FirstRand

analysis of financial results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

contents

ABOUT THIS REPORT

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

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

Normalised results include a condensed consolidated income statement, statement of comprehensive income, statement of financial position and a statement of changes in equity. A detailed description of the difference between normalised and IFRS results is provided on pages 162 to 164. Detailed reconciliations of normalised to IFRS results are provided on pages 176 to 184. Commentary is based on normalised results, unless indicated otherwise.

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

FirstRand

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

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

overview of results

Simplified group structure

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

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

SA banking – FirstRand Bank Limited (FRB)

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

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

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

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

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

Insurance – FirstRand Insurance Holdings (Pty) Ltd

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

Investment management – FirstRand Investment Management Holdings Limited

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[◊]

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

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

* *Division*

** *Branch*

[#] *Representative office*

DirectAxis is a business unit of FirstRand Bank Limited.

† *Trading as FNB Channel Islands.*

‡ *Wholly owned subsidiary of Aldermore Group.*

^ *Wholly owned subsidiary of FirstRand Securities.*

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

Note:

The operations of FNB Tanzania were taken over by Exim Bank on 7 July 2022.

There were no material changes to the group structure over the period.

Structure shows effective consolidated shareholding

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

FirstRand

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

performance highlights

Normalised earnings

R18.0bn

Dec 21: R15.7bn ▲15%

Return on equity

21.8%

Dec 21: 20.1% ▲170 bps

Net asset value

R166.4bn

Dec 21: R162.3bn ▲2%

CET1 ratio

13.2%

Dec 21: 13.6% ▼40 bps

Ordinary dividend per share

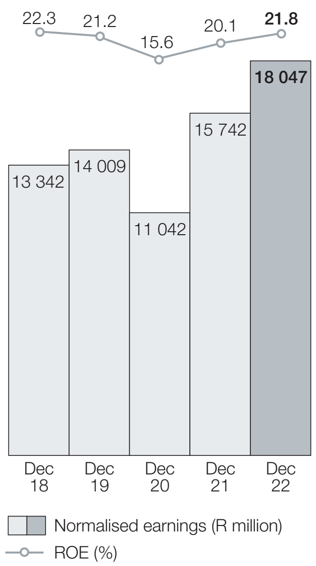
189 cents

Dec 21: 157 cents ▲20%

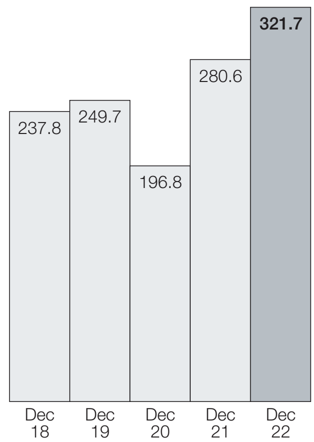
WesBank RMB Aldermore

Track record

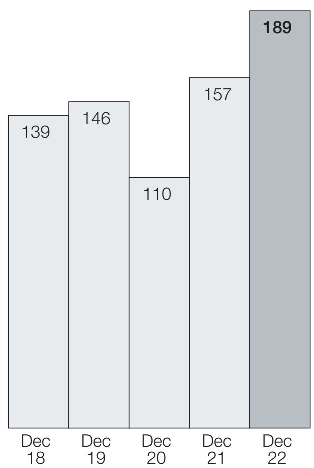
Normalised earnings *(R million)* and ROE *(%)*
CAGR 8%



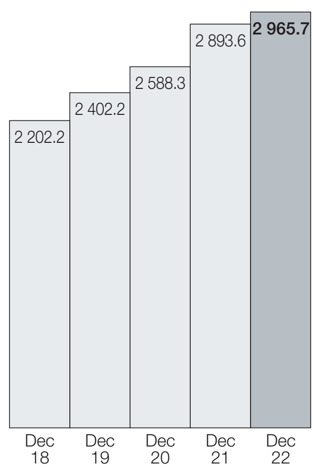
Diluted normalised earnings per share *(cents)*
CAGR 8%



Dividend per share *(cents)*
CAGR 8%



Normalised net asset value per share *(cents)*
CAGR 8%



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 176 to 184.

