/(release)	37	546	857	1 446	561	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	95	(113)	100	(127)	14	–
– Other current period impairment charge/(release)	(58)	659	757	1 573	547	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	165	–	–	–	(165)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(278)	(918)	(875)	(2 321)	(658)	–
ECL as at 31 December 2022	4 201	5 250	4 420	8 778	1 401	315
– Stage 1	579	842	1 159	2 032	350	153
– Stage 2	1 061	1 434	628	1 691	143	162
– Stage 3	2 561	2 974	2 633	5 055	908	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	230	947	934	2 418	639	–
– Stage 1	(331)	(26)	(35)	(75)	112	–
– Stage 2	229	429	252	464	39	–
– Stage 3	332	544	717	2 029	488	–
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial					
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Centre (including Group Treasury)	Total
5 233	55	795	2 965	785	34 080
1 029	23	186	882	42	7 283
1 059	32	193	1 482	31	7 681
3 145	–	416	518	712	19 033
–	–	–	83	–	83
–	–	–	–	–	–
76	–	138	74	3	640
149	–	160	92	4	1 168
(73)	–	(22)	(18)	(1)	(528)
(213)	–	(125)	(114)	(1)	(1 630)
75	–	23	18	2	726
(288)	–	(148)	(132)	(3)	(2 356)
137	–	(13)	40	(2)	990
157	–	8	40	2	1 411
(20)	–	(21)	–	(4)	(421)
513	–	107	183	(23)	5 948
79	–	109	311	3	2 223
434	–	(2)	(123)	(26)	3 730
235	–	4	29	–	237
199	–	(6)	(152)	(26)	3 493
–	–	–	(5)	–	(5)
–	–	–	(2)	–	(2)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	2	20	22
(829)	–	(102)	–	(21)	(6 002)
4 917	55	800	3 148	761	34 046
1 012	23	222	1 029	40	7 441
1 032	32	184	1 388	26	7 781
2 873	–	394	653	695	18 746
–	–	–	78	–	78
513	–	107	183	(23)	5 948
(93)	–	(101)	74	(8)	(483)
185	–	116	19	(3)	1 730
421	–	92	95	(12)	4 706
–	–	–	(5)	–	(5)

Advances continued

Note 3.3 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2022	112	90 751	1 581	92 444
– Stage 1	112	87 918	1 538	89 568
– Stage 2	–	1 981	43	2 024
– Stage 3	–	769	–	769
– Purchased or originated credit impaired	–	83	–	83
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	(87)	–	(87)
– Transfers into stage 1	–	293	–	293
– Transfers out of stage 1	–	(380)	–	(380)
Transfers to/(from) stage 2	–	87	–	87
– Transfers into stage 2	–	380	–	380
– Transfers out of stage 2	–	(293)	–	(293)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current period movement	(42)	31 816	325	32 099
New business – changes in exposure	–	7 161	–	7 161
Back book – current period movement	(42)	24 650	325	24 933
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	–	–	–
– Other current period change in exposure net movement on gross carrying amount	(42)	24 650	325	24 933
Purchased or originated credit impaired	–	5	–	5
Acquisition/(disposal) of advances*	502	–	(500)	2
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	–	176	–	176
Bad debts written off	–	–	–	–
Modifications that did not give rise to derecognition	–	–	–	–
GCA as at 31 December 2022	572	122 743	1 406	124 721
– Stage 1	572	117 457	1 364	119 393
– Stage 2	–	4 450	42	4 492
– Stage 3	–	748	–	748
– Purchased or originated credit impaired	–	88	–	88
Core lending advances	572	47 970	1 406	49 948
Assets under agreements to resell	–	74 773	–	74 773
Total GCA of advances as at 31 December 2022	572	122 743	1 406	124 721

* *Loans granted to the Vumela Enterprise Development Fund Trust were transferred from the Centre to FNB commercial during the current period.*

Note 3.4 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2022	3	1 160	106	1 269
– Stage 1	3	195	103	301
– Stage 2	–	412	3	415
– Stage 3	–	471	–	471
– Purchased or originated credit impaired	–	82	–	82
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	(1)	1	–
– Transfers into stage 1	–	4	1	5
– Transfers out of stage 1	–	(5)	–	(5)
Transfers to/(from) stage 2	–	1	(1)	–
– Transfers into stage 2	–	5	–	5
– Transfers out of stage 2	–	(4)	(1)	(5)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current period provision created/(released)	(1)	29	(4)	24
New business – impairment charge/(release)	–	89	–	89
Back book – impairment charge/(release)	(1)	(60)	(4)	(65)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	–	–	–
– Other current period impairment charge/(release)	(1)	(60)	(4)	(65)
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances*	99	–	(99)	–
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	–	13	–	13
Bad debts written off	–	–	–	–
ECL as at 31 December 2022	101	1 202	3	1 306
– Stage 1	101	189	2	292
– Stage 2	–	460	1	461
– Stage 3	–	471	–	471
– Purchased or originated credit impaired	–	82	–	82
Current period provision created/(released) per impairment stage	(1)	29	(4)	24
– Stage 1	(1)	(6)	(2)	(9)
– Stage 2	–	35	(2)	33
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–

* *Loans granted to the Vumela Enterprise Development Fund Trust were transferred from the Centre to FNB commercial during the current period.*

Advances continued

Note 3.5 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 31 DECEMBER 2021

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
GCA reported as at 1 July 2021	225 666	90 516	31 249	46 885	8 513	–
– Stage 1	196 375	69 224	24 553	30 658	6 175	(1 210)
– Stage 2	15 935	11 821	2 662	7 681	846	1 210
– Stage 3	13 356	9 471	4 034	8 546	1 492	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(364)	(582)	(381)	(2 246)	21	–
– Transfers into stage 1	4 366	3 340	806	1 063	329	–
– Transfers out of stage 1	(4 730)	(3 922)	(1 187)	(3 309)	(308)	–
Transfers to/(from) stage 2	(325)	365	(361)	500	(123)	–
– Transfers into stage 2	4 924	4 469	792	2 861	262	–
– Transfers out of stage 2	(5 249)	(4 104)	(1 153)	(2 361)	(385)	–
Transfers to/(from) stage 3	689	217	742	1 746	102	–
– Transfers into stage 3	2 295	1 637	942	2 182	544	–
– Transfers out of stage 3	(1 606)	(1 420)	(200)	(436)	(442)	–
Current period movement	6 636	1 794	968	1 855	335	–
New business – changes in exposure	23 359	18 800	1 403	13 780	459	–
Back book – current period movement	(16 723)	(17 006)	(435)	(11 925)	(124)	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(998)	(1 379)	(10)	(1 248)	229	–
– Other current period change in exposure net movement on gross carrying amount	(15 725)	(15 627)	(425)	(10 677)	(353)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(242)	(1 330)	(828)	(3 148)	(427)	–
Modifications that did not give rise to derecognition	(20)	(45)	(47)	(214)	(85)	–
GCA as at 31 December 2021	232 031	90 935	31 342	45 378	8 345	–
– Stage 1	204 093	73 053	25 012	30 255	6 268	(966)
– Stage 2	15 344	10 812	2 501	7 743	573	966
– Stage 3	12 594	7 070	3 829	7 380	1 504	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	232 031	90 935	31 342	45 378	8 345	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 31 December 2021	232 031	90 935	31 342	45 378	8 345	–

