FirstRand Bank

analysis

of financial results

for the six months ended 31 December 2023

1929/001225/06
Certain entities within the FirstRand group are authorised financial services and credit providers. This analysis is available on the group's website:
www.firstrand.co.za

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

FirstRand Bank

Contents

About this report

This report and the accompanying commentary cover the primary results of the bank and are presented on a normalised basis, as the bank believes this most accurately reflects its economic performance. Normalised results have been derived from the International Financial Reporting Standards (IFRS) financial results.

Normalised results include a condensed income statement, statement of other comprehensive income and statement of financial position. A detailed description of the difference between normalised and IFRS results is provided on pages 118 and 119. Detailed reconciliations of normalised to IFRS results are provided on pages 127 to 130. Commentary is based on normalised results, unless indicated otherwise.

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

Simplified group structure

This report covers the results of FRB

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FirstRand Bank Limited (FRB) — SA banking

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

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

58%	FirstRand Namibia
70%	FNB Botswana
80%	FNB Eswatini
100%	FNB Mozambique
100%	FNB Zambia
100%	FNB Lesotho
100%	First National Bank Ghana
100%	RMB Nigeria

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

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

100% FirstRand Insurance Holdings (Pty) Ltd — Insurance

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

100% FirstRand Investment Management Holdings Limited — Investment management

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

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

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

* *Division*
** *Branch*
# *Trading as FNB Channel Islands.*
† *Representative office*

‡ *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.*

DirectAxis is a business unit of FirstRand Bank Limited.

Notes:

Structure shows effective consolidated shareholding.

FNB Eswatini's shares were listed on the Eswatini Stock Exchange on 5 December 2023, with FREMA disposing of 20% of its shareholding in this process. The listing provides FNB Eswatini with a meaningful local shareholding component and contributes to the development and expansion of the local capital markets. FREMA's effective shareholding in FNB Eswatini is now 80%. A further 4.99% of shares will be transferred into an employee share ownership trust (these shares will be considered treasury shares from a group reporting perspective) in due course, which will reduce FREMA's effective shareholding in FNB Eswatini to 75.01%.

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

overview

of results

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 and Rand Merchant Bank (RMB). The FirstRand Corporate Centre (Centre) represents group-wide functions. FRB has branches in London and Guernsey, and representative offices in Kenya, Angola, New York and Shanghai.

Performance highlights

Normalised earnings
R14.2bn
Dec 22: R13.1bn ▲ **8%**

Return on equity
26.0%
Dec 22: 25.3% ▲ **70 bps**

Net asset value
R113.2bn
Dec 22: R100.7bn ▲ **12%**

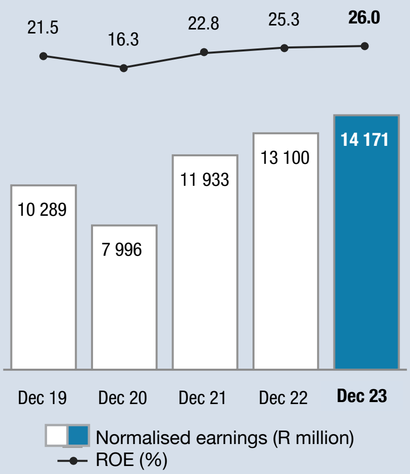
CET1 ratio
12.9%
Dec 22: 12.6% ▲ **30 bps**

Normalised earnings

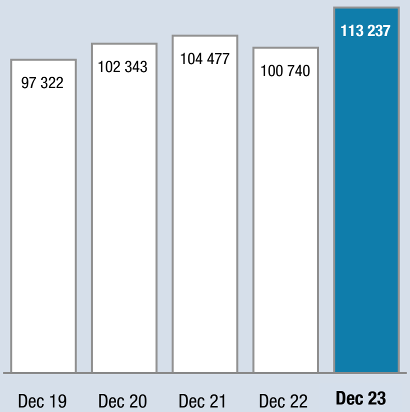
FNB	WesBank	RMB
R9.4bn	R745m	R3.0bn

Track record

Normalised earnings (R million) and ROE (%)
CAGR 8%



Normalised net asset value (R million)
CAGR 4%



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 127 to 130.

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Earnings performance				
Attributable earnings – IFRS	**14 247**	13 158	8	24 894
Headline earnings	**14 216**	13 148	8	24 907
Normalised earnings	**14 171**	13 100	8	24 809
Normalised net asset value	**113 237**	100 740	12	104 361
Average normalised net asset value	**108 799**	103 647	5	105 458
Ratios and key statistics				
ROE (%)	**26.0**	25.3		23.5
ROA (%)	**1.70**	1.69		1.57
Diversity ratio (%)	**41.7**	42.4		41.8
Credit impairment charge (R million)	**5 332**	3 877	38	8 413
Credit loss ratio (%)	**1.01**	0.82		0.87
Stage 3/NPLs as % of core lending advances	**4.37**	3.87		4.28
Performing book coverage ratio (%)	**1.59**	1.70		1.68
Specific coverage ratio (%)	**46.3**	51.1		45.8
Cost-to-income ratio (%)	**51.6**	53.2		55.5
Effective tax rate (%)	**22.2**	23.9		23.3
Balance sheet				
Normalised total assets	**1 684 159**	1 589 100	6	1 654 964
Advances (net of credit impairment)	**1 133 866**	1 028 653	10	1 066 891
Average gross loan-to-deposit ratio (%)	**81.1**	80.4		80.1
Deposits	**1 423 334**	1 320 103	8	1 381 773
Capital adequacy – IFRS*				
Capital adequacy ratio (%)	**16.1**	16.1		15.4
Tier 1 ratio (%)	**14.1**	13.6		13.5
Common Equity Tier 1 ratio (%)	**12.9**	12.6		12.6
Leverage – IFRS*				
Leverage ratio (%)	**6.9**	6.6		6.6
Liquidity – IFRS				
Liquidity coverage ratio (%)	**123**	124		129
Net stable funding ratio (%)	**118**	117		120

* *Ratios including foreign branches and unappropriated profits.*

	Six months ended 31 December			Year ended 30 June
	2023	2022	% change	2023
Operational statistics				
Number of ATMs (including ADTs)	**4 790**	4 789	–	4 789
Number of branches	**616**	611	1	614
Number of employees	**38 545**	39 890	(3)	39 636
– South Africa	**37 543**	38 746	(3)	38 800
– Broader Africa (central support staff) and other	**155**	141	10	114
– FirstJob youth employment programme	**847**	1 003	(16)	722
FNB active customers (millions)	**9.68**	9.24	5	9.46
– Retail	**8.45**	8.04	5	8.25
– Commercial	**1.23**	1.20	3	1.21
FNB channel volumes (thousands of transactions)				
– ATM/ADT	**142 892**	143 858	(1)	285 132
– Digital	**401 050**	369 832	8	737 469
– Card acquiring	**539 610**	486 972	11	968 928
– Card issuing	**618 529**	569 841	9	1 132 203

Condensed income statement – normalised

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Net interest income before impairment of advances	**30 331**	27 257	11	56 002
Impairment charge	**(5 332)**	(3 877)	38	(8 413)
Net interest income after impairment of advances	**24 999**	23 380	7	47 589
Non-interest revenue	**21 674**	20 029	8	40 290
– Fee and commission income	**15 984**	15 133	6	29 842
– Insurance income	**67**	217	(69)	437
– Trading and other fair value income	**2 277**	1 628	40	3 620
– Investment income	**35**	34	3	55
– Other non-interest revenue	**3 311**	3 017	10	6 336
Income from operations	**46 673**	43 409	8	87 879
Operating expenses	**(26 844)**	(25 145)	7	(53 455)
Income before indirect tax	**19 829**	18 264	9	34 424
Indirect tax	**(659)**	(543)	21	(810)
Profit before tax	**19 170**	17 721	8	33 614
Income tax expense	**(4 249)**	(4 236)	0	(7 848)
Profit for the period	**14 921**	13 485	11	25 766
Other equity instrument holders	**(750)**	(385)	95	(957)
Normalised earnings attributable to ordinary equityholders of the bank	**14 171**	13 100	8	24 809

Condensed statement of other comprehensive income – normalised

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Profit for the period	**14 921**	13 485	11	25 766
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**2 410**	144	>100	(846)
Gains/(losses) arising during the period	**2 509**	(229)	(>100)	42
Reclassification adjustments for amounts included in profit or loss	**792**	426	86	(1 201)
Deferred income tax	**(891)**	(53)	>100	313
FVOCI debt reserve	**1**	175	(99)	92
Gains arising during the period	**10**	225	(96)	70
Reclassification adjustments for amounts included in profit or loss	**(9)**	15	(>100)	56
Deferred income tax	**–**	(65)	(100)	(34)
Exchange differences on translating foreign operations	**(141)**	181	(>100)	922
(Losses)/gains arising during the period	**(130)**	168	(>100)	815
Deferred income tax	**(11)**	13	(>100)	107
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**(1)**	1	(>100)	16
(Losses)/gains arising during the period	**(1)**	1	(>100)	21
Deferred income tax	**–**	–	0	(5)
Remeasurements on defined benefit post-employment plans	**(22)**	3	(>100)	119
(Losses)/gains arising during the period	**(30)**	5	(>100)	162
Deferred income tax	**8**	(2)	(>100)	(43)
Other comprehensive income for the period	**2 247**	504	>100	303
Total comprehensive income for the period	**17 168**	13 989	23	26 069
Attributable to				
Ordinary equityholders	**16 418**	13 604	21	25 112
Other equity instrument holders	**750**	385	95	957
Total comprehensive income for the period	**17 168**	13 989	23	26 069

Condensed statement of financial position – normalised

	As at 31 December		As at 30 June
R million	**2023**	2022	2023
ASSETS			
Cash and cash equivalents	**80 256**	94 727	103 714
Derivative financial instruments	**44 288**	52 263	63 307
Commodities	**13 327**	17 647	17 252
Investment securities	**312 957**	295 308	305 259
Advances	**1 133 866**	1 028 653	1 066 891
– Advances to customers*	**1 051 121**	949 083	981 244
– Marketable advances	**82 745**	79 570	85 647
Other assets	**11 369**	8 364	8 908
Current tax asset	**991**	1 174	530
Amounts due by holding company and fellow subsidiaries	**61 555**	66 841	63 205
Property and equipment	**18 408**	16 908	17 433
Intangible assets	**966**	615	787
Investment properties	**281**	249	281
Deferred income tax asset	**5 895**	6 351	7 397
Total assets	**1 684 159**	1 589 100	1 654 964
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**10 374**	15 135	12 473
Derivative financial instruments	**44 691**	61 616	66 533
Creditors, accruals and provisions	**25 138**	20 951	19 953
Deposits	**1 423 334**	1 320 103	1 381 773
Employee liabilities	**9 811**	9 927	14 282
Other liabilities	**2 709**	2 624	2 878
Amounts due to holding company and fellow subsidiaries	**25 070**	28 199	26 444
Tier 2 liabilities	**17 130**	19 875	16 337
Total liabilities	**1 558 257**	1 478 430	1 540 673
Equity			
Ordinary shares	**4**	4	4
Share premium	**16 804**	16 804	16 804
Reserves	**96 429**	83 932	87 553
Capital and reserves attributable to ordinary equityholders	**113 237**	100 740	104 361
Other equity instruments and reserves	**12 665**	9 930	9 930
Total equity	**125 902**	110 670	114 291
Total equities and liabilities	**1 684 159**	1 589 100	1 654 964

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 R90 881 million (December 2022: R84 813 million, June 2023: R79 065 million).*

Flow of funds analysis – normalised

R million	**December 2023 vs June 2023** **6-month movement**	December 2022 vs June 2022 6-month movement	June 2023 vs June 2022 12-month movement
Sources of funds			
Capital account movement (including profit and reserves)	**11 611**	(3 010)	611
Working capital movement	**(599)**	(6 362)	(1 816)
Short trading positions and derivative financial instruments	**(4 922)**	1 695	(7 094)
Deposits and long-term liabilities	**42 354**	99 519	157 651
Total	**48 444**	91 842	149 352
(Outflow)/inflow in deployment of funds			
Advances	**(66 975)**	(84 566)	(122 804)
Investments	**2 771**	(745)	(1 079)
Cash and cash equivalents	**23 458**	9 898	911
Investment securities (e.g. liquid asset portfolio)	**(7 698)**	(16 429)	(26 380)
Total	**(48 444)**	(91 842)	(149 352)

The shape of these results continues to demonstrate the positive outcomes of strategic calls made by the bank.

Once again, the credit performance was pleasing, with the credit loss ratio below the mid point of the through-the-cycle range. This is a commendable result given the prevailing inflation and interest rate cycle, and has enabled continued advances growth as the bank services the needs of customers through judicious and tactical origination.

The bank saw further deposit franchise growth in the period, resulting from the focus on appropriate, competitive and convenient savings propositions for customers.

Despite some cyclical pressures, the disciplined deployment of financial resources has ensured that the bank delivered an excellent normalised ROE of 26%.

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, 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 and given the group's size, any aspiration to outperform requires strategic distinction combined with sound execution. The key growth imperatives in the domestic businesses are to grow 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. This strategy to broaden the group's financial services offerings also benefits the bank as it further strengthens the bank's relationships with its core transactional customers.

Broader Africa

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

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 2, which outlines the group's various legal entities, including FRB) and thus fall outside the bank.

UK

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

The 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). The back book has run down significantly and is no longer material to the bank.

Operating environment

During the period under review, global inflationary pressures continued to gradually reduce. This, combined with expectations of slowing economic growth, allowed central banks to pause their hiking cycles and start signalling potential future interest rate cuts. These developments resulted in a slight improvement in risk sentiment towards emerging market economies and other risk assets.

In South Africa, household disposable income remained constrained due to elevated interest rates and inflation. This resulted in a slowdown in credit demand and supply (bank sector asset growth) across most of the major categories. Growth in both corporate lending and asset finance remained above average as private sector investment continued in renewable energy generation, machinery and equipment.

High-frequency employment data shows that job creation has been stronger than expected, moving above pre-pandemic levels by the end of the 2023 calendar year. Although most of these jobs can be attributed to lower-paying public work programmes, the creation of higher-paying jobs also took place in certain sectors benefiting from private power generation and related investment. After rising consistently during the previous financial year, household debt service ratios levelled off slightly above pre-pandemic levels, and house price growth remained slow across most market segments, albeit with notable differences across regions.

Within the broader Africa region where the group operates, the most noteworthy macroeconomic developments occurred in Ghana, Zambia and Nigeria. In Ghana and Zambia, negotiations with some sovereign debt holders continued whilst reforms associated with the International Monetary Fund programmes of these countries were implemented. In Nigeria, the economic and financial market reform process started, resulting in significant macroeconomic and financial market adjustments. Most noteworthy was the significant currency weakness which added to inflationary pressures.

Financial performance

The 8% increase in the bank's normalised earnings was driven by good topline growth, particularly net interest income (NII), which benefited from continued momentum in new business origination, ongoing excellent growth from the deposit franchise and the endowment benefit from the current rate cycle. The period-on-period growth in non-interest revenue (NIR) of 8% reflects a principal investment realisation and strong NIR growth from RMB, with subdued growth in fee and commission income in FNB. The underlying performances from the bank's retail, commercial and corporate transactional franchises (measured by customer growth and volumes) remained strong.

The relative size and quality of its transactional franchise allows the bank to achieve high levels of capital-light earnings growth. At the same time, the bank continues to employ a judicious and tactical approach to lending, supporting its customer franchises whilst protecting the balance sheet and return profile. This remains a necessary balancing act given the operating environment, which is still characterised by high inflation and interest rates, combined with sluggish system growth and increased competition.

The overall credit performance continues to trend better than the bank's initial through-the-cycle (TTC) expectations, and is a direct outcome of the its origination approach. This has resulted in a credit charge of 101 bps for the period under review, which is below the mid point of the TTC range of 90 bps – 120 bps.

The bank delivered an excellent normalised return on equity (ROE) of 26% (December 2022: 25.3%). Given the high return profile, the bank remained capital generative, with the Common Equity Tier 1 (CET1) ratio at 12.9% (December 2022: 12.6%).

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

FIRSTRAND BANK FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
NII	**30 331**	27 257	11	56 002
NIR	**21 674**	20 029	8	40 290
Operating expenses	**(26 844)**	(25 145)	7	(53 455)
Impairment charge	**(5 332)**	(3 877)	38	(8 413)
Normalised earnings	**14 171**	13 100	8	24 809
ROE (%)	**26.0**	25.3		23.5
Deposit franchise	**1 040 233**	959 465	8	990 217
Core lending advances	**1 081 327**	979 192	10	1 024 361
Credit loss ratio (%) – core lending advances	**1.01**	0.82		0.87
Stage 3/NPLs as a % of core lending advances	**4.37**	3.87		4.28

The bank's performance continues to reflect consistent and disciplined execution on strategies designed to maximise value, tightly managed through the group's financial resource management (FRM) process.

The bank's diversified portfolio has allowed it to capitalise on profitable growth opportunities across all markets, sectors and segments. The respective performances of the bank's operating businesses are unpacked in the table below.

SOURCES OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	**2023**	**% composition**	2022	% composition	% change	2023	% composition
FNB	**9 432**	**67**	9 353	71	1	18 035	73
WesBank	**745**	**5**	635	5	17	1 177	5
RMB	**3 003**	**21**	2 412	18	25	4 419	18
Centre*	**1 741**	**12**	1 085	8	60	2 135	8
Other equity instrument holders	**(750)**	**(5)**	(385)	(2)	95	(957)	(4)
Normalised earnings	**14 171**	**100**	13 100	100	8	24 809	100

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

Revenue and cost overview

Overall bank NII increased 11%, driven by core lending advances growth (+10%), continued deposit gathering (+8%) and the capital endowment benefit (+12%), which incorporates the outcomes from the asset-liability management (ALM) strategy, unpacked in more detail below.

The bank's focus on growing liability-related NII played out strongly across all deposit franchises and remains a key underpin to its superior return profile.

FNB and WesBank's approach to retail origination is informed by internal and external data analyses 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.

On a rolling-six-month view, absolute advances growth in most portfolios reduced relative to June 2023. Given customer affordability pressures and reduced demand, the previous momentum in residential mortgages has slowed, however, there has been a pick-up in unsecured lending with origination anchored to low-to-medium-risk customer cohorts. As expected, there was continued good growth in corporate advances.

On a period-on-period basis, new business origination showed healthy increases, with advances up 6% and 13% at FNB retail and WesBank, respectively. The increases in advances from FNB commercial (+9%) and RMB (core +14%) are also an outcome of focused origination in sectors showing above-cycle growth and which are expected to perform well even in an inflationary and high interest rate environment.

Origination strategies, combined with the focus on growing the deposit franchise and appropriate provisioning, have resulted in a well-struck balance sheet. This is a direct outcome of the group's FRM strategy and demonstrates the group's growth *vs* returns thesis.

Period-on-period movements in advances and deposits are unpacked by operating business and segment in the following table.

	Growth in advances %	**Growth in deposits %**
FNB	**7**	**11**
– Retail	**6**	**11**
– Commercial	**9**	**12**
WesBank	**13**	**n/a**
RMB*	**14**	**3**

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

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

The bank's approach to managing the endowment profile (the ALM strategy) is designed to optimise TTC returns to shareholders and is a cornerstone of the group's FRM process.

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

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

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

Whilst the absolute period-on-period rate of growth in the bank's endowment NII for the current financial period will not reflect the full extent of the rise in interest rates, the converse was true in previous periods when rates were lower.

The outcomes of this approach should be assessed on a TTC basis. The following table shows the cumulative additional endowment NII of R16.8 billion earned in excess of an overnight (repo) investment profile since the 2018 financial year, when the ALM strategies were introduced.

ALM STRATEGY NII OUTCOMES

R billion	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023	Cumulative additional endowment NII*
Capital endowment	**0.3**	0.7	(57)	0.9	**10.1**
Deposit endowment	**(1.0)**	0.6	(>100)	0.2	**6.7**
Total	**(0.7)**	1.3	(>100)	1.1	**16.8**

* *Includes additional endowment NII from 1 July 2017 to 31 December 2023.*

Financial years 2021 and 2022 delivered R12.3 billion of additional NII when interest rates were low. The bank expects, on a TTC basis, that this cumulative outperformance will offset the lower trend in endowment NII growth in the current period, which is characterised by higher rates.

In the period under review, there was an effective opportunity cost of R0.7 billion, compared to the R1.3 billion benefit in the prior period. This R2 billion swing had a negative impact of c. 8% on the period-on-period NII growth rate.

The bank's net interest margin (NIM) improved 12 bps period-on-period to 4.72% (December 2022: 4.60%), and increased marginally since June 2023 (4.70%). Lending margins continue to come under pressure from the competitive environment, origination strategies and mix change (a higher proportion of residential mortgages and CIB advances). This was, however, more than offset by the performance of the deposit franchise and the net endowment benefit.

Total bank NIR increased 8%.

FNB's total NIR increased 4%, driven by customer acquisition (+5%), and good growth in activity levels and transactional volumes across all channels. The relatively muted growth in FNB's fee and commission income in the period under review was due to sub-inflation fee increases across both retail and commercial accounts. In addition, with the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and took the decision to reduce all related fees. Despite the impact on fee and commission income in the current period, FNB believes this is the correct outcome for customers, and retail and commercial are already seeing an increase in volumes. All of the above actions resulted in a R477 million reduction in fee and commission income in the period under review.

Total WesBank NIR growth (+4%) was driven predominately by an increase in rental income from the fleet management and leasing (FML) business.

RMB's total NIR growth (+31%) benefited from a principal investment realisation of R508 million. In addition, knowledge-based fee income grew strongly (+44%) on the back of origination activities and advisory mandates.

Total operating expenses were 7% higher, including a 7% increase in direct staff costs, driven by targeted and general salary increases.

At an operating business level, FNB grew costs below inflation (+4%), but this strong performance was offset by a significant increase in costs from RMB (+13%) due to elevated investment expenditure.

The cost-to-income ratio decreased to 51.6% (December 2022: 53.2%).

Credit performance

The bank's credit performance was better than expected, with the credit loss ratio still below the mid point of the TTC range of 90 bps – 120 bps, despite the prevailing macroeconomic environment. The overall credit loss ratio (CLR) increased to 101 bps (June 2023: 87 bps; December 2022: 82 bps), with increases across all portfolios.

This performance reflects the benefit of the bank's approach to origination, particularly post the pandemic, when new business was weighted towards the low- and medium-risk categories, and was achieved despite the current pressures from high inflation and interest rates. However, given these pressures, balance sheet provision levels against the in-force book remained appropriate as new origination adapts to macros dynamically. Overall performing coverage on core lending advances decreased to 1.59% (June 2023: 1.68%; December 2022: 1.70%), reflecting book growth, mix change to a higher proportion of secured advances, and the reduction in modelled macroeconomic forward-looking information (FLI) given the improved outlook.

Non-performing loans (NPLs) increased to R47.2 billion (June 2023: R43.9 billion; December 2022: R37.9 billion), which represents 4.37% of core lending advances (June 2023: 4.28%; December 2022: 3.87%). This absolute increase was driven by increased flows into NPL off the back of advances growth and rising interest rates.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2023 vs December 2022	June 2023 vs December 2022	December 2022 vs June 2022
R million	**31 December 2023**	30 June 2023	31 December 2022	30 June 2022	% change	% change	% change
Movement in balance sheet provisions							
Performing book provisions	**46**	452	295	(1 375)	(84)	53	(>100)
NPL provision	**1 761**	731	(292)	(274)	(>100)	(>100)	7
Credit provision increase/(decrease)	**1 807**	1 183	3	(1 649)	>100	>100	(>100)
Gross write-off and other	**5 374**	5 352	5 969	6 209	(10)	(10)	(4)
— Bad debts written off*	**5 343**	5 772	6 002	6 663	(11)	(4)	(10)
— Exchange rate and other	**31**	(420)	(33)	(454)	(>100)	>100	(93)
Amounts recognised directly in income statement							
Modification loss	**357**	318	353	266	1	(10)	33
Interest suspended on stage 3 advances	**(1 389)**	(1 115)	(1 441)	(1 237)	(4)	(23)	16
Post write-off recoveries	**(817)**	(1 202)	(1 007)	(1 134)	(19)	19	(11)
Total impairment charge	**5 332**	4 536	3 877	2 455	38	17	58
Credit loss ratio (%) – core lending advances	**1.01**	0.91	0.82	0.56			

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

The overall impairment charge increased 38% to R5 332 million (December 2022: R3 877 million). Key drivers include:

- performing provisions increasing marginally by R46 million:
  - stage 1 and stage 2 balances increased, driven by book growth, resulting in an increase in arrears and significant increase in credit risk (SICR) levels. This was partially offset by;
  - a decline in performing coverage, largely driven by FLI releases as a consequence of the improving forward-looking macro outlook, and the change in mix towards a higher proportion of secured advances;
- stage 3 provisions increased as NPLs continued to increase, albeit in line with expectations and driven largely by the personal loans, card, vehicle asset finance (VAF) and residential mortgages portfolios. Coverage increased marginally from June 2023 levels, given increased coverage in the retail unsecured, commercial and corporate portfolios, offset by declines across the remaining retail portfolios; and
- a 11% reduction in bad debts written off as the average age of the overall NPL population decreased due to new inflows, partially offset by a 19% reduction in post write-off recoveries.

The previous table shows changes in impairments on a rolling-six-month view, based on movements in the balance sheet. Impairments increased 38% period-on-period with the greatest impact from the NPL-related component, given the inflow into stage 3. Performing provisions benefited from the reduction in modelled FLI due to improvements in the macro outlook. Write-offs decreased, but so did post write-off recoveries.

CHANGE IN NPLs

	31 December 2023 vs 31 December 2022			31 December 2023 vs 30 June 2023		
	R million	**% change**	**Percentage point contribution to overall NPL increase**	R million	% change	Percentage point contribution to overall NPL increase
Operational NPLs*	**6 641**	**23**	**18**	2 260	7	5
Other paying NPLs**	**2 690**	**31**	**7**	1 091	11	3
Change in total bank NPLs	**9 331**	**25**	**25**	3 351	8	8

* *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 bank's NPL balances increased 25% period-on-period as a consequence of advances growth and the weak economic environment. This was in line with expectations.

Retail NPLs increased 26% period-on-period to R36.8 billion (June 2023: R32.6 billion; December 2022: R29.1 billion) with increases across all portfolios, but most notably driven by residential mortgage NPLs (+R4.1 billion), personal loans NPLs (+R1.6 billion) and VAF NPLs (+R1.2 billion). Apart from origination strain related to book growth, these portfolios were significantly affected by inflationary and interest rate pressures. The absolute growth slowed during the period under review.

Commercial NPLs remained similar to December 2022, driven by strain in the agric portfolio and benefiting from settlements and positive migrations.

The period-on-period increase of R1.5 billion in the CIB portfolio NPLs was a result of the migration of certain high-value, highly secured exposures in both SA and in West Africa, due to the deterioration of economic and sovereign conditions. Since June 2023, NPLs have decreased due to the work-out and write-off of long-outstanding exposures.

NPL coverage decreased to 46.3% (December 2022: 51.1%) as a result of the reduction across most portfolios. The coverage ratio has increased marginally from June 2023 (45.8%) driven by the retail unsecured, commercial and corporate portfolios, offset by a reduction in the remaining portfolios.

Financial resource management

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

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

Capital position

Capital ratios for the bank are summarised below.

CAPITAL ADEQUACY*

		As at 31 December	
%	Internal targets	**2023**	2022
CET1	11.0 – 12.0	**12.9**	12.6
Tier 1	>12.0	**14.1**	13.6
Total	>14.25	**16.1**	16.1

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

The Prudential Authority's (PA's) proposed directive requiring a positive cycle-neutral countercyclical buffer (CCyB) of 1% for South African banks (effective January 2026) will be incorporated in the bank's internal targets when appropriate.

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

Key factors driving the CET1 outcome include:

- positive earnings generation partly offset by the payment of dividends;
- an increase in the foreign currency translation reserve due to the rand's depreciation against hard currencies;
- successful capital optimisation strategies; and
- an increase in RWA mainly from credit risk, driven by higher volumes and rand depreciation. Higher revenue generation increased operational risk RWA.

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

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

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

The Corporation for Deposit Insurance (CoDI) was established as a legal entity in March 2023 and will be fully operational in April 2024. The group's impact assessments suggest an annual post-tax cost of R200 million to R230 million for a covered deposit balance of approximately R110 billion.

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 bank 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.

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 buffers are determined using stress testing and scenario analysis of cash inflows and outflows and the liquid assets that comprise the buffers.

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 requirements of its operating businesses. The HQLA portfolio has been constructed taking the bank's funding composition, growth and liquidity risk appetite, as well as prudential requirements, into consideration. The composition and quantum of available HQLA are defined behaviourally by considering both the funding liquidity-at-risk and the market liquidity depth of these instruments. 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. The bank closely monitors market developments, key risk metrics and early warning indicators as part of its ongoing funding and liquidity management and planning.

PRUDENTIAL LIQUIDITY RATIOS*

	As at 31 December	
%	**2023**	2022
LCR		
Regulatory minimum	**100**	100
Actual	**123**	124
Average available HQLA (R billion)**	**372**	349
NSFR		
Regulatory minimum	**100**	100
Actual	**118**	117

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

** *A breakdown of HQLA is provided in the liquid asset table on page 109.*

Foreign currency balance sheet

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

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

UK regulatory update

In January 2024, the UK's Financial Conduct Authority (FCA) announced that it was undertaking a review of the historical use of discretionary commission arrangements and sales by the mainstream lenders in the UK motor finance market. The FCA has exercised its powers under section 166 of the Financial Services and Markets Act to appoint a skilled person to run the review process, and plans to set out next steps by the end of September 2024.

A team representing FirstRand, Aldermore and MotoNovo is currently cooperating fully with the FCA, and stakeholders may take note of the following:

- Most of the vehicle loans originated within the scope of the FCA review reside in FirstRand Bank's London branch in the form of the MotoNovo back book.
- It is important to note that not all loans originated through dealers in the review period used discretionary commission arrangements.
- Some claims have already been through the UK county courts. Where individual cases were tested in a county court, there have been a significant number of positive outcomes for lenders as unfairness and/or customer detriment was not demonstrated. This has been the outcome for the majority of court cases.
- Given that the skilled person review has just commenced, and that the group continues to believe that MotoNovo's historical practices were compliant with the law and regulations in place, there remains considerable uncertainty and therefore no current requirement for a provision to be recognised. With the benefit of greater insight from its engagement with the skilled person, the FCA and the group's legal team, FirstRand is likely to be in a position by financial year end to update stakeholders on any potential outcome.

Prospects

Looking ahead, global cyclical macroeconomic conditions should ease, particularly as central banks including the Fed and the BoE look to cut rates in the second half of calendar year 2024. This should allow the South African Reserve Bank (SARB) some room to cut the domestic repo rate.

However, in the second six months of the financial year to June 2024, the macroeconomic environment is expected to remain largely unchanged, characterised by high interest rates and persistent elevated inflation, resulting in continued affordability pressures, particularly for households.

Ongoing investments by South African businesses in energy capacity remains an underpin to corporate and commercial credit extension, and provides some upside for production capacity, GDP growth, and business and consumer confidence.

Given the above backdrop, the bank anticipates softer overall advances growth and, given the current high base, deposit growth is also expected to slow, mainly driven by the retail segment as households draw down on savings. Commercial deposit gathering is expected to remain resilient.