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Earnings performance				
Normalised earnings per share (cents)				
– Basic	**321.7**	280.6	15	582.3
– Diluted	**321.7**	280.6	15	582.3
Headline earnings per share (cents)				
– Basic	**322.7**	281.4	15	585.3
– Diluted	**322.7**	281.4	15	585.3
Earnings per share (cents) – IFRS (refer page 167)				
– Basic	**320.7**	282.1	14	584.3
– Diluted	**320.7**	282.1	14	584.3
Attributable earnings – IFRS	**17 980**	15 816	14	32 761
Headline earnings	**18 091**	15 776	15	32 817
Normalised earnings	**18 047**	15 742	15	32 663
Normalised net asset value	**166 358**	162 314	2	164 857
Normalised net asset value per share (cents)	**2 965.7**	2 893.6	2	2 938.9
Average normalised net asset value	**165 608**	156 981	5	158 252
Net income after cost of capital	**6 247**	4 557	37	10 112
Market capitalisation	**348 461**	341 057	2	349 864
Ordinary dividend per share (cents)	**189**	157	20	342
Dividend cover (times)	**1.70**	1.79		1.70
NCNR B preference dividend – paid (cents per share)*	**359.6**	273.9	31	544.6
Ratios and key statistics				
ROE (%)	**21.8**	20.1		20.6
ROA (%)**	**1.74**	1.64		1.69
Price earnings ratio (times)	**9.7**	10.8		10.7
Price-to-book ratio (times)	**2.1**	2.1		2.1
Diversity ratio (%)	**41.2**	41.4		41.6
Credit impairment charge	**5 008**	4 027	24	7 080
Credit loss ratio (%)#,†	**0.74**	0.65		0.56
Credit loss ratio (%) – excluding UK operations#,†	**0.75**	0.79		0.61
Stage 3/NPLs as % of core lending advances#	**3.59**	4.30		3.88
Stage 3/NPLs as % of core lending advances – excluding UK operations#	**3.87**	4.74		4.26
Specific coverage ratio (%)†	**49.0**	48.5		49.8
Specific coverage ratio (%) – excluding UK operations†	**50.9**	50.9		52.1
Performing book coverage ratio (%)#,†	**1.72**	1.96		1.78
Performing book coverage ratio (%) – excluding UK operations#,†	**1.92**	2.37		2.04
Cost-to-income ratio (%)	**50.7**	52.4		52.5
Effective tax rate (%)	**25.0**	25.8		26.0
Share price (closing – rand)	**62.12**	60.80	2	62.37

* *75.56% of FNB prime lending rate. Includes pro rata dividend. These NCNR B preference shares were repurchased and cancelled on 27 September 2022.*

** *December 2021 figures were restated, refer to pages 165 and 166 for details.*

December 2021 figures were restated.

† *As a percentage of core lending advances. Core lending advances exclude assets under agreements to resell. Refer to page 187 for details of the change in presentation.*

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Balance sheet				
Normalised total assets*	**2 143 131**	1 978 261	8	2 004 478
Advances (net of credit impairment)	**1 447 667**	1 305 463	11	1 334 324
Average gross loan-to-deposit ratio (%)	**83.4**	82.5		83.1
Deposits	**1 793 318**	1 644 630	9	1 655 972
Capital adequacy – IFRS**				
Capital adequacy ratio (%)	**16.0**	16.5		16.7
Tier 1 ratio (%)	**13.9**	14.3		14.5
Common Equity Tier 1 ratio (%)	**13.2**	13.6		13.9
Leverage – IFRS**				
Leverage ratio (%)	**7.7**	7.9		8.0
Liquidity – IFRS				
Liquidity coverage ratio (%)	**121**	118		121
Net stable funding ratio (%)#	**120**	123		122
Operational statistics				
Number of ATMs (including ADTs)	**5 719**	5 699	–	5 701
– South Africa	**4 789**	4 759	1	4 774
– Broader Africa†	**930**	940	(1)	927
Number of branches	**741**	736	1	735
– South Africa	**611**	601	2	604
– Broader Africa†	**130**	135	(4)	131
FNB CashPlus agents‡	**3 071**	2 260	36	2 707
Number of employees	**50 389**	47 579	6	48 059
– South Africa	**40 272**	38 098	6	38 333
– Broader Africa	**6 467**	5 948	9	6 074
– UK operations	**2 000**	2 240	(11)	2 075
– Other	**615**	513	20	623
– FirstJob youth employment programme	**1 035**	780	33	954
FNB active customers (millions)	**11.22**	10.69	5	10.96
– South Africa	**9.24**	8.82	5	9.06
– Retail	**8.04**	7.68	5	7.86
– Commercial	**1.20**	1.14	5	1.20
– Broader Africa	**1.98**	1.87	6	1.90
FNB channel volumes (thousands of transactions)				
– ATM/ADT	**112 513**	108 275	4	219 158
– Digital	**369 832**	331 375	12	673 582
– Card acquiring	**486 972**	391 444	24	819 682
– Card issuing	**569 841**	487 531	17	992 896
Gross written insurance premium – FNB Life	**2 800**	2 418	16	4 921
Embedded value – FNB Life	**6 538**	6 126	7	6 530