* *Restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

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

Corporate and commercial					
FNB commercial**	Temporary stress scenario	WesBank corporate**	RMB corporate and investment banking	Centre (including Group Treasury)	Total
97 001	–	41 015	225 884	36 721	803 450
83 139	(99)	35 561	201 210	36 325	681 911
8 064	99	4 060	22 435	107	74 920
5 798	–	1 394	1 423	289	45 803
–	–	–	816	–	816
–	–	–	–	–	–
(762)	–	(361)	1 079	6	(3 590)
2 114	–	1 266	1 588	22	14 894
(2 876)	–	(1 627)	(509)	(16)	(18 484)
(237)	–	384	(541)	(36)	(374)
2 593	–	1 653	1 047	12	18 613
(2 830)	–	(1 269)	(1 588)	(48)	(18 987)
999	–	(23)	(538)	30	3 964
1 114	–	255	–	34	9 003
(115)	–	(278)	(538)	(4)	(5 039)
4 687	–	765	12 087	6 933	36 060
9 950	–	7 689	41 733	8 522	125 695
(5 263)	–	(6 924)	(29 585)	(1 589)	(89 574)
341	–	(1 057)	104	(20)	(4 038)
(5 604)	–	(5 867)	(29 689)	(1 569)	(85 536)
–	–	–	(61)	–	(61)
–	–	–	(1 201)	–	(1 201)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	1 391	139	1 530
(879)	–	(87)	(89)	(20)	(7 050)
–	–	–	–	–	(411)
100 809	–	41 693	238 072	43 773	832 378
87 337	(98)	36 914	217 572	43 442	722 882
8 353	98	3 755	19 111	45	69 301
5 119	–	1 024	634	286	39 440
–	–	–	755	–	755
100 809	–	41 693	237 331	27 441	815 305
–	–	–	741	16 332	17 073
100 809	–	41 693	238 072	43 773	832 378

Advances continued

Note 3.6 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 31 DECEMBER 2021

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
ECL reported as at 1 July 2021	4 304	5 629	4 683	10 036	1 713	332
– Stage 1	646	708	861	2 043	286	129
– Stage 2	841	1 039	654	2 001	296	159
– Stage 3	2 817	3 882	3 168	5 992	1 131	44
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	109	172	98	43	19	–
– Transfers into stage 1	135	215	156	225	43	–
– Transfers out of stage 1	(26)	(43)	(58)	(182)	(24)	–
Transfers to/(from) stage 2	(151)	(172)	(231)	(522)	(31)	–
– Transfers into stage 2	80	156	55	244	55	–
– Transfers out of stage 2	(231)	(328)	(286)	(766)	(86)	–
Transfers to/(from) stage 3	42	–	133	479	12	–
– Transfers into stage 3	133	161	226	570	135	–
– Transfers out of stage 3	(91)	(161)	(93)	(91)	(123)	–
Current period provision created/(released)	272	1 037	728	2 524	764	(142)
New business – impairment charge/(release)	86	267	54	1 162	43	–
Back book – impairment charge/(release)	186	770	674	1 362	721	(142)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(24)	(93)	20	(78)	40	–
– Other current period impairment charge/(release)	210	863	654	1 440	681	(142)
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(242)	(1 330)	(828)	(3 148)	(427)	–
ECL as at 31 December 2021	4 334	5 336	4 583	9 412	2 050	190
– Stage 1	719	758	919	2 132	703	63
– Stage 2	801	1 174	640	2 004	239	105
– Stage 3	2 814	3 404	3 024	5 276	1 108	22
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	272	1 037	728	2 524	764	(142)
– Stage 1	(36)	(122)	(41)	48	397	(65)
– Stage 2	112	308	217	524	(27)	(54)
– Stage 3	196	851	552	1 952	394	(23)
– Purchased or originated credit impaired	–	–	–	–	–	–

* *Restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

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

Corporate and commercial					
FNB commercial**	Temporary stress scenario	WesBank corporate**	RMB corporate and investment banking	Centre (including Group Treasury)	Total
5 761	148	956	3 915	279	37 756
944	124	197	1 292	27	7 257
1 438	24	208	2 236	14	8 910
3 379	–	551	297	238	21 499
–	–	–	90	–	90
–	–	–	–	–	–
269	–	77	66	5	858
365	–	91	71	5	1 306
(96)	–	(14)	(5)	–	(448)
(382)	–	(30)	(24)	(8)	(1 551)
109	–	44	47	1	791
(491)	–	(74)	(71)	(9)	(2 342)
113	–	(47)	(42)	3	693
202	–	19	–	4	1 450
(89)	–	(66)	(42)	(1)	(757)
444	(124)	(20)	(224)	104	5 363
92	–	131	358	2	2 195
352	(124)	(151)	(582)	102	3 168
223	–	(56)	38	(1)	69
129	(124)	(95)	(620)	103	3 099
–	–	–	–	–	–
–	–	–	(35)	–	(35)
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	26	28	54
(879)	–	(87)	(89)	(20)	(7 050)
5 326	24	849	3 593	391	36 088
1 064	–	237	1 312	28	7 935
1 125	24	184	2 003	3	8 302
3 137	–	428	188	360	19 761
–	–	–	90	–	90
444	(124)	(20)	(224)	104	5 363
(146)	(124)	(40)	(50)	(7)	(186)
68	–	6	(186)	(2)	966
522	–	14	12	113	4 583
–	–	–	–	–	–

Advances continued

Note 3.7 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 31 DECEMBER 2021

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2021	91	91 247	1 636	92 974
– Stage 1	91	88 627	1 586	90 304
– Stage 2	–	2 465	50	2 515
– Stage 3	–	73	–	73
– Purchased or originated credit impaired	–	82	–	82
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	361	8	369
– Transfers into stage 1	–	361	8	369
– Transfers out of stage 1	–	–	–	–
Transfers to/(from) stage 2	–	(361)	(8)	(369)
– Transfers into stage 2	–	–	–	–
– Transfers out of stage 2	–	(361)	(8)	(369)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current period movement	46	19 352	(622)	18 776
New business – changes in exposure	–	8 367	–	8 367
Back book – current period movement	46	10 980	(622)	10 404
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	–	–	–
– Other current period change in exposure net movement on gross carrying amount	46	10 980	(622)	10 404
Purchased or originated credit impaired	–	5	–	5
Acquisition/(disposal) of advances	–	1 891	–	1 891
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	–	602	–	602
Bad debts written off	–	–	–	–
Modifications that did not give rise to derecognition	–	–	–	–
GCA as at 31 December 2021	137	113 092	1 014	114 243
– Stage 1	137	109 808	971	110 916
– Stage 2	–	3 123	43	3 166
– Stage 3	–	74	–	74
– Purchased or originated credit impaired	–	87	–	87
Core lending advances	137	42 518	1 014	43 669
Assets under agreements to resell	–	70 574	–	70 574
Total GCA of advances as at 31 December 2021	137	113 092	1 014	114 243

Note 3.8 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 31 DECEMBER 2021

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2021	–	602	111	713
– Stage 1	–	133	103	236
– Stage 2	–	377	8	385
– Stage 3	–	10	–	10
– Purchased or originated credit impaired	–	82	–	82
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	31	–	31
– Transfers into stage 1	–	31	–	31
– Transfers out of stage 1	–	–	–	–
Transfers to/(from) stage 2	–	(31)	–	(31)
– Transfers into stage 2	–	–	–	–
– Transfers out of stage 2	–	(31)	–	(31)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current period provision created/(released)	8	155	1	164
New business – impairment charge/(release)	–	179	1	180
Back book – impairment charge/(release)	8	(24)	–	(16)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	4	–	4
– Other current period impairment charge/(release)	8	(28)	–	(20)
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	–	33	–	33
Bad debts written off	–	–	–	–
ECL as at 31 December 2021	8	790	112	910
– Stage 1	8	270	102	380
– Stage 2	–	428	10	438
– Stage 3	–	10	–	10
– Purchased or originated credit impaired	–	82	–	82
Current period provision created/(released) per impairment stage	8	155	1	164
– Stage 1	8	105	–	113
– Stage 2	–	50	1	51
– Stage 3	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–