Although fee reductions continue in the retail and commercial customer segments, the growth trajectory in NIR will benefit from stronger growth in fee and commission income relative to the prior period, supported by ongoing customer growth and activity. The first two months of the second half are already performing better than the comparative period.

The credit loss ratio is expected to remain within the bank's TTC range.

Events after reporting date

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

Board changes

Changes to the directorate are outlined below.

Name	Position	Effective date
Resignation		
WR Jardine	Chairman and independent non-executive director	30 November 2023
RM Loubser	Independent non-executive director	30 November 2023
Appointment		
JP Burger	Chairman and independent non-executive director	1 December 2023

Change in auditors

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

JP BURGER
CHAIRMAN

C LOW
COMPANY SECRETARY

AP PULLINGER
CEO

HS KELLAN
CFO

review
of operations

FNB

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

FNB's strategy is underpinned by:

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

FNB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Normalised earnings	**9 432**	9 353	1	18 035
Normalised profit before tax	**12 921**	12 811	1	24 707
– South Africa	**13 093**	12 999	1	25 136
– Broader Africa*	**(172)**	(188)	(9)	(429)
Total assets	**489 429**	457 994	7	474 170
Total liabilities	**476 175**	447 510	6	451 807
Performing advances	**448 269**	423 364	6	439 336
Stage 3/NPLs as a % of advances	**7.16**	6.23		6.67
Credit loss ratio (%) of average advances	**1.66**	1.32		1.40
Cost-to-income ratio (%)	**51.28**	52.10		53.60
Net advances margin (%)	**3.73**	3.85		3.86

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

Overview of results

FNB delivered normalised profit before tax (PBT) growth of 1% in the period under review.

FNB's NII growth of 7% period-on-period was mainly driven by the consistently strong performance from the deposit franchise, with deposits increasing 11%. In addition, despite challenging macroeconomic conditions and the resultant pressure on customer affordability levels, FNB grew advances 7%. The contribution from endowment declined period-on-period given the impact of the group's ALM strategy.

The advances margin reduced to 3.73% (December 2022: 3.85%), mainly reflecting the origination mix, which continued to tilt to commercial and low to medium risk in retail. Deposit margins widened, driven by endowment on transactional accounts. This was, however, impacted by lower liquidity spreads, which reduced FNB's NII growth by one percentage point.

FNB's NIR was supported by growth in customer numbers, increased activity and higher transactional volumes.

The relatively muted growth in fee and commission income in the period under review was due to sub-inflation fee increases across both retail and commercial accounts. In addition, with the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and took the decision to reduce all related fees. Despite the impact on fee and commission income in the current period, FNB believes this is the correct outcome for customers.

All of the above actions resulted in a R477 million reduction in fee and commission income in the period. Despite this, FNB delivered 4% growth in NIR.

Given the macroeconomic environment, with customers experiencing both inflationary and interest rate pressures, FNB's impairment charge showed some emerging strain, increasing 35%, with the credit loss ratio increasing to 166 bps (December 2022: 132 bps). This outcome is broadly in line with expectations given the bank's origination strategies and economic outlook. The strain was most evident in the retail portfolios.

FNB delivered excellent cost management with expenses growing below inflation (+4%), resulting in positive jaws.

CHANNEL VOLUMES

Thousands of transactions	Six months ended 31 December 2023	2022*	% change	Year ended 30 June 2023
ATM/ADT*	**142 892**	143 858	(1)	285 132
Digital**	**401 050**	369 832	8	737 469
Card acquiring	**539 610**	486 972	11	968 928
Card issuing	**618 529**	569 841	9	1 132 203

* *Comparatives have been restated to reflect the inclusion of transactions by non-FNB card holders.*

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

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

Customer segment performance

FNB segments its customer base to identify appropriate and differentiated product offerings. Retail customers are split into personal and private segments based on relative income. Small and medium-sized enterprises (SMEs) and the public sector are serviced by the commercial segment.

FNB grew total active platform users (including eWallets) 4% period-on-period, with the active customer base (excluding eWallets) also increasing 5%.

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

ACTIVE CUSTOMERS AND PLATFORM USERS

Millions	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Retail	**8.45**	8.04	5	8.25
– Personal* (≤R600k)	**6.74**	6.46	4	6.58
– Private* (>R600k)	**1.71**	1.58	8	1.67
Commercial	**1.23**	1.20	3	1.21
Total SA customer base	**9.68**	9.24	5	9.46
eWallets**	**6.57**	6.36	3	6.13
Total platform users	**16.25**	15.60	4	15.59

* *The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of December 2022 and June 2023 figures.*

** *Represent all eWallets without another FNB relationship/product that had at least one transaction in the past six months. In addition, there are 1.83 million eWallets belonging to FNB customers. FNB customer eWallets represent 22% of the total 8.4 million eWallets.*

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

SEGMENT RESULTS

R million	Six months ended 31 December 2023	2022*	% change	Year ended 30 June 2023*
Normalised PBT				
Retail	**6 055**	6 127	(1)	11 725
Commercial	**7 038**	6 872	2	13 411
Broader Africa**	**(172)**	(188)	(9)	(429)
Total FNB	**12 921**	12 811	1	24 707

* *Restated.* *Refer to pages 51 and 52.*

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

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

FNB's retail lending approach is informed by internal and external data analyses related to affordability indicators, which continue to suggest that low-to-medium-risk customers still have capacity for credit and a higher propensity to take up a broader range of financial services products. This approach, supported by appropriate credit risk management strategies, resulted in retail advances increasing 6% period-on-period, supported by residential mortgages (+5%) and unsecured lending (+10%).

Growth in unsecured lending, particularly card and FNB personal loans, gained some momentum, 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 these, FNB personal loan advances grew 18% and card advances 13%. A shift in new business origination to the Fusion product has resulted in lower overdraft advances growth over the period. Revolving facilities bounced back off a previously declining base, growing 29% period-on-period.

In addition, although the macros deteriorated more than had been anticipated, retail impairments increased broadly in line with expectations, given previous advances growth and the anticipated customer strain due to high interest rates and inflation. Retail impairments increased 33% period-on-period.

Commercial's performance reflects ongoing growth in advances (+9%) and deposits (+12%). Commercial advances continued to grow in accordance with FNB's consistent strategy of targeting specific customer cohorts, including agriculture and Islamic banking, as well as specialised finance lending focused on specific sectors and counterparties.

Commercial's NIR benefited from higher volumes, offset by fee give-backs and value proposition updates. Credit losses increased 63%, off a low base and in line with expectations given the origination strategy.

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

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	%	R million	%	R million
Retail	11	37 267	6	21 814
– Personal* (≤R600k)	2	1 680	9	5 752
– Private* (>R600k)	13	35 587	6	16 062
Commercial	12	49 003	9	9 537
Total FNB	**11**	**86 270**	**7**	**31 351**

* *The income cut-off between the personal and private segments has been updated from R450k to R600k, resulting in the restatement of December 2022 figures.*

Credit performance

FNB's credit impairment charge increased 35% to R3 960 million (December 2022: R2 944 million) and the credit loss ratio increased to 166 bps (December 2022: 132 bps). This was driven by:

- strong growth in unsecured advances at higher coverage ratios, creating front-book strain;
- releases from FLI models based on the improving macro outlook which benefited performing coverage (with appropriate FLI stock remaining);
- flat arrears as SICR moderated;
- accelerated NPL formation on the back of the higher interest rates and origination strain; and
- a reduction in write-offs and post write-off recoveries period-on-period.

FNB's approach to provisioning remains appropriately prudent given the anticipated economic cycle. FLI improved, albeit marginally. The stress scenario was dropped from FLI models in June 2023, resulting in a downward impact on coverage ratios.

Arrears and SICR buckets flattened, whilst arrears rolling into NPLs accelerated. The current debt relief portfolio continued to perform better than expected, and outstanding specific debt-relief advances amounted to R823 million (December 2022: R1.5 billion). These factors resulted in overall performing coverage moderating downwards to 2.21% (December 2022: 2.39%).

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Movement in balance sheet provisions				
Performing book provisions	**(141)**	75	(>100)	7
NPL provision	**1 287**	(204)	(>100)	382
Credit provision increase/ (decrease)	**1 146**	(129)	(>100)	389
Gross write-off and other	**4 411**	4 860	(9)	9 280
– Bad debts written off*	**4 411**	4 961	(11)	9 379
– Exchange rate and other	**–**	(101)	(100)	(99)
Amounts recognised directly in income statement				
Modification loss	**341**	325	5	616
Interest suspended on stage 3 advances	**(1 254)**	(1 311)	(4)	(2 328)
Post write-off recoveries	**(684)**	(801)	(15)	(1 584)
Total impairment charge	**3 960**	2 944	35	6 373

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

The NPL ratio increased to 7.16% (2022: 6.23%). NPL formation was more prominent in residential mortgages and personal loans, but not out of line with expectations. Pleasingly, there remains no evidence of strain in commercial, which was a better outcome than expected. NPL coverage remains conservative at 46.0% (December 2022: 49.9%) and the reduction in coverage was due to new NPL inflows (including more debt counselling accounts) requiring lower coverage, coupled with the write-offs of higher-coverage loans.

Platform

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

Key platform highlights for the six months ended 31 December 2023 are outlined below.

- Since the launch on the FNB app, five million virtual cards have been activated and R50.1 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.
- Device payments (using Apple or Android) accounted for 80 million transactions worth R31 billion.
- Approximately 8.4 million eWallet users accounted for cash withdrawals of R27.3 billion.
- nav»Money provides customers with simple, easy-to-use money management tools which help them track their spend, view credit scores and more. It had 4.1 million users at 31 December 2023, up 26% period-on-period.
- nav»Home has placed c. 47k families in homes and paid out R58 billion in loans since inception. FNB now originates 33% of home loans through this channel. Estate agent functionality was activated on the app in FY21 and 204 estate agents have been onboarded, with 2 017 current listings.
- At 31 December 2023, nav»Car had 983k vehicles loaded in the garage, and WesBank has financed R848 million in vehicle loans through this channel since inception. CarP2P had 373 active private listings at 31 December 2023.
- Commissionable e-commerce turnover and fulfilment on platform (i.e. electricity, mobile and digital vouchers sold) amounted to R9.5 billion (December 2022: R9.2 billion). Approximately three million customers use these services.
- eBucks travel sales increased to R583 million (December 2022: R450 million).
- Digitally active customers grew to 7.1 million (December 2022: 6.73 million). Digital includes mobile banking (USSD), online banking and the app.
- In December 2023, the banking app active transacting base exceeded 5.5 million customers, with a new monthly record of 130 million logins. Monthly app logins in December 2023 were 29% higher than in December 2022.
- Digital logins totalled 981 million, with 89 million online and 170 million mobile banking (USSD) logins, respectively. The app contributed 723 million logins.
- Total transactional volumes through digital interfaces included 78 million for online banking, 310 million (+14%) for the banking app and 12 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 in South Africa. It is one of the leading providers of vehicle finance and fleet management in the country.

WesBank's strategy is underpinned by:

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

The automotive industry experienced significant strain in the first half of the financial year, with industry sales growth up only 0.5% to 532 098 units year-on-year.

Market activity in the first half of the financial year continued to slow as customer affordability levels remained under pressure given higher inflation and elevated interest rates. Given this slowdown in overall activity, competition for new business, particularly for quality-risk customers, increased, resulting in heightened margin pressure to secure deals.

Against this backdrop WesBank's origination remained tilted towards quality new business. The strategy of protecting and servicing FNB main-banked customers at point of sale means that WesBank continues to focus on opportunities to originate through FNB's digital platform. Competitive pricing pressures continue to weigh on risk-based margins, particularly at point of sale in the dealer space, which comprises the majority of the financed vehicle transactions in the market.

Despite the industry challenges, the commercial and corporate portfolio delivered strong growth in advances, up 21% period-on-period, emanating from the asset-based finance portfolio. Retail VAF advances grew 9%. This resulted in overall advances growth of 13%. Both segments' performances were tempered by increased impairments in light of the economic climate as customers began to show signs of strain.

WESBANK FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Normalised earnings	**745**	635	17	1 177
Normalised profit before tax	**1 020**	869	17	1 612
Total assets	**166 618**	146 807	13	157 198
Performing advances	**161 185**	142 607	13	152 579
Stage 3/NPLs as a % of advances	**4.54**	4.29		4.43
Credit loss ratio (%) of average advances	**1.17**	1.08		1.20
Cost-to-income ratio (%)	**54.0**	56.1		55.6
Net interest margin (%)	**2.73**	2.66		2.81

Despite the industry and competitive pressures outlined above, WesBank delivered normalised PBT growth of 17% period-on-period. The business performance benefited from the prior year's strong origination growth and sustained momentum in commercial in the period under review. This solid advances growth contributed to NII increasing 21%, with some offset from an increase in expected loss provisions across all stages.

Total NIR growth of 4% reflects:

- higher rental income, particularly in the FML business; and
- card and maintenance commissions; partly offset by
- a lower absolute number of financed vehicle accounts in retail period-on-period.

BREAKDOWN OF PRE-TAX PROFITS BY ACTIVITY*

	Six months ended 31 December		% change	Year ended 30 June
R million	**2023**	2022**		2023**
Normalised PBT				
Retail VAF	**619**	487	27	762
Corporate and commercial	**401**	382	5	850
Total WesBank	**1 020**	869	17	1 612

* *Refer to additional segmental disclosure on page 50.*

** *Restated. Refer to pages 51 and 52.*

Both customer segments performed well, with retail VAF PBT up 27% period-on-period, benefiting from the prior year growth in advances. Corporate and commercial produced a solid result with PBT up 5% period-on-period, off the back of strong advances growth of 21%, offset by increased provisions and higher operating costs as platform and business integration continued.

WesBank's credit performance was in line with expectations. The credit loss ratio increased to 1.17% (December 2022: 1.08%) as a function of the significant growth in new production in corporate and commercial, which resulted in higher stage 1 provisions. Overall performing coverage increased, whilst stage 3 coverage reduced due to newer inflows, better overall collections and curing in the period.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2023	2022	% change	Year ended 30 June 2023
Movement in balance sheet provisions				
Performing book provisions	**82**	235	(65)	693
NPL provision	**278**	(201)	(>100)	(247)
Credit provision increase	**360**	34	>100	446
Gross write-off and other	**812**	1 020	(20)	1 914
– Bad debts written off*	**812**	1 020	(20)	1 914
Amounts recognised directly in income statement				
Modification loss	**16**	28	(43)	55
Interest suspended on stage 3 advances	**(113)**	(116)	(3)	(226)
Post write-off recoveries	**(117)**	(192)	(39)	(394)
Total impairment charge	**958**	774	24	1 795

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

The 24% increase in WesBank's credit impairment charge to R958 million (December 2022: R774 million) was mainly due to growth in advances and increased modelled provisions.

The overall composition of the charge is outlined below:

- Stage 1 provisions increased in line with book growth.
- Stage 2 advances increased 8%, driven by increased production volumes and interest rate strain on customers. Coverage increased to 12.12% (December 2022: 10.85%). Whilst there has been an increase in arrears, the majority of stage 2 remains modelled SICR.
- Performing coverage increased to 2.03% (December 2022: 1.91%), reflecting the impact of a weak macroeconomic environment and higher interest rates on customers' ability to service debt. Since June 2023, coverage decreased marginally as forward-looking macro assumptions improved, resulting in FLI releases.
- Stage 3 advances increased to 4.54% of total advances (December 2022: 4.29%). NPL coverage reduced to 46.9% (December 2022: 52.7%).
- WesBank's write-off policy remains prudent and the proactive management of NPLs continued, with write-offs decreasing 20% period-on-period. NPLs increased to R7.7 billion (December 2022: R6.4 billion).

Operating expenses increased 10% period-on-period, largely as a function of the continued investment in the fleet management and leasing business, and the additional cost of leveraging the frontline distribution capabilities of FNB commercial.

Pleasingly, operational leverage continues to improve as WesBank further integrates its operating model with FNB. WesBank's cost-to-income ratio further improved to 54.0% (December 2022: 56.1%).

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, USA and India.

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, a proven market-making and structuring business, and a new business unit, treasury and trade solutions (refer below). 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	**2023**	2022	% change	2023
Normalised earnings	**3 003**	2 412	25	4 419
Normalised profit before tax	**4 114**	3 304	25	6 054
Total assets	**680 251**	625 946	9	642 123
Total liabilities	**677 194**	623 699	9	637 630
Credit loss ratio (%) – core lending advances	**0.19**	0.12		0.21
Cost-to-income ratio (%)	**55.7**	58.7		61.3

RMB's normalised PBT increased 25%, mainly driven by NIR (+31%) due to strong growth in knowledge-based fee income coupled with a realisation in the principal investing portfolio (R508 million), despite a mixed performance from the markets business. NII (up 7%) benefited from 14% growth in total advances and increased endowment on deposits and custody balances. Advances margins trended down partly as a result of competitive pricing.

RMB's elevated cost growth (+13%) resulted from additional investment in enablement capabilities, building capacity in jurisdictions such as the USA in support of the broader Africa strategy, an increase in investment spend to modernise core platforms and enhance digital offerings to clients, as well as elevated levels of volume-linked operating expenses.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Movement in balance sheet provisions				
Performing book provisions	**114**	95	20	173
NPL provision	**149**	130	15	183
Credit provision increase	**263**	225	17	356
Gross write-off and other	**120**	(14)	(>100)	379
– Bad debts written off*	**102**	–	–	446
– Exchange rate and other	**18**	(14)	(>100)	(67)
Amounts recognised directly in income statement				
Interest suspended on stage 3 advances	**(22)**	(13)	69	(2)
Post write-off recoveries	**(5)**	–	–	(42)
Total impairment charge	**356**	198	80	691

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

The credit quality of RMB's core lending portfolio remained resilient. As expected, a limited number of counters have migrated to NPL status in South Africa and in the cross-border book over the last 12 months. This reflects ongoing strain in specific sectors of the domestic economy given the worsening macro environment, and elevated sovereign risk in Ghana and Nigeria. As a result, RMB raised new impairments on the core lending portfolio during the period under review.

RMB believes its consistent and prudent provisioning approach remains appropriate, with the performing book coverage ratio against core lending advances at 82 bps (June 2023: 88 bps; December 2022: 88 bps).

The financial and operational performance of the portfolio is unpacked below.

During the period under review, RMB took the decision to restructure its portfolio. RMB believes there is significant additional value which can be unlocked for clients through integrated solutions to optimise cash management and cash conversion cycles. As a result, three product capabilities – liquidity and investment, trade and working capital, and payments and collections – have been combined into a single business unit, treasury and trade solutions (TTS). These activities were previously reported within the performances of investment banking, markets and corporate transactional banking. The following table provides a period-on-period reconciliation.

RESTRUCTURING RECON – NORMALISED PBT

R million	Six months ended 31 December 2022				
	New RMB structure				
Previous RMB structure	Investment banking	TTS	Markets	Head office and other	Total
Banking	2 030	967	–	–	2 997
Markets	(6)	63	645	(7)	695
Head office and other	–	–	–	(388)	(388)
Total RMB	2 024	1 030	645	(395)	3 304

R million	Six months ended 30 June 2023				
	New RMB structure				
Previous RMB structure	Investment banking	TTS	Markets	Head office and other	Total
Banking	3 655	1 883	–	–	5 538
Markets	(39)	142	1 184	20	1 307
Head office and other	–	–	–	(791)	(791)
Total RMB	3 616	2 025	1 184	(771)	6 054

BREAKDOWN OF PBT CONTRIBUTION BY ACTIVITY

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Investment banking	**2 730**	2 024	35	3 616
TTS	**998**	1 030	(3)	2 025
Markets	**509**	645	(21)	1 184
Other*	**(123)**	(395)	(69)	(771)
Total RMB	**4 114**	3 304	25	6 054

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

Investment banking

Investment banking delivered PBT growth of 35%. This reflects strong new business origination resulting in a 17% increase in average advances, supporting NII growth. Margins have come under pressure, due to competitive pricing.

PBT was supported by strong growth in advisory, structuring and commitment fee income, benefiting from new business origination and increased market activity. The principal investments portfolio delivered an excellent performance, with strong annuity income growth and a realisation of R508 million. The business has retained prudent provisioning levels given the constrained macro environment.

TTS

TTS produced revenue growth of 2% period-on-period, benefiting from strong average advances growth of 18%, driven by demand for structured lending and general banking facilities from clients.

NIR growth of 5% was driven by trade and working capital NIR, in turn driven by structuring and arranging fees on lending activities and increased guarantee fees. The payments business generated good NIR growth, reflecting an increase in volumes across most products. Margins remained under pressure given competitive pricing and increased transaction and merchant services costs.

The overall PBT performance of TTS (-3%) was negatively impacted by increased credit provisions due to strong book growth. Elevated platform investment spend and volume-related expenses further reduced PBT growth.

Markets

Markets' PBT decreased 21% period-on-period, as a large portion of RMB's investment spend resulted from geographic diversification and platform build strategies in the business. The underlying operational performance presents a mixed picture, unpacked in detail below.

Gross income increased 8%, with varying performances across asset classes.

- The activities that performed well included fixed income and commodities driven by increased market volatility in interest rates, and the gold price, leading to increased client execution volumes.
- The underperforming activities included equities which declined predominantly due to the equities business experiencing lower trade volumes and corporate action activity.
- Global securities services' income increased 8%, benefiting from higher margins off the back of higher rates coupled with growth in cash collateral and custody balances.

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	**2023**	**% composition**	2022	% composition	% change	2023	% composition
Retail	**4 746**	**34**	4 692	36	1	8 802	35
– FNB*	**4 294**		4 336			8 245	
– WesBank	**452**		356			557	
Commercial	**5 431**	**38**	5 296	41	3	10 410	42
– FNB	**5 138**		5 017			9 790	
– WesBank	**293**		279			620	
Corporate and investment banking	**3 003**	**21**	2 412	18	25	4 419	18
– RMB	**3 003**		2 412			4 419	
Other	**991**	**7**	700	5	42	1 178	5
– Centre **	**1 741**		1 085			2 135	
– Other equity instrument holders	**(750)**		(385)			(957)	
Normalised earnings	**14 171**	**100**	13 100	100	8	24 809	100

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

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

segmental
reporting

Segment report

for the six months ended 31 December 2023

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa*	**Total FNB**
Net interest income before impairment of advances	2 320	2 163	4 150	3 813	**12 446**	7 718	(18)	**20 146**
Impairment charge	(309)	(912)	(2 160)	(309)	**(3 690)**	(270)	–	**(3 960)**
Net interest income after impairment of advances	2 011	1 251	1 990	3 504	**8 756**	7 448	(18)	**16 186**
Non-interest revenue	30	2 222	444	6 630	**9 326**	5 398	786	**15 510**
Income from operations	2 041	3 473	2 434	10 134	**18 082**	12 846	768	**31 696**
Operating expenses	(906)	(1 604)	(1 287)	(7 770)	**(11 567)**	(5 779)	(940)	**(18 286)**
Income before indirect tax	1 135	1 869	1 147	2 364	**6 515**	7 067	(172)	**13 410**
Indirect tax	(7)	(13)	(31)	(409)	**(460)**	(29)	–	**(489)**
Profit before tax	1 128	1 856	1 116	1 955	**6 055**	7 038	(172)	**12 921**
Income tax expense	(305)	(501)	(301)	(528)	**(1 635)**	(1 900)	46	**(3 489)**
Profit for the period	823	1 355	815	1 427	**4 420**	5 138	(126)	**9 432**
Attributable to								
Ordinary equityholders	823	1 355	815	1 427	**4 420**	5 138	(126)	**9 432**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Profit for the period	823	1 355	815	1 427	**4 420**	5 138	(126)	**9 432**
Attributable earnings to ordinary equityholders	823	1 355	815	1 427	**4 420**	5 138	(126)	**9 432**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	823	1 355	815	1 427	**4 420**	5 138	(126)	**9 432**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Normalised earnings	823	1 355	815	1 427	**4 420**	5 138	(126)	**9 432**

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

* *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page 2) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 50.*

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

Retail and commercial		Corporate and institutional				
WesBank**	**Retail and commercial**	**RMB**	Centre (including Group Treasury) and other#	**FRB – normalised**	Normalised adjustments	**FRB – IFRS**
2 802	**22 948**	**4 624**	2 759	**30 331**	(793)	**29 538**
(958)	**(4 918)**	**(356)**	(58)	**(5 332)**	–	**(5 332)**
1 844	**18 030**	**4 268**	2 701	**24 999**	(793)	**24 206**
1 573	**17 083**	**5 783**	(1 192)	**21 674**	935	**22 609**
3 417	**35 113**	**10 051**	1 509	**46 673**	142	**46 815**
(2 362)	**(20 648)**	**(5 798)**	(398)	**(26 844)**	(38)	**(26 882)**
1 055	**14 465**	**4 253**	1 111	**19 829**	104	**19 933**
(35)	**(524)**	**(139)**	4	**(659)**	–	**(659)**
1 020	**13 941**	**4 114**	1 115	**19 170**	104	**19 274**
(275)	**(3 764)**	**(1 111)**	626	**(4 249)**	(28)	**(4 277)**
745	**10 177**	**3 003**	1 741	**14 921**	76	**14 997**
745	**10 177**	**3 003**	991	**14 171**	76	**14 247**
–	**–**	**–**	750	**750**	–	**750**
745	**10 177**	**3 003**	1 741	**14 921**	76	**14 997**
745	**10 177**	**3 003**	991	**14 171**	76	**14 247**
–	**–**	**–**	–	**–**	(31)	**(31)**
745	**10 177**	**3 003**	991	**14 171**	45	**14 216**
–	**–**	**–**	–	**–**	–	**–**
–	**–**	**–**	–	**–**	(45)	**(45)**
745	**10 177**	**3 003**	991	**14 171**	–	**14 171**

Segment report

for the six months ended 31 December 2023

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa*	**Total FNB**
Cost-to-income ratio (%)	38.6	36.6	28.0	74.4	**53.1**	44.1	>100	**51.3**
Diversity ratio (%)	1.3	50.7	9.7	63.5	**42.8**	41.2	>100	**43.5**
Credit loss ratio (%) – core lending advances	0.24	4.80	8.47	8.27	**2.06**	0.46	–	**1.66**
Stage 3/NPLs as a % of core lending advances	6.08	11.59	16.44	12.93	**8.30**	3.71	–	**7.16**
Consolidated income statement includes								
Depreciation	(1)	(11)	(10)	(1 088)	**(1 110)**	(126)	(1)	**(1 237)**
Amortisation	–	–	–	(5)	**(5)**	–	–	**(5)**
Net impairment charges	–	–	–	(25)	**(25)**	–	–	**(25)**
Consolidated statement of financial position includes								
Advances (before impairments)	264 087	38 882	51 913	7 540	**362 422**	120 399	–	**482 821**
Core lending advances	264 087	38 882	51 913	7 540	**362 422**	120 399	–	**482 821**
– Other core lending advances (AC and FV)	264 087	38 882	51 913	7 540	**362 422**	120 399	–	**482 821**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	16 068	4 507	8 535	975	**30 085**	4 467	–	**34 552**
Total deposits (including non-recourse deposits)	584	11 107	40	377 356	**389 087**	450 056	–	**839 143**
Total assets	259 475	34 092	42 186	31 176	**366 929**	122 277	223	**489 429**
Total liabilities†	259 391	33 141	41 950	23 218	**357 700**	118 080	395	**476 175**
Capital expenditure	–	32	4	1 351	**1 387**	385	1	**1 773**

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

* *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page 2) and are not reported in bank.*

** *Refer to additional segmental disclosure on page 50.*

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

† *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional				
WesBank**	Retail and commercial	RMB	Centre (including Group Treasury) and other#	FRB – normalised	Normalised adjustments	FRB – IFRS
53.99	51.58	55.71	25.40	51.62		51.55
35.95	42.67	55.57	(76.07)	41.68		43.36
1.17	1.53	0.19	0.39	1.01		1.01
4.54	6.48	1.08	2.35	4.37		4.37
(352)	(1 589)	(69)	(1)	(1 659)	–	(1 659)
–	(5)	(20)	–	(25)	–	(25)
(16)	(41)	–	–	(41)	48	7
168 859	651 680	484 866	35 662	1 172 208	–	1 172 208
168 859	651 680	401 124	28 523	1 081 327	–	1 081 327
168 859	651 680	401 124	28 523	1 081 327	–	1 081 327
–	–	83 742	7 139	90 881	–	90 881
7 674	42 226	4 334	671	47 231	–	47 231
71	839 214	293 328	290 792	1 423 334	–	1 423 334
166 618	656 047	680 251	347 861	1 684 159		1 684 159
165 550	641 725	677 194	239 338	1 558 257	–	1 558 257
874	2 647	174	25	2 846	–	2 846

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*	FNB broader Africa**	**Total FNB***
Net interest income before impairment of advances	2 376	1 802	3 565	3 659	**11 402**	7 411	(6)	**18 807**
Impairment charge	(152)	(658)	(1 572)	(396)	**(2 778)**	(166)	–	**(2 944)**
Net interest income after impairment of advances	2 224	1 144	1 993	3 263	**8 624**	7 245	(6)	**15 863**
Non-interest revenue	38	1 890	468	6 529	**8 925**	5 340	601	**14 866**
Income from operations	2 262	3 034	2 461	9 792	**17 549**	12 585	595	**30 729**
Operating expenses	(860)	(1 481)	(1 343)	(7 381)	**(11 065)**	(5 687)	(783)	**(17 535)**
Income before indirect tax	1 402	1 553	1 118	2 411	**6 484**	6 898	(188)	**13 194**
Indirect tax	(6)	(18)	(34)	(299)	**(357)**	(26)	–	**(383)**
Profit before tax	1 396	1 535	1 084	2 112	**6 127**	6 872	(188)	**12 811**
Income tax expense	(377)	(414)	(293)	(570)	**(1 654)**	(1 855)	51	**(3 458)**
Profit for the period	1 019	1 121	791	1 542	**4 473**	5 017	(137)	**9 353**
Attributable to								
Ordinary equityholders	1 019	1 121	791	1 542	**4 473**	5 017	(137)	**9 353**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Profit for the period	1 019	1 121	791	1 542	**4 473**	5 017	(137)	**9 353**
Attributable earnings to ordinary equityholders	1 019	1 121	791	1 542	**4 473**	5 017	(137)	**9 353**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 019	1 121	791	1 542	**4 473**	5 017	(137)	**9 353**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 019	1 121	791	1 542	**4 473**	5 017	(137)	**9 353**

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

* *Restated. Refer to pages 51 to 52.*

** *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page 2) and are not reported in bank.*

Refer to additional segmental disclosure on page 50.