* *December 2021 figures were restated, refer to pages 165 and 166 for details.*

** *Including unappropriated profits.*

The prior period NSFR has been restated to reflect data quality improvements.

† *December 2021 representation points for broader Africa have been restated to exclude Tanzania.*

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

Condensed consolidated income statement – normalised

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Net interest income before impairment of advances	**37 681**	33 478	13	67 856
Impairment charge*	**(5 008)**	(4 027)	24	(7 080)
Net interest income after impairment of advances	**32 673**	29 451	11	60 776
Total non-interest revenue	**26 357**	23 659	11	48 362
– Operational non-interest revenue	**26 798**	22 849	17	46 856
– Fee and commission income	**18 310**	16 571	10	33 396
– Insurance income	**2 459**	1 880	31	4 297
– Trading and other fair value income	**2 656**	2 521	5	5 603
– Investment income*	**1 532**	282	>100	479
– Other non-interest revenue	**1 841**	1 595	15	3 081
– Share of profit of associates and joint ventures after tax*	**(441)**	810	(>100)	1 506
Income from operations	**59 030**	53 110	11	109 138
Operating expenses	**(32 498)**	(29 925)	9	(61 024)
Income before indirect tax	**26 532**	23 185	14	48 114
Indirect tax	**(846)**	(765)	11	(1 433)
Profit before tax	**25 686**	22 420	15	46 681
Income tax expense	**(6 414)**	(5 775)	11	(12 127)
Profit for the period	**19 272**	16 645	16	34 554
Other equity instrument holders	**(547)**	(414)	32	(838)
Non-controlling interests	**(678)**	(489)	39	(1 053)
Normalised earnings attributable to ordinary equityholders of the group	**18 047**	15 742	15	32 663

* *Impacted by a debt-to-equity restructure resulting in a gross up of these items with no impact on earnings. Refer to note on page 95.*

Condensed consolidated statement of other comprehensive income – normalised

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Profit for the period	**19 272**	16 645	16	34 554
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**123**	(636)	(>100)	(3 712)
Losses arising during the period*	**(229)**	(1 888)	(88)	(2 138)
Reclassification adjustments for amounts included in profit or loss*	**405**	1 005	(60)	(2 972)
Deferred income tax	**(53)**	247	(>100)	1 398
FVOCI debt reserve	**101**	(116)	(>100)	(50)
Gains/(losses) arising during the period*	**163**	(146)	(>100)	(65)
Reclassification adjustments for amounts included in profit or loss*	**(25)**	(13)	92	(15)
Deferred income tax	**(37)**	43	(>100)	30
Exchange differences on translating foreign operations	**1 114**	4 327	(74)	2 007
Gains arising during the period	**1 101**	4 297	(74)	1 997
Deferred income tax	**13**	30	(57)	10
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**55**	16	>100	13
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**1**	3	(67)	4
Gains arising during the period	**1**	4	(75)	10
Deferred income tax	**–**	(1)	(100)	(6)
Remeasurements on defined benefit post-employment plans	**3**	3	–	145
Gains arising during the period	**5**	10	(50)	203
Deferred income tax	**(2)**	(7)	(71)	(58)
Other comprehensive income/(loss) for the period	**1 397**	3 597	(61)	(1 593)
Total comprehensive income for the period	**20 669**	20 242	2	32 961
Attributable to				
Ordinary equityholders	**19 428**	19 296	1	31 043
Other equity instrument holders	**547**	414	32	838
Equityholders of the group	**19 975**	19 710	1	31 881
Non-controlling interests	**694**	532	30	1 080
Total comprehensive income for the period	**20 669**	20 242	2	32 961