Advances continued

Note 3.9 – Reconciliation of the gross carrying amount of total advances per class

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
GCA reported as at 1 July 2021	225 666	90 516	31 249	46 885	8 513	–
– Stage 1	196 375	69 224	24 553	30 658	6 175	(1 210)
– Stage 2	15 935	11 821	2 662	7 681	846	1 210
– Stage 3	13 356	9 471	4 034	8 546	1 492	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(2 445)	(1 051)	(628)	(1 970)	(90)	–
– Transfers into stage 1	7 678	4 135	1 171	2 116	385	–
– Transfers out of stage 1	(10 123)	(5 186)	(1 799)	(4 086)	(475)	–
Transfers to/(from) stage 2	1 711	475	(853)	(1 058)	(46)	–
– Transfers into stage 2	10 563	5 502	860	2 870	346	–
– Transfers out of stage 2	(8 852)	(5 027)	(1 713)	(3 928)	(392)	–
Transfers to/(from) stage 3	734	576	1 481	3 028	136	–
– Transfers into stage 3	3 904	2 596	1 713	3 632	732	–
– Transfers out of stage 3	(3 170)	(2 020)	(232)	(604)	(596)	–
Current year movement	17 617	5 985	3 618	5 903	759	–
New business – changes in exposure	44 607	35 585	3 239	23 066	642	–
Back book – current year movement	(26 990)	(29 600)	379	(17 163)	117	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(1 486)	(2 833)	74	(1 648)	243	–
– Other current year change in exposure net movement on gross carrying amount	(25 504)	(26 767)	305	(15 515)	(126)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	(870)	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(469)	(2 331)	(1 970)	(5 738)	(1 329)	–
Modifications that did not give rise to derecognition	(48)	(86)	(76)	(427)	(45)	–
GCA as at 30 June 2022	242 757	93 214	32 821	46 623	7 907	–
– Stage 1	211 306	76 766	26 914	32 510	6 045	(2 687)
– Stage 2	19 649	10 463	2 229	7 149	586	2 687
– Stage 3	11 802	5 985	3 678	6 964	1 276	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	242 757	93 214	32 821	46 623	7 907	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 30 June 2022	242 757	93 214	32 821	46 623	7 907	–

* *Restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

Corporate and commercial					
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Centre (including Group Treasury)	Total
97 001	–	41 015	225 884	36 721	803 450
83 139	(99)	35 561	201 210	36 325	681 911
8 064	99	4 060	22 435	107	74 920
5 798	–	1 394	1 423	289	45 803
–	–	–	816	–	816
–	–	–	–	–	–
(1 222)	–	88	211	(9)	(7 116)
5 103	–	2 727	2 481	19	25 815
(6 325)	–	(2 639)	(2 270)	(28)	(32 931)
(564)	–	(198)	(939)	(17)	(1 489)
5 515	–	2 505	2 734	24	30 919
(6 079)	–	(2 703)	(3 673)	(41)	(32 408)
1 786	–	110	728	26	8 605
1 900	–	419	1 266	37	16 199
(114)	–	(309)	(538)	(11)	(7 594)
12 245	–	4 319	33 696	9 709	93 851
18 177	–	25 287	80 997	2 038	233 638
(5 932)	–	(20 968)	(47 217)	7 671	(139 703)
(544)	–	(1 291)	(4 406)	(140)	(12 031)
(5 388)	–	(19 677)	(42 811)	7 811	(127 672)
–	–	–	(84)	–	(84)
–	–	–	(892)	4 007	2 245
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	1 835	–	1 835
(1 540)	–	(206)	(92)	(37)	(13 712)
5	–	–	–	–	(677)
107 711	–	45 128	260 431	50 400	886 992
95 656	(130)	39 417	240 834	49 467	776 098
7 428	130	4 808	17 654	269	73 052
4 627	–	903	1 211	664	37 110
–	–	–	732	–	732
107 711	–	45 128	259 762	27 077	863 000
–	–	–	669	23 323	23 992
107 711	–	45 128	260 431	50 400	886 992

Advances continued

Note 3.10 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
ECL reported as at 1 July 2021	4 304	5 629	4 683	10 036	1 713	332
– Stage 1	646	708	861	2 043	286	129
– Stage 2	841	1 039	654	2 001	296	159
– Stage 3	2 817	3 882	3 168	5 992	1 131	44
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	192	227	130	(1)	13	–
– Transfers into stage 1	235	279	209	301	47	–
– Transfers out of stage 1	(43)	(52)	(79)	(302)	(34)	–
Transfers to/(from) stage 2	(67)	(182)	(292)	(729)	35	–
– Transfers into stage 2	228	206	64	363	73	–
– Transfers out of stage 2	(295)	(388)	(356)	(1 092)	(38)	–
Transfers to/(from) stage 3	(125)	(45)	162	730	(48)	–
– Transfers into stage 3	160	197	283	937	143	–
– Transfers out of stage 3	(285)	(242)	(121)	(207)	(191)	–
Current year provision created/(released)	249	1 920	1 648	4 383	1 201	(17)
New business – impairment charge/(release)	347	739	194	2 577	60	–
Back book – impairment charge/(release)	(98)	1 181	1 454	1 806	1 141	(17)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	21	(246)	231	(98)	54	–
– Other current year impairment charge/(release)	(119)	1 427	1 223	1 904	1 087	(17)
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	3	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(469)	(2 331)	(1 970)	(5 738)	(1 329)	–
ECL as at 30 June 2022	4 084	5 221	4 361	8 681	1 585	315
– Stage 1	609	779	1 130	2 065	385	153
– Stage 2	939	1 289	620	1 727	147	162
– Stage 3	2 536	3 153	2 611	4 889	1 053	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current year provision created/(released) per impairment stage	249	1 920	1 648	4 383	1 201	(17)
– Stage 1	(230)	(150)	140	25	83	24
– Stage 2	166	432	257	454	(184)	3
– Stage 3	313	1 638	1 251	3 904	1 302	(44)
– Purchased or originated credit impaired	–	–	–	–	–	–

* *Restated due to the reallocation of revolving facilities from the retail other segment to personal loans.*

Corporate and commercial				Centre (including Group Treasury)	Total
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking		
5 761	148	956	3 915	279	37 756
944	124	197	1 292	27	7 257
1 438	24	208	2 236	14	8 910
3 379	–	551	297	238	21 499
–	–	–	90	–	90
–	–	–	–	–	–
192	–	149	114	3	1 019
332	–	169	128	3	1 703
(140)	–	(20)	(14)	–	(684)
(359)	–	(97)	(191)	(3)	(1 885)
127	–	38	11	2	1 112
(486)	–	(135)	(202)	(5)	(2 997)
167	–	(52)	77	–	866
255	–	21	119	3	2 118
(88)	–	(73)	(42)	(3)	(1 252)
1 012	(93)	45	(847)	76	9 577
187	–	234	677	(3)	5 012
825	(93)	(189)	(1 517)	79	4 572
230	–	(105)	(158)	24	(47)
595	(93)	(84)	(1 359)	55	4 619
–	–	–	(7)	–	(7)
–	–	–	(36)	471	438
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	25	(4)	21
(1 540)	–	(206)	(92)	(37)	(13 712)
5 233	55	795	2 965	785	34 080
1 029	23	186	882	42	7 283
1 059	32	193	1 482	31	7 681
3 145	–	416	518	712	19 033
–	–	–	83	–	83
1 012	(93)	45	(847)	76	9 577
(103)	(101)	(161)	(504)	13	(964)
(20)	8	82	(566)	20	652
1 135	–	124	230	43	9 896
–	–	–	(7)	–	(7)