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

Retail and commercial		Corporate and institutional				
WesBank*, #	Retail and commercial*	RMB*	Centre (including Group Treasury) and other*,†	FRB – normalised	Normalised adjustments	FRB – IFRS
2 323	**21 130**	**4 305**	1 822	**27 257**	(766)	**26 491**
(774)	**(3 718)**	**(198)**	39	**(3 877)**	–	**(3 877)**
1 549	**17 412**	**4 107**	1 861	**23 380**	(766)	**22 614**
1 516	**16 382**	**4 414**	(767)	**20 029**	942	**20 971**
3 065	**33 794**	**8 521**	1 094	**43 409**	176	**43 585**
(2 155)	**(19 690)**	**(5 118)**	(337)	**(25 145)**	(95)	**(25 240)**
910	**14 104**	**3 403**	757	**18 264**	81	**18 345**
(41)	**(424)**	**(99)**	(20)	**(543)**	–	**(543)**
869	**13 680**	**3 304**	737	**17 721**	81	**17 802**
(234)	**(3 692)**	**(892)**	348	**(4 236)**	(23)	**(4 259)**
635	**9 988**	**2 412**	1 085	**13 485**	58	**13 543**
635	**9 988**	**2 412**	700	**13 100**	58	**13 158**
–	**–**	**–**	385	**385**	–	**385**
635	**9 988**	**2 412**	1 085	**13 485**	58	**13 543**
635	**9 988**	**2 412**	700	**13 100**	58	**13 158**
–	**–**	**–**	–	**–**	(10)	**(10)**
635	**9 988**	**2 412**	700	**13 100**	48	**13 148**
–	**–**	**–**		**–**	–	**–**
–	**–**	**–**		**–**	(48)	**(48)**
635	**9 988**	**2 412**	700	**13 100**	–	**13 100**

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*	FNB broader Africa**	**Total FNB***
Cost-to-income ratio (%)	35.6	40.1	33.3	72.4	**54.4**	44.6	>100	**52.1**
Diversity ratio (%)	1.6	51.2	11.6	64.1	**43.9**	41.9	>100	**44.1**
Credit loss ratio (%) – core lending advances	0.12	3.92	6.71	10.18	**1.66**	0.30	–	**1.32**
Stage 3/NPLs as a % of core lending advances	4.74	10.74	14.77	14.57	**6.95**	4.00	–	**6.23**
Income statement includes								
Depreciation	(1)	(3)	(7)	(1 017)	**(1 028)**	(118)	(1)	**(1 147)**
Amortisation	–	–	–	(5)	**(5)**	–	–	**(5)**
Net impairment charges	–	–	–	(26)	**(26)**	–	–	**(26)**
Statement of financial position includes								
Advances (before impairments)	251 517	34 387	47 056	7 648	**340 608**	110 862	–	**451 470**
Core lending advances	251 517	34 387	47 056	7 648	**340 608**	110 862	–	**451 470**
– Other core lending advances (AC and FV)	251 517	34 387	47 056	7 648	**340 608**	110 862	–	**451 470**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	11 919	3 693	6 950	1 114	**23 676**	4 430	–	**28 106**
Total deposits	615	9 831	40	341 334	**351 820**	401 053	–	**752 873**
Total assets	247 378	30 080	38 407	30 232	**346 097**	111 677	220	**457 994**
Total liabilities‡	247 209	29 599	39 021	23 117	**338 946**	108 156	408	**447 510**
Capital expenditure	–	30	9	1 337	**1 376**	165	1	**1 542**

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

* *Restated. Refer to pages 51 to 52.*

** *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page 2) and are not reported in bank.*

\# *Refer to additional segmental disclosure on page 50.*

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

‡ *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional				
WesBank*,#	Retail and commercial*	RMB*	Centre (including Group Treasury) and other*,†	FRB – normalised	Normalised adjustments	FRB – IFRS
56.1	52.5	58.7	31.9	53.2		53.2
39.5	43.7	50.6	(72.7)	42.4		44.2
1.08	1.26	0.12	(0.28)	0.82		0.82
4.29	5.74	0.81	2.05	3.87		3.87
(390)	(1 537)	(59)	–	(1 596)	–	(1 596)
(8)	(13)	(40)	–	(53)	–	(53)
25	(1)	–	–	(1)	–	(1)
148 994	600 464	426 022	37 519	1 064 005	–	1 064 005
148 994	600 464	350 691	28 037	979 192	–	979 192
148 994	600 464	350 691	28 037	979 192	–	979 192
–	–	75 331	9 482	84 813	–	84 813
6 387	34 493	2 831	576	37 900	–	37 900
11	752 884	284 361	282 858	1 320 103	–	1 320 103
146 807	604 801	625 946	358 353	1 589 100	–	1 589 100
145 597	593 107	623 699	261 624	1 478 430	–	1 478 430
646	2 188	370	(6)	2 552	–	2 552

Segment report

for the year ended 30 June 2023

	Retail and commercial							
	FNB							
	Retail*							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial*	FNB broader Africa**	**Total FNB***
Net interest income before impairment of advances	4 696	3 771	7 539	7 731	**23 737**	15 084	(19)	**38 802**
Impairment charge	(452)	(1 516)	(3 688)	(102)	**(5 758)**	(615)	–	**(6 373)**
Net interest income after impairment of advances	4 244	2 255	3 851	7 629	**17 979**	14 469	(19)	**32 429**
Non-interest revenue	88	3 807	861	12 873	**17 629**	10 706	1 297	**29 632**
Income from operations	4 332	6 062	4 712	20 502	**35 608**	25 175	1 278	**62 061**
Operating expenses	(1 720)	(3 095)	(2 626)	(15 853)	**(23 294)**	(11 701)	(1 706)	**(36 701)**
Income before indirect tax	2 612	2 967	2 086	4 649	**12 314**	13 474	(428)	**25 360**
Indirect tax	(14)	(27)	(60)	(488)	**(589)**	(63)	(1)	**(653)**
Profit before tax	2 598	2 940	2 026	4 161	**11 725**	13 411	(429)	**24 707**
Income tax expense	(701)	(794)	(547)	(1 125)	**(3 167)**	(3 621)	116	**(6 672)**
Profit for the period	1 897	2 146	1 479	3 036	**8 558**	9 790	(313)	**18 035**
Attributable to								
Ordinary equityholders	1 897	2 146	1 479	3 036	**8 558**	9 790	(313)	**18 035**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Profit for the period	1 897	2 146	1 479	3 036	**8 558**	9 790	(313)	**18 035**
Attributable earnings to ordinary equityholders	1 897	2 146	1 479	3 036	**8 558**	9 790	(313)	**18 035**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 897	2 146	1 479	3 036	**8 558**	9 790	(313)	**18 035**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 897	2 146	1 479	3 036	**8 558**	9 790	(313)	**18 035**

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

* *Restated. Refer to pages 51 to 52.*

** *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page 2) and are not reported in bank.*

\# *Refer to additional segmental disclosure on page 50.*

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

Retail and commercial		Corporate and institutional				
WesBank*,#	**Retail and commercial***	**RMB***	Centre (including Group Treasury) and other*, †	**FRB – normalised**	Normalised adjustments	**FRB – IFRS**
4 867	**43 669**	**8 716**	3 617	**56 002**	(1 490)	**54 512**
(1 795)	**(8 168)**	**(691)**	446	**(8 413)**	–	**(8 413)**
3 072	**35 501**	**8 025**	4 063	**47 589**	(1 490)	**46 099**
2 918	**32 550**	**9 209**	(1 469)	**40 290**	1 348	**41 638**
5 990	**68 051**	**17 234**	2 594	**87 879**	(142)	**87 737**
(4 325)	**(41 026)**	**(10 990)**	(1 439)	**(53 455)**	255	**(53 200)**
1 665	**27 025**	**6 244**	1 155	**34 424**	113	**34 537**
(53)	**(706)**	**(190)**	86	**(810)**	–	**(810)**
1 612	**26 319**	**6 054**	1 241	**33 614**	113	**33 727**
(435)	**(7 107)**	**(1 635)**	894	**(7 848)**	(28)	**(7 876)**
1 177	**19 212**	**4 419**	2 135	**25 766**	85	**25 851**
1 177	**19 212**	**4 419**	1 178	**24 809**	85	**24 894**
–	**–**	**–**	957	**957**	–	**957**
1 177	**19 212**	**4 419**	2 135	**25 766**	85	**25 851**
1 177	**19 212**	**4 419**	1 178	**24 809**	85	**24 894**
–	**–**	**–**	–	**–**	13	**13**
1 177	**19 212**	**4 419**	1 178	**24 809**	98	**24 907**
–	**–**	**–**	–	**–**	–	**–**
–	**–**	**–**	–	**–**	(98)	**(98)**
1 177	**19 212**	**4 419**	1 178	**24 809**	–	**24 809**

Segment report

for the year ended 30 June 2023

R million	Retail and commercial							
	FNB							
	Retail*							
	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial*	FNB broader Africa**	**Total FNB***
Cost-to-income ratio (%)	36.0	40.8	31.3	76.9	**56.3**	45.4	>100	**53.6**
Diversity ratio (%)	1.8	50.2	10.3	62.5	**42.6**	41.5	>100	**43.3**
Credit loss ratio (%) – core lending advances	0.18	4.33	7.63	1.33	**1.68**	0.55	–	**1.40**
Stage 3/NPLs as a % of core lending advances	5.42	10.92	15.07	12.48	**7.51**	4.10	–	**6.67**
Income statement includes								
Depreciation	(3)	(6)	(17)	(2 088)	**(2 114)**	(248)	(4)	**(2 366)**
Amortisation	–	–	–	(10)	**(10)**	–	–	**(10)**
Impairment charges	–	–	–	(63)	**(63)**	(111)	–	**(174)**
Statement of financial position includes								
Advances (before impairments)	259 635	37 149	50 072	7 406	**354 262**	116 448	–	**470 710**
Core lending advances	259 635	37 149	50 072	7 406	**354 262**	116 448	–	**470 710**
– Other core lending advances (AC and FV)	259 635	37 149	50 072	7 406	**354 262**	116 448	–	**470 710**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	14 073	4 057	7 547	924	**26 601**	4 773	–	**31 374**
Total deposits	564	10 629	53	355 600	**366 846**	421 378	–	**788 224**
Total assets	255 335	32 592	40 895	28 391	**357 213**	116 700	257	**474 170**
Total liabilities‡	255 015	31 352	41 346	14 136	**341 849**	109 273	685	**451 807**
Capital expenditure	–	114	14	2 858	**2 986**	321	2	**3 309**

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

* *Restated. Refer to pages 51 to 52.*

** *FNB broader Africa results reported above relate to head office costs. Earnings of the African subsidiaries form part of FREMA (see simplified group structure on page 2) and are not reported in bank.*

Refer to additional segmental disclosure on page 50.

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

‡ *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional				
WesBank*,#	Retail and commercial*	RMB*	Centre (including Group Treasury) and other*,†	FRB – normalised	Normalised adjustments	FRB – IFRS
55.6	53.8	61.3	67.0	55.5		55.3
37.5	42.7	51.4	(68.4)	41.8		43.3
1.20	1.35	0.21	(1.50)	0.87		0.87
4.43	6.10	1.24	2.99	4.28		4.28
(794)	(3 160)	(144)	(1)	(3 305)	–	(3 305)
(8)	(18)	(75)	–	(93)	–	(93)
16	(158)	–	–	(158)	(48)	(206)
159 645	630 355	427 982	45 089	1 103 426	–	1 103 426
159 645	630 355	363 232	30 774	1 024 361	–	1 024 361
159 645	630 355	363 232	30 774	1 024 361	–	1 024 361
–	–	64 750	14 315	79 065	–	79 065
7 066	38 440	4 520	920	43 880	–	43 880
67	788 291	275 932	317 550	1 381 773	–	1 381 773
157 198	631 368	642 123	381 473	1 654 964	–	1 654 964
155 261	607 068	637 630	295 975	1 540 673	–	1 540 673
1 354	4 663	602	22	5 287	–	5 287

Additional segmental disclosure – WesBank

R million	**Six months ended 31 December 2023** Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	**2 130**	**672**	**2 802**
Impairment of advances	**(831)**	**(127)**	**(958)**
Normalised profit before tax	**619**	**401**	**1 020**
Normalised earnings	**452**	**293**	**745**
Core advances	**109 096**	**59 763**	**168 859**
Stage 3/NPLs	**6 692**	**982**	**7 674**
Advances margin (%)	**3.02**	**2.19**	**2.73**
Stage 3/NPLs as a % of advances	**6.13**	**1.64**	**4.54**
Credit loss ratio (%) of average advances	**1.55**	**0.45**	**1.17**

R million	Six months ended 31 December 2022 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	487	382	869
Normalised earnings	356	279	635
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

R million	Year ended 30 June 2023 Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	3 693	1 174	4 867
Impairment of advances	(1 737)	(58)	(1 795)
Normalised profit before tax	762	850	1 612
Normalised earnings	557	620	1 177
Core advances	105 433	54 212	159 645
Stage 3/NPLs	6 000	1 066	7 066
Advances margin (%)	3.06	2.32	2.81
Stage 3/NPLs as a % of advances	5.69	1.97	4.43
Credit loss ratio (%) of average advances	1.75	0.12	1.20

Additional information on internal restructures

The segmental disclosure has been updated for the Centre cost allocation model which was refined during the current period. This resulted in restatements of the December 2022 and June 2023 numbers, in certain segments, with no impact at bank level.

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

Operating expenses – Internal costing changes

	Six months ended 31 December 2022			Year ended 30 June 2023		
R million	As reported	Cost allocation	Restated	As reported	Cost allocation	Restated
Residential mortgages	853	7	860	1 706	14	1 720
Card	1 477	4	1 481	3 087	8	3 095
Personal loans	1 336	7	1 343	2 613	13	2 626
Retail other	7 341	40	7 381	15 772	81	15 853
FNB Commercial	5 659	28	5 687	11 645	56	11 701
FNB broader Africa	783	—	783	1 706	—	1 706
Total FNB	17 449	86	17 535	36 529	172	36 701
WesBank	2 148	7	2 155	4 312	13	4 325
Total Retail and Commercial	19 597	93	19 690	40 841	185	41 026
RMB	5 093	25	5 118	10 940	50	10 990
Centre	455	(118)	337	1 674	(235)	1 439
Total bank	25 145	—	25 145	53 455	—	53 455

Normalised earnings – Internal costing changes

	Six months ended 31 December 2022			Year ended 30 June 2023		
R million	As reported	Cost allocation	Restated	As reported	Cost allocation	Restated
Residential mortgages	1 024	(5)	1 019	1 907	(10)	1 897
Card	1 124	(3)	1 121	2 152	(6)	2 146
Personal loans	796	(5)	791	1 488	(9)	1 479
Retail other	1 571	(29)	1 542	3 095	(59)	3 036
FNB Commercial	5 037	(20)	5 017	9 831	(41)	9 790
FNB broader Africa	(137)	–	(137)	(313)	–	(313)
Total FNB	9 415	(62)	9 353	18 160	(125)	18 035
WesBank	640	(5)	635	1 186	(9)	1 177
Total Retail and Commercial	10 055	(67)	9 988	19 346	(134)	19 212
RMB	2 430	(18)	2 412	4 456	(37)	4 419
Centre	615	85	700	1 007	171	1 178
Total bank	13 100	–	13 100	24 809	–	24 809

Additional information on internal restructures continued

Total liabilities – Internal costing changes

	Six months ended 31 December 2022			Year ended 30 June 2023		
R million	As reported	Cost allocation	Restated	As reported	Cost allocation	Restated
Residential mortgages	247 202	7	247 209	255 001	14	255 015
Card	29 595	4	29 599	31 344	8	31 352
Personal loans	39 014	7	39 021	41 333	13	41 346
Retail other	23 077	40	23 117	14 055	81	14 136
Commercial	108 128	28	108 156	109 217	56	109 273
FNB broader Africa	408	–	408	685	–	685
Total FNB	447 424	86	447 510	451 635	172	451 807
WesBank	145 590	7	145 597	155 248	13	155 261
Total Retail and Commercial	593 014	93	593 107	606 883	185	607 068
RMB	623 674	25	623 699	637 580	50	637 630
Centre	261 742	(118)	261 624	296 210	(235)	295 975
Total bank	1 478 430	–	1 478 430	1 540 673	–	1 540 673

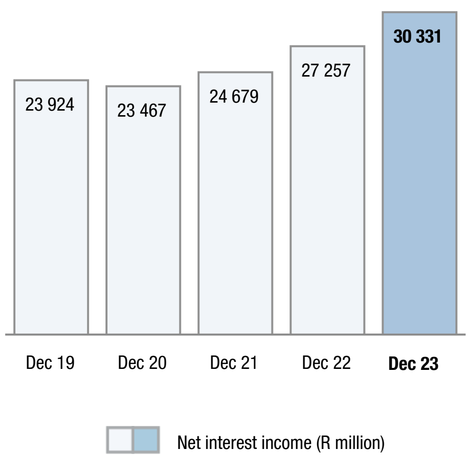
analysis
of results

Net interest income (before impairment of advances)

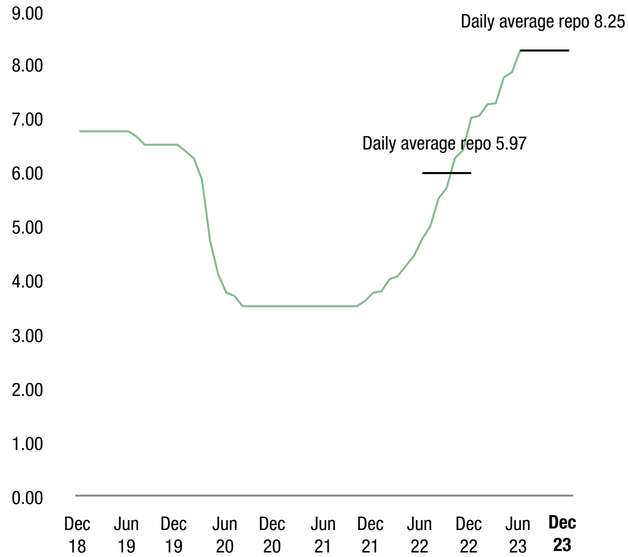
Net interest income (before impairment of advances) – up 11%

Net interest income
(R million)

NII CAGR 6%



Repo rate
(%)



The average endowment book for FirstRand Bank was c. R293 billion.

MARGIN CASCADE TABLE

	Six months ended 31 December				Year ended 30 June
	2023			2022	2023
Percentage of average interest-earning banking assets (%)	**Average interest-earning assets (R million)**	**NII (R million)**	**NIM (%)**	NIM (%)	NIM (%)
Opening normalised margin	**1 174 744**	**27 257**	**4.60**	4.74	4.74
Asset growth	**98 804**	**2 291**			
Balances with central banks	**3 271**				
Cash and cash equivalents	**(14 937)**				
Liquid assets	**3 589**				
Loans and advances	**106 881**				
Lending interest-earning assets		**(214)**	**(0.03)**	(0.15)	(0.18)
Asset pricing		**(574)**	**(0.09)**	(0.09)	(0.14)
Change in advances mix and other		**360**	**0.06**	(0.06)	(0.04)
Liabilities		**395**	**0.05**	0.13	0.18
Deposit pricing and endowment		**(502)**	**(0.08)**	0.10	0.15
Change in deposit mix and volume		**897**	**0.13**	0.03	0.03
Capital endowment (including ALM strategies)		**557**	**0.09**	0.06	0.04
Group Treasury, Centre and other activities		**45**	**0.01**	(0.18)	(0.08)
Closing normalised margin	**1 273 548**	**30 331**	**4.72**	4.60	4.70

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	**2023**	2022	% change	2023
Lending	**13 105**	11 949	10	24 292
Transactional*	**9 813**	9 448	4	19 352
Investment deposits	**2 085**	1 994	5	4 178
Capital endowment (including ALM strategies)	**5 047**	4 495	12	8 533
Group Treasury, Centre and other**	**281**	(629)	(>100)	(353)
Total net interest income	**30 331**	27 257	11	56 002

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

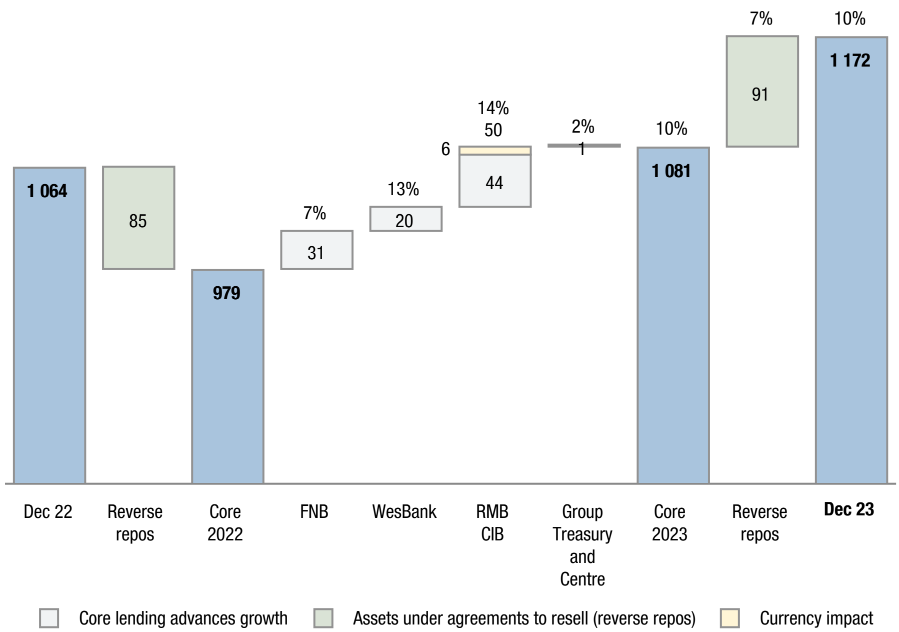
** *Other includes negative endowment, e.g. fixed assets.*

Key drivers – NII

- During the period under review average interest rates moved up 228 bps to 8.25% (December 2022: 5.97%).
- NII growth was driven by endowment as well as continued growth in transactional deposits and advances.
- Lending NII increased 10%, driven by growth in average customer advances. Retail and commercial average advances grew 8%, driven by residential mortgages, retail unsecured and commercial lending, with margin outcomes still reflecting the origination tilt to better-quality credit. RMB average advances (excluding marketable advances and preference shares) grew 22% period-on-period driven by strong demand for structured lending and general banking facilities.
- The increase in transactional NII was driven by product volumes and endowment, partially offset by the ALM strategies.
- The increase in NII from investment deposits benefited from growth in the retail and commercial deposit franchises, underpinned by product offerings and customer preference for higher-yielding products.
- Capital endowment NII benefited from interest rate increases in previous periods, partly offset by a lower contribution from the ALM investment strategy.
- Group Treasury, the Centre and other NII increased due to:
  - smaller accounting mismatches relative to the prior period resulting from better management of accrual versus mark-to-market valuations; and
  - improved liquidity management outcomes period-on-period in both rand and hard currency, driven by liability management and asset growth.

Core advances – up 10%

Gross advances growth by business
(R billion)



Note: Percentages are calculated on R million numbers.

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

R million	As at 31 December 2023	As at 31 December 2022	% change	As at 30 June 2023	December 2023 vs June 2023 % change
Total advances	**1 172 208**	1 064 005	10	1 103 426	6
Assets under agreements to resell	**(90 881)**	(84 813)	7	(79 065)	15
Total core lending advances (before currency impact)	**1 081 327**	979 192	10	1 024 361	6
Centre and dollar cross-border book currency impact*	**(6 353)**	–	–	(5 821)	9
Core lending advances after currency impact	**1 074 974**	979 192	10	1 018 540	6

* *If the exchange rate (£1 = R23.57 and $1 = R18.53) had remained unchanged from 31 December 2022 (£1 = R20.46 and $1 = R16.98).*

Net interest income (before impairment of advances) continued

Key drivers – advances

- Advances increased 10% as growth continued across most portfolios, decelerating somewhat from the levels reported at 30 June 2023 (+13%). Core lending advances grew 6% since June 2023.
- FNB advances growth remained resilient, notwithstanding the macro challenges.
- Retail secured advances increased 6% period-on-period (2% since June 2023). Residential mortgages advances growth continued to slow down given reduced demand. WesBank VAF also experienced a slowdown, with 9% advances growth (3% since June 2023) as payouts declined 11% on the back of lower demand and affordability pressures.
- The unsecured lending portfolio increased 10% period-on-period (4% since June 2023) on the back of strong growth in personal loans, card and the revolving facility book offset by the ongoing decline in volumes in the DirectAxis book.
- FNB commercial and WesBank corporate reflected period-on-period growth of 9% and 21%, respectively (3% and 10% since June 2023), driven by focused origination in sectors showing above-cycle growth, and which are expected to perform well even in an inflationary and high interest rate environment.
- RMB's advances growth was underpinned by its focus on strategic initiatives in sustainable finance, large corporates and private power. Origination continued to lean towards better-rated counterparties, with a tilt towards low- to medium-volatility sectors. The cross-border book reflected period-on-period growth of 25% in rand terms and 15% in dollar terms. RMB advances increased 10% since June 2023.
- Assets under agreements to resell (reverse repos) increased in RMB due to an increase in system liquidity following the introduction of the Monetary Policy Implementation Framework. This growth was partially offset by a decrease in the Centre's reverse repos with interbank counterparties.

AVERAGE BALANCE SHEET

		December 2023			December 2022		
R million	Notes	**Average balance***	**Interest income/ (expense)**	**Average rate %**	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**11.75**			9.47
Balances with central banks		**33 747**	**–**	**–**	30 477	–	–
Cash and cash equivalents		**33 467**	**974**	**5.77**	48 403	1 153	4.73
Liquid assets portfolio*		**275 284**	**9 246**	**6.66**	271 695	6 390	4.67
Loans and advances to customers	1	**931 050**	**53 353**	**11.37**	824 169	40 916	9.85
Interest-earning assets		**1 273 548**	**63 573**	**9.90**	1 174 744	48 459	8.18
INTEREST-BEARING LIABILITIES							
Average repo rate (RSA)				**8.25**			5.97
Deposits due to customers	2	**(1 000 744)**	**(33 104)**	**6.56**	(914 957)	(21 046)	4.56
Group Treasury funding		**(282 937)**	**(12 085)**	**8.47**	(271 029)	(8 593)	6.29
Interest-bearing liabilities		**(1 283 681)**	**(45 189)**	**6.98**	(1 185 986)	(29 639)	4.96
ENDOWMENT AND TRADING BOOK							
Other assets**		**270 624**	**–**	**–**	243 486	–	–
Other liabilities#		**(138 562)**	**–**	**–**	(121 377)	–	–
AT1 instruments and NCNR preference shares		**(12 446)**	**–**	**–**	(7 593)	–	–
Equity		**(109 483)**	**–**	**–**	(103 274)	–	–
Endowment and trading book		**10 133**	**11 947**	**233.95**	11 242	8 437	148.87
Total interest-bearing liabilities, endowment and trading book		**(1 273 548)**	**(33 242)**	**5.18**	(1 174 744)	(21 202)	3.58
Net interest margin on average interest-earning assets		**1 273 548**	**30 331**	**4.72**	1 174 744	27 257	4.60

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

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

** *Include preference share advances, trading assets and securitisation notes.*

\# *Include trading liabilities.*

Net interest income (before impairment of advances) continued

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	December 2023		December 2022	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average prime rate (RSA)		**11.75**		9.47
Advances				
Retail – secured	**376 144**	**1.81**	348 200	1.92
Residential mortgages	**265 638**	**1.37**	249 515	1.60
VAF	**110 506**	**2.87**	98 685	2.74
Retail – unsecured	**95 979**	**10.74**	87 913	10.81
Card	**39 000**	**7.12**	34 481	7.51
Personal loans	**51 093**	**13.92**	46 790	13.48
Retail other	**5 886**	**7.08**	6 642	9.17
Corporate and commercial	**458 927**	**2.18**	388 056	2.38
FNB commercial	**115 404**	**3.32**	105 074	3.37
– Mortgages	**34 012**	**2.05**	30 625	2.20
– Overdrafts	**47 018**	**4.49**	42 746	4.65
– Term loans	**34 374**	**2.95**	31 703	2.77
WesBank corporate	**56 394**	**2.19**	48 472	2.14
RMB CIB	**287 129**	**1.72**	234 510	1.98
Total advances	**931 050**	**2.91**	824 169	3.08

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

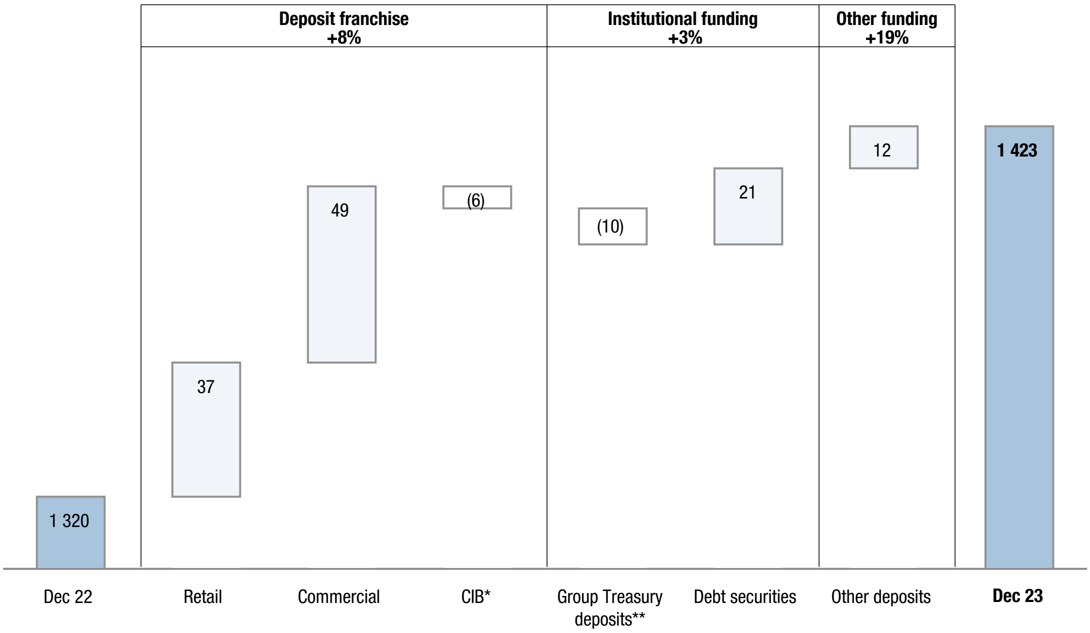
Where fixed-rate commitments are undertaken (fixed-rate loans or fixed deposits), transfer pricing will also include the cost of transferring the interest rate risk

Key drivers – advances margin

- Overall advances margins continue to reflect the origination strategy (weighted to better-risk customers in retail) and portfolio mix changes.
- As a result of origination tilt and increased competition, retail margins decreased, also reflecting the shift in asset mix to secured, with higher levels of new business volumes written at lower margins gradually replacing the higher-margin book as it runs off. The increase in NPLs contributed further to margin compression as interest on these exposures is only recognised to the extent that it is recoverable, whilst interest on the performing book is recognised in full.
- FNB commercial margins also decreased as a result of a change in mix of new business and competitive pricing pressure.
- RMB margins decreased due to competitive pressure in the large corporate client sector coupled with origination towards better-rated corporates.

Funding – up 8%

Funding growth by segment
(R billion)



* *Includes 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 facility.*

Net interest income (before impairment of advances) continued

Key drivers – deposits and funding

Deposit franchise

- FNB retail deposit growth benefited from targeted client offerings. Investment deposits increased 12%, supported by a comprehensive product offering, client money management initiatives and improved investment rates. Transactional deposit growth (+5%) tracked new customer acquisition and reflects macro pressures weighing on available disposal income, combined with the migration to higher-yielding products. Islamic banking deposits continue to perform well (+26%).
- Commercial deposit growth was driven by product offerings, including investments (+18%) and Islamic banking deposits (+21%). Transactional deposits increased 4% inline with customer growth.
- On the back of RMB's strategy to grow primary-banked clients, there was good growth in operational balances, however, this was offset by investment deposit maturities.