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

Condensed consolidated statement of financial position – normalised

R million	As at 31 December 2022	As at 31 December 2021*	As at 30 June 2022
ASSETS			
Cash and cash equivalents	**146 691**	146 844	143 636
Derivative financial instruments	**64 730**	60 071	65 667
Commodities	**17 647**	22 261	17 580
Investment securities	**402 251**	383 979	382 280
Advances	**1 447 667**	1 305 463	1 334 324
– Advances to customers**	**1 368 927**	1 234 121	1 262 083
– Marketable advances	**78 740**	71 342	72 241
Other assets	**12 367**	9 602	9 597
Current tax asset	**1 559**	375	624
Non-current assets and disposal groups held for sale	**–**	587	1 501
Reinsurance assets	**630**	514	583
Investments in associates	**8 950**	9 075	8 178
Investments in joint ventures	**2 896**	2 291	2 564
Property and equipment	**20 304**	19 976	19 725
Intangible assets	**9 364**	10 259	9 459
Investment properties	**378**	659	698
Defined benefit post-employment asset	**36**	10	35
Deferred income tax asset	**7 661**	6 295	8 027
Total assets	**2 143 131**	1 978 261	2 004 478
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**16 115**	15 831	14 623
Derivative financial instruments	**59 365**	62 475	64 547
Creditors, accruals and provisions	**46 395**	27 142	35 761
Current tax liability	**955**	534	803
Liabilities directly associated with disposal groups held for sale	**–**	728	824
Deposits	**1 793 318**	1 644 630	1 655 972
Employee liabilities	**11 859**	10 053	13 862
Other liabilities	**5 498**	8 003	8 248
Policyholder liabilities	**8 172**	7 833	7 424
Tier 2 liabilities	**20 384**	21 956	20 937
Deferred income tax liability	**560**	782	692
Total liabilities	**1 962 621**	1 799 967	1 823 693
Equity			
Ordinary shares	**56**	56	56
Share premium	**8 056**	8 056	8 056
Reserves	**158 246**	154 202	156 745
Capital and reserves attributable to equityholders of the group	**166 358**	162 314	164 857
Other equity instruments	**9 930**	11 645	11 645
Non-controlling interests	**4 222**	4 335	4 283
Total equity	**180 510**	178 294	180 785
Total equities and liabilities	**2 143 131**	1 978 261	2 004 478

* *Restated, refer to pages 165 and 166 for details.*

** *Included in advances to customers are assets under agreements to resell of R85 172 million (December 2021: R88 160 million; June 2022: R70 617 million).*

Flow of funds analysis – normalised

R million	December 2022 vs June 2022 **6-month movement**	December 2021 vs June 2021 6-month movement	June 2022 vs June 2021 12-month movement
Sources of funds			
Capital account movement (including profit and reserves)	**(275)**	10 377	12 868
Working capital movement	**3 987**	2 516	12 165
Short trading positions and derivative financial instruments	**(2 753)**	(2 418)	(7 150)
Deposits and long-term liabilities	**136 793**	103 568	113 891
Total	**137 752**	114 043	131 774
(Outflow)/inflow in deployment of funds			
Advances	**(113 343)**	(82 029)	(110 890)
Investments	**(1 383)**	(4 512)	1 711
Cash and cash equivalents	**(3 055)**	(11 785)	(8 577)
Investment securities (e.g. liquid asset portfolio)	**(19 971)**	(15 717)	(14 018)
Total	**(137 752)**	(114 043)	(131 774)

Condensed consolidated statement of changes in equity – normalised

for the six months ended 31 December

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2021	56	8 056	**8 112**	369	1 355
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer (from)/to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the period	–	–	**–**	3	(636)
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	3	(636)
Balance as at 31 December 2021	56	8 056	**8 112**	372	719
Balance as at 1 July 2022	56	8 056	**8 112**	514	(2 357)
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	–	–	–
Preference shares redeemed during the period	–	–	–	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer (from)/to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Total comprehensive income for the period	–	–	**–**	3	123
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	3	123
Balance as at 31 December 2022	56	8 056	**8 112**	517	(2 234)

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

** *Other equity instruments at December 2022 include nil (December 2021: R4 519 million; June 2022: R4 519 million) non-cumulative, non-redeemable (NCNR) preference shares and R9 930 million (December 2021: R7 126 million; June 2022: R7 126 million) of AT1 instruments.*