Advances continued

Note 3.11 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2021	91	91 247	1 636	92 974
– Stage 1	91	88 627	1 586	90 304
– Stage 2	–	2 465	50	2 515
– Stage 3	–	73	–	73
– Purchased or originated credit impaired	–	82	–	82
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	–	8	8
– Transfers into stage 1	–	–	8	8
– Transfers out of stage 1	–	–	–	–
Transfers to/(from) stage 2	–	–	(8)	(8)
– Transfers into stage 2	–	–	–	–
– Transfers out of stage 2	–	–	(8)	(8)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current year movement	21	(1 250)	(255)	(1 484)
New business – changes in exposure	–	14 645	–	14 645
Back book – current year movement	21	(15 896)	(255)	(16 130)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	(361)	–	(361)
– Other current year change in exposure net movement on gross carrying amount	21	(15 535)	(255)	(15 769)
Purchased or originated credit impaired	–	1	–	1
Acquisition/(disposal) of advances	–	–	200	200
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	–	754	–	754
Bad debts written off	–	–	–	–
Modifications that did not give rise to derecognition	–	–	–	–
GCA as at 30 June 2022	112	90 751	1 581	92 444
– Stage 1	112	87 918	1 538	89 568
– Stage 2	–	1 981	43	2 024
– Stage 3	–	769	–	769
– Purchased or originated credit impaired	–	83	–	83
Core lending advances	112	44 203	1 581	45 896
Assets under agreements to resell	–	46 548	–	46 548
Total GCA of advances as at 30 June 2022	112	90 751	1 581	92 444

Note 3.12 – Reconciliation of the loss allowance on total advances per class

FAIR VALUE – 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2021	–	602	111	713
– Stage 1	–	133	103	236
– Stage 2	–	377	8	385
– Stage 3	–	10	–	10
– Purchased or originated credit impaired	–	82	–	82
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	–	3	3
– Transfers into stage 1	–	–	3	3
– Transfers out of stage 1	–	–	–	–
Transfers to/(from) stage 2	–	–	(6)	(6)
– Transfers into stage 2	–	–	–	–
– Transfers out of stage 2	–	–	(6)	(6)
Transfers to/(from) stage 3	–	–	3	3
– Transfers into stage 3	–	–	3	3
– Transfers out of stage 3	–	–	–	–
Current year provision created/(released)	3	512	(5)	510
New business – impairment charge/(release)	–	521	–	521
Back book – impairment charge/(release)	3	(9)	(5)	(11)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	(31)	–	(31)
– Other current year impairment charge/(release)	3	22	(5)	20
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–
Exchange rate differences	–	46	–	46
Bad debts written off	–	–	–	–
ECL as at 30 June 2022	3	1 160	106	1 269
– Stage 1	3	195	103	301
– Stage 2	–	412	3	415
– Stage 3	–	471	–	471
– Purchased or originated credit impaired	–	82	–	82
Current year provision created/(released) per impairment stage	3	512	(5)	510
– Stage 1	3	57	(4)	56
– Stage 2	–	(6)	2	(4)
– Stage 3	–	461	(3)	458
– Purchased or originated credit impaired	–	–	–	–

Advances continued

Note 4.1 – Voluntary changes to the classes previously reported at 31 December 2021

GROSS ADVANCES AND LOSS ALLOWANCE – AMORTISED COST

	Total gross advances (before impairments)			Loss allowance		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
			Stage 1			
Personal loans	24 980	5 275	30 255	1 682	450	2 132
Retail other	11 543	(5 275)	6 268	1 153	(450)	703
FNB commercial	99 591	(12 117)	87 474	1 168	(104)	1 064
WesBank corporate	24 797	12 117	36 914	133	104	237
Centre (including Group Treasury)	42 234	1 165	43 399	26	2	28
MotoNovo	1 165	(1 165)	–	2	(2)	–
			Stage 2			
Personal loans	7 077	666	7 743	1 745	259	2 004
Retail other	1 239	(666)	573	498	(259)	239
FNB commercial	10 472	(2 119)	8 353	1 222	(97)	1 125
WesBank corporate	1 636	2 119	3 755	87	97	184
Centre (including Group Treasury)	43	45	88	(3)	6	3
MotoNovo	45	(45)	–	6	(6)	–
			Stage 3			
Personal loans	6 620	760	7 380	4 783	493	5 276
Retail other	2 264	(760)	1 504	1 601	(493)	1 108
FNB commercial	5 594	(475)	5 119	3 341	(204)	3 137
WesBank corporate	549	475	1 024	224	204	428
Centre (including Group Treasury)	–	286	286	–	360	360
MotoNovo	286	(286)	–	360	(360)	–
			Total			
Personal loans	38 677	6 701	45 378	8 210	1 202	9 412
Retail other	15 046	(6 701)	8 345	3 252	(1 202)	2 050
FNB commercial	115 657	(14 711)	100 946	5 731	(405)	5 326
WesBank corporate	26 982	14 711	41 693	444	405	849
Centre (including Group Treasury)	42 277	1 496	43 773	23	368	391
MotoNovo	1 496	(1 496)	–	368	(368)	–

Advances continued

RECONCILIATION OF THE LOSS ALLOWANCE ON ADVANCES PER CLASS – AMORTISED COST

	Personal loans			Retail other		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Reported as at 1 July 2021	8 630	1 406	10 036	3 119	(1 406)	1 713
– Stage 1	1 611	432	2 043	718	(432)	286
– Stage 2	1 722	279	2 001	575	(279)	296
– Stage 3	5 297	695	5 992	1 826	(695)	1 131
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfer from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(2 594)	(553)	(3 147)	(981)	553	(428)
Current period provisions created/(released)	2 174	349	2 523	1 114	(349)	765
– Stage 1	37	10	47	408	(10)	398
– Stage 2	491	33	524	6	(33)	(27)
– Stage 3	1 646	306	1 952	700	(306)	394
Amount as at 31 December 2021	8 210	1 202	9 412	3 252	(1 202)	2 050
– Stage 1	1 682	450	2 132	1 153	(450)	703
– Stage 2	1 745	259	2 004	498	(259)	239
– Stage 3	4 783	493	5 276	1 601	(493)	1 108

FNB commercial			WesBank corporate		
As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
6 162	(401)	5 761	555	401	956
1 033	(89)	944	108	89	197
1 524	(86)	1 438	122	86	208
3 605	(226)	3 379	325	226	551
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
(912)	33	(879)	(54)	(33)	(87)
481	(37)	444	(57)	37	(20)
(171)	25	(146)	(15)	(25)	(40)
96	(28)	68	(22)	28	6
556	(34)	522	(20)	34	14
5 731	(405)	5 326	444	405	849
1 168	(104)	1 064	133	104	237
1 222	(97)	1 125	87	97	184
3 341	(204)	3 137	224	204	428