Institutional funding

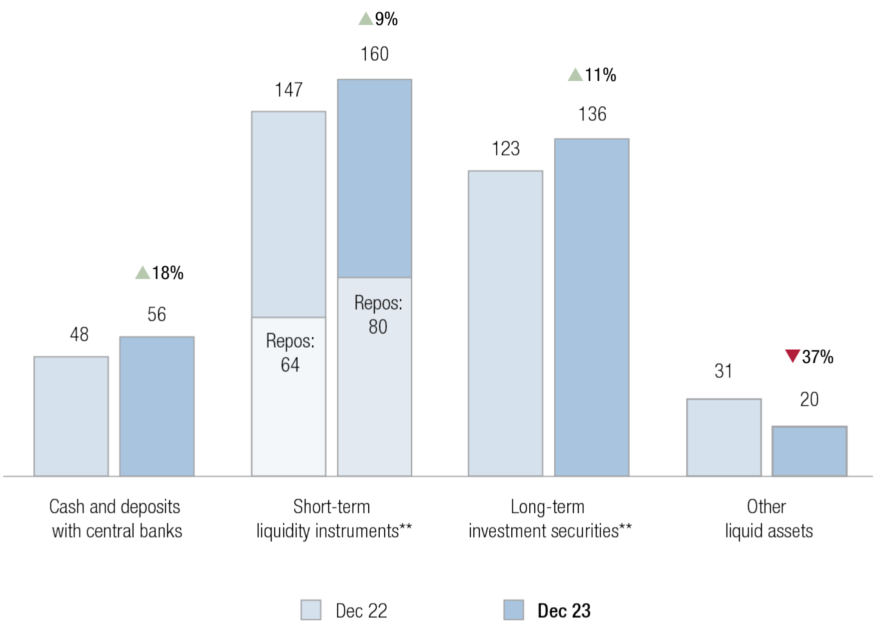
- Institutional funding increased on the back of balance sheet growth, and liability and liquidity management strategies.

Other funding

- The increase in other funding was primarily due to increases in collateral received and secured funding transactions.

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

Liquidity management by investment type*
(R billion)



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

* *Chart is based on rand liquid assets in FirstRand Bank South Africa held by Group Treasury only.*

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

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	December 2023		December 2022	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average repo rate (RSA)		**8.25**		5.97
Deposits				
Retail	**339 718**	**2.04**	309 825	1.86
Current and savings	**93 223**	**5.82**	89 583	4.85
Call	**129 525**	**0.76**	116 596	0.84
Term	**116 970**	**0.44**	103 646	0.44
Commercial	**434 483**	**2.56**	380 244	2.41
Current and savings	**147 983**	**6.13**	139 810	5.08
Call	**134 947**	**1.13**	117 398	1.34
Term	**151 553**	**0.36**	123 036	0.41
Corporate and investment banking	**226 543**	**0.85**	224 888	0.81
Current and savings	**105 971**	**1.49**	97 810	1.54
Call	**77 552**	**0.35**	69 839	0.42
Term	**43 020**	**0.16**	57 239	0.03
Total deposits	**1 000 744**	**2.00**	914 957	1.83

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

Key drivers – deposit margins

- FNB retail and commercial deposit margins widened, driven by endowment on transactional accounts. This was, however, impacted by lower liquidity spreads and competitive pressures.
- RMB deposit margins increased, attributable to a change in book mix, with a decrease in lower-margin earning investment balances and an increase in transactional balances. The portfolio also benefited from interest rate hikes, leading to higher endowment across the portfolio.

Credit

CREDIT HIGHLIGHTS AT A GLANCE

R million	Notes	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Total gross advances		**1 172 208**	1 064 005	10	1 103 426
Total core lending advances	1 on p.82	**1 081 327**	979 192	10	1 024 361
— Performing core lending advances		**1 034 096**	941 292	10	980 481
— Stage 1		**953 507**	862 859	11	901 786
— Stage 2		**80 589**	78 433	3	78 695
— Stage 3/NPLs	3 on p.88	**47 231**	37 900	25	43 880
Assets under agreements to resell		**90 881**	84 813	7	79 065
Stage 3/NPLs as a % of core lending advances	3 on p.88	**4.37**	3.87		4.28
Core lending advances (net of impairment)		**1 042 985**	943 840	11	987 826
Total impairments		**38 342**	35 352	8	36 535
Portfolio impairments	2 on p.86	**16 473**	15 975	3	16 427
— Stage 1		**7 452**	7 733	(4)	7 379
— Stage 2		**9 021**	8 242	9	9 048
Stage 3 impairments	3 on p.88	**21 869**	19 377	13	20 108
Coverage ratios					
Performing book coverage ratio (%) – core lending advances*	2 on p.86	**1.59**	1.70		1.68
Specific coverage ratio (%)**	3 on p.88	**46.3**	51.1		45.8
Income statement analysis					
Impairment charge	4 on p.92	**5 332**	3 877	38	8 413
Credit loss ratio (%) – core lending advances	4 on p.92	**1.01**	0.82		0.87

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

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

Changes in presentation of the credit information

Temporary stress scenario

An additional stress scenario was introduced during the financial period ended 30 June 2021, given the event-driven uncertainty in the global and South African economy at the time. 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, as well as inflation and interest rate forecasting risks. Since June 2022, the forecasting risk associated with inflation and interest rates has manifested in actual inflationary and interest rate outcomes, with provisions increasing as the impairment models incorporate these impacts.

At 31 December 2022, absolute provisions of R370 million and stage allocations at 30 June 2022 were retained, and the temporary stress scenario was fully unwound at 30 June 2023.

Impairment charge

The CLR at 101 bps is below the mid point of the TTC range of 90 bps – 120 bps. This outcome was marginally better than expected, given the book growth over the last two financial years, combined with the impact of continued weak macros on the back book.

The impairment charge increased 38% period-on-period to R5 332 million, largely attributable to the following factors (a further analysis is contained on pages 66 to 69, and in note 4 on page 92):

- Performing provisions increasing marginally by R46 million:
  - stage 1 and stage 2 balances increased, driven by book growth and origination strain, resulting in an increase in arrears and SICR levels. This was partially offset by;
  - a decline in performing coverage, largely driven by FLI releases as a consequence of the improving forward-looking macro outlook and the change in mix towards a higher proportion of secured advances.
- Stage 3 provisions increased as NPLs continued to tick up in line with expectations, driven largely by the personal loans, card and residential mortgage portfolios.
- The bank's stage 3 coverage increased from June 2023 levels, given higher coverage in retail unsecured, commercial and corporate portfolios,offset by declines across the remaining retail portfolios.
- Net write-offs declined, as the average age of the overall NPL population decreased given new inflows, despite the reduction in post write-off recoveries.

The increase in the CLR was driven by:

- Retail's CLR increased to 194 bps, and whilst the pace and level of increases from late 2021 were more severe than expected, the increase in underlying defaults was consistent with risk appetite expectations, supported by an outlook that considers the start of interest rate reductions in the short to medium term.
- The WesBank VAF CLR increased period-on-period, reflecting advances growth and increased stage 3 provisions. The decrease from June 2023 was largely due to FLI releases.
- FNB commercial's CLR of 46 bps remains low, given ongoing pressures from higher interest rates, inflation, loadshedding and origination strain from the growth in advances.
- The core lending CLR of 19 bps for RMB (excluding HQLA) was driven by strong advances growth, increased risk in specific pockets of the portfolio (which resulted in additional stage 3 provisions being raised), and challenging macros.

Credit continued

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2023 vs December 2022	June 2023 vs December 2022	December 2022 vs June 2022
	31 December	30 June	31 December	30 June			
R million	**2023**	2023	2022	2022	% change	% change	% change
Movement in balance sheet provisions							
Performing book provisions	**46**	452	295	(1 375)	(84)	53	(>100)
NPL provision	**1 761**	731	(292)	(274)	(>100)	(>100)	7
Credit provision increase/(decrease)	**1 807**	1 183	3	(1 649)	>100	>100	(>100)
Gross write-off and other	**5 374**	5 352	5 969	6 209	(10)	(10)	(4)
— Bad debts written off*	**5 343**	5 772	6 002	6 663	(11)	(4)	(10)
— Exchange rate and other	**31**	(420)	(33)	(454)	(>100)	>100	(93)
Amounts recognised directly in income statement							
Modification loss	**357**	318	353	266	1	(10)	33
Interest suspended on stage 3 advances	**(1 389)**	(1 115)	(1 441)	(1 237)	(4)	(23)	16
Post write-off recoveries	**(817)**	(1 202)	(1 007)	(1 134)	(19)	19	(11)
Total impairment charge	**5 332**	4 536	3 877	2 455	38	17	58
Credit loss ratio (%) – core lending advances	**1.01**	0.91	0.82	0.56			

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

Income statement components

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

Income statement component	Definition
Volume change in stage 1	Determined by using the same stage 1 coverage as in the prior 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 year applied to the movement between prior and current period 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 period 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 2023								
	Movement in the balance sheet provisions								
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision increase**	Gross write-off and other*	**Current year ECL provided**
Retail	**129**	**(279)**	**64**	**(94)**	**(180)**	**1 707**	**1 527**	**4 461**	**5 988**
— Secured	**37**	**(59)**	**17**	**(23)**	**(28)**	**584**	**556**	**975**	**1 531**
— Unsecured	**92**	**(320)**	**47**	**(71)**	**(252)**	**1 123**	**871**	**3 586**	**4 457**
— Temporary stress scenario	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
— FNB centre	**–**	**100**	**–**	**–**	**100**	**–**	**100**	**(100)**	**–**
Commercial	**59**	**70**	**12**	**(20)**	**121**	**(142)**	**(21)**	**762**	**741**
Corporate	**130**	**(27)**	**127**	**(116)**	**114**	**149**	**263**	**120**	**383**
Centre	**(4)**	**(5)**	**(4)**	**4**	**(9)**	**47**	**38**	**31**	**69**
Total	**314**	**(241)**	**199**	**(226)**	**46**	**1 761**	**1 807**	**5 374**	**7 181**

	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*	**Current year ECL provided**
Retail	172	(178)	159	76	**229**	(111)	**118**	5 050	**5 168**
— Secured	86	(53)	118	149	**300**	(154)	**146**	1 032	**1 178**
— Unsecured	86	(229)	41	(73)	**(175)**	43	**(132)**	3 996	**3 864**
— Temporary stress scenario	–	–	–	–	**–**	–	**–**	–	**–**
— FNB centre	–	104	–	–	**104**	–	**104**	22	**126**
Commercial	56	60	(57)	22	**81**	(294)	**(213)**	830	**617**
Corporate	187	(46)	407	(453)	**95**	130	**225**	(14)	**211**
Centre	(45)	(57)	(29)	21	**(110)**	(17)	**(127)**	103	**(24)**
Total	370	(221)	480	(334)	**295**	(292)	**3**	5 969	**5 972**

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

Six months ended 31 December 2023				
Recognised directly in the income statement				
Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
357	**(1 107)**	**(717)**	**4 521**	**1.94**
24	**(272)**	**(143)**	**1 140**	**0.62**
333	**(835)**	**(574)**	**3 381**	**7.01**
–	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**
–	**(260)**	**(84)**	**397**	**0.45**
–	**(22)**	**(5)**	**356**	**0.19**
–	**–**	**(11)**	**58**	**0.39**
357	**(1 389)**	**(817)**	**5 332**	**1.01**

Six months ended 31 December 2022				
Recognised directly in the income statement				
Modification loss	Interest suspended 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

Credit continued

	Six months ended 30 June 2023								
	Movement in the balance sheet provisions								
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision increase**	Gross write-off and other*	**Current year ECL provided**
Retail	92	(247)	333	308	**486**	581	**1 067**	4 404	**5 471**
— Secured	56	(60)	214	228	**438**	240	**678**	1 072	**1 750**
— Unsecured	189	(83)	281	80	**467**	341	**808**	3 354	**4 162**
— Temporary stress scenario	(153)	–	(162)	–	**(315)**	–	**(315)**	–	**(315)**
— FNB centre	–	(104)	–	–	**(104)**	–	**(104)**	(22)	**(126)**
Commercial	43	(215)	142	(66)	**(96)**	(41)	**(137)**	910	**773**
Corporate	49	(75)	(162)	266	**78**	53	**131**	393	**524**
Centre	12	(13)	20	(35)	**(16)**	138	**122**	(355)	**(233)**
Total	196	(550)	333	473	**452**	731	**1 183**	5 352	**6 535**

	Year ended 30 June 2023								
	Movement in the balance sheet provisions								
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision increase**	Gross write-off and other*	**Current year ECL provided**
Retail	268	(429)	496	380	**715**	470	**1 185**	9 454	**10 639**
— Secured	143	(114)	317	392	**738**	86	**824**	2 104	**2 928**
— Unsecured	278	(315)	341	(12)	**292**	384	**676**	7 350	**8 026**
— Temporary stress scenario	(153)	–	(162)	–	**(315)**	–	**(315)**	–	**(315)**
— FNB centre	–	–	–	–	**–**	–	**–**	–	**–**
Commercial	95	(151)	89	(48)	**(15)**	(335)	**(350)**	1 740	**1 390**
Corporate	279	(164)	42	16	**173**	183	**356**	379	**735**
Centre	4	(107)	(25)	2	**(126)**	121	**(5)**	(252)	**(257)**
Total	646	(851)	602	350	**747**	439	**1 186**	11 321	**12 507**

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

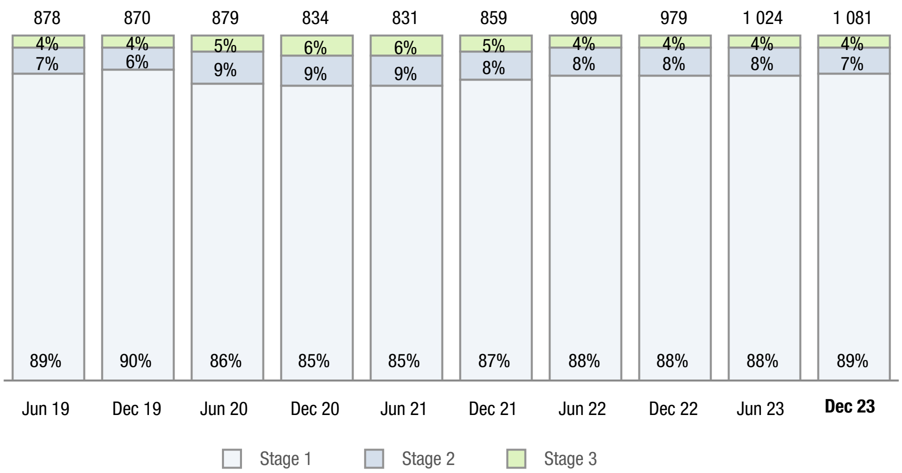
Six months ended 30 June 2023				
Recognised directly in the income statement				
Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
321	(887)	(883)	**4 022**	1.79
93	(237)	(220)	**1 386**	0.77
228	(650)	(663)	**3 077**	6.70
–	–	–	**(315)**	–
–	–	–	**(126)**	–
(3)	(240)	(102)	**428**	0.52
–	11	(42)	**493**	0.28
–	1	(175)	**(407)**	(2.77)
318	(1 115)	(1 202)	**4 536**	0.91

Year ended 30 June 2023				
Recognised directly in the income statement				
Modification loss	Interest suspended on stage 3 advances	Post write-off recoveries	**Total**	CLR %
676	(2 067)	(1 753)	**7 495**	1.70
180	(449)	(426)	**2 233**	0.64
496	(1 618)	(1 327)	**5 577**	6.13
–	–	–	**(315)**	–
–	–	–	**–**	–
(5)	(487)	(225)	**673**	0.42
–	(2)	(42)	**691**	0.21
–	–	(189)	**(446)**	(1.50)
671	(2 556)	(2 209)	**8 413**	0.87

Credit continued

Stage distribution

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



Stage 2 advances

	As at 31 December 2023			As at 31 December 2022			As at 30 June 2023		
R million	**Stage 2 arrears**	**Stage 2 current**	**Total stage 2**	Stage 2 arrears	Stage 2 current	Total stage 2	Stage 2 arrears	Stage 2 current	Total stage 2
Residential mortgages	**5 442**	**16 616**	**22 058**	5 060	15 110	20 170	5 571	16 895	22 466
WesBank VAF	**4 196**	**7 986**	**12 182**	3 408	7 824	11 232	3 729	8 215	11 944
FNB card	**479**	**2 435**	**2 914**	376	2 011	2 387	462	2 557	3 019
Personal loans	**2 569**	**5 162**	**7 731**	2 596	4 497	7 093	2 571	4 930	7 501
Retail other	**192**	**441**	**633**	206	3 050	3 256	174	465	639
Total retail	**12 878**	**32 640**	**45 518**	11 646	32 492	44 138	12 507	33 062	45 569
Temporary stress scenario	**–**	**–**	**–**	–	(2 687)	(2 687)	–	–	–
Total retail (excluding temporary stress scenario)	**12 878**	**32 640**	**45 518**	11 646	29 805	41 451	12 507	33 062	45 569
FNB commercial	**831**	**7 751**	**8 582**	860	6 549	7 409	1 168	7 487	8 655
WesBank corporate and commercial	**1 070**	**3 080**	**4 150**	712	3 196	3 908	730	2 734	3 464
Total commercial	**1 901**	**10 831**	**12 732**	1 572	9 745	11 317	1 898	10 221	12 119
Temporary stress scenario	**–**	**–**	**–**	–	(130)	(130)	–	–	–
Total commercial (excluding temporary stress scenario)	**1 901**	**10 831**	**12 732**	1 572	9 615	11 187	1 898	10 221	12 119
Total retail and commercial	**14 779**	**43 471**	**58 250**	13 218	42 237	55 455	14 405	43 283	57 688
Total temporary stress scenario	**–**	**–**	**–**	–	(2 817)	(2 817)	–	–	–
Total retail and commercial (excluding temporary stress scenario)	**14 779**	**43 471**	**58 250**	13 218	39 420	52 638	14 405	43 283	57 688

Stage distribution of advances

Stage 1 advances

The increase in stage 1 core lending advances reflects advances growth. A further analysis is contained in note 1 on pages 82 and 83.

Stage 2 advances

The increase in stage 2 advances was driven by the impact of rate hikes and inflation on customers, with repayment pressure becoming more evident. Despite the increase in arrears levels in certain portfolios, stage 2 advances continued to consist predominantly of current exposures that are triggered by SICR indicators.

Commentary in the following section refers to stage 2 movements excluding the temporary stress scenario, which was included in the prior period's results. A further analysis is contained in note 1 on pages 82 and 83.

- The unwinding of the temporary stress scenario during the 2023 financial year benefited stage 2, as the impact of the stress scenario SICR triggers was removed, given that these have now been captured across products.
- Underlying repayment pressure was noted across the retail portfolios, as more customers entered debt counselling. Retail stage 2 advances reduced marginally since June 2023, with a small shift in balance from modelled SICR advances towards actual arrears emergence.
- The period-on-period increase in residential mortgage stage 2 advances was driven by SICR migrations and increased arrears levels, reflecting the impact of cumulative prime rate increases. Since June 2023, stage 2 advances have declined marginally as exposures flowed into NPL.
- The increase in WesBank VAF stage 2 advances was driven by higher arrears levels, reflecting the impact of cumulative prime rate increases.
- The growth in retail unsecured stage 2 advances was mainly attributable to modelled SICR driven by book growth.
- FNB commercial stage 2 grew period-on-period mainly due to paying accounts in current status (SICR). Given ongoing pressures from interest rate hikes, inflation and logistical constraints, more exposures triggered SICR indicators in the agric portfolio, in line with expectations. Since June 2023, there has been a marginal decrease in stage 2 advances due to accounts curing on the back of the improved FLI outlook and limited exposures migrating to stage 3.
- The increase in stage 2 advances in WesBank's commercial and corporate portfolios since June 2023 was driven by origination strain given book growth.
- RMB stage 2 advances decreased period-on-period as a result of the curing of a significant exposure and repayments. Since June 2023, stage 2 advances have increased as exposures migrated to the watchlist. Stage 2 advances as a percentage of overall advances have, however, decreased given the strong book growth.

Credit continued

Stage distribution of advances

Stage 3 advances/NPLs

As expected, stage 3 advances continued to trend upwards across most portfolios since bottoming in December 2022. This was a consequence of advances growth and the weak economic environment. NPLs as a percentage of core lending advances increased to 4.37% (December 2022: 3.87%; June 2023: 4.28%), as advances growth slowed and the pace of stage 3 inflows accelerated. A further analysis is provided in note 3 on pages 88 to 91.

- Retail NPLs increased since December 2022 and June 2023. Inflows from debt counselling and arrears emergence drove stage 3 growth across all product lines, with the balance shifting toward secured balances and paying NPL advances. These portfolios were affected by inflationary and interest rate pressures.
- Commercial NPL advances increased marginally since December 2022, driven by the agric portfolio, in line with expectations. Since June 2023, NPLs have marginally decreased on the back of settlements and positive migrations.
- The period-on-period increase in RMB stage 3 is a result of the migration of a limited number of larger collateralised counters, in both SA and in West Africa due to the deterioration of economic and sovereign conditions. Since June 2023, NPLs have decreased due to the work-out and write-off of long-outstanding exposures.

Stage 3 non-performing loans

CHANGE IN NPLs

	31 December 2023 vs 31 December 2022			31 December 2023 vs 30 June 2023		
	R million	**% change**	**Percentage point contribution to overall NPL increase**	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	**6 641**	**23**	**18**	2 260	7	5
Other paying NPLs**	**2 690**	**31**	**7**	1 091	11	3
Change in total bank NPLs	**9 331**	**25**	**25**	3 351	8	8

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

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

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

	As at 31 December 2023			As at 31 December 2022			As at 30 June 2023		
R million	**Operational NPLs***	**Other paying NPLs****	**Total NPLs**	Operational NPLs*	Other paying NPLs**	Total NPLs	Operational NPLs*	Other paying NPLs**	Total NPLs
Residential mortgages	**10 563**	**5 505**	**16 068**	7 840	4 079	11 919	9 485	4 588	14 073
WesBank VAF	**4 420**	**2 272**	**6 692**	3 592	1 862	5 454	4 021	1 979	6 000
FNB card	**3 467**	**1 040**	**4 507**	3 015	678	3 693	3 152	905	4 057
Personal loans	**6 464**	**2 071**	**8 535**	5 537	1 413	6 950	5 735	1 812	7 547
Retail other	**851**	**124**	**975**	966	148	1 114	805	119	924
Total retail NPLs	**25 765**	**11 012**	**36 777**	20 950	8 180	29 130	23 198	9 403	32 601
FNB commercial	**4 270**	**197**	**4 467**	4 266	164	4 430	4 294	479	4 773
WesBank corporate and commercial	**773**	**209**	**982**	549	384	933	621	445	1 066
Total commercial	**5 043**	**406**	**5 449**	4 815	548	5 363	4 915	924	5 839
Total retail and commercial	**30 808**	**11 418**	**42 226**	25 765	8 728	34 493	28 113	10 327	38 440

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

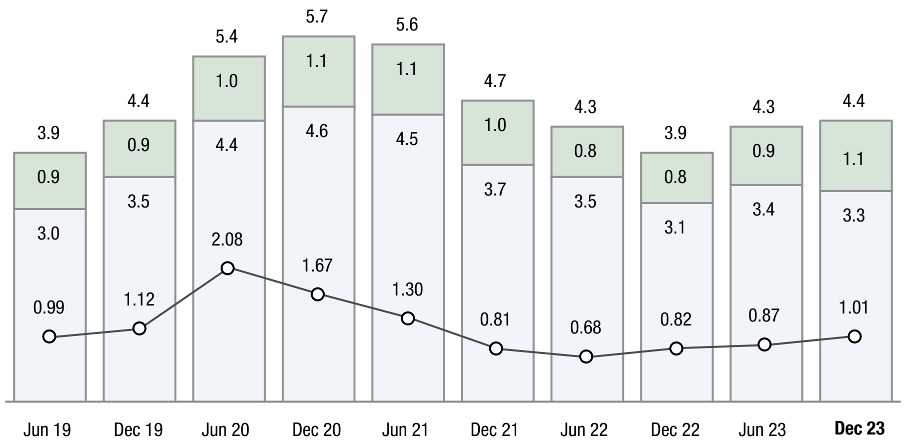
** *Include debt-review and other core lending advances <90 days in arrears and still subject to curing criteria.*

Credit continued

Stage 3 non-performing loans

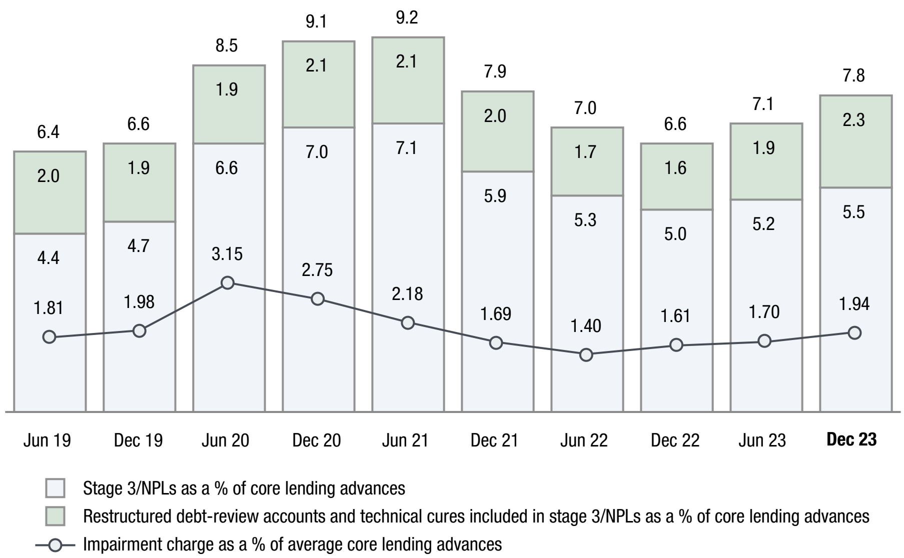
NPL and impairment history

%

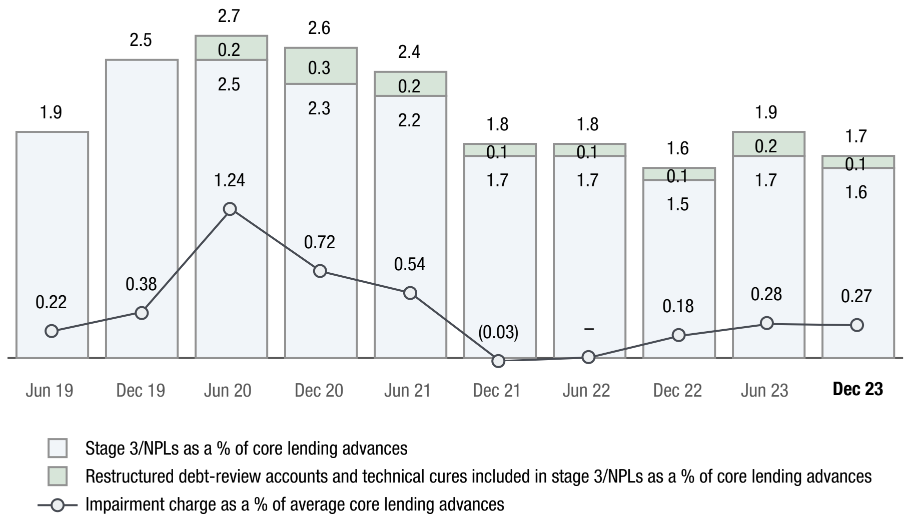


Retail NPLs and impairments

%



Corporate and commercial NPLs and impairments
%



Credit continued

Coverage

The performing book coverage decreased to 1.59% (December 2022: 1.70% and June 2023: 1.68%). The decline in performing coverage was largely driven by FLI releases as a consequence of the improving forward-looking macro outlook, and the change in mix towards a higher proportion of secured advances. Since June 2023, coverage marginally declined as the macro outlook continued to improve.

NPL coverage decreased period-on-period due to the migration of lower-covered, higher-collateralised exposures in RMB, and a change in mix in the retail portfolio towards secured NPL formation and debt counselling inflows. The NPL coverage increased since June 2023 given higher coverage in the unsecured retail, commercial and corporate portfolios, offset by declines across the remaining retail portfolios. Balance sheet provision levels remain appropriately conservative with overall coverage above pre-pandemic levels.

Performing coverage

A further analysis is provided in note 2 on pages 86 and 87.

- Retail performing coverage decreased, primarily due to an improved baseline outlook (specifically related to lower inflation and employment growth), resulting in the release of FLI provisions and the temporary stress scenario.
- FNB commercial performing coverage reduced, mainly due to the release of industry-specific and event risk provisions in the current period.
- RMB core advances performing coverage declined, driven by strong book growth to better-rated counterparties and the relative size, stability and quality of stage 2 advances on the back of this origination focus.

Stage 3 coverage

A further analysis is provided in note 3 on pages 88 and 89.

- Retail coverage declined period-on-period as new inflows and write-offs reduced the average age of the NPL portfolio. Since June 2023, coverage declined marginally due to NPL mix following a higher increase in paying NPLs and debt review inflows, compared to operational NPLs.
- WesBank VAF coverage decreased due to the relative mix change between paying and operational NPLs, better collections and curing.
- FNB commercial coverage decreased period-on-period, reflecting write-offs and the migration of certain large highly collateralised clients in the agric and property finance portfolios. Since June 2023, coverage increased marginally due to a reduction in property finance and agric stage 3 advances (well collateralised portfolios) with some clients curing back to performing.
- The period-on-period decline in RMB coverage resulted from the migration of highly collateralised counters in South Africa and West Africa into stage 3. Since June 2023, coverage has increased, as additional provisions were raised on material exposures and due to the repayment and write-off of lower-covered exposures, impacting the coverage of the remaining portfolio.