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

Ordinary share capital and ordinary equityholders' funds							
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments****	**Non-controlling interests**	**Total equity**
44	2 773	1 176	137 818	**143 535**	**11 645**	**4 625**	**167 917**
–	–	–	–	**–**	**–**	**(197)**	**(197)**
–	–	–	–	**–**	**–**	**–**	**–**
11	–	64	(8)#	**67**	**–**	**–#**	**67**
–	–	–	(8 583)	**(8 583)**	**–**	**(720)**	**(9 303)**
–	–	–	–	**–**	**(414)**	**–**	**(414)**
–	–	(57)	57	**–**	**–**	**–**	**–**
–	–	–	(113)	**(113)**	**–**	**95**	**(18)**
–	4 283	(96)	15 742	**19 296**	**414**	**532**	**20 242**
–	–	–	15 742	**15 742**	**414**	**489**	**16 645**
–	4 283	(96)	–	**3 554**	**–**	**43**	**3 597**
55	7 056	1 087	144 913	**154 202**	**11 645**	**4 335**	**178 294**
44	4 766	1 278	152 500	**156 745**	**11 645**	**4 283**	**180 785**
–	–	1	–	**1**	**–**	**1**	**2**
–	–	–	–	**–**	**2 804**	**–**	**2 804**
–	–	–	–	**–**	**(4 519)**	**–**	**(4 519)**
7	–	46	(532)#	**(479)**	**–**	**–#**	**(479)**
–	–	–	(17 389)	**(17 389)**	**–**	**(651)**	**(18 040)**
–	–	–	–	**–**	**(547)**	**–**	**(547)**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	(60)	**(60)**	**–**	**(105)**	**(165)**
–	1 103	152	18 047	**19 428**	**547**	**694**	**20 669**
–	–	–	18 047	**18 047**	**547**	**678**	**19 272**
–	1 103	152	–	**1 381**	**–**	**16**	**1 397**
51	5 869	1 477	152 566	**158 246**	**9 930**	**4 222**	**180 510**

"FirstRand continues to deliver attractive growth and superior returns to shareholders. Particularly pleasing is the ROE of 21.8%, now firmly positioned at the top end of the group's stated range of 18% to 22%.

This performance for the first six months of the year resulted from the strong operational performances of the customer-facing businesses, FNB, WesBank, RMB and Aldermore, and demonstrates the size and quality of FirstRand's transactional and deposit franchises, continued momentum in lending, with a better credit outcome than expected."

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.

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

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

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

Operating environment

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

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

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

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

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

Financial performance

The 15% increase in the group's normalised earnings was driven by good topline growth, reflecting continued momentum in new business origination in all large lending portfolios, excellent ongoing growth from the deposit franchise, the benefits of higher rates on the capital and deposit endowment, and the performance of the group's transactional franchise (measured by customer growth and volumes).

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

The group's credit performance was better than anticipated, with almost all portfolios posting decreasing non-performing loans except in RMB and the UK operations. Cost growth remained well above inflation, and is a key focus area for the group.

The strong earnings performance, supported by capital optimisation, resulted in a normalised return on equity (ROE) of 21.8%, which is at the top end of the target range of 18% to 22%. The group produced R6.2 billion of economic profit (December 2021: R4.6 billion), or net income after cost of capital (NIACC), which is its key performance measure. Despite the record dividend payout for the year ended June 2022, the group grew net asset value (NAV) period-on-period.

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

FIRSTRAND GROUP FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
NII	**37 681**	33 478	13	67 856
NIR*	**26 357**	23 659	11	48 362
Operating expenses	**(32 498)**	(29 925)	9	(61 024)
Impairment charge	**(5 008)**	(4 027)	24	(7 080)
Normalised earnings	**18 047**	15 742	15	32 663
NIACC	**6 247**	4 557	37	10 112
ROE (%)	**21.8**	20.1		20.6
Gross written insurance premium – FNB Life	**2 800**	2 418	16	4 921
Embedded value – FNB Life	**6 538**	6 126	7	6 530
Deposit franchise	**1 354 658**	1 212 060	12	1 260 047
Core lending advances**	**1 410 711**	1 267 506	11	1 311 441
Credit loss ratio (%) – core lending advances**	**0.74**	0.65		0.56
Stage 3/NPLs as a % of core lending advances**	**3.59**	4.30		3.88

* *Includes share of profit from associates and joint ventures after tax.*

** *December 2021 figures were adjusted. Core lending advances exclude assets under agreements to resell. Refer to page 187 for details of the change in presentation.*