Advances continued

RECONCILIATION OF THE LOSS ALLOWANCE ON ADVANCES PER CLASS – AMORTISED COST continued

	Centre (including Group Treasury)			MotoNovo		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Reported as at 1 July 2021	23	256	279	256	(256)	–
– Stage 1	23	4	27	4	(4)	–
– Stage 2	–	14	14	14	(14)	–
– Stage 3	–	238	238	238	(238)	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfer from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	28	28	28	(28)	–
Bad debts written off	–	(20)	(20)	(20)	20	–
Current period provisions created/(released)	–	104	104	104	(104)	–
– Stage 1	(2)	(5)	(7)	(5)	5	–
– Stage 2	2	(4)	(2)	(4)	4	–
– Stage 3	–	113	113	113	(113)	–
Amount as at 31 December 2021	23	368	391	368	(368)	–
– Stage 1	26	2	28	2	(2)	–
– Stage 2	(3)	6	3	6	(6)	–
– Stage 3	–	360	360	360	(360)	–

Note 4.2 – Voluntary changes to the classes previously reported at 30 June 2022

GROSS ADVANCES AND LOSS ALLOWANCE – AMORTISED COST

	Total gross advances (before impairments)			Loss allowance		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
			Stage 1			
Personal loans	27 342	5 168	32 510	1 785	280	2 065
Retail other	11 213	(5 168)	6 045	665	(280)	385
			Stage 2			
Personal loans	6 557	592	7 149	1 544	183	1 727
Retail other	1 178	(592)	586	330	(183)	147
			Stage 3			
Personal loans	6 274	690	6 964	4 479	410	4 889
Retail other	1 966	(690)	1 276	1 463	(410)	1 053
			Total			
Personal loans	40 173	6 450	46 623	7 808	873	8 681
Retail other	14 357	(6 450)	7 907	2 458	(873)	1 585

Advances continued

RECONCILIATION OF THE LOSS ALLOWANCE ON ADVANCES PER CLASS – AMORTISED COST

	Personal loans			Retail other		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Reported as at 1 July 2021	8 630	1 406	10 036	3 119	(1 406)	1 713
– Stage 1	1 602	439	2 041	740	(439)	301
– Stage 2	1 090	183	1 273	514	(183)	331
– Stage 3	5 938	784	6 722	1 865	(784)	1 081
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfer from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(4 743)	(995)	(5 738)	(2 324)	995	(1 329)
Current period provisions created/(released)	3 921	462	4 383	1 663	(462)	1 201
– Stage 1	183	(158)	25	(75)	158	83
– Stage 2	454	–	454	(184)	–	(184)
– Stage 3	3 284	620	3 904	1 922	(620)	1 302
Amount as at 30 June 2022	7 808	873	8 681	2 458	(873)	1 585
– Stage 1	1 785	280	2 065	665	(280)	385
– Stage 2	1 544	183	1 727	330	(183)	147
– Stage 3	4 479	410	4 889	1 463	(410)	1 053

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

Forward-looking information incorporated into the impairment of advances

Forward-looking information has been incorporated into the expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. The process of incorporating the forward-looking information into the expected loss estimates has not changed since 30 June 2022, but there have been changes to the probabilities assigned to the scenarios and the inputs used. For the group's South African and broader Africa operations three macroeconomic scenarios are utilised, namely a base scenario, an upside scenario and a downside scenario. Consistent with the approach followed at 30 June 2022, an additional stress scenario was added to the macroeconomic scenarios applied to the retail and commercial portfolios, however they were retained at the same levels as 30 June 2022. The reason for including the temporary stress scenario in these portfolios only is that the RMB CIB portfolio already incorporates stressed scenarios for high-risk industries, and the impact within broader Africa was not found to be material.

Overview of forward-looking information included in the 31 December 2022 impairment of advances

During the calendar year ended 31 December 2022 global economic growth continued to moderate with the sectoral composition of activity shifting from goods towards services. With the invasion of Ukraine having exacerbated the already elevated cost-of-living pressures in both developed and emerging economies, central banks persisted with aggressive interest rate hikes to stem inflation, resulting in further downward revisions to growth expectations and increased risk aversion. These hikes were coupled with plans to reduce fiscal stimulus, but this had to be balanced with shielding consumers from the impacts of slowing growth and higher inflation. The complexity of these policy actions, combined with a significant increase in geopolitical risk, resulted in ongoing market volatility.

South Africa

South Africa's inflation rate lifted above the central bank's target range, resulting in an interest rate hiking cycle to lower longer-term inflation expectations. Real economic activity continued to slow, with domestic household consumption in particular being impacted by the higher headline inflation. Despite the slowdown in overall activity, household data showed that income levels among the employed had improved from a low base, with corporates starting to add headcount after Covid-19-induced job cuts. This, combined with a reduction in precautionary savings rates, underpinned household credit growth and provided some support to house prices despite higher interest rates.

Severe rolling blackouts in the second half of the year weighed on certain corporates, while others benefited from higher commodity prices and the opportunity to produce their own energy following the government's removal of the self-generation cap. This provided the basis for further increases in corporate credit demand.

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

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

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years. The information below reflects the scenarios and probabilities assigned to each scenario at 31 December 2022.

Scenario	Probability	Description
Baseline	55% (June 2022: 54%; December 2021: 58%)	> Global economic growth slows below trend level and developed market inflation remains high but does not spiral out of control. > South Africa struggles to lift the potential growth rate meaningfully over the forecast horizon. > Confidence normalises from depressed levels inducing a normalisation in credit and savings growth. > Social unrest remains elevated but does not significantly impair confidence or operating conditions. > The climate transition progresses slowly and negotiations on the detail of the climate change deal at the United Nations Climate Change conference (COP26 deal) takes a long time with lack of meaningful implementation progress. > Russia’s invasion of Ukraine contributes to higher headline inflation, which limits the potential upside to real disposable income growth.
Upside	12% (June 2022: 14%; December 2021: 14%)	> Global growth remains slow towards trend but soon recovers, keeping commodity prices elevated through the forecast horizon. > The South African government manages the carbon transition effectively and negotiations on the detail of the COP26 deal make meaningful progress. > Social unrest abates and the inflationary impact of Russia’s invasion of Ukraine moderates significantly. > Broader fiscal and economic reforms lift the potential growth rate meaningfully over the forecast horizon. > Private sector confidence and related investment lift, resulting in higher credit extension and a drawdown in precautionary savings.
Downside	33% (June 2022: 32%; December 2021: 28%)	> The South African government experiences significant setbacks in its efforts to manage the energy transition and decarbonisation process. > The country fails to implement growth-enhancing economic reforms. > The Covid-19 epidemic resurges, resulting in increased economic restrictions. > Real credit extension falls and savings lift. > Global inflation remains above central banks’ comfort levels, resulting in further policy tightening with negative knock-on consequences for global financial conditions and risk appetite. > Russia’s invasion of Ukraine drives headline inflation significantly higher and real disposable income growth significantly lower.
Temporary stress scenario		The ECL impact of the temporary stress scenario as well as its impact on staging of the GCA has been tracked separately for classes of advances within the retail and commercial portfolios, where the temporary stress scenario had a material impact. Therefore, for the retail and commercial portfolios a weighting of 8% (December 2021: 8%) has been attributed to the temporary scenario, 11% (December 2021: 13%) to the upside scenario, 29% (December 2021: 26%) to the downside and 51% (December 2021: 53%) to the baseline scenario. The weightings of the stress scenario have remained unchanged since 30 June 2022.

Significant macroeconomic factors as at 31 December 2022

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecast over a period of three years, per major economic region that the group operates in. The information below reflects the group's forecasts for each period at 31 December.