Movement in balance sheet impairments

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

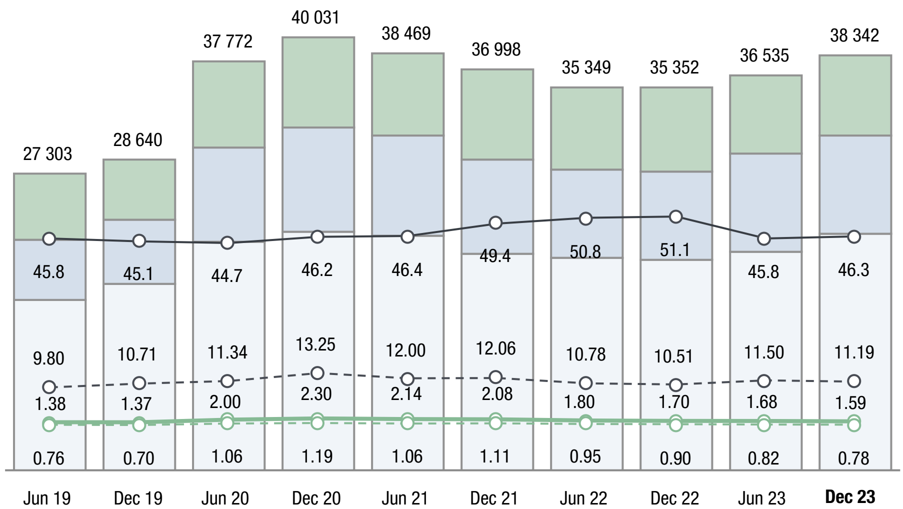
	31 December 2023				31 December 2022				30 June 2023			
R million	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Opening balance	**36 535**	**7 379**	**9 048**	**20 108**	35 349	7 584	8 096	19 669	35 349	7 584	8 096	19 669
Total credit provision increase/(release)	**1 807**	**73**	**(27)**	**1 761**	3	149	146	(292)	1 186	(205)	952	439
Transfers between stages	**–**	**725**	**(2 292)**	**1 567**	–	640	(1 630)	990	–	380	(1 891)	1 511
Current year impairment provided	**7 181**	**(639)**	**2 271**	**5 549**	5 972	(492)	1 763	4 701	12 507	(605)	2 790	10 322
ECL provided on new business*	**2 215**	**1 268**	**655**	**292**	2 312	1 229	838	245	6 231	2 466	2 189	1 576
ECL provided/(released) on back book*	**4 966**	**(1 907)**	**1 616**	**5 257**	3 660	(1 721)	925	4 456	6 646	(2 895)	795	8 746
Temporary stress scenario	**–**	**–**	**–**	**–**	–	–	–	–	(370)	(176)	(194)	–
Gross write-off and other**	**(5 374)**	**(13)**	**(6)**	**(5 355)**	(5 969)	1	13	(5 983)	(11 321)	20	53	(11 394)
Closing balance	**38 342**	**7 452**	**9 021**	**21 869**	35 352	7 733	8 242	19 377	36 535	7 379	9 048	20 108

* *Interest suspended on stage 3 core lending advances of R1 389 million (December 2022: R1 441 million; June 2023: R2 556 million) is included in the expected credit losses provided/(released) amounts.*

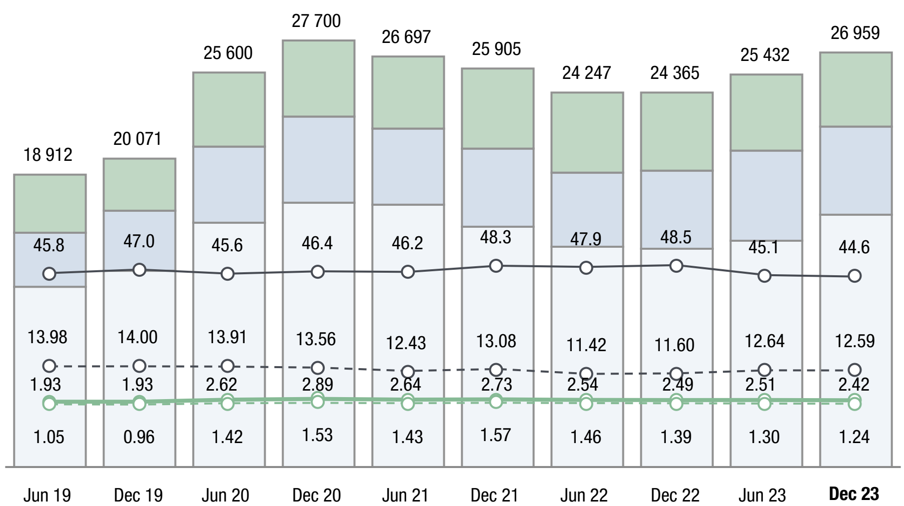
** *Write-off of gross balances, excluding prior year provisions held, which have been recognised in the income statement over various reporting periods.*

Credit continued

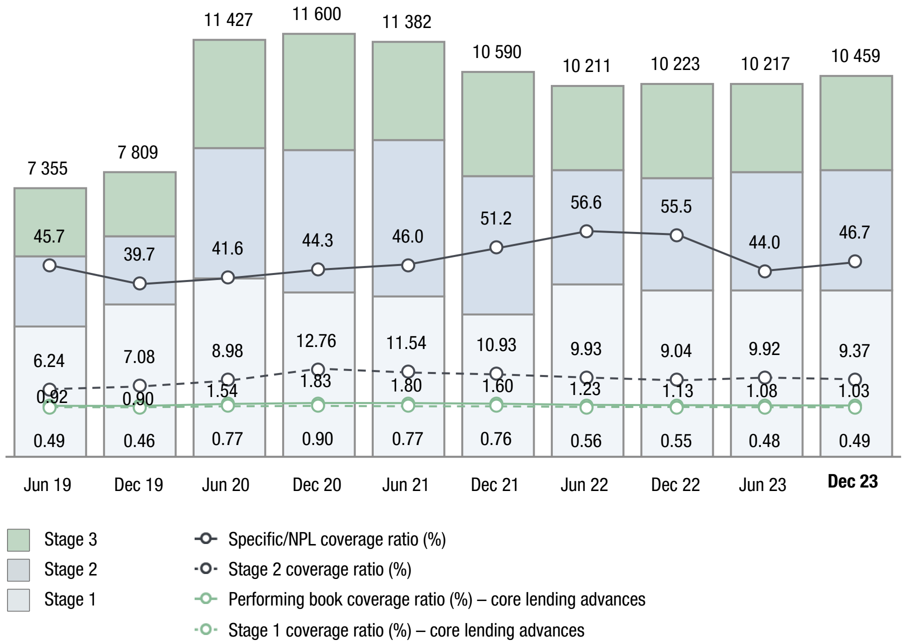
Balance sheet impairments and coverage ratios
(R million and %)



Retail balance sheet impairments and coverage ratios
(R million and %)



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



Credit continued

Supplementary credit information

Note 1: Analysis of advances

	Advances					
	As at 31 December			As at 31 December		
				2023		
R million	2023	2022	% change	Stage 1	Stage 2	Stage 3
Retail	**471 518**	440 250	7	**389 223**	**45 518**	**36 777**
Retail – secured	**373 183**	351 159	6	**316 183**	**34 240**	**22 760**
Residential mortgages	**264 087**	251 517	5	**225 961**	**22 058**	**16 068**
WesBank VAF	**109 096**	99 642	9	**90 222**	**12 182**	**6 692**
Retail – unsecured	**98 335**	89 091	10	**73 040**	**11 278**	**14 017**
FNB card	**38 882**	34 387	13	**31 461**	**2 914**	**4 507**
Personal loans	**51 913**	47 056	10	**35 647**	**7 731**	**8 535**
– FNB and DirectAxis	**51 090**	45 530	12	**35 128**	**7 587**	**8 375**
– Covid-19 relief	**823**	1 526	(46)	**519**	**144**	**160**
Retail other	**7 540**	7 648	(1)	**5 932**	**633**	**975**
Temporary stress scenario	**–**	–	–	**–**	**–**	**–**
Corporate and commercial	**581 286**	510 905	14	**536 492**	**35 011**	**9 783**
FNB commercial	**120 399**	110 862	9	**107 350**	**8 582**	**4 467**
– FNB commercial	**119 640**	109 764	9	**106 657**	**8 582**	**4 401**
– SME government-guaranteed loan scheme	**759**	1 098	(31)	**693**	**–**	**66**
– Temporary stress scenario	**–**	–	–	**–**	**–**	**–**
WesBank corporate and commercial	**59 763**	49 352	21	**54 631**	**4 150**	**982**
RMB CIB*	**385 783**	336 875	15	**359 170**	**22 279**	**4 334**
– Lending	**385 436**	336 526	15	**358 823**	**22 279**	**4 334**
– Loans to private equity investee companies	**347**	349	(1)	**347**	**–**	**–**
HQLA corporate advances *,*	**15 341**	13 816	11	**15 341**	**–**	**–**
Centre (including Group Treasury)	**28 523**	28 037	2	**27 792**	**60**	**671**
Securitisation notes	**25 216**	24 712	2	**25 216**	**–**	**–**
Other	**3 307**	3 325	(1)	**2 576**	**60**	**671**
Total core lending advances	**1 081 327**	979 192	10	**953 507**	**80 589**	**47 231**
Assets under agreements to resell	**90 881**	84 813	7	**90 881**	**–**	**–**
Total advances	**1 172 208**	1 064 005	10	**1 044 388**	**80 589**	**47 231**
Total advances excluding currency impact of the Centre and RMB cross-border#	**1 165 855**	1 064 005	10	**1 038 721**	**80 161**	**46 973**
Of which:						
Amortised cost book	**1 035 270**	939 284	10	**911 404**	**77 339**	**46 527**
Fair value book	**136 938**	124 721	10	**132 984**	**3 250**	**704**

Advances				
As at 31 December			% composition	As at 30 June
2022			**2023**	
Stage 1	Stage 2	Stage 3		2023
366 982	44 138	29 130	**40**	459 695
302 396	31 390	17 373	**32**	365 068
219 428	20 170	11 919	**23**	259 635
82 968	11 220	5 454	**9**	105 433
67 273	10 061	11 757	**8**	94 627
28 307	2 387	3 693	**3**	37 149
33 013	7 093	6 950	**4**	50 072
31 981	6 822	6 727	**4**	48 926
1 032	271	223	**–**	1 146
5 953	581	1 114	**1**	7 406
(2 687)	2 687	–	**–**	–
468 467	34 244	8 194	**49**	533 892
99 023	7 409	4 430	**10**	116 448
98 138	7 279	4 347	**10**	115 533
1 015	–	83	**–**	915
(130)	130	–	**–**	–
44 511	3 908	933	**5**	54 212
311 117	22 927	2 831	**33**	349 111
310 768	22 927	2 831	**33**	348 765
349	–	–	**–**	346
13 816	–	–	**1**	14 121
27 410	51	576	**3**	30 774
24 712	–	–	**2**	25 359
2 698	51	576	**1**	5 415
862 859	78 433	37 900	**92**	1 024 361
84 813	–	–	**8**	79 065
947 672	78 433	37 900	**100**	1 103 426
947 672	78 433	37 900		1 097 605
828 279	73 941	37 064	**88**	979 237
119 393	4 492	836	**12**	124 189

* *RMB CIB and HQLA core lending advances of R401.1 billion (December 2022: R350.7 billion; June 2023: R363.2 billion).*

** *Managed by the Group Treasurer.*

\# *If the exchange rate had remained unchanged from 31 December 2022.*

Credit continued

CIB ADVANCES BREAKDOWN

	Advances				
	As at 31 December				As at 30 June
R million	**2023**	2022	% change	**% composition 2023**	2023
RMB CIB core lending advances	**385 783**	336 875	15	**80**	349 111
– South Africa	**310 842**	277 052	12	**65**	292 686
– Cross-border (broader Africa) – $ million	**4 045**	3 523	15		2 995
– Cross-border (broader Africa)	**74 941**	59 823	25	**15**	56 425
HQLA corporate advances*	**15 341**	13 816	11	**3**	14 121
CIB total core lending advances	**401 124**	350 691	14	**83**	363 232
CIB total lending advances	**400 777**	350 342	14	**83**	362 886
CIB shareholder loans to private equity investing companies	**347**	349	(1)	**–**	346
CIB total core lending advances	**401 124**	350 691	14	**83**	363 232
CIB core advances – South Africa**	**326 183**	290 868	12	**68**	306 807
CIB core advances – broader Africa#	**74 941**	59 823	25	**15**	56 425
CIB total core lending advances	**401 124**	350 691	14	**83**	363 232
Assets under agreements to resell	**83 742**	75 331	11	**17**	64 750
CIB total advances	**484 866**	426 022	14	**100**	427 982
RMB cross-border total advances excluding currency impact†	**68 696**	59 823	15		50 858

* *Managed by the Group Treasurer.*

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

\# *CIB core lending advances – broader Africa is the RMB CIB cross-border core lending advances.*

† *If the exchange rate had remained unchanged from 31 December 2022.*

CENTRE (INCLUDING BANK TREASURY) ADVANCES BREAKDOWN

	Advances				
	As at 31 December			**% composition**	As at 30 June
R million	**2023**	2022	% change	**2023**	2023
Core lending advances	**28 523**	28 037	2	**80**	30 774
Assets under agreements to resell	**7 139**	9 482	(25)	**20**	14 315
Total advances	**35 662**	37 519	(5)	**100**	45 089

Credit continued

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

	Total portfolio impairments							
	As at 31 December			As at 31 December				
				2023		2022		
R million	**2023**	2022	% change	**Stage 1**	**Stage 2**	Stage 1	Stage 2
Retail	**10 540**	10 234	3	**4 810**	**5 730**	5 115	5 119
Retail – secured	**4 326**	3 916	10	**1 395**	**2 931**	1 421	2 495
Residential mortgages	**1 486**	1 640	(9)	**410**	**1 076**	579	1 061
WesBank VAF	**2 840**	2 276	25	**985**	**1 855**	842	1 434
Retail – unsecured	**6 114**	5 899	4	**3 315**	**2 799**	3 437	2 462
FNB card	**1 860**	1 787	4	**1 142**	**718**	1 159	628
Personal loans	**3 823**	3 723	3	**1 912**	**1 911**	2 032	1 691
– FNB and DirectAxis	**3 767**	3 604	5	**1 885**	**1 882**	1 983	1 621
– Covid-19 relief	**56**	119	(53)	**27**	**29**	49	70
Retail other	**431**	389	11	**261**	**170**	246	143
Temporary stress scenario	**–**	315	(100)	**–**	**–**	153	162
FNB centre	**100**	104	(4)	**100**	**–**	104	–
Corporate and commercial	**5 889**	5 672	4	**2 610**	**3 279**	2 576	3 096
FNB commercial	**2 204**	2 200	–	**1 013**	**1 191**	1 136	1 064
– FNB commercial	**2 160**	2 119	2	**969**	**1 191**	1 087	1 032
– SME government-guaranteed loan scheme	**44**	26	69	**44**	**–**	26	–
– Temporary stress scenario	**–**	55	(100)	**–**	**–**	23	32
WesBank corporate and commercial	**427**	406	5	**302**	**125**	222	184
RMB CIB	**3 258**	3 066	6	**1 295**	**1 963**	1 218	1 848
– Lending	**3 250**	3 061	6	**1 287**	**1 963**	1 213	1 848
– Loans to private equity investee companies	**8**	5	60	**8**	**–**	5	–
Centre (including Group Treasury)	**44**	69	(36)	**32**	**12**	42	27
Securitisation notes	**27**	25	8	**27**	**–**	25	–
Other	**17**	44	(61)	**5**	**12**	17	27
Total portfolio impairments	**16 473**	15 975	3	**7 452**	**9 021**	7 733	8 242

Total portfolio impairments											
			Performing book coverage ratios (% of performing core lending advances)								
As at 30 June			As at 31 December						As at 30 June		
2023	Stage 1	Stage 2	**2023**	**Stage 1**	**Stage 2**	2022	Stage 1	Stage 2	2023	Stage 1	Stage 2
10 720	4 960	5 760	**2.42**	**1.24**	**12.59**	2.49	1.39	11.60	2.51	1.30	12.64
4 354	1 417	2 937	**1.23**	**0.44**	**8.56**	1.17	0.47	7.95	1.26	0.46	8.54
1 508	432	1 076	**0.60**	**0.18**	**4.88**	0.68	0.26	5.26	0.61	0.19	4.79
2 846	985	1 861	**2.77**	**1.09**	**15.23**	2.42	1.01	12.78	2.86	1.13	15.58
6 366	3 543	2 823	**7.25**	**4.54**	**24.82**	7.63	5.11	24.47	7.75	4.99	25.30
1 919	1 165	754	**5.41**	**3.63**	**24.64**	5.82	4.09	26.31	5.80	3.87	24.98
3 970	2 069	1 901	**8.81**	**5.36**	**24.72**	9.28	6.16	23.84	9.34	5.91	25.34
3 885	2 026	1 859	**8.82**	**5.37**	**24.81**	9.29	6.20	23.76	9.35	5.91	25.50
85	43	42	**8.45**	**5.20**	**20.14**	9.13	4.75	25.83	8.86	5.75	19.91
477	309	168	**6.57**	**4.40**	**26.86**	5.95	4.13	24.61	7.36	5.29	26.29
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
5 654	2 378	3 276	**1.03**	**0.49**	**9.37**	1.13	0.55	9.04	1.08	0.48	9.92
2 171	958	1 213	**1.90**	**0.94**	**13.88**	2.07	1.15	14.36	1.94	0.93	14.02
2 144	931	1 213	**1.87**	**0.91**	**13.88**	2.01	1.11	14.18	1.93	0.91	14.02
27	27	–	**6.35**	**6.35**	**–**	2.56	2.56	–	3.25	3.25	–
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
339	228	111	**0.73**	**0.55**	**3.01**	0.84	0.50	4.71	0.64	0.46	3.20
3 144	1 192	1 952	**0.85**	**0.36**	**8.81**	0.92	0.39	8.06	0.91	0.37	9.33
3 136	1 184	1 952	**0.85**	**0.36**	**8.81**	0.92	0.39	8.06	0.91	0.37	9.33
8	8	–	**2.31**	**2.31**	**–**	1.43	1.43	–	2.31	2.31	–
53	41	12	**0.16**	**0.12**	**20.00**	0.25	0.15	52.94	0.18	0.14	13.48
32	32	–	**0.11**	**0.11**	**–**	0.10	0.10	–	0.13	0.13	–
21	9	12	**0.64**	**0.19**	**20.00**	1.60	0.63	52.94	0.47	0.20	13.48
16 427	7 379	9 048	**1.59**	**0.78**	**11.19**	1.70	0.90	10.51	1.68	0.82	11.50

Credit continued

Note 3: 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	**2023**	2022	% change	**2023**	2023	**2023**	2022	2023
Retail	**36 777**	29 130	26	**78**	32 601	**7.80**	6.62	7.09
Retail – secured	**22 760**	17 373	31	**48**	20 073	**6.10**	4.95	5.50
Residential mortgages	**16 068**	11 919	35	**34**	14 073	**6.08**	4.74	5.42
WesBank VAF	**6 692**	5 454	23	**14**	6 000	**6.13**	5.47	5.69
Retail – unsecured	**14 017**	11 757	19	**30**	12 528	**14.25**	13.20	13.24
FNB card	**4 507**	3 693	22	**10**	4 057	**11.59**	10.74	10.92
Personal loans	**8 535**	6 950	23	**18**	7 547	**16.44**	14.77	15.07
– FNB and DirectAxis	**8 375**	6 727	24	**18**	7 360	**16.39**	14.77	15.04
– Covid-19 relief	**160**	223	(28)	**–**	187	**19.44**	14.61	16.32
Retail other	**975**	1 114	(12)	**2**	924	**12.93**	14.57	12.48
Corporate and commercial	**9 783**	8 194	19	**21**	10 359	**1.68**	1.60	1.94
FNB commercial	**4 467**	4 430	1	**10**	4 773	**3.71**	4.00	4.10
– FNB commercial	**4 401**	4 347	1	**10**	4 690	**3.68**	3.96	4.06
– SME government-guaranteed loan scheme	**66**	83	(20)	**–**	83	**8.70**	7.56	9.07
WesBank corporate and commercial	**982**	933	5	**2**	1 066	**1.64**	1.89	1.97
RMB CIB	**4 334**	2 831	53	**9**	4 520	**1.12**	0.84	1.29
– Lending	**4 334**	2 831	53	**9**	4 520	**1.12**	0.84	1.30
– Loans to private equity investee companies	**–**	–	–	**–**	–	**–**	–	–
Centre (including Group Treasury)	**671**	576	16	**1**	920	**2.35**	2.05	2.99
Securitisation notes	**–**	–	–	**–**	–	**–**	–	–
Other	**671**	576	16	**1**	920	**20.29**	17.32	16.99
Total stage 3/NPLs	**47 231**	37 900	25	**100**	43 880	**4.37**	3.87	4.28
Of which:								
Amortised cost book	**46 527**	37 064	26	**99**	43 132	**4.49**	3.95	4.40
Fair value book	**704**	836	(16)	**1**	748	**0.51**	0.67	0.60

Stage 3 specific provisions				Coverage ratios (% of stage 3/NPLs)		
As at 31 December			As at 30 June	As at 31 December		As at 30 June
2023	2022	% change	2023	**2023**	2022	2023
16 419	14 131	16	14 712	**44.6**	48.5	45.1
6 359	5 535	15	5 775	**27.9**	31.9	28.8
3 168	2 561	24	2 848	**19.7**	21.5	20.2
3 191	2 974	7	2 927	**47.7**	54.5	48.8
10 060	8 596	17	8 937	**71.8**	73.1	71.3
3 222	2 633	22	2 848	**71.5**	71.3	70.2
6 024	5 055	19	5 319	**70.6**	72.7	70.5
5 895	4 855	21	5 168	**70.4**	72.2	70.2
129	200	(36)	151	**80.6**	89.7	80.7
814	908	(10)	770	**83.5**	81.5	83.3
4 570	4 551	–	4 563	**46.7**	55.5	44.0
2 676	2 873	(7)	2 832	**59.9**	64.9	59.3
2 610	2 790	(6)	2 749	**59.3**	64.2	58.6
66	83	(20)	83	**100.0**	100.0	100.0
408	394	4	394	**41.5**	42.2	37.0
1 486	1 284	16	1 337	**34.3**	45.4	29.6
1 486	1 284	16	1 337	**34.3**	45.4	29.6
–	–	–	–	**–**	–	–
880	695	27	833	**131.1**	120.7	90.5
–	–	–	–	**–**	–	–
880	695	27	833	**131.1**	120.7	90.5
21 869	19 377	13	20 108	**46.3**	51.1	45.8

Credit continued

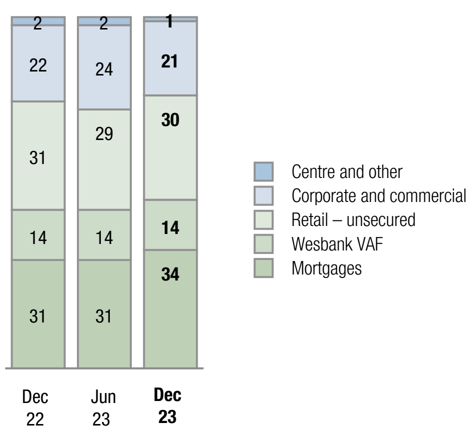
SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES AND NPLs

	Advances				
	As at 31 December			**% composition**	As at 30 June
R million	**2023**	2022	% change	**2023**	2023
Sector analysis					
Agriculture	**54 960**	50 863	8	**5**	54 566
Banks	**44 407**	46 445	(4)	**4**	45 253
Financial institutions*	**197 578**	183 540	8	**17**	175 921
Building and property development	**65 404**	64 741	1	**6**	67 860
Government, Land Bank and public authorities	**32 392**	32 180	1	**3**	27 928
Individuals	**448 127**	422 525	6	**37**	439 087
Manufacturing and commerce	**169 958**	135 321	26	**14**	159 769
Mining	**20 736**	10 308	>100	**2**	11 956
Transport and communication	**47 588**	37 586	27	**4**	40 817
Other services	**91 058**	80 496	13	**8**	80 269
Total	**1 172 208**	1 064 005	10	**100**	1 103 426
Geographical analysis					
South Africa	**1 047 404**	968 618	8	**89**	1 001 446
Broader Africa	**64 513**	44 601	45	**6**	45 147
UK	**25 439**	21 119	20	**2**	21 944
Other Europe	**12 108**	11 582	5	**1**	11 874
Asia, Americas and Australia**	**22 744**	18 085	26	**2**	23 015
Total	**1 172 208**	1 064 005	10	**100**	1 103 426

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

** *December 2022 restated. North and South America, Australia and Asia were previously disclosed separately.*

NPL DISTRIBUTION
(%)



Stage 3/NPLs				
As at 31 December				As at 30 June
2023	2022	% change	**% composition 2023**	2023
2 409	2 213	9	**5**	2 425
–	–	–	**–**	–
167	139	20	**–**	155
792	1 094	(28)	**2**	866
2 063	14	>100	**4**	2 148
36 024	28 621	26	**77**	32 226
3 119	2 492	25	**7**	3 190
125	93	34	**–**	147
467	660	(29)	**1**	791
2 065	2 574	(20)	**4**	1 932
47 231	37 900	25	**100**	43 880
44 355	37 198	19	**94**	40 761
2 179	114	>100	**5**	2 168
669	579	16	**1**	927
11	4	>100	**–**	10
17	5	>100	**–**	14
47 231	37 900	25	**100**	43 880

Credit continued

Note 4: Analysis of income statement credit impairments

	Total impairment charge			
	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Retail	**4 521**	3 473	30	7 495
Retail – secured	**1 140**	847	35	2 233
Residential mortgages	**309**	152	>100	452
WesBank VAF	**831**	695	20	1 781
Retail – unsecured	**3 381**	2 500	35	5 577
FNB card	**912**	658	39	1 516
Personal loans	**2 160**	1 572	37	3 688
– FNB and DirectAxis	**2 181**	1 590	37	3 731
– Covid-19 relief	**(21)**	(18)	17	(43)
Retail other	**309**	270	14	373
Temporary stress scenario	**–**	–	–	(315)
FNB centre	**–**	126	(100)	–
Corporate and commercial	**753**	443	70	1 364
FNB commercial	**270**	166	63	615
– FNB commercial	**267**	169	58	676
– SME government-guaranteed loan scheme	**3**	(3)	(>100)	(6)
– Temporary stress scenario	**–**	–	–	(55)
WesBank corporate and commercial	**127**	79	61	58
RMB CIB	**356**	198	80	691
– Lending	**356**	198	80	688
– Loans to private equity investee companies	**–**	–	–	3
Centre (including Group Treasury)	**58**	(39)	(>100)	(446)
Securitisation notes	**(5)**	3	(>100)	11
Other	**63**	(42)	(>100)	(457)
Total impairment charge	**5 332**	3 877	38	8 413
Of which:				
Portfolio impairments charge	**1 652**	1 352	22	2 284
Specific impairments charge	**3 680**	2 525	46	6 129

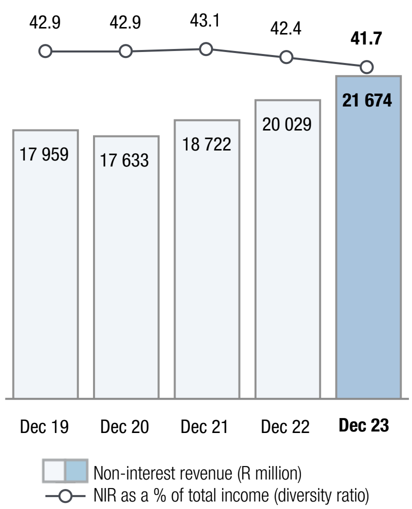
As a % of average core lending advances			
Six months ended 31 December		Year ended 30 June	Six months ended 30 June
2023	2022	2023	**2023**
1.94	1.61	1.70	**1.79**
0.62	0.49	0.64	**0.77**
0.24	0.12	0.18	**0.23**
1.55	1.44	1.79	**2.12**
7.01	5.67	6.13	**6.70**
4.80	3.92	4.33	**4.80**
8.47	6.71	7.63	**8.71**
8.72	7.05	7.97	**9.07**
(4.27)	(2.06)	(2.77)	**(3.74)**
8.27	6.94	4.87	**2.74**
–	–	–	**–**
–	–	–	**–**
0.27	0.18	0.28	**0.35**
0.46	0.30	0.55	**0.79**
0.45	0.31	0.61	**0.90**
0.72	(0.50)	(0.54)	**(0.60)**
–	–	–	**–**
0.45	0.33	0.12	**(0.08)**
0.19	0.13	0.22	**0.29**
0.19	0.13	0.22	**0.29**
–	–	0.84	**1.73**
0.39	(0.28)	(1.50)	**(2.77)**
(0.04)	0.02	0.05	**0.06**
2.89	(1.95)	(8.53)	**(18.99)**
1.01	0.82	0.87	**0.91**
0.31	0.29	0.24	**0.19**
0.70	0.53	0.63	**0.72**

Non-interest revenue

Non-interest revenue – up 8%

Non-interest revenue and diversity ratio
(R million)

NIR CAGR 5%



ANALYSIS OF TOTAL NIR

		Six months ended 31 December			Year ended 30 June
R million	Notes	**2023**	2022	% change	2023
Net fee, commission and insurance income		**16 051**	15 350	5	30 279
– Fee and commission income	1	**15 984**	15 133	6	29 842
– Insurance income	2	**67**	217	(69)	437
Trading and other fair value income	3	**2 277**	1 628	40	3 620
Investment income		**35**	34	3	55
Other non-interest revenue	4	**3 311**	3 017	10	6 336
Non-interest revenue		**21 674**	20 029	8	40 290

NOTE 1 – FEE AND COMMISSION INCOME – UP 6%

	Six months ended 31 December			Year ended 30 June
R million	**2023**	2022	% change	2023
Bank fee and commission income	**17 158**	16 432	4	32 500
– Card commissions	**3 370**	3 004	12	5 993
– Cash deposit fees	**844**	838	1	1 595
– Exchange and other commissions	**1 575**	1 524	3	3 046
– Bank charges	**11 369**	11 066	3	21 866
– Commitment fees	**1 018**	833	22	1 691
– Other bank charges*	**10 351**	10 233	1	20 175
Knowledge-based fees	**842**	585	44	1 198
Management and fiduciary fees	**675**	676	–	1 336
– Investment management fees	**258**	271	(5)	539
– Management fees from associates and joint ventures	**414**	392	6	783
– Other management and brokerage fee income	**3**	13	(77)	14
Other non-bank commissions	**397**	368	8	768
Gross fee and commission income	**19 072**	18 061	6	35 802
Fee and commission expenditure	**(3 088)**	(2 928)	5	(5 960)
– Transaction-related fees	**(918)**	(710)	29	(1 622)
– Commission paid	**(116)**	(120)	(3)	(257)
– Customer loyalty programmes	**(1 055)**	(1 054)	–	(2 180)
– Cash sorting, handling and transportation charges	**(598)**	(573)	4	(1 145)
– Card-related	**(238)**	(260)	(8)	(386)
– Other	**(163)**	(211)	(23)	(370)
Net fee and commission income	**15 984**	15 133	6	29 842

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

Key drivers – fee and commission income

- FNB NIR grew 4%, driven by customer acquisition, and growth in underlying activity and transactional volumes (+7%). This reflects sub-inflation fee increases across both retail and commercial accounts. Given the introduction of PayShap, FNB reviewed its pricing structures for low-value real-time payments, and reduced all related fees. These actions resulted in a R477 million reduction in fee and commission income.
- Electronic platform volumes grew 7% in total across all interfaces, whilst manual volumes decreased 1%. Branch and cash centre transaction volumes decreased 15% and 9%, respectively.
- Card swipe volumes increased 9%, reflecting strong customer activity levels, contributing to the 14% 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 fee and commission income growth was marginally impacted by costs linked to transactional activity, mainly higher commissionable turnover in card-related fees and the cost of customer rewards.

Non-interest revenue continued

NOTE 2 – INSURANCE INCOME – DOWN 69%

Key drivers – insurance income

- The insurance income decline largely relates to an internal restructure whereby the FNB insurance brokers business moved from bank into the investment holdings pillar, resulting in all new business not being written by the bank.