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

SOURCES OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2022	% com-position	2021	% com-position	% change	2022	% com-position
FNB*	**11 077**	**61**	9 469	59	17	19 636	60
WesBank*	**929**	**5**	873	6	6	1 604	5
RMB	**4 677**	**26**	3 644	23	28	8 196	25
UK operations**	**1 607**	**9**	1 506	10	7	2 983	9
Centre**,#,†	**216**	**1**	576	4	(63)	908	3
Other equity instrument holders	**(459)**	**(2)**	(326)	(2)	41	(664)	(2)
Normalised earnings	**18 047**	**100**	15 742	100	15	32 663	100

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

** *In the UK operations management view shown in the table above and on pages 39 to 41, MotoNovo's front and back books are included. This differs from the segment report disclosed on pages 44 to 55 because MotoNovo's front book is included under Aldermore and MotoNovo's back book is included in the Centre.*

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

† *Includes FirstRand Limited (company).*

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

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

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

Growth in corporate advances continues to be strong, with origination also leaning towards lower-volatility sectors and better-rated counterparties.

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

> lower growth in capital endowment following the special dividend paid for the year ended June 2022;

> lower returns earned on liquid assets;

> the impact of accounting mismatches; and

> the impact of the change in capital mix following recent AT1 issuances.

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

Given the high return profile, the group remains capital generative, with the Common Equity Tier 1 (CET1) ratio at 13.2% (December 2021: 13.6%) and, taking into account this strong capital level, the board is comfortable to keep the dividend cover unchanged at 1.7 times. This translates into a dividend of 189 cents per share, an increase of 20% period-on-period.

FirstRand's approach to managing the endowment profile through the cycle has resulted in positive outcomes for shareholders through the pandemic to date.

The rate of growth in the group's NII in the current period does not reflect the full extent of the rise in interest rates, given the higher base of NII created in previous periods from the implementation of Group Treasury's ALM strategies.

The group delivered earnings growth outperformance for the 2021 and 2022 financial years due to the cumulative additional NII generated by these strategies. This higher level of earnings allowed the group to increase its absolute dividend payout over the same period and underpinned the superior return profile, which ultimately translated into strong growth in NAV per share.

Revenue and cost overview

Overall group net interest income (NII) increased 13%, driven by healthy advances growth, continued strong deposit gathering and the endowment benefit.

The 5% increase in lending NII was mainly due to strong growth from RMB (average core lending advances up 21%) and the WesBank corporate book (+17%). Growth in FNB and WesBank's retail advances continued, but came at the expense of margin given the origination approach outlined previously.

In the UK operations, Aldermore's NII benefited from strong growth in advances, particularly in residential mortgages. In addition, the deposit margin expanded as rates paid to customers lagged the increases in the Bank of England (BoE) bank rate.

The broader Africa operations also delivered good growth in advances and deposits.

The group's transactional NII increased 22%, driven by growth in FNB retail and commercial customers, corporate and retail transactional deposit products and deposit endowment.

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

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

	Growth in advances %	Growth in deposits %
FNB	8	11
– Retail	7	8
– Commercial	10	15
– Broader Africa	7	5
WesBank	9	n/a
RMB*	25	19
UK operations**	9	16

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

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

Group net interest margin (NIM) improved 1 basis point to 4.38% (December 2021: 4.37%). The lift in NIM primarily emanated from margin expansion in the UK operations.

Total group non-interest revenue (NIR) increased 11%, supported by 10% growth in fee and commission income, 5% growth in trading income and a 31% increase in insurance income. Investment income benefited from a large private equity realisation. This was partially offset by a R496 million impairment provision in the Centre relating to the Ghana sovereign's proposed debt restructuring and the impact of lower income from associates.

FNB delivered NIR growth of 13%, driven by customer acquisition, growth in underlying customer activity and transactional volumes. The domestic transactional franchise performed particularly well, delivering 15% growth in volumes. Good insurance premium growth and a reduction in claims further contributed. FNB Life's new business annual premium equivalent (APE) increased 22%, with premiums up 16%.

RMB's NIR, although up 14%, reflects a somewhat mixed picture. Knowledge-based fee income grew strongly on the back of origination activities and advisory mandates. The private equity business also delivered strong growth in gross annuity income and a material realisation, slightly offset by impairments taken in the portfolio. Despite a strong performance from the broader Africa portfolio, trading income growth was muted compared to the previous period mainly due to softer performances from equities and commodities.

Total operating expenses were 9% higher, including a 13% increase in direct staff costs, driven by targeted and general salary increases and a 6% increase in headcount. Other cost drivers include:

> the short-term insurance growth strategy;

> the build-out and consolidation of the domestic enterprise platform;

> scaling the group's footprint and platform in broader Africa; and

> people, process and system investments in the UK business.