South Africa (%)	Upside scenario			Baseline expectation			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Applicable across all portfolios									
Real GDP growth	2.90	3.30	3.30	1.20	1.60	1.80	(1.30)	(0.60)	0.50
CPI inflation	4.90	4.60	4.90	5.80	4.80	4.90	10.10	7.30	5.80
Repo rate	7.00	6.50	6.50	7.25	7.00	7.00	10.00	8.00	7.00
Retail-specific									
Retail real income growth	3.80	2.90	2.90	1.60	1.40	1.60	(1.70)	(0.50)	0.40
House price index growth*	8.10	6.90	6.90	3.40	3.30	3.80	(3.50)	(1.30)	1.00
Household debt to income	65.40	65.90	66.50	63.90	63.50	63.00	63.50	62.80	62.10
Employment growth	1.00	1.30	1.20	0.40	0.60	0.70	(0.40)	(0.20)	0.20
Wholesale-specific									
Fixed capital formation	10.70	8.70	10.70	4.50	4.20	5.9	(4.70)	(1.60)	1.60
Foreign exchange rate (USD/ZAR)	14.60	14.80	15.40	17.20	17.40	18.2	24.10	22.60	21.80

** Applicable to the secured portfolio.*

	South Africa – significant macroeconomic factors relevant to the temporary stress scenario						
(%)	Real GDP growth	CPI inflation	Repo rate	Retail real income growth	House price index growth*	Household debt to income	Employment growth
2023	(2.30)	13.80	14.50	(3.00)	(6.30)	63.20	(0.80)
2024	(1.70)	13.80	13.00	(1.50)	(3.60)	62.30	(0.70)
2025	(0.70)	10.00	11.00	(0.60)	(1.40)	61.30	(0.30)

** Applicable to the secured portfolio.*

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

Significant macroeconomic factors as at 30 June 2022

South Africa (%)	Upside scenario			Baseline expectation			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Applicable across all portfolios									
Real GDP growth	3.50	3.20	3.10	2.00	1.60	1.60	(2.70)	(0.90)	(0.90)
CPI inflation	5.60	4.40	4.40	6.40	4.60	4.60	9.90	9.30	5.80
Repo rate	5.75	5.25	5.25	5.75	5.75	5.75	10.00	10.00	7.50
Retail-specific									
Retail real income growth	2.30	2.40	2.80	1.30	1.20	1.50	(1.70)	(0.70)	(0.90)
House price index growth*	5.90	6.40	7.00	3.40	3.20	3.60	(4.50)	(1.70)	(2.10)
Household debt to income	67.40	68.20	68.60	66.40	66.60	66.70	65.40	64.90	64.60
Employment growth	0.80	0.60	0.90	0.50	0.30	0.50	(0.60)	(0.20)	(0.30)
Wholesale-specific									
Fixed capital formation	2.10	7.20	6.80	1.20	3.60	3.50	(1.60)	(1.90)	(2.00)
Foreign exchange rate (USD/ZAR)	13.30	13.90	14.50	15.70	16.40	17.10	23.60	23.00	20.50

** Applicable to the secured portfolio.*

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

** Applicable to the secured portfolio.*

Fair value measurements

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.

	As at 31 December 2022			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	260	51 231	772	52 263
Advances	–	77 837	45 578	123 415
Investment securities	82 176	46 182	1 850	130 208
Commodities	17 647	–	–	17 647
Investment properties	–	–	249	249
Amounts due by holding company and fellow subsidiaries	–	4 379	–	4 379
Total assets measured at fair value	100 083	179 629	48 449	328 161
Liabilities				
Recurring fair value measurements				
Short trading positions	14 055	1 080	–	15 135
Derivative financial instruments	217	59 427	1 972	61 616
Deposits	1 109	58 977	4 491	64 577
Other liabilities	–	826	–	826
Amounts due to holding company and fellow subsidiaries	–	220	–	220
Total liabilities measured at fair value	15 381	120 530	6 463	142 374

Fair value measurements continued

	As at 31 December 2021			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	33	58 425	2 015	60 473
Advances	–	72 636	40 698	113 334
Investment securities	81 836	79 116	2 405	163 357
Commodities	22 261	–	–	22 261
Investment properties	–	–	249	249
Amounts due by holding company and fellow subsidiaries	–	7 432	–	7 432
Total assets measured at fair value	104 130	217 609	45 367	367 106
Liabilities				
Recurring fair value measurements				
Short trading positions	15 683	–	–	15 683
Derivative financial instruments	175	62 552	1 493	64 220
Deposits	1 096	47 177	4 714	52 987
Other liabilities	–	844	–	844
Amounts due to holding company and fellow subsidiaries	–	8 320	–	8 320
Total liabilities measured at fair value	16 954	118 893	6 207	142 054

	As at 30 June 2022			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	475	60 553	646	61 674
Advances	–	48 573	42 602	91 175
Investment securities	68 774	85 425	1 186	155 385
Commodities	17 580	–	–	17 580
Investment properties	–	–	249	249
Amounts due by holding company and fellow subsidiaries	–	14 027	–	14 027
Total assets measured at fair value	86 829	208 578	44 683	340 090
Liabilities				
Recurring fair value measurements				
Short trading positions	14 183	–	–	14 183
Derivative financial instruments	205	67 872	2 207	70 284
Deposits	1 103	39 821	5 390	46 314
Other liabilities	–	873	–	873
Amounts due to holding company and fellow subsidiaries	–	11 118	–	11 118
Total liabilities measured at fair value	15 491	119 684	7 597	142 772

Fair value measurements continued

Additional disclosures for level 3 financial instruments

Transfers between fair value hierarchy levels

The following represents the significant transfers into level 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.

	As at 31 December 2022		
R million	**Transfers in**	**Transfers out**	**Reasons for significant transfer in**
Level 1	**210**	**(559)**	The market for certain listed investment securities has become liquid in the current period, resulting in transfers from level 3 into level 1.
Level 2	**310**	**-**	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2 due to significant inputs becoming more observable during the current period.
Level 3	**559**	**(520)**	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1, as the market has become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	**1 079**	**(1 079)**	

	As at 31 December 2021		
R million	Transfers in	Transfers out	Reasons for significant transfer in
Level 1	269	(898)	The market for certain listed investment securities has become liquid in the current period, resulting in transfers from level 3 into level 1.
Level 2	1 705	-	The significant inputs for determining the fair value of certain derivatives and deposits have become observable as the financial instruments approach their respective maturity dates.
Level 3	898	(1 974)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1, as active trading ceased during the period and the inputs into the fair value model were no longer observable.
Total transfers	2 872	(2 872)	

	As at 30 June 2022		
R million	Transfers in	Transfers out	Reasons for significant transfer in
Level 1	688	(41)	The market for certain investment securities has become liquid in the current year, which resulted in transfers from level 3 into level 1.
Level 2	608	(1 405)	Increased liquidity in the market for certain investment securities, as well as equity-linked deposits that are approaching maturity, resulted in transfers from level 3 to level 2 due to the significant inputs becoming more observable during the current period.
Level 3	1 446	(1 296)	Investment securities and equity-linked deposits whose fair value had been observable in a traded market no longer met the criteria for level 1 and level 2, as the market has become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	2 742	(2 742)	

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	Other liabilities
Balance as at 1 July 2022	646	42 602	1 186	249	2 207	5 390	–
Gains/(losses) recognised in profit or loss	197	1 917	47	–	742	(157)	–
Gains/(losses) recognised in other comprehensive income	–	–	1	–	–	–	–
Purchases, sales, issue and settlements	(71)	900	577	–	(977)	(742)	–
Net transfer to level 3	–	–	39	–	–	–	–
Exchange rate differences	–	159	–	–	–	–	–
Balance as at 31 December 2022	772	45 578	1 850	249	1 972	4 491	–

Decreases in level 3 assets and liabilities are included in brackets. Decreases in the value of assets are as a result of losses, sales and settlements. Decreases in the value of liabilities are as a 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 and adjustments due to changes in currency and base rates. These instruments are funded by liabilities where 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.