NOTE 3 – TRADING AND OTHER FAIR VALUE INCOME – UP 40%

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Trading income	**1 832**	1 799	2	3 501
– Equities	**(199)**	(157)	27	(337)
– Commodities	**189**	157	20	313
– Fixed income	**1 188**	1 156	3	1 998
– Currencies	**654**	643	2	1 527
Other fair value income	**445**	(171)	(>100)	119
– RMB investment banking and other activities	**622**	(68)	(>100)	9
– Group Treasury economic hedges and other	**(177)**	(103)	72	110
Total trading and other fair value income	**2 277**	1 628	40	3 620

Key drivers – trading and fair value income

- Trading income reflects the following:
  - Equities revenue was constrained in the current period due to lower traded client volumes in the SA market and macroeconomic headwinds.
  - The strong commodities performance was due to the increased client trading and hedging activities, primarily driven by the gold price rally on hard commodities. This was partially offset by the decline in soft commodities due to pricing constraints.
  - The marginal growth in fixed income reflected softer growth in client flows and the demand for local bonds.
  - Currencies' performance benefited from the marginal increase in client flow.
- RMB investment banking activities included various one-off items, with the current year growth driven by a principal investment realisation.
- The Group Treasury fair value loss reflects the net result of hedging activities and foreign exchange movements.

NOTE 4 – OTHER NON-INTEREST REVENUE – UP 10%

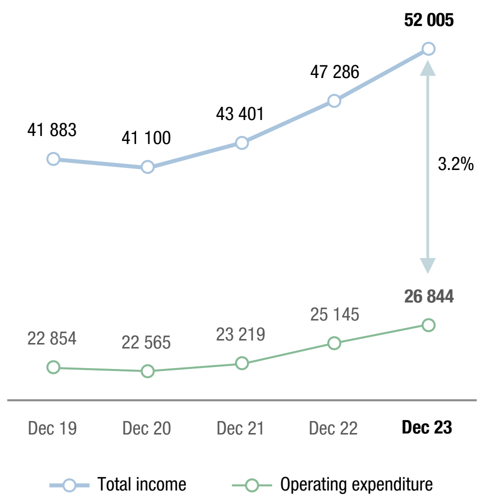
Key drivers – other NIR

- A significant component of other NIR relates to various intergroup charges to other FirstRand group companies for the provision of services. These are relevant to bank but eliminate at a group level.
- Rental income represents 28% (December 2022: 28%; June 2023: 27%) of total other NIR and grew 10%, reflecting strong FML new business and speedpoint rentals.

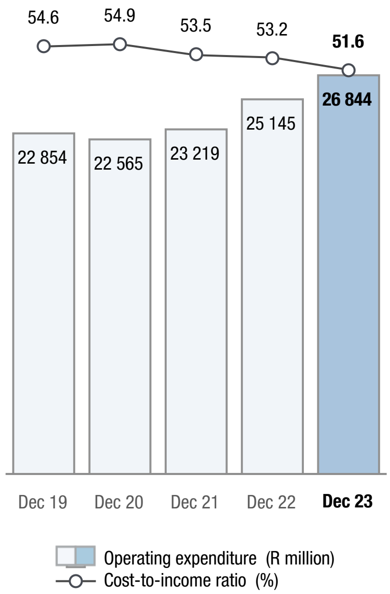
Operating expenses

Operating expenses – up 7%

Operating jaws
(R million)



Operating efficiency
(R million)



OPERATING EXPENSES – UP 7%

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Staff expenditure	**16 710**	15 609	7	32 999
– Direct staff expenditure	**12 744**	12 065	6	24 393
– Variable staff expenditure	**3 107**	2 802	11	6 757
– Short-term incentive payments	**2 018**	1 854	9	4 567
– Share-based incentive payments	**1 089**	948	15	2 190
– Other staff-related expenditure	**859**	742	16	1 849
Depreciation of property and equipment	**1 659**	1 596	4	3 305
Amortisation of intangible assets	**25**	53	(53)	93
Advertising and marketing	**742**	777	(5)	1 551
Insurance	**126**	133	(5)	253
Lease charges	**249**	266	(6)	423
Professional fees	**1 198**	1 168	3	2 583
Audit fees	**237**	187	27	416
Computer expenses	**2 025**	1 679	21	3 564
Repairs and maintenance	**744**	643	16	1 357
Telecommunications	**186**	187	(1)	385
Property	**629**	534	18	1 081
Business travel	**138**	176	(22)	312
Assets costing less than R7 000	**33**	78	(58)	215
Stationery and printing	**46**	48	(4)	97
Donations	**176**	139	27	321
Legal fees	**81**	208	(61)	475
Other expenditure	**1 840**	1 664	11	4 025
Total operating expenses	**26 844**	25 145	7	53 455

Operating expenses continued

Key drivers – staff expenditure

Staff costs represent 62% (December 2022: 62%) of the bank's operating expenses and increased 7% in the current year.

	% change	Reasons
Direct staff costs	**6**	• Annual salary increases averaged above 6% (unionised staff at 6.5%). • Headcount declined 3% period-on-period, excluding FirstJob employees. • Continued repricing of certain high-in-demand technical skills.
Variable staff expenditures		
Short-term incentive payments (STI)	**9**	The growth in the short-term incentive payments is largely aligned to the group's performance.
Share-price related incentive payments (LTI)	**15**	Higher share awards reflect the increase in share price over the period, revision of forfeiture rates and various revaluations.
Other staff related costs	**16**	Increase due to a higher employee statutory costs linked to the growth in direct staff costs, including the change in leave pay provisions.

Key drivers – operational expenses

- Depreciation increased due to an accelerated computer equipment replacement cycle.
- Advertising and marketing expenses decreased marginally given timing differences on certain campaigns.
- The increase in audit fees is largely due to the audit rotation process currently under way.
- Professional fees were up marginally as spending on platform-related projects continued.
- Computer expenses increased due to currency devaluation and higher increased software licensing costs.
- Repairs and maintenance costs were negatively impacted by loadshedding and the related impact on equipment, including generators.
- Property costs reflect higher diesel expenditure and costs associated with increased return-to-office, including security-related expenses.
- Other expenditure includes various items such as other provisions, entertainment, bank charges, profit share payments, subscriptions and membership fees. The increase is due to the reversal of unutilised provisions in the prior period, and insurance recoveries and impairment reversals not repeated in the current period.

financial
resource management

Economic view of the balance sheet

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

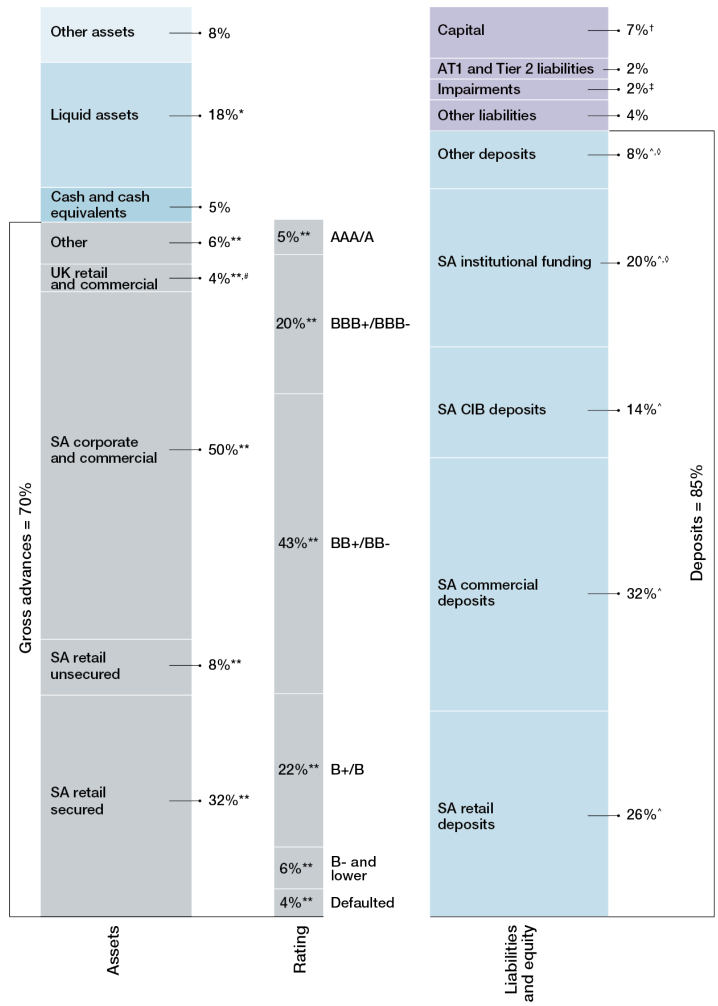
The structure of the balance sheet reflects the group's long-term strategy to increase resilience, diversify credit exposures across sectors and segments, increase asset marketability, and optimise the use of institutional funding.

When assessing the underlying risk in the balance sheet, the bank's asset profile reflects a diversified advances portfolio, which constitutes 70% of total assets. The composition of the gross advances portfolio consists of SA retail secured (32%), SA retail unsecured (8%), SA corporate and commercial (50%), UK retail and commercial (4%) and other (6%). At 31 December 2023, the bank reported total NPLs of R47 231 million (4.37% of core lending advances) and a credit loss ratio of average core lending advances of 101 bps.

Cash and cash equivalents, and liquid assets represent 5% and 18%, respectively, of total assets.

The bank maintains a risk-adjusted funding profile focused on its core deposit franchise, which optimised use of institutional funding where required. The weighted average remaining term of domestic institutional funding reduced marginally to 31 months at 31 December 2023 (December 2022: 33 months). The reduction reflects a moderate increase in money market issuances relative to longer-dated senior debt, Tier 2 and Additional Tier 1 issuance.

The bank remained strongly capitalised with a CET1 ratio of 12.9%, a Tier 1 ratio of 14.1% and a total capital adequacy ratio of 16.1%. Gearing increased to 15.3 times (December 2022: 15 times), driven by 5% growth in average total equity and 8% growth in average total assets period-on-period.



* Include government securities and treasury bills.

** As a proportion of gross advances.

\# Include advances originated in London branch (including MotoNovo back book).

† Ordinary equity.

‡ Include IFRS 9 impairment of advances and investment securities.

^ As a proportion of deposits.

◊ Include CIB institutional funding.

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

Funding and liquidity

Funding and liquidity management approach

A comprehensive overview of the group's funding and liquidity management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2023, which is www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

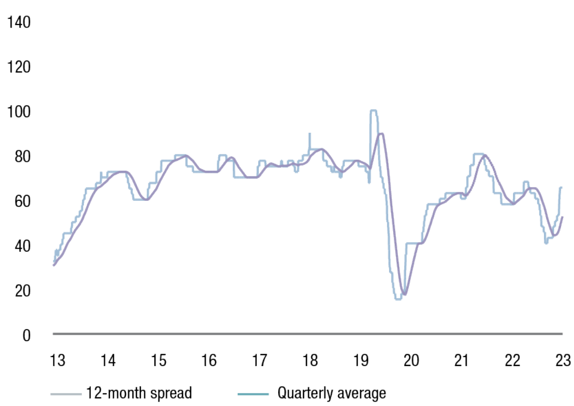
Funding conditions

During the period under review, global and local macroeconomic conditions remained tight. However, initial indications of easing inflation marked a peak in the current rate cycle, with rate cut expectations beginning to filter into the market. Despite tighter policy conditions, the bank has had uninterrupted funding access and liquidity availability in both rand and hard currency. Funding conditions have remained expansive as money supply growth continues at pace. The liquidity surplus monetary policy regime has been well established in the South African market. Available excess liquidity has been accommodated by SARB quota deposits and through secured interbank transactions. The surplus liquidity on offer has had the desired impact of anchoring the short end of the curve and reducing the cost of short-dated financing across instruments.

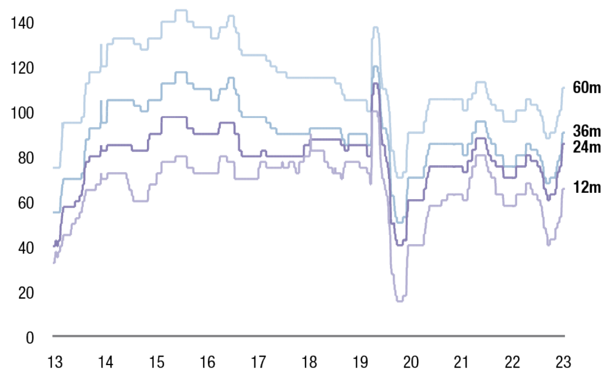
Funding markets have remained stable, with good demand in both short-term money markets and longer-term capital markets.

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 lower before increasing towards the calendar year end, as participants refinanced maturities and added liquidity. Bank issuance during the period focused on medium-term institutional funding as short-term spreads remained unattractive. The sustained high-rate environment contributed to continued growth in customer deposits, with savings and investment products attracting larger inflows.

12-month mid-market funding spread
(bps)



Long-term funding spreads
(bps)



Sources: Bloomberg (RMBP screen) and Reuters.

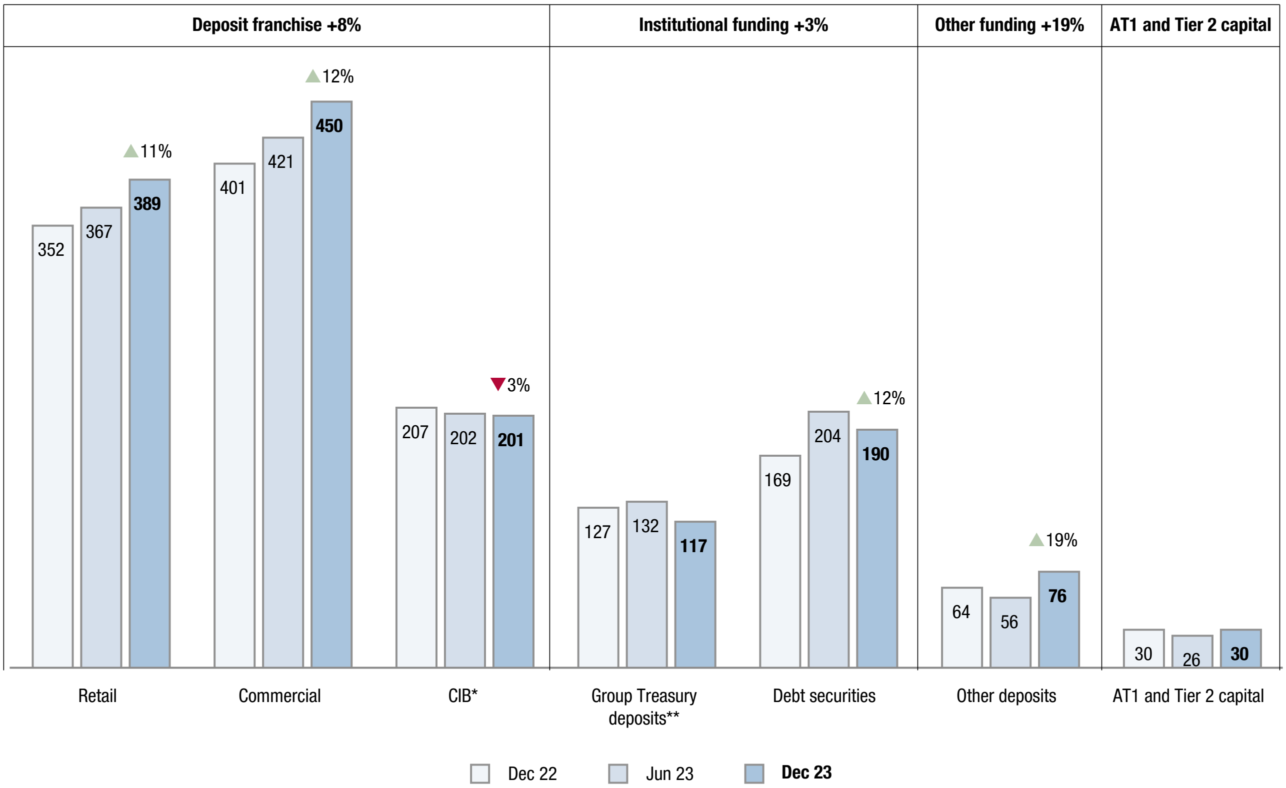
Funding and liquidity continued

Funding measurement and activity

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

Funding portfolio growth

(R billion)



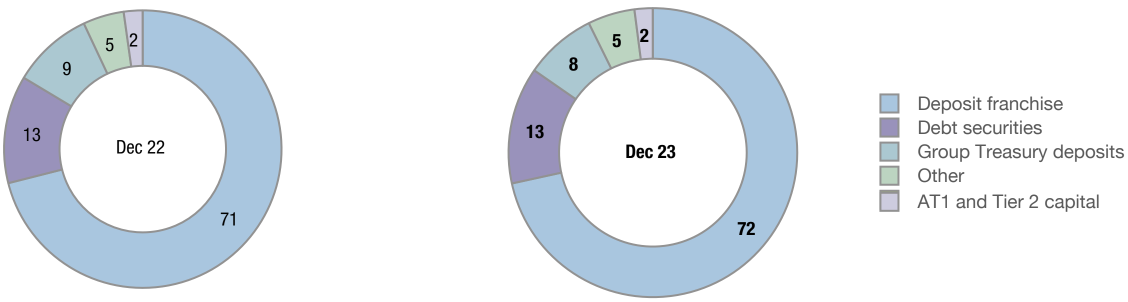
Note 1: Percentage change reflects period-on-period growth and is based on actual underlying numbers rather than the rounded figures shown in the bar graphs above.

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

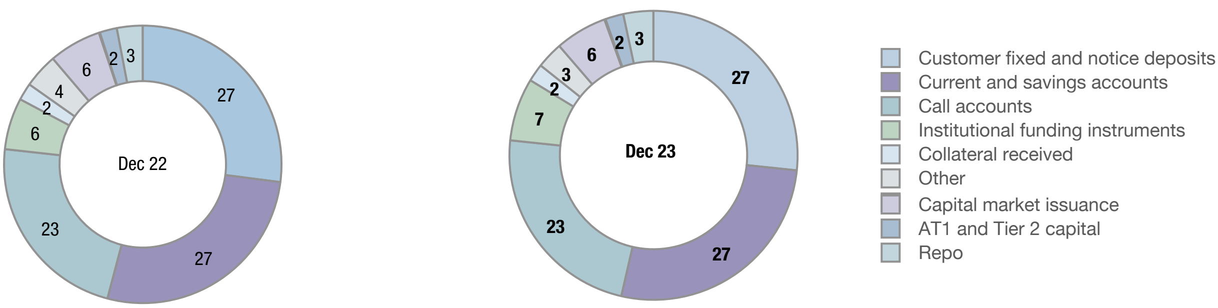
** *Group Treasury deposits include the SARB funding facility related to the South African Covid-19 government-guaranteed loan scheme and the bounce-back facility.*

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

Funding mix
(%)



Funding instrument by type
(%)



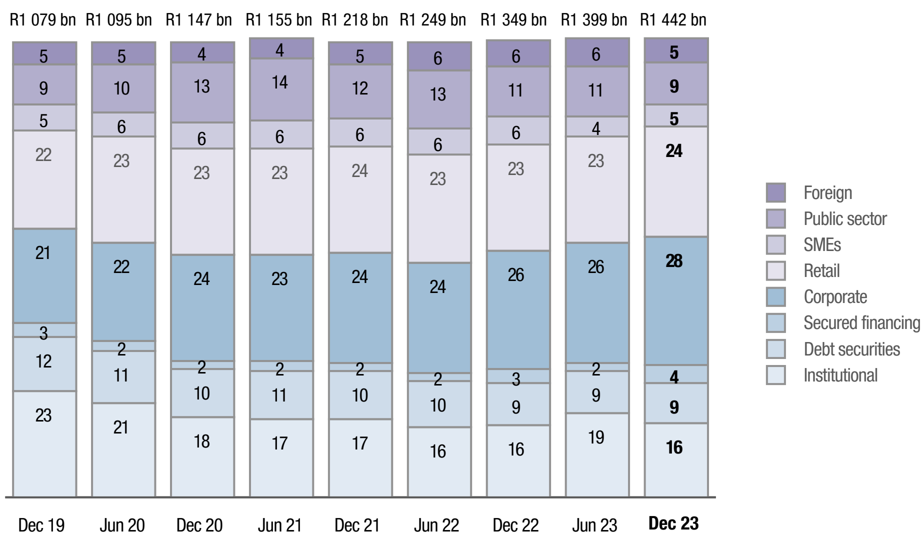
Funding and liquidity continued

The 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*

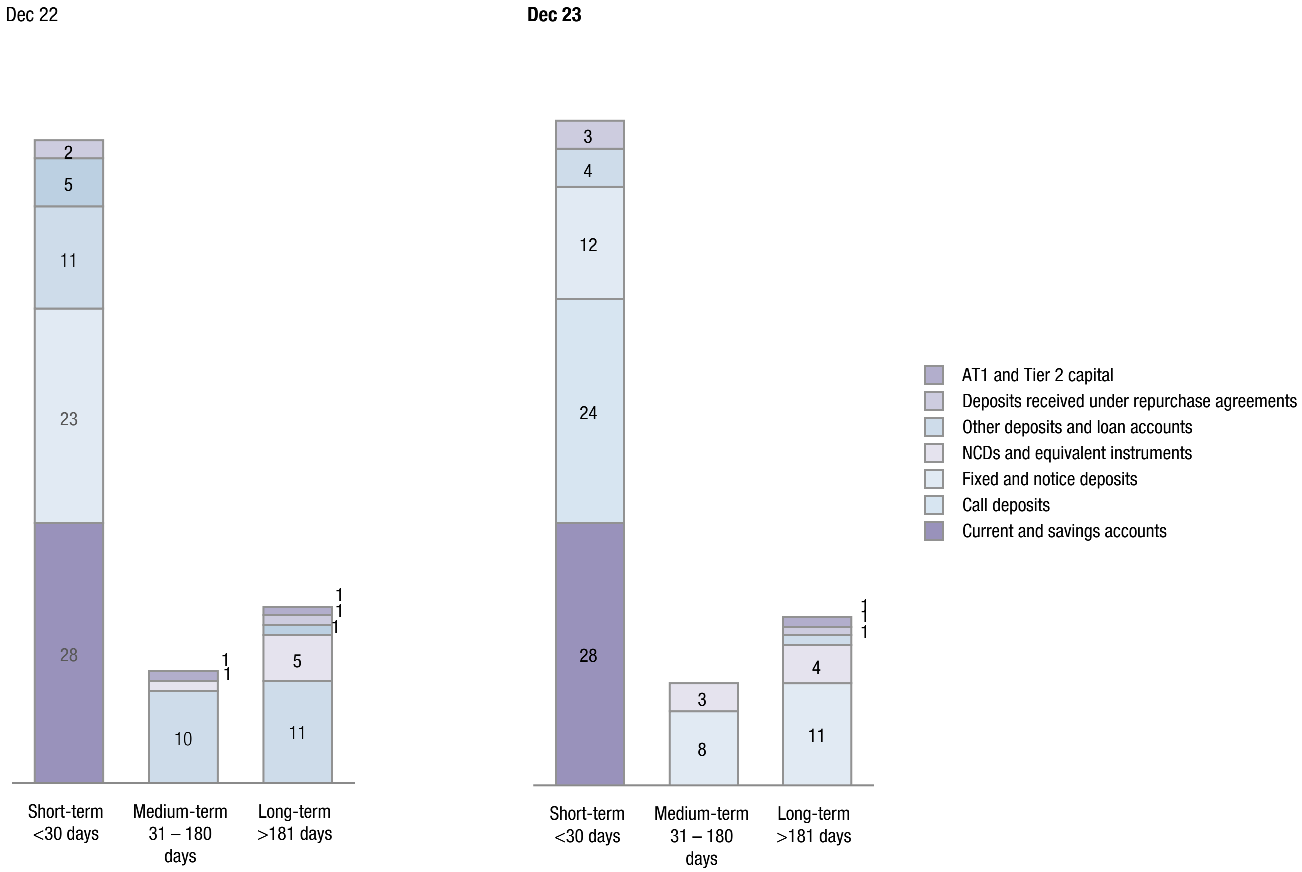
	As at 31 December					As at 30 June
	2023				2022	2023
% of funding liabilities	**Total**	**Short term**	**Medium term**	**Long term**	Total	Total
Institutional	**16.2**	**7.8**	**3.6**	**4.8**	15.5	18.5
ZAR	**15.8**	**7.6**	**3.5**	**4.7**	15.3	18.0
FX	**0.4**	**0.2**	**0.1**	**0.1**	0.2	0.5
Debt securities	**8.8**	**0.2**	**0.6**	**8.0**	9.3	9.0
Secured financing	**4.1**	**2.9**	**0.4**	**0.8**	3.1	2.0
Corporate	**28.2**	**25.6**	**2.0**	**0.6**	25.8	26.4
ZAR	**26.8**	**24.2**	**2.0**	**0.6**	24.3	24.8
FX	**1.4**	**1.4**	**–**	**–**	1.5	1.6
Retail	**24.1**	**18.4**	**3.4**	**2.3**	23.0	23.3
ZAR	**23.5**	**17.8**	**3.4**	**2.3**	22.4	22.7
FX	**0.6**	**0.6**	**–**	**–**	0.6	0.6
SMEs	**4.3**	**3.6**	**0.5**	**0.2**	5.9	4.4
Public sector	**9.0**	**7.7**	**1.0**	**0.3**	11.6	10.9
Foreign	**5.3**	**3.4**	**0.4**	**1.5**	5.8	5.5
Total	**100.0**	**69.6**	**11.9**	**18.5**	100.0	100.0

Bank funding analysis by source*
(%)



* *Excluding foreign branches.*

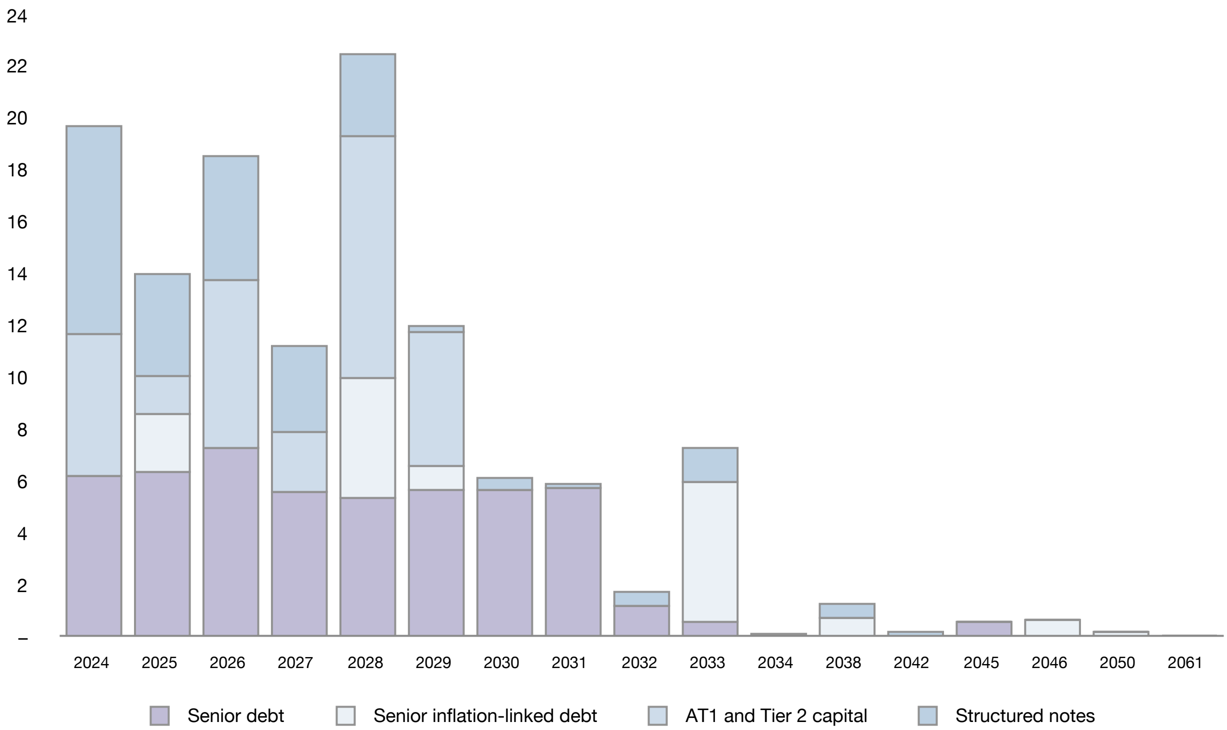
Funding liabilities by instrument type and term
(%)



Funding and liquidity continued

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

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



* *Including foreign branches.*

Liquidity risk position

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

COMPOSITION OF LIQUID ASSETS

	As at 31 December	
R billion	**2023**	2022
Cash and deposits with central banks	**56**	48
Short-term liquidity instruments	**160**	147
Including reverse repos*	**80**	64
Long-term investment securities	**136**	123
Other liquid assets	**20**	31
Total liquid assets	**372**	349

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

Liquidity ratios for the bank at December 2023 are summarised below.

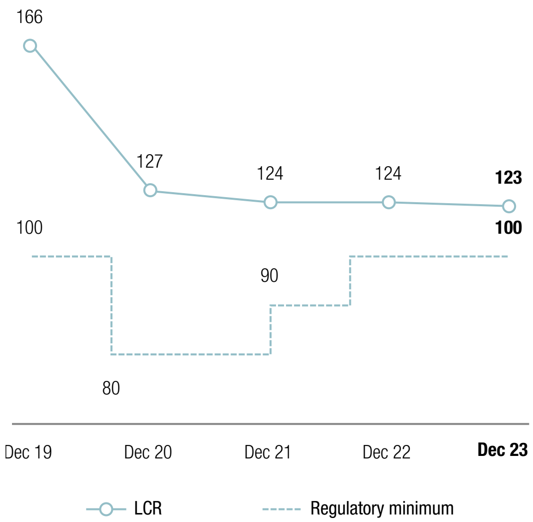
LIQUIDITY RATIOS

%	LCR*	NSFR*
Regulatory minimum	**100**	**100**
Actual	**123**	**118**

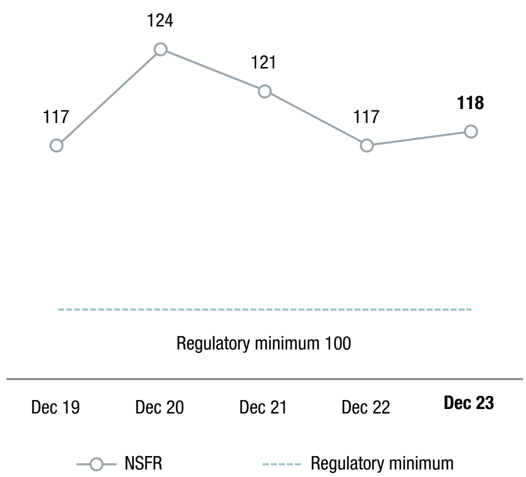
* *The bank's LCR and NSFR reflect South African operations only. LCR is calculated as a simple average of 92 days of daily observations over the period ended 31 December 2023 for FirstRand Bank South Africa.*

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

LCR
(%)



NSFR
(%)



Capital

Capital management approach

A comprehensive overview of the group's capital management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2023, which is available at www.firstrand.co.za/investors/integrated-reporting-hub/risk-disclosures/.

Period under review

During the period under review the bank reported strong capital and leverage ratios in excess of regulatory minima 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)**				
2023	**12.9**	**14.1**	**16.1**	**6.9**
2022	12.6	13.6	16.1	6.6

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

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

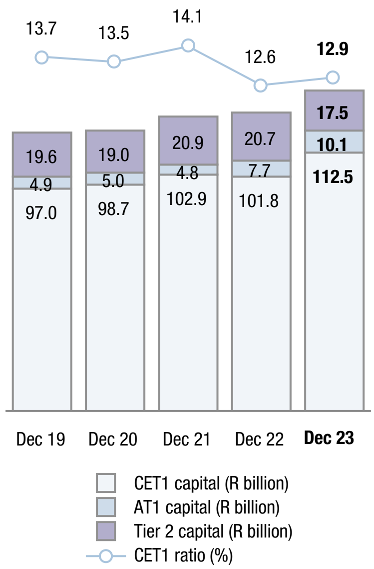
The PA released a proposed directive requiring banks to maintain a positive cycle-neutral CCyB of 1% with effect from January 2026. The increased requirement will be incorporated in the bank's internal targets upon finalisation of the directive.