The cost-to-income ratio decreased to 50.7% (December 2021: 52.4%).

ANALYSIS OF CORE LENDING ADVANCES

	As at			December 2022 vs December 2021	December 2022 vs June 2022	June 2022 vs December 2021
	31 December	30 June	31 December			
R million	**2022**	2022	2021	% change	% change	% change
FNB*	**507 063**	490 837	470 045	8	3	4
WesBank*	**153 574**	144 482	140 795	9	6	3
RMB	**400 151**	347 920	319 666	25	15	9
UK operations**	**325 096**	303 846	312 510	4	7	(3)
UK operations (£ million)	**15 893**	15 232	14 556	9	4	5
Centre	**24 827**	24 356	24 490	1	2	(1)
Total group	**1 410 711**	1 311 441	1 267 506	11	8	3

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

** *In the UK operations management view shown in the table above and on pages 39 to 41, MotoNovo's front and back books are included. This differs from the segment report disclosed on pages 44 to 55 because MotoNovo's front book is included under Aldermore and MotoNovo's back book is included in the Centre.*

Credit performance

The group's credit performance was better than expected, despite the prevailing macroeconomic environment. The overall credit loss ratio increased to 74 bps (December 2021: 65 bps), driven largely by the UK operations. The credit loss ratio, excluding the UK operations, decreased to 75 bps from 79 bps.

This underlying performance reflects the group's origination approach and was achieved despite inflation and interest rate pressures. However, given these pressures, balance sheet provision levels remained conservative against the in-force book as new origination adapts to macros dynamically. As such, management retained the stress scenario at the same absolute value as at June 2022. Overall performing coverage on core lending advances decreased slightly to 1.72% as compared to the June 2022 level of 1.78%, reflecting the growth in the book and mix change.

Non-performing loans (NPLs) decreased 7% period-on-period (a decline of R177 million since June 2022 despite the increase in the UK operations). NPLs as a percentage of core lending advances reduced to 3.59%, driven by work-outs and write-offs, the curing of paying NPLs, slower inflows given the group's origination approach, strong collections and advances growth.

The overall impairment charge increased to R5 008 million (December 2021: R4 027 million) driven by the following:

> an increase in overall stage 1 provisions, which was expected given advances growth and a marginal uptick in the coverage ratio since June 2022;

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

> net write-offs and the post write-off recoveries remained similar to the prior period; and

> the overall charge benefited from a decrease in NPLs.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2022 vs June 2022	June 2022 vs December 2021	December 2021 vs June 2021
	31 December	30 June	31 December	30 June			
R million	**2022**	2022	2021	2021	% change	% change	% change
Performing book provisions	**964**	(1 357)	627	(2 228)	(>100)	(>100)	(>100)
NPL provision	**(482)**	(1 112)	(1 042)	(544)	(57)	7	92
– Provision movements	**339**	(1 112)	(1 042)	(544)	(>100)	7	92
– NPL release due to debt-to-equity restructure*	**(821)**						
Credit provision increase/(decrease)	**1 198**	(2 469)	(415)	(2 772)	(>100)	>100	(85)
Gross write-off and other**	**6 904**	7 999	7 035	9 647	(14)	14	(27)
– Write-off and other	**6 188**	7 999	7 035	9 647	(23)	14	(27)
– Debt-to-equity restructure*	**716**	–	–	–	–	–	–
Modification loss	**353**	267	412	348	32	(35)	18
Interest suspended on stage 3 advances	**(1 599)**	(1 363)	(1 630)	(1 707)	17	(16)	(5)
Post write-off recoveries	**(1 132)**	(1 381)	(1 375)	(1 270)	(18)	–	8
Total impairment charge	**5 008**	3 053	4 027	4 246	64	(24)	(5)
Credit loss ratio (%) – core lending advances#	**0.74**	0.47	0.65	0.70			
Credit loss ratio excluding UK operations (%) – core lending advances#	**0.75**	0.45	0.79	0.96			

* *Refer to page 95 for more information on the debt-to-equity restructure.*

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

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

The table above demonstrates the move in impairments on a rolling six-month view, based on movements in the balance sheet. The R964 million portfolio provision increase since June 2022 resulted from book growth. Performing coverage was largely maintained, as credit quality held up despite the deterioration in macroeconomic assumptions. Refer to pages 212 to 221 for the updated forward-looking information (FLI) and scenario weightings. The increase in NPL provisions (excluding the debt-to-equity restructure impact) is expected given the change in the macro environment, especially in the UK and Ghana.