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Derivative financial liabilities	Deposits	Other liabilities
Balance as at 1 July 2021	1 205	31 487	1 721	249	1 595	4 254	–
Gains/(losses) recognised in profit or loss	1 361	1 696	174	–	672	585	–
Gains/(losses) recognised in other comprehensive income	–	–	4	–	–	–	–
Purchases, sales, issue and settlements	(370)	7 103	(123)	–	(285)	909	–
Net transfer to level 3	(181)	–	629	–	(489)	(1 034)	–
Exchange rate differences	–	412	–	–	–	–	–
Balance as at 31 December 2021	2 015	40 698	2 405	249	1 493	4 714	–

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Derivative financial liabilities	Deposits	Other liabilities
Balance as at 1 July 2021	1 205	31 487	1 721	249	1 595	4 254	–
Gains/(losses) recognised in profit or loss	(30)	1 634	153	–	1 341	111	–
Gains/(losses) recognised in other comprehensive income	–	–	8	–	–	–	–
Purchases, sales, issue and settlements	(515)	8 887	21	–	(329)	(241)	–
Acquisitions/disposals of subsidiaries	–	–	(15)	–	–	–	–
Net transfer to level 3	(14)	–	(702)	–	(400)	1 266	–
Exchange rate differences	–	594	–	–	–	–	–
Balance as at 30 June 2022	646	42 602	1 186	249	2 207	5 390	–

Fair value measurements continued

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

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

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

	Six months ended 31 December 2022		Six months ended 31 December 2021		Year ended 30 June 2022	
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	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income
Assets						
Derivative financial instruments	**131**	**–**	1 160	–	117	–
Advances*	**1 422**	**–**	1 614	–	1 339	–
Investment securities	**2**	**–**	105	4	384	–
Investment properties	**–**	**–**	(15)	–	–	–
Total	**1 555**	**–**	2 864	4	1 840	–
Liabilities						
Derivative financial instruments	**(172)**	**–**	(128)	–	(1 268)	–
Deposits	**420**	**–**	(591)	–	(122)	–
Other liabilities	**–**	**–**	–	–	–	–
Total	**248**	**–**	(719)	–	(1 390)	–

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

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

	As at 31 December 2022			As at 31 December 2021			As at 30 June 2022		
	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	Fair value	Using more positive assumptions	Using more negative assumptions
Assets									
Derivative financial instruments	**772**	**831**	**720**	2 015	2 063	1 968	646	703	589
Advances	**45 578**	**45 657**	**45 501**	40 698	40 766	40 588	42 602	42 631	42 564
Investment securities	**1 850**	**1 923**	**1 770**	2 405	2 443	2 271	1 186	1 268	1 119
Investment properties	**249**	**280**	**186**	249	274	225	249	280	186
Total financial assets measured at fair value in level 3	**48 449**	**48 691**	**48 177**	45 367	45 546	45 052	44 683	44 882	44 458
Liabilities									
Derivative financial instruments	**1 972**	**1 860**	**2 063**	1 493	1 473	1 516	2 207	2 114	2 305
Deposits	**4 491**	**4 457**	**4 531**	4 714	4 708	4 719	5 390	5 365	5 416
Other liabilities	**–**	**–**	**–**	–	–	–	–	–	–
Total financial liabilities measured at fair value in level 3	**6 463**	**6 317**	**6 594**	6 207	6 181	6 235	7 597	7 479	7 721

Fair value measurements continued

Financial instruments not measured at fair value

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

	As at 31 December 2022	
R million	Carrying value	Total fair value
Assets		
Advances	**905 238**	**912 283**
Investment securities	**165 099**	**160 690**
Total assets at amortised cost	**1 070 337**	**1 072 973**
Liabilities		
Deposits	**1 255 526**	**1 258 210**
Tier 2 liabilities	**19 875**	**20 124**
Total liabilities at amortised cost	**1 275 401**	**1 278 334**

	As at 31 December 2021	
R million	Carrying value	Total fair value
Assets		
Advances	796 289	808 022
Investment securities	123 176	121 779
Total assets at amortised cost	919 465	929 801
Liabilities		
Deposits	1 139 216	1 141 859
Other liabilities	2 865	2 864
Tier 2 liabilities	21 036	21 365
Total liabilities at amortised cost	1 163 117	1 166 088

	As at 30 June 2022	
R million	Carrying value	Total fair value
Assets		
Advances	852 912	861 762
Investment securities	123 494	118 109
Total assets at amortised cost	976 406	979 871
Liabilities		
Deposits	1 173 712	1 175 089
Other liabilities	2 868	2 864
Tier 2 liabilities	20 433	20 607
Total liabilities at amortised cost	1 197 013	1 198 560

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.

	As at 31 December		As at 30 June
R million	**2022**	2021	2022
Opening balance	**343**	109	109
Day 1 profits or losses not initially recognised on financial instruments recognised in the current period	**75**	150	368
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(123)**	(74)	(134)
Closing balance	**295**	185	343

Contingencies and commitments

	As at 31 December			As at 30 June
R million	2022	2021	% change	2022
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)	**42 804**	38 968	10	46 141
Letters of credit	**15 280**	13 975	9	13 246
Total contingencies	**58 084**	52 943	10	59 387
Irrevocable commitments	**169 246**	148 020	14	155 143
Committed capital expenditure*	**4 195**	3 483	20	4 857
Legal proceedings**	**40**	187	(79)	178
Other	**–**	5	(100)	39
Total contingencies and commitments	**231 565**	204 638	13	219 604
Guarantees				
Guarantees predominantly consisting of endorsements and performance guarantees granted to other FirstRand group companies amount to:	**8 213**	9 815		10 169

* *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.*

The December 2021 balances have been restated. The impact and rationale of the restatement are disclosed below.

R million	Previously reported	Reclassified	Adjusted	Restated
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)*	35 848	3 120	–	38 968
Letters of credit	13 975	–	–	13 975
Total contingencies	49 823	3 120	–	52 943
Irrevocable commitments*	164 093	(16 073)	–	148 020
Committed capital expenditure approved by the directors**	2 167	–	1 316	3 483
Legal proceedings	187	–	–	187
Other	5	–	–	5
Total contingencies and commitments	216 275	(12 953)	1 316	204 638

* *During the year ended June 2022, the methodology and business rules for classification of off-balance sheet items in the retail secured lending business were reviewed and streamlined. This resulted in the re-presentation of certain balances from irrevocable commitments to guarantees. The remaining amount removed from irrevocable commitments related to revocable commitments of R12 953 million incorrectly classified (revocable commitments do not meet the definition of contingencies and commitments).The related release of ECL on this restatement is not material.*

** *Committed capital approved by the directors has been restated, following the identification of amounts that should have been included and which became apparent as a result of improved reporting tools implemented.*