There is ongoing focus on optimising the bank's overall level and mix of capital. During the period under review the bank issued a combination of AT1 and Tier 2 instruments to ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments (including the $500 million Tier 2 instrument), as well as a focus on filling the buckets for AT1 and Tier 2.

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 the group's economic capital framework to ensure the bank remains solvent at a confidence interval of 99.93%, and that it can deliver on its commitments to stakeholders over a one-year horizon. Regular reviews of the economic capital position are carried out across the group, 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.

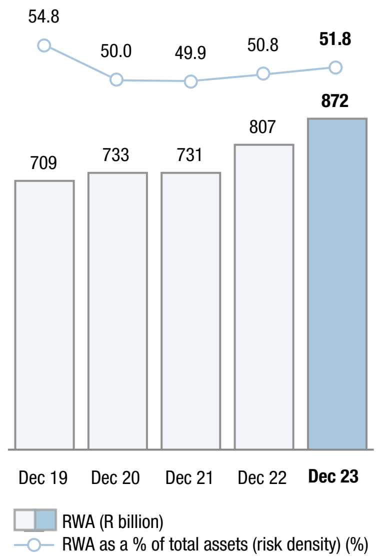
The graphs below provide a five-year view of the bank's capital adequacy, RWA and leverage positions. The increase in the bank's risk density reflects changes in the balance sheet mix and increased operational risk RWA.

Capital adequacy*

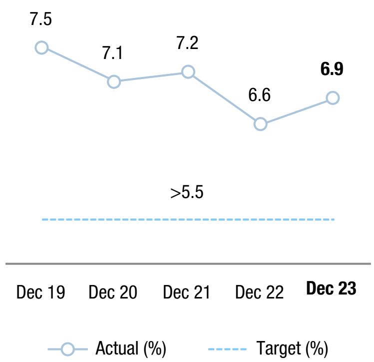


** Including unappropriated profits.*

RWA history



Leverage*



** Including unappropriated profits.*

The Basel III leverage ratio is supplementary to the risk-based capital measure and is a function of Tier 1 capital, and total on- and off-balance sheet exposures. The increase in the leverage ratio to December 2023 mainly relates to an increase in Tier 1 capital, partly offset by an increase in total exposures.

Capital continued

Supply of capital

COMPOSITION OF CAPITAL*

	As at		
	31 December		30 June
R million	**2023**	2022	2023
CET1 capital excluding unappropriated profits	**104 141**	96 454	101 027
Unappropriated profits	**8 368**	5 297	5 141
CET1 capital including unappropriated profits	**112 509**	101 751	106 168
Additional Tier 1 capital	**10 119**	7 721	7 343
Tier 1 capital	**122 628**	109 472	113 511
Tier 2 capital	**17 495**	20 681	16 496
Total qualifying capital	**140 123**	130 153	130 007

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

Key drivers

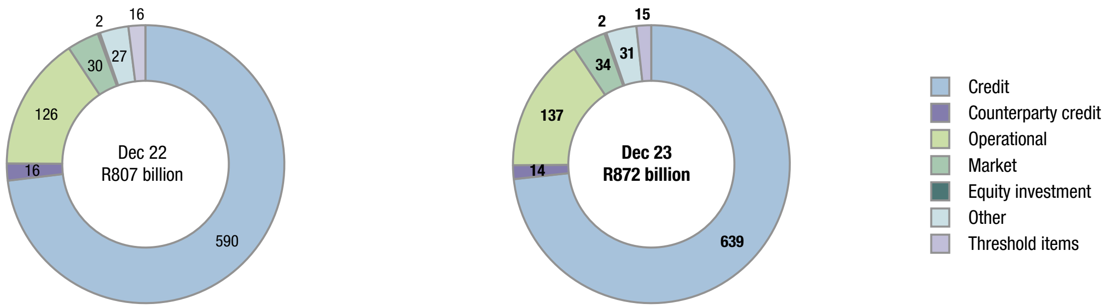
December 2023 vs December 2022

CET1 capital	▲	• Positive earnings generation partly offset by the payment of dividends. • Increase in the foreign currency translation reserve given rand depreciation against hard currencies.
AT1 capital	▲	• AT1 issuance (R5.0 billion) to rebalance the capital stack and replace the AT1 redemption (R2.3 billion) in November 2023.
Tier 2 capital	▼	• Redemption of the $500 million Tier 2 instrument in April 2023, partly offset by Tier 2 issuances totalling R5.6 billion, reflecting a tilt towards a higher proportion of AT1 instruments in the capital stack.

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

Demand for capital

RWA analysis
(R billion)



Key drivers

December 2023 vs December 2022

Credit	▲	• Volume growth partly offset by model refinements 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 and the regulatory capital floor for entities on the advanced measurement approach.
Market	▲	• Increased exposure from trading book positions and client flow across interest rate and foreign exchange asset classes given global and local market conditions.
Other	▲	• Increase in other assets, and property and equipment.
Threshold items	▼	• Decrease in deferred income tax assets.

Capital continued

Capital adequacy position for the bank and its regulated entities

	As at					As at
	31 December					30 June
	2023				2022	2023
%	**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**	**872 470**	**14.1**	**16.1**	16.1	15.4
FirstRand Bank South Africa[†]	**13.0**	**837 139**	**13.7**	**15.7**	16.0	15.1
FirstRand Bank London	**13.5**	**36 305**	**18.2**	**19.4**	15.7	19.6
FirstRand Bank Guernsey	**13.0**	**1 087**	**74.1**	**74.1**	54.3	68.5
FirstRand Bank India[‡]	**13.0**	**304**	**>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 2023.*

[#] *Including unappropriated profits and foreign branches.*

[†] *Ratios including unappropriated profits: CET1 of 12.5%, Tier 1 of 13.7% and total capital adequacy of 15.7%. Ratios excluding unappropriated profits: CET1 of 11.9%, Tier 1 of 13.1% and total capital adequacy of 15.2%.*

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

Regulatory update

Resolution framework

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

The CoDI was also established as a legal entity in March 2023 and will be fully operational in April 2024. The group's impact assessments suggest an annual post-tax cost of R200 million to R230 million for a covered deposit balance of approximately R110 billion.

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

Capital

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

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

Liquidity

The PA published *Directive 11/2022* on 14 December 2022, addressing items of national discretion relating to the LCR. The 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 extension permitting the use of foreign currency denominated level 1 HQLA to cover local currency LCR fell away from 31 December 2023.

The PA published *Directive 1/2023* on 23 January 2023, addressing items of national discretion relating to the NSFR.

At its inception, the PA amended the NSFR framework to assign a 35% available stable funding (ASF) factor to funding received from financial corporates, excluding banks, that will mature within six months. This amendment reflected an assessment of true liquidity risk and assisted the South African banking sector in meeting the NSFR requirements. To be fully compliant with the NSFR framework as stipulated in global regulations, the PA has decided to phase out the 35% ASF, as outlined in the following table.

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

The first step-down to 30% was implemented in June 2023, resulting in a minor reduction in the bank's NSFR. The step-down from 30% to 20% took effect on 1 January 2024.

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:

- IFRS® Accounting Standards, 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 2023 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 consolidated interim financial statements are in terms of IFRS and are consistent with those applied for the year ended 30 June 2023. None of the new or amended IFRS that became effective in the current period impacted the bank's reported earnings, financial position or reserves, or the accounting policies.

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 or certain assets and liabilities where required or permitted by IFRS.

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

The description and the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 126.

Description of restatement

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

The restatement had no impact on the profit or loss or net asset value of the bank.

Condensed income statement – IFRS

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Interest income calculated using effective interest rate	**68 373**	53 244	28	115 108
Interest on other financial instruments and similar income	**1 367**	1 324	3	2 371
Interest and similar income	**69 740**	54 568	28	117 479
Interest expense and similar charges	**(40 202)**	(28 077)	43	(62 967)
Net interest income before impairment of advances	**29 538**	26 491	12	54 512
Impairment and fair value of credit on advances	**(5 332)**	(3 877)	38	(8 413)
– Impairment on amortised cost advances	**(5 483)**	(3 853)	42	(8 354)
– Fair value of credit on advances	**151**	(24)	(>100)	(59)
Net interest income after impairment of advances	**24 206**	22 614	7	46 099
Non-interest revenue	**22 609**	20 971	8	41 638
– Net fee and commission income	**15 984**	15 133	6	29 842
– Fee and commission income	**19 071**	18 061	6	35 802
– Fee and commission expense	**(3 087)**	(2 928)	5	(5 960)
– Insurance income	**67**	217	(69)	437
– Fair value income	**4 194**	1 817	>100	3 381
– Fair value gains or losses	**10 518**	5 672	85	12 712
– Interest expense on fair value activities	**(6 324)**	(3 855)	64	(9 331)
– Gains less losses from investing activities	**35**	34	3	88
– Other non-interest income	**2 329**	3 770	(38)	7 890
Income from operations	**46 815**	43 585	7	87 737
Operating expenses	**(26 882)**	(25 240)	7	(53 200)
Income before indirect tax	**19 933**	18 345	9	34 537
Indirect tax	**(659)**	(543)	21	(810)
Profit before income tax	**19 274**	17 802	8	33 727
Income tax expense	**(4 277)**	(4 259)	–	(7 876)
Profit for the period	**14 997**	13 543	11	25 851
Attributable to				
Ordinary equityholders	**14 247**	13 158	8	24 894
Other equity instrument holders	**750**	385	95	957
Profit for the period	**14 997**	13 543	11	25 851

Condensed statement of other comprehensive income – IFRS

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2022
Profit for the period	**14 997**	13 543	11	25 851
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**2 410**	144	>100	(846)
Gains/(losses) arising during the period	**2 509**	(229)	(>100)	42
Reclassification adjustments for amounts included in profit or loss	**792**	426	86	(1 201)
Deferred income tax	**(891)**	(53)	>100	313
FVOCI debt reserve	**1**	175	(99)	92
Gains arising during the period	**10**	225	(96)	70
Reclassification adjustments for amounts included in profit or loss	**(9)**	15	(>100)	56
Deferred income tax	**–**	(65)	(100)	(34)
Exchange differences on translating foreign operations	**(141)**	181	(>100)	922
(Losses)/gains arising during the period	**(130)**	168	(>100)	815
Deferred income tax	**(11)**	13	(>100)	107
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**(1)**	1	(>100)	16
(Losses)/gains arising during the period	**(1)**	1	(>100)	21
Deferred income tax	**–**	–	–	(5)
Remeasurements on defined benefit post-employment plans	**(22)**	(45)	(51)	21
(Losses)/gains arising during the period	**(30)**	(62)	(52)	28
Deferred income tax	**8**	17	(53)	(7)
Other comprehensive income for the period	**2 247**	456	>100	205
Total comprehensive income for the period	**17 244**	13 999	23	26 056
Attributable to				
Ordinary equityholders	**16 494**	13 614	21	25 099
Other equity instrument holders	**750**	385	95	957
Total comprehensive income for the period	**17 244**	13 999	23	26 056

Condensed statement of financial position – IFRS

R million	As at 31 December 2023	As at 31 December 2022	As at 30 June 2023
ASSETS			
Cash and cash equivalents	**80 256**	94 727	103 714
Derivative financial instruments	**44 288**	52 263	63 307
Commodities	**13 327**	17 647	17 252
Investment securities	**312 957**	295 308	305 259
Advances	**1 133 866**	1 028 653	1 066 891
– Advances to customers*	**1 051 121**	949 083	981 244
– Marketable advances	**82 745**	79 570	85 647
Other assets	**11 369**	8 364	8 908
Current tax asset	**991**	1 174	530
Amounts due by holding company and fellow subsidiaries	**61 555**	66 841	63 205
Property and equipment	**18 408**	16 908	17 433
Intangible assets	**966**	615	787
Investment properties	**281**	249	281
Deferred income tax asset	**5 895**	6 351	7 397
Total assets	**1 684 159**	1 589 100	1 654 964
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**10 374**	15 135	12 473
Derivative financial instruments	**44 691**	61 616	66 533
Creditors, accruals and provisions	**25 138**	20 951	19 953
Deposits	**1 423 334**	1 320 103	1 381 773
Employee liabilities	**9 811**	9 927	14 282
Other liabilities	**2 709**	2 624	2 878
Amounts due to holding company and fellow subsidiaries	**25 070**	28 199	26 444
Tier 2 liabilities	**17 130**	19 875	16 337
Total liabilities	**1 558 257**	1 478 430	1 540 673
Equity			
Ordinary shares	**4**	4	4
Share premium	**16 804**	16 804	16 804
Reserves	**96 429**	83 932	87 553
Capital and reserves attributable to ordinary equityholders	**113 237**	100 740	104 361
Other equity instruments	**12 665**	9 930	9 930
Total equity	**125 902**	110 670	114 291
Total equities and liabilities	**1 684 159**	1 589 100	1 654 964

* *Included in advances to customers are assets under agreements to resell of R90 881 million (December 2022: R84 813 million; June 2023: R79 065 million).*

Condensed statement of cash flows – IFRS

R million	Six months ended 31 December 2023	Six months ended 31 December 2022*	Year ended 30 June 2023*
Cash flows from operating activities			
Other operating activities	**(11 059)**	18 522	46 568
Dividends paid	**(8 369)**	(19 813)	(28 247)
Taxation paid	**(4 556)**	(5 368)	(9 422)
Net cash generated from operating activities	**(23 984)**	(6 659)	8 899
Cash flows from investing activities			
Capital expenditure	**(2 411)**	(1 995)	(4 339)
Proceeds on disposal from investment activities	**40**	231	449
Net cash outflow from investment activities	**(2 371)**	(1 764)	(3 890)
Cash flows from financing activities			
Other financing activities	**(647)**	(3 120)	(3 396)
Proceeds from issue of Tier 2 liabilities	**772**	3 186	7 986 **
Capital repaid on Tier 2 liabilities	**–**	(4 299)	(13 079) **
Proceeds from issue of AT1 equity instruments	**5 000**	2 804	2 804
Redemption of AT1 equity instruments	**(2 265)**	–	–
Net cash outflow from financing activities	**2 860**	(1 429)	(5 685)
Net increase in cash and cash equivalents	**(23 495)**	(9 852)	(676)
Cash and cash equivalents at the beginning of the year	**103 714**	104 625	104 625
Effect of exchange rate changes on cash and cash equivalents	**37**	(46)	(235)
Cash and cash equivalents at the end of the year	**80 256**	94 727	103 714
Mandatory reserve balances with central banks#	**34 574**	31 357	32 789

* *The cash flow statement has been condensed further in the current period. The comparative information has been updated accordingly.*

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

\# *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 banks within the countries of operation. 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 2022	4	16 804	**16 808**	(554)	(2 379)
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
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)
Balance as at 1 July 2023	4	16 804	**16 808**	(533)	(3 225)
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Additional Tier 1 redeemed during the period	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Total comprehensive income for the period	–	–	**–**	(22)	2 410
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	(22)	2 410
Balance As at 31 December 2023	4	16 804	**16 808**	(555)	(815)

* *Other reserves include the FVOCI reserve.*

** *Other equity instruments at 31 December 2023 include R12 665 million (December 2022: R9 930 million; June 2023: R9 930 million) of AT1 instruments.*

Ordinary share capital and ordinary equityholders' funds					
Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments****	**Total equity**
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**
2 576	1 305	87 430	**87 553**	**9 930**	**114 291**
–	–	–	**–**	**5 000**	**5 000**
–	–	–	**–**	**(2 265)**	**(2 265)**
–	–	(1)	**(1)**	**–**	**(1)**
–	–	(7 619)	**(7 619)**	**–**	**(7 619)**
–	–	–	**–**	**(750)**	**(750)**
(141)	1	14 247	**16 495**	**750**	**17 245**
–	–	14 247	**14 247**	**750**	**14 997**
(141)	1	–	**2 248**	**–**	**2 248**
2 435	1 306	94 057	**96 428**	**12 665**	**125 901**

Statement of headline earnings – IFRS

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Profit for the period (refer to page 120)	**14 997**	13 543	–	25 851
Other equity instrument holders	**(750)**	(385)	–	(957)
Earnings attributable to ordinary equityholders	**14 247**	13 158	–	24 894
Adjusted for	**(31)**	(10)	>100	13
Gain/(loss) on disposal of property and equipment	**6**	(14)	(>100)	6
Fair value movement on investment properties	**–**	–	n/a	(31)
Impairment of assets in terms of IAS 36	**(48)**	–	n/a	48
Other	**–**	–	n/a	(2)
Tax effects of adjustments	**11**	4	>100	(8)
Headline earnings	**14 216**	13 148	–	24 907

Reconciliation from headline to normalised earnings

R million	Six months ended 31 December 2023	Six months ended 31 December 2022	% change	Year ended 30 June 2023
Headline earnings	**14 216**	13 148	8	24 907
Adjusted for	**(45)**	(48)	(6)	(98)
IAS 19 adjustment	**(45)**	(48)	(6)	(98)
Normalised earnings	**14 171**	13 100	8	24 809

Reconciliation of normalised to IFRS condensed income statement

for the six months ended 31 December 2023

R million	Normalised	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
Net interest income before impairment of advances	**30 331**	(901)	–	–	108	**29 538**
Impairment charge	**(5 332)**	–	–	–	–	**(5 332)**
Net interest income after impairment of advances	**24 999**	(901)	–	–	108	**24 206**
Non-interest revenue	**21 674**	901	–	(6)	40	**22 609**
Income from operations	**46 673**	–	–	(6)	148	**46 815**
Operating expenses	**(26 844)**	–	62	48	(148)	**(26 882)**
Income before indirect tax	**19 829**	–	62	42	–	**19 933**
Indirect tax	**(659)**	–		–	–	**(659)**
Profit before tax	**19 170**	–	62	42	–	**19 274**
Income tax expense	**(4 249)**	–	(17)	(11)	–	**(4 277)**
Profit for the period	**14 921**	–	45	31	–	**14 997**
Attributable to						
Other equity instrument holders	**(750)**	–	–	–	–	**(750)**
Ordinary equityholders	**14 171**	–	45	31	–	**14 247**
Headline and normalised earnings adjustments	**–**	–	(45)	(31)	–	**(76)**
Normalised earnings attributable to ordinary equityholders of the bank	**14 171**	–	–	–	–	**14 171**

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 adjustments	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
Total 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 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 year ended 30 June 2023

R million	Normalised	Margin-related items included in fair value income	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
Net interest income before impairment of advances	56 002	(1 713)	–	–	223	54 512
Impairment charge	(8 413)	–	–	–	–	(8 413)
Net interest income after impairment of advances	47 589	(1 713)	–	–	223	46 099
Total non-interest revenue	40 290	1 713	–	27	(392)	41 638
Income from operations	87 879	–	–	27	(169)	87 737
Operating expenses	(53 455)	–	134	(48)	169	(53 200)
Income before indirect tax	34 424	–	134	(21)	–	34 537
Indirect tax	(810)	–	–	–	–	(810)
Profit before tax	33 614	–	134	(21)	–	33 727
Income tax expense	(7 848)	–	(36)	8	–	(7 876)
Profit for the year	25 766	–	98	(13)	–	25 851
Attributable to						
Other equity instrument holders	(957)	–	–	–	–	(957)
Ordinary equityholders	24 809	–	98	(13)	–	24 894
Headline and normalised earnings adjustments	–	–	(98)	13	–	(85)
Normalised earnings attributable to ordinary equityholders of the bank	24 809	–	–	–	–	24 809

Advances

Note 1 – Category analysis of advances

	Advances			
	As at 31 December			As at 30 June
R million	**2023**	2022	% change	2023
Category analysis				
Overdrafts and cash management accounts	**84 968**	73 359	16	79 431
Term loans	**75 529**	66 268	14	69 038
Card loans	**42 599**	37 906	12	40 882
Instalment sales, hire purchase agreements and lease payments receivable	**148 078**	131 601	13	141 306
Property finance	**297 364**	280 995	6	290 577
Personal loans	**54 419**	49 429	10	52 449
Preference share agreements	**30 535**	31 371	(3)	30 859
Investment bank term loans	**198 561**	164 357	21	179 676
Long-term loans to group associates and joint ventures	**452**	502	(10)	452
Other	**66 077**	63 834	4	54 044
Total customer advances	**998 582**	899 622	11	938 714
Marketable advances	**82 745**	79 570	4	85 647
Assets under agreements to resell	**90 881**	84 813	7	79 065
Gross value of advances	**1 172 208**	1 064 005	10	1 103 426
Impairment and credit of fair value advances	**(38 342)**	(35 352)	8	(36 535)
Net advances	**1 133 866**	1 028 653	10	1 066 891
Gross advances – amortised cost	**1 035 270**	939 284	10	979 237
Impairment of advances – amortised cost	**(37 285)**	(34 046)	10	(35 282)
Net advances – amortised cost	**997 985**	905 238	10	943 955
Gross advances – fair value	**136 938**	124 721	10	124 189
Impairment of advances – fair value	**(1 057)**	(1 306)	(19)	(1 253)
Net advances – fair value	**135 881**	123 415	10	122 936
Net advances	**1 133 866**	1 028 653	10	1 066 891

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 2023				
Current year ECL provided	**7 181**	**(639)**	**2 271**	**5 406**	**143**
Interest suspended on stage 3 advances	**(1 389)**	**–**	**–**	**(1 369)**	**(20)**
Current period change in ECL provided after interest suspended on stage 3 advances	**5 792**	**(639)**	**2 271**	**4 037**	**123**
Post write-off recoveries	**(817)**	**–**	**–**	**(817)**	**–**
Modification losses	**357**	**–**	**20**	**337**	**–**
Impairment recognised in the income statement for the period ended 31 December 2023	**5 332**	**(639)**	**2 291**	**3 557**	**123**
Amortised cost	**5 483**	**(605)**	**2 408**	**3 557**	**123**
Fair value*	**(151)**	**(34)**	**(117)**	**–**	**–**
	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	–	–
	30 June 2023				
Current period ECL provided	12 507	(605)	2 790	10 126	196
Interest suspended on stage 3 advances	(2 556)	–	–	(2 553)	(3)
Current year change in ECL provided after interest suspended on stage 3 advances	9 951	(605)	2 790	7 573	193
Post write-off recoveries	(2 209)	–	–	(2 209)	–
Modification losses	671	24	75	572	–
Impairment recognised in the income statement for the year ended 30 June 2023	8 413	(581)	2 865	5 936	193
Amortised cost	8 354	(562)	2 845	5 878	193
Fair value*	59	(19)	20	58	–

* *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 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 available on the group's website at www.firstrand.co.za/investors/integrated-reporting-hub/financial reporting/.

Basis for determination of classes

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

Temporary stress scenario

An additional stress scenario was introduced during the financial period ended 30 June 2021 given the event-driven uncertainty in the global and South African economy at the time. 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 risk associated with inflation and interest rates have manifested in actual inflation and interest rate outcomes, with provisions increasing as the impairment models incorporate these impacts. At 31 December 2022 the absolute provisions and stage allocations at 30 June 2022 were retained and the temporary stress scenario was fully unwound at 30 June 2023.

Advances continued

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

AMORTISED COST – 31 DECEMBER 2023

	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 2023	259 635	105 433	37 149	50 072	7 406	–
– Stage 1	223 096	87 489	30 073	35 024	5 843	–
– Stage 2	22 466	11 944	3 019	7 501	639	–
– Stage 3	14 073	6 000	4 057	7 547	924	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(2 431)	(2 451)	(825)	(2 928)	(166)	–
– Transfers into stage 1	5 162	2 428	987	1 585	168	–
– Transfers out of stage 1	(7 593)	(4 879)	(1 812)	(4 513)	(334)	–
Transfers to/(from) stage 2	(430)	453	(386)	23	(44)	–
– Transfers into stage 2	7 601	4 497	1 168	3 372	264	–
– Transfers out of stage 2	(8 031)	(4 044)	(1 554)	(3 349)	(308)	–
Transfers to/(from) stage 3	2 861	1 998	1 211	2 905	210	–
– Transfers into stage 3	3 698	2 313	1 269	3 295	256	–
– Transfers out of stage 3	(837)	(315)	(58)	(390)	(46)	–
Current period movement	6 699	4 443	2 687	4 360	470	–
New business – changes in exposure	22 005	14 581	1 543	11 663	737	–
Back book – current period movement	(15 306)	(10 138)	1 144	(7 303)	(267)	–
– Exposures with a change in measurement basis from 12 months to LECL	(646)	(240)	81	(792)	5	–
– Other current period change in exposure/net movement on GCA	(14 660)	(9 898)	1 063	(6 511)	(272)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(2 028)	–	–	–	10	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(211)	(764)	(938)	(2 220)	(328)	–
Modifications that did not give rise to derecognition	(8)	(16)	(16)	(299)	(18)	–
GCA reported as at 31 December 2023	264 087	109 096	38 882	51 913	7 540	–
– Stage 1	225 961	90 222	31 461	35 647	5 932	–
– Stage 2	22 058	12 182	2 914	7 731	633	–
– Stage 3	16 068	6 692	4 507	8 535	975	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	264 087	109 096	38 882	51 913	7 540	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 31 December 2023	264 087	109 096	38 882	51 913	7 540	–

Corporate and commercial					
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Centre (including Group Treasury)	Total
115 928	–	54 212	306 892	42 510	979 237
102 500	–	49 682	287 049	41 544	862 300
8 655	–	3 464	16 071	46	73 805
4 773	–	1 066	2 990	920	42 350
–	–	–	782	–	782
–	–	–	–	–	–
(992)	–	(2 128)	(6 059)	47	(17 933)
1 994	–	2 793	1 704	62	16 883
(2 986)	–	(4 921)	(7 763)	(15)	(34 816)
340	–	2 099	6 059	(4)	8 110
2 763	–	4 896	7 763	12	32 336
(2 423)	–	(2 797)	(1 704)	(16)	(24 226)
652	–	29	–	(43)	9 823
964	–	311	–	17	12 123
(312)	–	(282)	–	(60)	(2 300)
4 457	–	5 599	46 540	(8 146)	67 109
14 753	–	12 034	60 422	(1 129)	136 609
(10 296)	–	(6 435)	(13 938)	(7 017)	(69 556)
(648)	–	(1 440)	(652)	(8)	(4 340)
(9 648)	–	(4 995)	(13 286)	(7 009)	(65 216)
–	–	–	56	–	56
–	–	–	(2 871)	–	(2 871)
–	–	–	–	–	(2 018)
–	–	–	(494)	(33)	(527)
(714)	–	(48)	(62)	(18)	(5 303)
–	–	–	–	–	(357)
119 671	–	59 763	350 005	34 313	1 035 270
106 622	–	54 631	327 292	33 636	911 404
8 582	–	4 150	19 072	17	77 339
4 467	–	982	2 803	660	45 689
–	–	–	838	–	838
119 671	–	59 763	349 714	27 175	1 027 841
–	–	–	291	7 138	7 429
119 671	–	59 763	350 005	34 313	1 035 270

Advances continued

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

AMORTISED COST – 31 DECEMBER 2023

	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 2023	4 356	5 773	4 767	9 289	1 247	–
– Stage 1	432	985	1 165	2 069	309	–
– Stage 2	1 076	1 861	754	1 901	168	–
– Stage 3	2 848	2 927	2 848	5 319	770	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	150	215	101	20	12	–
– Transfers into stage 1	178	280	209	362	31	–
– Transfers out of stage 1	(28)	(65)	(108)	(342)	(19)	–
Transfers to/(from) stage 2	(296)	(593)	(358)	(756)	(57)	–
– Transfers into stage 2	88	70	75	331	27	–
– Transfers out of stage 2	(384)	(663)	(433)	(1 087)	(84)	–
Transfers to/(from) stage 3	146	378	257	736	45	–
– Transfers into stage 3	218	394	288	861	67	–
– Transfers out of stage 3	(72)	(16)	(31)	(125)	(22)	–
Current period provision created/ (released)	509	1 022	1 253	2 813	391	–
New business – impairment charge/ (release)	138	279	108	1 095	15	–
Back book – impairment charge/ (release)	371	743	1 145	1 718	376	–
– Exposures with a change in measurement basis from 12 months to LECL	46	21	125	(40)	14	–
– Other current period impairment charge/ (release)	325	722	1 020	1 758	362	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	(35)	35	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(211)	(764)	(938)	(2 220)	(328)	–
ECL 31 December 2023	4 654	6 031	5 082	9 847	1 345	–
– Stage 1	410	985	1 142	1 912	361	–
– Stage 2	1 076	1 855	718	1 911	170	–
– Stage 3	3 168	3 191	3 222	6 024	814	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/ (released) per impairment stage	509	1 022	1 253	2 813	391	–
– Stage 1	(173)	(216)	(127)	(142)	9	–
– Stage 2	297	588	324	766	58	–
– Stage 3	385	650	1 056	2 189	324	–
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial					
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	Centre (including Group Treasury)	Total
4 952	–	733	3 295	870	35 282
907	–	228	960	37	7 092
1 213	–	111	1 469	8	8 561
2 832	–	394	621	825	19 384
–	–	–	245	–	245
–	–	–	–	–	–
180	–	32	4	8	722
238	–	56	34	8	1 396
(58)	–	(24)	(30)	–	(674)
(225)	–	2	(4)	(2)	(2 289)
93	–	44	30	–	758
(318)	–	(42)	(34)	(2)	(3 047)
45	–	(34)	–	(6)	1 567
153	–	12	–	1	1 994
(108)	–	(46)	–	(7)	(427)
587	–	150	539	67	7 331
186	–	110	250	–	2 181
401	–	40	146	67	5 007
177	–	10	32	–	385
224	–	30	114	67	4 622
–	–	–	143	–	143
–	–	–	(8)	–	(8)
–	–	–	–	–	–
–	–	–	(4)	(13)	(17)
(714)	–	(48)	(62)	(18)	(5 303)
4 825	–	835	3 760	906	37 285
958	–	302	1 097	28	7 195
1 191	–	125	1 608	5	8 659
2 676	–	408	668	870	21 041
–	–	–	387	3	390
587	–	150	539	67	7 331
(129)	–	42	143	(13)	(606)
202	–	12	144	(3)	2 388
514	–	96	109	83	5 406
–	–	–	143	–	143

Advances continued

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

FAIR VALUE – 31 DECEMBER 2023

R million	FNB commercial	RMB CIB	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2023	**520**	**121 090**	**2 579**	**124 189**
– Stage 1	520	115 495	2 536	118 551
– Stage 2	–	4 847	43	4 890
– Stage 3	–	748	–	748
– Purchased or originated credit impaired	–	–	–	–
Transfers between stages	–	–	–	–
Transfers to/(from) stage 1	–	(43)	–	(43)
– Transfers into stage 1	–	–	–	–
– Transfers out of stage 1	–	(43)	–	(43)
Transfers to/(from) stage 2	–	43	–	43
– Transfers into stage 2	–	43	–	43
– Transfers out of stage 2	–	–	–	–
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current period movement	**208**	**14 015**	**(1 230)**	**12 993**
New business – changes in exposure	–	6 757	–	6 757
Back book – current period movement	208	7 258	(1 230)	6 236
– Exposures with a change in measurement basis from 12 months to LECL	–	20	–	20
– Other current period change in exposure/net movement on GCA	208	7 238	(1 230)	6 216
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–
Exchange rate differences	–	(204)	–	(204)
Bad debts written off	–	(40)	–	(40)
GCA reported as at 31 December 2023	**728**	**134 861**	**1 349**	**136 938**
– Stage 1	728	130 961	1 295	132 984
– Stage 2	–	3 207	43	3 250
– Stage 3	–	693	11	704
– Purchased or originated credit impaired	–	–	–	–
Core lending advances	728	51 410	1 348	53 486
Assets under agreements to resell	–	83 451	1	83 452
Total GCA of advances as at 31 December 2023	**728**	**134 861**	**1 349**	**136 938**