Condensed segment report

REPORTABLE SEGMENTS

	For the six months ended 31 December 2022									
	Retail and commercial									
	FNB									
R million	FNB SA	FNB broader Africa	Total FNB	WesBank	Retail and commercial	RMB	Centre (including Group Treasury and other)	FRB – normalised	Normalised adjustments	FRB – IFRS
Profit before tax	13 085	(188)	**12 897**	876	**13 773**	**3 329**	619	**17 721**	81	**17 802**
Total assets	457 774	220	**457 994**	146 807	**604 801**	**625 946**	358 353	**1 589 100**	–	**1 589 100**
Total liabilities*	447 016	408	**447 424**	145 590	**593 014**	**623 674**	261 742	**1 478 430**	–	**1 478 430**

* *Total liabilities are net of interdivisional balances.*

	For the six months ended 31 December 2021									
	Retail and commercial									
	FNB									
R million	FNB SA**	FNB broader Africa	Total FNB	WesBank**	Retail and commercial	RMB	Centre (including Group Treasury and other)	FRB – normalised	Normalised adjustments	FRB – IFRS
Profit before tax	11 578	(145)	**11 433**	655	**12 088**	**3 432**	754	**16 274**	77	**16 351**
Total assets	418 379	186	**418 565**	130 448	**549 013**	**589 098**	326 945	**1 465 056**	–	**1 465 056**
Total liabilities*	411 510	331	**411 841**	131 040	**542 881**	**586 573**	223 999	**1 353 453**	–	**1 353 453**

* *Total liabilities are net of interdivisional balances.*

** *Restated.*

	For the year ended 30 June 2022									
	Retail and commercial									
	FNB									
R million	FNB SA	FNB broader Africa	Total FNB	WesBank	Retail and commercial	RMB	Centre (including Group Treasury and other)	FRB – normalised	Normalised adjustments	FRB – IFRS
Profit before tax	24 212	(332)	**23 880**	1 180	**25 060**	**7 342**	1 073	**33 475**	215	**33 690**
Total assets	439 261	228	**439 489**	135 894	**575 383**	**560 327**	371 637	**1 507 347**	–	**1 507 347**
Total liabilities	419 807	560	**420 367**	135 968	**556 335**	**554 357**	282 975	**1 393 667**	–	**1 393 667**

* *Total liabilities are net of interdivisional balances.*

supplementary information

Company information

Directors

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

Company secretary and registered office

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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 Debt Listings Requirements)
Rand Merchant Bank (a division of FirstRand Bank Limited)
Debt and trade solutions
1 Merchant Place, Corner of Fredman Drive and Rivonia Road
Sandton 2196
Tel: +27 11 282 8000
Fax: +27 11 282 4184

Auditors

PricewaterhouseCoopers Inc.

4 Lisbon Lane Waterfall City
Jukskei View
Gauteng
South Africa
2090

Deloitte & Touche

5 Magwa Crescent
Waterfall City
Gauteng
South Africa
2090

Listed financial instruments of the bank

Listed debt

FRB remains the group's rated entity from which debt is issued. The bank's JSE-listed programmes and debt instruments are available on the group and RMB websites:
– www.firstrand.co.za/investors/debt-investor-centre/prospectuses-and-programme-memoranda/
– www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/
– www.rmb.co.za/page/krugerrand-custodial-certificate
– www.rmb.co.za/page/dollar-custodial-certificate
– www.rmb.co.za/page/retail-structured-solutions

The bank also issues debt instruments in the UK.

London Stock Exchange

European medium-term note programme

ISIN code	
Subordinated debt	**Senior unsecured**
XS1810806395	XS1954121031 (unlisted)

Credit ratings

Refer to www.firstrand.co.za/investors/debt-investor-centre/credit-ratings/ for detail on the bank's credit ratings.

Listed financial instruments of the bank continued

Capital instruments

BASEL III COMPLIANT AT1 AND TIER 2 INSTRUMENTS

	Maturity date	Call date	Currency (million)	As at 31 December 2022	As at 31 December 2021	As at 30 June 2021
AT1						
FRB24	Perpetual	2023/11/08	ZAR	**2 265**	2 265	2 265
FRB25	Perpetual	2024/09/19	ZAR	**3 461**	3 461	3 461
FRB28	Perpetual	2025/12/02	ZAR	**1 400**	1 400	1 400
FRB34	Perpetual	2028/06/02	ZAR	**2 804**	–	–
Total AT1			**ZAR**	**9 930**	**7 126**	**7 126**
Tier 2						
FRB17	2027/01/08	2022/01/08	ZAR	**–**	601	-
FRB22	2027/12/08	2022/12/08	ZAR	**–**	1 250	1 250
FRB23	2027/09/20	2022/09/20	ZAR	**–**	2 750	2 750
FRB26	2029/06/03	2024/06/03	ZAR	**1 910**	1 910	1 910
FRB27	2031/06/03	2026/06/03	ZAR	**715**	715	715
FRB29	2031/04/19	2026/04/19	ZAR	**2 374**	2 374	2 374
FRB30	2031/04/19	2026/04/19	ZAR	**698**	698	698
FRB31	2031/11/24	2026/11/24	ZAR	**2 500**	2 500	2 500
FRB32	2032/09/28	2027/09/28	ZAR	**2 296**	–	–
FRB33	2034/09/28	2029/09/28	ZAR	**890**	–	–
Reg S	2028/04/23	2023/04/23	USD	**500**	500	500
Total Tier 2*			**ZAR**	**19 874**	**20 744**	**20 401**

* *Dollar instrument translated at the closing rates of the respective reporting periods.*

Refer to www.firstrand.co.za/investors/basel-pillar-3-disclosure/ for additional information on the terms and conditions of the capital instruments.

Definitions

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

Abbreviations

AC and FV	Amortised cost and fair value
ABF	Asset-based finance
ALM	Asset-liability management
AT1	Additional Tier 1
BoE	Bank of England
CAGR	Compound annual growth rate
CCyB	Countercyclical buffer
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
COP26	United Nations climate change conference
CPI	Consumer price inflation
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
Covid-19	Coronavirus disease
ECL	Expected credit loss
Flac	First loss after capital
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
FSLA	Financial Sector Laws Amendment Act 23 of 2022
FVOCI	Fair value through other comprehensive income
FX	Foreign exchange
GCA	Gross carrying amount
HQLA	High-quality liquid assets
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange

LCR	Liquidity coverage ratio
MPIF	Monetary policy implementation framework
MVNO	Mobile virtual network operator
NCD	Negotiable certificate of deposit
NCNR	Non-cumulative non-redeemable
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NOSIA	Notice of sums in arrears
NPLs	Non-performing loans
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
P2P	Private-to-private
PA	Prudential Authority
PBT	Profit before tax
UDO	Unpaid debit order
ROA	Return on assets
ROE	Return on equity
RWA	Risk-weighted assets
SA	South Africa
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SICR	Significant increase in credit risk
SME	Small- and medium-sized enterprise
STI	Short-term insurance
TFS	Toyota Financial Services (Pty) Ltd
TRS	Total return swap
UK	United Kingdom
VAF	Vehicle asset finance
VWFS	Volkswagen Financial Services (Pty) Ltd

Abbreviations of financial reporting standards

International Financial Reporting Standards

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

International Accounting Standards

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

IFRS Interpretations Committee Interpretations

IFRIC 17	IFRIC 17 – Distributions of Non-cash Assets to Owners
IFRIC 21	IFRIC 21 – Levies
IFRIC 22	IFRIC 22 – Foreign Currency Transactions and Advance Consideration
IFRIC 23	IFRIC 23 – Uncertainty over Income Tax Treatments

STUDIO⑤

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