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

FAIR VALUE – 31 DECEMBER 2023

R million	FNB commercial	RMB CIB	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2023	**51**	**1 186**	**16**	**1 253**
– Stage 1	**51**	**232**	**4**	**287**
– Stage 2	**–**	**483**	**4**	**487**
– Stage 3	**–**	**471**	**8**	**479**
– Purchased or originated credit impaired	**–**	**–**	**–**	**–**
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	**–**	**(3)**	**–**	**(3)**
– Transfers into stage 2	**–**	**–**	**–**	**–**
– Transfers out of stage 2	**–**	**(3)**	**–**	**(3)**
Transfers to/(from) stage 3	**–**	**–**	**–**	**–**
– Transfers into stage 3	**–**	**–**	**–**	**–**
– Transfers out of stage 3	**–**	**–**	**–**	**–**
Current period provision created/(released)	**4**	**(156)**	**2**	**(150)**
New business – impairment charge/(release)	**–**	**34**	**–**	**34**
Back book – impairment charge/(release)	**4**	**(190)**	**2**	**(184)**
– Exposures with a change in measurement basis from 12 months to LECL	**–**	**13**	**–**	**13**
– Other current period impairment charge/(release)	**4**	**(203)**	**2**	**(197)**
Purchased or originated credit impaired	**–**	**–**	**–**	**–**
Acquisition/(disposal) of advances	**–**	**–**	**–**	**–**
Transfers from/(to) other divisions	**–**	**–**	**–**	**–**
Exchange rate differences	**–**	**(6)**	**–**	**(6)**
Bad debts written off	**–**	**(40)**	**–**	**(40)**
ECL 31 December 2023	**55**	**984**	**18**	**1 057**
– Stage 1	**55**	**198**	**4**	**257**
– Stage 2	**–**	**355**	**7**	**362**
– Stage 3	**–**	**431**	**7**	**438**
– Purchased or originated credit impaired	**–**	**–**	**–**	**–**
Current period provision created/(released) per impairment stage	**4**	**(156)**	**2**	**(150)**
– Stage 1	**4**	**(36)**	**(1)**	**(33)**
– Stage 2	**–**	**(120)**	**3**	**(117)**
– Stage 3	**–**	**–**	**–**	**–**
– Purchased or originated credit impaired	**–**	**–**	**–**	**–**

Advances continued

Note 3.5 – 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 LECL	(796)	(896)	46	(843)	(3)	–
– Other current period change in exposure/ net movement on GCA	(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	–
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 reported 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 and commercial	RMB CIB	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 3.6 – 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 LECL	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)	–
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 and commercial	RMB CIB	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 3.7 – Reconciliation of the gross carrying amount of total advances per class

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB CIB	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 LECL	–	–	–	–
– Other current period change in exposure/net movement on GCA	(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	–	–	–	–
Exchange rate differences	–	176	–	176
Bad debts written off	–	–	–	–
GCA reported 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

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

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB CIB	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 LECL	–	–	–	–
– 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	–	–	–	–
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	–	–	–	–

Advances continued

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

AMORTISED COST – 30 JUNE 2023

	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	(6 016)	(2 991)	(1 802)	(3 242)	(321)	–
– Transfers into stage 1	5 873	2 296	641	1 085	156	–
– Transfers out of stage 1	(11 889)	(5 287)	(2 443)	(4 327)	(477)	–
Transfers to/(from) stage 2	2 130	728	96	(195)	69	–
– Transfers into stage 2	11 272	4 611	1 292	2 628	369	–
– Transfers out of stage 2	(9 142)	(3 883)	(1 196)	(2 823)	(300)	–
Transfers to/(from) stage 3	3 886	2 263	1 706	3 437	252	–
– Transfers into stage 3	5 585	3 133	1 822	4 086	375	–
– Transfers out of stage 3	(1 699)	(870)	(116)	(649)	(123)	–
Current period movement	17 452	14 010	6 082	8 647	311	–
New business – changes in exposure	45 431	43 676	3 467	21 297	1 024	–
Back book – current period movement	(27 979)	(29 666)	2 615	(12 650)	(713)	–
– Exposures with a change in measurement basis from 12 months to LECL	(1 505)	(1 844)	185	(1 108)	1	–
– Other current period change in exposure/ net movement on GCA	(26 474)	(27 822)	2 430	(11 542)	(714)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(11)	–	–	–	11	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(438)	(1 736)	(1 639)	(4 895)	(745)	–
Modifications that did not give rise to derecognition	(125)	(55)	(115)	(303)	(78)	–
GCA reported as at 30 June 2023	259 635	105 433	37 149	50 072	7 406	–
– Stage 1	223 096	87 489	30 073	35 024	5 843	–
– Stage 2	22 466	11 944	3 019	7 501	639	–
– Stage 3	14 073	6 000	4 057	7 547	924	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	259 635	105 433	37 149	50 072	7 406	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 30 June 2023	259 635	105 433	37 149	50 072	7 406	–

Corporate and commercial: FNB commercial	Corporate and commercial: Temporary stress scenario	Corporate and commercial: WesBank corporate and commercial	Corporate and commercial: RMB CIB	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
–	–	–	–	–	–
(3 130)	–	708	(5 412)	127	(22 079)
2 388	–	3 070	1 625	165	17 299
(5 518)	–	(2 362)	(7 037)	(38)	(39 378)
1 303	–	(1 120)	3 176	(131)	6 056
4 591	–	2 025	6 568	36	33 392
(3 288)	–	(3 145)	(3 392)	(167)	(27 336)
1 827	–	412	2 236	4	16 023
1 894	–	500	2 236	54	19 685
(67)	–	(88)	–	(50)	(3 662)
9 914	–	9 262	47 292	(9 350)	103 620
18 585	–	22 321	100 073	1 030	256 904
(8 671)	–	(13 059)	(52 861)	(10 380)	(153 364)
(496)	–	(2 344)	(1 850)	(93)	(9 054)
(8 175)	–	(10 715)	(51 011)	(10 287)	(144 310)
–	–	–	80	–	80
(90)	–	–	(3 238)	1 069	(2 259)
–	–	–	–	–	–
–	–	–	2 771	436	3 207
(1 612)	–	(178)	(364)	(45)	(11 652)
5	–	–	–	–	(671)
115 928	–	54 212	306 892	42 510	979 237
102 500	–	49 682	287 049	41 544	862 300
8 655	–	3 464	16 071	46	73 805
4 773	–	1 066	2 990	920	42 350
–	–	–	782	–	782
115 928	–	54 212	306 254	28 195	964 284
–	–	–	638	14 315	14 953
115 928	–	54 212	306 892	42 510	979 237

Advances continued

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

AMORTISED COST – 30 JUNE 2023

	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	123	90	46	(145)	17	–
– Transfers into stage 1	189	143	171	244	39	–
– Transfers out of stage 1	(66)	(53)	(125)	(389)	(22)	–
Transfers to/(from) stage 2	(92)	(289)	(281)	(727)	(23)	–
– Transfers into stage 2	238	113	79	360	61	–
– Transfers out of stage 2	(330)	(402)	(360)	(1 087)	(84)	–
Transfers to/(from) stage 3	(31)	199	235	872	6	–
– Transfers into stage 3	171	292	295	1 109	68	–
– Transfers out of stage 3	(202)	(93)	(60)	(237)	(62)	–
Current period provision created/ (released)	640	2 288	2 045	5 468	512	(315)
New business – impairment charge/ (release)	388	1 501	275	2 831	91	–
Back book – impairment charge/ (release)	252	787	1 770	2 637	421	(315)
– Exposures with a change in measurement basis from 12 months to LECL	43	(60)	190	(119)	14	–
– Other current period impairment charge/ (release)	209	847	1 580	2 756	407	(315)
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	70	–	–	35	(105)	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(438)	(1 736)	(1 639)	(4 895)	(745)	–
ECL as at 30 June 2023	4 356	5 773	4 767	9 289	1 247	–
– Stage 1	432	985	1 165	2 069	309	–
– Stage 2	1 076	1 861	754	1 901	168	–
– Stage 3	2 848	2 927	2 848	5 319	770	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/ (released) per impairment stage	640	2 288	2 045	5 468	512	(315)
– Stage 1	(370)	116	(10)	112	14	(153)
– Stage 2	229	861	415	902	44	(162)
– Stage 3	781	1 311	1 640	4 454	454	–
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial					
FNB commercial	Temporary stress scenario	WesBank corporate and commercial	RMB CIB	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
–	–	–	–	–	–
98	–	127	10	16	382
192	–	143	46	18	1 185
(94)	–	(16)	(36)	(2)	(803)
(270)	–	(113)	(100)	2	(1 893)
91	–	19	31	7	999
(361)	–	(132)	(131)	(5)	(2 892)
172	–	(14)	90	(18)	1 511
215	–	10	90	5	2 255
(43)	–	(24)	–	(23)	(744)
1 331	(55)	116	683	(265)	12 448
259	–	237	477	2	6 061
1 072	(55)	(121)	10	(267)	6 191
299	–	(28)	(42)	(18)	279
773	(55)	(93)	52	(249)	5 912
–	–	–	196	–	196
–	–	–	(6)	237	231
–	–	–	–	–	–
–	–	–	17	148	165
(1 612)	–	(178)	(364)	(35)	(11 642)
4 952	–	733	3 295	870	35 282
907	–	228	960	37	7 092
1 213	–	111	1 469	8	8 561
2 832	–	394	621	825	19 384
–	–	–	245	–	245
1 331	(55)	116	683	(265)	12 448
(219)	(23)	(85)	59	(27)	(586)
424	(32)	31	86	(28)	2 770
1 126	–	170	342	(210)	10 068
–	–	–	196	–	196

Advances continued

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

FAIR VALUE – 30 JUNE 2023

R million	FNB commercial	RMB CIB	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	–	(1 028)	–	(1 028)
– Transfers into stage 1	–	603	–	603
– Transfers out of stage 1	–	(1 631)	–	(1 631)
Transfers to/(from) stage 2	–	1 028	–	1 028
– Transfers into stage 2	–	1 631	–	1 631
– Transfers out of stage 2	–	(603)	–	(603)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current period movement	(44)	29 262	1 500	30 718
New business – changes in exposure	–	15 986	2	15 988
Back book – current period movement	(44)	13 277	1 498	14 731
– Exposures with a change in measurement basis from 12 months to LECL	–	1 016	–	1 016
– Other current period change in exposure/net movement on GCA	(44)	12 261	1 498	13 715
Purchased or originated credit impaired	–	(1)	–	(1)
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	502	–	(502)	–
Exchange rate differences	–	1 159	–	1 159
Bad debts written off	(50)	(82)	–	(132)
GCA reported as at 30 June 2023	520	121 090	2 579	124 189
– Stage 1	520	115 495	2 536	118 551
– Stage 2	–	4 847	43	4 890
– Stage 3	–	748	–	748
– Purchased or originated credit impaired	–	–	–	–
Core lending advances	520	56 978	2 579	60 077
Assets under agreements to resell	–	64 112	–	64 112
Total GCA of advances as at 30 June 2023	520	121 090	2 579	124 189

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

FAIR VALUE – 30 JUNE 2023

R million	FNB commercial	RMB CIB	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	–	(2)	–	(2)
– Transfers into stage 1	–	4	–	4
– Transfers out of stage 1	–	(6)	–	(6)
Transfers to/(from) stage 2	–	2	–	2
– Transfers into stage 2	–	6	–	6
– Transfers out of stage 2	–	(4)	–	(4)
Transfers to/(from) stage 3	–	–	–	–
– Transfers into stage 3	–	–	–	–
– Transfers out of stage 3	–	–	–	–
Current period provision created/(released)	(1)	51	9	59
New business – impairment charge/(release)	–	161	9	170
Back book – impairment charge/(release)	(1)	(110)	–	(111)
– Exposures with a change in measurement basis from 12 months to LECL	–	9	–	9
– Other current period impairment charge/(release)	(1)	(119)	–	(120)
Purchased or originated credit impaired	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–
Transfers from/(to) other divisions	99	–	(99)	–
Exchange rate differences	–	57	–	57
Bad debts written off	(50)	(82)	–	(132)
ECL as at 30 June 2023	51	1 186	16	1 253
– Stage 1	51	232	4	287
– Stage 2	–	483	4	487
– Stage 3	–	471	8	479
– Purchased or originated credit impaired	–	–	–	–
Current period provision created/(released) per impairment stage	(1)	51	9	59
– Stage 1	(51)	32	–	(19)
– Stage 2	–	19	1	20
– Stage 3	50	–	8	58
– Purchased or originated credit impaired	–	–	–	–

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

Forward-looking information incorporated in the impairment of advances

Forward-looking macroeconomic information has been incorporated into expected credit loss (ECL) estimates through the application of quantitative modelling and expert judgement-based post-model adjustments. Both quantitative models and expert judgement-based adjustments consider a range of macroeconomic scenarios as inputs. Macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. Development of these scenarios is overseen by the FirstRand macroeconomic forum, which is responsible for oversight and is independent of credit and modelling functions. Teams of economists, both locally and within the various subsidiaries, assess the micro- and macroeconomic developments to formulate the macroeconomic forecasts. Various internal and external economists are then requested to assign a probability to each scenario. The rationale for probabilities assigned by each respondent is noted and explained at the FirstRand macroeconomic forum. ECL results are calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process. Quantitative techniques are applied to estimate the impact of macroeconomic factors on ECL using various techniques.

Overview of forward-looking information included in the 31 December 2023 impairment of advances

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

South Africa

South Africa's inflation remained above the central bank's target range, but began to soften systematically, resulting in an end to the interest rate hiking cycle. Real economic activity continued to slow down, with domestic household consumption in particular being impacted by high interest rates and inflation. Despite the slowdown in overall economic activity, household data showed that income levels among the employed remained somewhat resilient, with corporate pay rises more or less offsetting inflationary pressure.

Severe rolling blackouts and lower commodity prices continued to weigh on economic activity, while the opportunity to invest in own energy generation capacity provided the basis for further increases in corporate credit demand.

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

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 scenarios and probabilities assigned to each scenario, at 31 December 2023, 30 June 2023 and 31 December 2022. regions.

Scenario	Probability	Description
Baseline	57% (June 2023: 56%; December 2022: 55%)	• Global economic growth slows below trend level and developed market (DM) 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 (COP27 deal) are protracted with a 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	14% (June 2023: 15%; December 2022: 12%)	• Global growth slows 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 COP27 deal make meaningful progress. • Social unrest abates. • 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. • The inflationary impact of Russia's invasion of Ukraine moderates significantly.
Downside	29% (June 2023: 29%; December 2022: 33%)	• 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. • 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. • Real credit extension falls and savings lift. • Russia's invasion of Ukraine drives headline inflation significantly higher and real disposable income growth significantly lower.

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

Significant macroeconomic factors as at 31 December 2023

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 bank operates in. The information below reflects the group's forecasts for each period at 31 December.

South Africa	**Upside scenario**			**Baseline expectation**			**Downside scenario**		
(%)	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
Applicable across all portfolios									
Real GDP growth	2.70	3.30	3.60	1.20	1.60	1.80	(1.00)	0.40	1.50
CPI inflation	4.90	4.60	4.50	5.20	4.80	4.70	6.00	8.80	5.70
Repo rate	7.00	6.00	5.75	7.50	7.00	7.00	9.50	12.00	7.75
Retail-specific									
Retail real income growth	3.10	2.40	2.80	1.50	0.90	0.90	(1.20)	0.30	1.20
House price index growth*	5.10	6.00	9.50	1.10	2.60	3.70	(1.00)	0.60	3.10
Household debt to income	64.20	65.60	65.60	62.30	62.20	62.00	59.40	57.00	57.00
Employment growth	4.30	0.90	0.90	1.00	0.30	0.30	(0.50)	0.10	0.20
Wholesale-specific									
Fixed capital formation	7.90	8.90	7.50	3.10	4.50	3.80	(2.90)	1.10	3.20
Foreign exchange rate (USD/ZAR)	15.40	14.90	15.60	18.10	17.50	18.40	23.50	21.00	22.00

* *Applicable to the secured portfolio.*

Significant macroeconomic factors as at 30 June 2023

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

* *Applicable to the secured portfolio.*

Fair value measurements

Fair value hierarchy

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

	As at 31 December 2023			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	25	42 829	1 433	44 287
Advances	–	75 197	60 684	135 881
Investment securities	83 137	27 873	1 552	112 562
Commodities	13 327	–	–	13 327
Investment properties	–	–	281	281
Amounts due by holding company and fellow subsidiaries		3 167		3 167
Total fair value assets	**96 489**	**149 066**	**63 950**	**309 505**
Liabilities				
Recurring fair value measurements				
Short trading positions	9 063	1 311	–	10 374
Derivative financial instruments	1	43 017	1 672	44 690
Deposits	1 667	67 135	10 075	78 877
Other liabilities	–	862	–	862
Amounts due to holding company and fellow subsidiaries	–	169	–	169
Total fair value liabilities	**10 731**	**112 494**	**11 747**	**134 972**

R million	As at 31 December 2022 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 fair value assets	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 fair value liabilities	15 381	120 530	6 463	142 374

Fair value measurements continued

	As at 30 June 2023			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	290	62 065	952	63 307
Advances	–	62 941	59 995	122 936
Investment securities	81 140	44 487	2 023	127 650
Commodities	17 252	–	–	17 252
Investment properties	–	–	281	281
Amounts due by holding company and fellow subsidiaries		3 214		3 214
Total fair value assets	98 682	172 707	63 251	334 640
Liabilities				
Recurring fair value measurements				
Short trading positions	11 993	480	–	12 473
Derivative financial instruments	149	63 907	2 477	66 533
Deposits	1 325	47 370	6 655	55 350
Other liabilities	–	1 122	–	1 122
Amounts due to holding company and fellow subsidiaries*		203		203
Total fair value liabilities*	13 467	113 082	9 132	135 681

* *The balance under level 2 for amounts due to holding company and fellow subsidiaries has been restated from (R203 million) to R203 million. The total fair value liabilities balances have been updated accordingly. The statement of financial position is not impacted.*

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 2023		
R million	**Transfers in**	**Transfers out**	**Reasons for significant transfers in**
Level 1	**876**	**(369)**	The valuation inputs of certain level 3 investment securities became observable during the period due to increased liquidity in the market, resulting in transfers into level 1.
Level 2	**43**	**(683)**	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2.
Level 3	**1 053**	**(920)**	The fair value of certain investment securities and derivatives was determined using significant unobservable inputs, as the market for these instruments has became inactive during the period. This resulted in transfers from level 1 and level 2 into level 3.
Total transfers	**1 972**	**(1 972)**	

	As at 31 December 2022		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	210	(559)	The market for certain investment securities had 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 had become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	1 079	(1 079)	

	As at 30 June 2023		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	–	(679)	–
Level 2	507	–	Increased liquidity for derivative financial instruments (options) that are approaching maturity, resulted in transfers from level 3 to level 2 due to the significant inputs becoming more observable during the current period.
Level 3	679	(507)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1 as the market had become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	1 186	(1 186)	

Fair value measurements continued

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 and 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 from/(to) level 3	–	–	39	–	–	–	–
Exchange rate differences	–	159	–	–	–	–	–
Balance as at 31 December 2022	772	45 578	1 850	249	1 972	4 491	–
Balance as at 1 July 2022	646	42 602	1 186	249	2 207	5 390	–
Gains/(losses) recognised in profit or loss	1 030	5 088	107	32	1 553	885	–
Gains/(losses) recognised in other comprehensive income	–	–	21	–	–	–	–
Purchases, sales, issue and settlements	(334)	11 554	30	–	(1 166)	380	–
Net transfer (to)/from level 3	(390)	–	679	–	(117)	–	–
Exchange rate differences	–	751	–	–	–	–	–
Balance as at 30 June 2023	952	59 995	2 023	281	2 477	6 655	–
Balance as at 1 July 2023	**952**	**59 995**	**2 023**	**281**	**2 477**	**6 655**	**–**
Gains/(losses) recognised in profit or loss	**340**	**4 776**	**579**	**–**	**283**	**1 127**	**–**
Gains/(losses) recognised in other comprehensive income	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**(509)**	**(3 979)**	**(543)**	**–**	**(1 117)**	**2 331**	**–**
Net transfer from/(to) level 3	**650**	**–**	**(506)**	**–**	**29**	**(39)**	**–**
Exchange rate differences	**–**	**(108)**	**–**	**–**	**–**	**–**	**–**
Balance as at 31 December 2023	**1 433**	**60 684**	**1 552**	**281**	**1 672**	**10 074**	**–**

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

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

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 and 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 and 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 FVOCI debt instruments, all gains or losses are recognised in NIR.

	Six months ended 31 December 2023		Six months ended 31 December 2022		Year ended 30 June 2023	
R million	**Gains/(losses) recognised in the income statement**	**Gains/(losses) recognised in other comprehensive income**	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income
Assets						
Derivative financial instruments	**991**	**–**	131	–	640	–
Advances*	**4 703**	**–**	1 422	–	4 618	–
Investment securities	**628**	**(1)**	2	–	264	–
Investment properties	**(1)**	**–**	–	–	32	–
Total	**6 321**	**(1)**	1 555	–	5 554	–
Liabilities						
Derivative financial instruments	**(311)**	**–**	(172)	–	(1 448)	–
Deposits	**1 416**	**–**	420	–	(1 065)	–
Total	**1 105**	**–**	248	–	(2 513)	–

* *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.*

Fair value measurements continued

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

	Reasonably possible alternative fair value								
	As at 31 December 2023			As at 31 December 2022			As at 30 June 2023		
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	**1 433**	**1 534**	**1 333**	772	831	720	952	1 028	875
Advances	**60 684**	**60 795**	**60 551**	45 578	45 657	45 501	59 995	60 068	59 922
Investment securities	**1 552**	**1 631**	**1 487**	1 850	1 923	1 770	2 023	2 107	1 955
Investment properties	**281**	**310**	**258**	249	280	186	281	310	258
Total financial assets measured at fair value in level 3	**63 950**	**64 270**	**63 629**	48 449	48 691	48 177	63 251	63 513	63 010
Liabilities									
Derivative financial instruments	**1 672**	**1 639**	**1 705**	1972	1860	2063	2477	2 394	2 542
Deposits	**10 075**	**9 848**	**10 302**	4 491	4 457	4 531	6 655	6 503	6 808
Other liabilities	**–**	**–**	**–**	–	–	–	–	–	–
Total financial liabilities measured at fair value in level 3	**11 747**	**11 487**	**12 007**	6 463	6 317	6 594	9 132	8 897	9 350

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 2023	
R million	**Carrying value**	**Total fair value**
Assets		
Advances	**997 985**	**1 004 472**
Investment securities	**200 395**	**196 677**
Total financial assets at amortised cost	**1 198 380**	**1 201 149**
Liabilities		
Deposits	**1 344 457**	**1 347 919**
Other liabilities	**–**	**–**
Tier 2 liabilities	**17 130**	**17 235**
Total financial liabilities at amortised cost	**1 361 587**	**1 365 154**

	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 financial assets at amortised cost	1 070 337	1 072 973
Liabilities		
Deposits	1 255 526	1 258 210
Other liabilities	–	–
Tier 2 liabilities	19 875	20 124
Total financial liabilities at amortised cost	1 275 401	1 278 334

	As At 30 June 2023	
R million	Carrying value	Total fair value
Assets		
Advances	943 955	955 832
Investment securities	177 609	171 925
Total financial assets at amortised cost	1 121 564	1 127 757
Liabilities		
Deposits	1 326 423	1 327 608
Other liabilities	–	(1)
Tier 2 liabilities	16 337	16 421
Total financial liabilities at amortised cost	1 342 760	1 344 028

Fair value measurements continued

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	**2023**	2022	2023
Opening balance	**195**	343	343
Day 1 profits or losses not initially recognised on financial instruments recognised in the current period	**30**	75	169
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(60)**	(123)	(317)
Closing balance	**165**	295	195

Contingencies and commitments

	As at 31 December			As at 30 June
R million	**2023**	2022	% change	2023
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)	**50 532**	42 804	18	50 630
Letters of credit	**15 465**	15 280	1	13 547
Total contingencies	**65 997**	58 084	14	64 177
Irrevocable commitments	**172 743**	169 246	2	177 859
Committed capital expenditure*	**3 323**	4 195	(21)	4 844
Legal proceedings**	**64**	40	60	188
Other	**24**	–	100	–
Contingencies and commitments	**242 151**	231 565	5	247 068
Guarantees				
Guarantees consisting predominantly of endorsements and performance guarantees granted to other FirstRand group companies amount to:	**14 610**	8 213	78	15 259

* *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.*

Condensed segment report

REPORTABLE SEGMENTS

	Six months ended 31 December 2023									
	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	**13 093**	**(172)**	**12 921**	**1 020**	**13 941**	**4 114**	**1 115**	**19 170**	**104**	**19 274**
Total assets	**489 206**	**223**	**489 429**	**166 618**	**656 047**	**680 251**	**347 861**	**1 684 159**	**–**	**1 684 159**
Total liabilities*	**475 780**	**395**	**476 175**	**165 550**	**641 725**	**677 194**	**239 338**	**1 558 257**	**–**	**1 558 257**

* *Total liabilities are net of interdivisional balances*

	Six months ended 31 December 2022 restated									
	Retail and commercial									
	FNB									
R million	FNB SA*	FNB Broader Africa	Total FNB*	WesBank*	Retail and commercial*	RMB*	FCC (including Group Treasury and other)*	FRB - normalised	Normalised adjustments	FRB - IFRS
Profit before tax	12 999	(188)	**12 811**	869	**13 680**	3 304	737	**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**	447 102	408	**447 510**	145 597	**593 107**	623 699	261 624	**1 478 430**	–	**1 478 430**

* *Restated. Refer to pages 51 and 52.*

** *Total liabilities are net of interdivisional balances.*

	Year ended 30 June 2023 restated									
	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	25 136	(429)	**24 707**	1 612	**26 319**	6 054	1 241	**33 614**	113	**33 727**
Total assets	473 913	257	**474 170**	157 198	**631 368**	642 123	381 473	**1 654 964**	–	**1 654 964**
Total liabilities**	451 122	685	**451 807**	155 261	**607 068**	637 630	295 975	**1 540 673**	–	**1 540 673**

* *Restated. Refer to pages 51 and 52.*

** *Total liabilities are net of interdivisional balances.*

supplementary *information*

Company information

Directors

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

Company secretary and registered office

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

JSE debt sponsor

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

Auditors

PricewaterhouseCoopers Inc.

4 Lisbon Lane
Waterfall City
Jukskei View
2090

Ernst & Young Inc.

102 Rivonia Road
Sandton
Johannesburg
Gauteng
South Africa
2146

Listed financial instruments of the bank

Listed debt

South Africa

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

- www.firstrand.co.za/investors/debt-investor-centre/prospectuses-and-programme-memoranda/
- www.firstrand.co.za/investors/debt-investor-centre/jse-listed-instruments/
- www.rmb.co.za/page/krugerrand-custodial-certificate
- www.rmb.co.za/page/dollar-custodial-certificate
- www.rmb.co.za/page/retail-structured-solutions

Credit ratings

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

Listed financial instruments of the bank continued

Capital instruments

BASEL III COMPLIANT AT1 AND TIER 2 INSTRUMENTS

	Maturity date	Call date	Currency (million)	As at 31 December		As at 30 June
				2023	2022	2023
AT1						
FRB24	Perpetual	2023/11/08	ZAR	**–**	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**	2 804	2 804
FRB37	Perpetual	2029/02/26	ZAR	**1 387**	–	–
FRB38	Perpetual	2029/05/06	ZAR	**2 039**	–	–
FRB39	Perpetual	2028/11/13	ZAR	**1 574**	–	–
Total AT1			ZAR	**12 665**	9 930	9 930
Tier 2						
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**	2 296	2 296
FRB33*	2034/09/28	2029/09/28	ZAR	**1 662**	890	890
FRB35	2033/02/06	2028/02/06	ZAR	**2 300**	–	2 300
FRB36	2033/09/14	2028/09/14	ZAR	**2 500**	–	2 500
Reg S**	2028/04/23	2023/04/23	USD	**–**	500	–
Total Tier 2			ZAR	**16 955**	19 874	16 183

* *Includes tap issuance of R772 million on 6 December 2023.*

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

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

Definitions

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 and qualifying reserves, less specified regulatory deductions
Core lending advances	Total advances excluding assets under agreements to resell
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates and joint ventures
Credit loss ratio	Total impairment charge per the income statement expressed as a percentage of average core lending advances (average between the opening and closing balance for the year)
Diversity ratio	Non-interest revenue expressed as a percentage of total income including share of profits from associates and joint ventures
Effective tax rate	Tax per the income statement divided by the profit before tax per the income statement
Impairment charge	Amortised cost impairment charge and credit fair value adjustments
Loan-to-deposit ratio	Average advances expressed as a percentage of average deposits
Loss given default (LGD)	Economic loss that will be suffered on an exposure following default of the counterparty, expressed as a percentage of the amount outstanding at the time of default
Normalised earnings	The group believes normalised earnings more accurately reflect its economic performance. Headline earnings are adjusted to take into account non-operational and accounting anomalies
Normalised net asset value	Normalised equity attributable to ordinary equityholders
Return on assets (ROA)	Normalised earnings divided by average assets
Return on equity (ROE)	Normalised earnings divided by average normalised ordinary shareholders' equity
Risk-weighted assets (RWA)	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable
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

Abbreviations

AC and FV	Amortised cost and fair value
ALM	Asset-liability management
ASF	Available stable funding
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
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
Covid-19	Coronavirus disease
CPI	Consumer price index
ECL	Expected credit loss
FCA	Financial Conduct Authority
FLI	Forward-looking information
FML	Fleet management and leasing
FRB	FirstRand Bank Limited
FREMA	FirstRand EMA Holdings (Pty) Ltd
FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FRISCOL	FirstRand Insurance Services Company
FRM	Financial resource management
FVOCI	Fair value through other comprehensive income
FX	Foreign exchange
GCA	Gross carrying amount
HQLA	High-quality liquid assets
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LCR	Liquidity coverage ratio
LECL	Lifetime expected credit loss
NCNR	Non-cumulative non-redeemable
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NPLs	Non-performing loans
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
PA	Prudential Authority
PBT	Profit before tax
RA	Resolution Authority
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
TRS	Total return swap
TTC	Through-the-cycle
TTS	Treasury and trade solutions
UK	United Kingdom
VAF	Vehicle asset finance

Abbreviations of financial reporting standards

International Financial Reporting Standards

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

Abbreviations of financial reporting standards continued

International Accounting Standards

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

IFRS Interpretations Committee Interpretations

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

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