CHANGE IN NPLs

	31 December 2022 vs 31 December 2021			31 December 2022 vs 30 June 2022		
	R million	**% change**	**Percentage point contribution to overall NPL decrease**	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	**(1 338)**	**(4)**	**(3)**	(548)	(2)	>100
Other paying NPLs**	**(1 853)**	**(17)**	**(3)**	(362)	(4)	>100
NPLs (excluding UK operations)	**(3 191)**	**(7)**	**(6)**	(910)	(2)	>100
UK operations	**(578)**	**(6)**	**(1)**	733	9	(>100)
Change in total group NPLs	**(3 769)**	**(7)**	**(7)**	(177)	–	–

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

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

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

NPL coverage increased slightly to 49.0% (December 2021: 48.5%), given the change in mix. SA retail coverage increased marginally due to the curing of paying NPLs which attract lower coverage. This was partly offset by lower corporate and commercial coverage following the work-out and write-off of highly covered counters.

SA retail NPLs decreased 10% to R29.3 billion (December 2021: R32.7 billion). NPLs as a percentage of advances declined to 6.59% (December 2021: 7.85%), driven by the curing of paying NPLs, slower inflows, strong collections and support from higher advances growth.

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

NPLs in the SA corporate and investment banking (CIB) portfolio declined since the June 2022 year end given the restructure and write-off of a fully provided loan in the private equity portfolio. Since June 2022, the NPL ratio declined to 1.06% of core lending advances, given the strong growth in advances. NPL coverage decreased to 47.6% (December 2021: 56.8%).

The broader Africa NPL ratio decreased to 4.83% (December 2021: 5.43%) driven by lower NPLs in Botswana and Zambia following high write-offs, a slowdown in new inflows and ongoing good recoveries.

In the UK operations, NPLs reduced to 2.66% of advances (December 2021: 2.96%). This was mainly due to growth in advances, curing and settlement in the Aldermore retail and commercial portfolios. MotoNovo NPLs continued to be affected by slower repossessions in the UK, and the impact on collections due to the previously reported notice of sums in arrears (NOSIA) operational event.

Financial resource management

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

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

Capital position

Capital ratios for the group and bank are summarised below.

CAPITAL ADEQUACY*

		Group		Bank#	
		As at 31 December			
%	Internal targets**	**2022**	2021	**2022**	2021
CET1	11.0 – 12.0	**13.2**	13.6	**12.6**	14.1
Tier 1	>12.0	**13.9**	14.3	**13.6**	14.7
Total	>14.5	**16.0**	16.5	**16.1**	17.6

* *Including unappropriated profits.*

** *Group total capital adequacy target revised to >14.5% and bank remains at >14.25%.*

Including the bank's foreign branches.

The Prudential Authority (PA) removed all temporary capital relief measures issued during the pandemic and reinstated the Pillar 2A requirement of 1% on 1 January 2022. The BoE reinstated the UK countercyclical buffer (CCyB) add-on of 1% in December 2022, which impacted the group's overall minimum capital requirements due to the reciprocity agreement in place with the PA in South Africa. Consequently, the group's total capital adequacy target was lifted by 25 bps to incorporate the CCyB change. The bank's targets remain unchanged.

The group's CET1 ratio remained strong at 13.2% (December 2021: 13.6%), well above the upper end of its internal target range, even after the payment of a special dividend of c. R7 billion in October 2022. The group accreted both net asset value (NAV) and CET1 over the year and continued its focus on the efficient use of financial resources, optimisation of risk-weighted assets (RWA) and rebalance of the capital stack.

Key factors driving the CET1 outcome are outlined below:

> positive earnings generation over the 12 months, partly offset by the payment of ordinary and special dividends;

> a decrease in the foreign currency translation reserve due to the rand's appreciation against the pound period-on-period;

> successful financial resource optimisation strategies; and

> an increase in RWA, mainly from credit risk driven by higher volumes, but partly offset by the rand appreciation. Higher revenue generation also resulted in an increase in operational risk RWA.

The group continued to actively manage its capital composition and issued a combination of Additional Tier 1 (AT1) and Tier 2 instruments during the period to support balance sheet growth and replace existing capital instruments. Given the favourable conditions in the local bond market, the group issued Tier 2 instruments totalling R3.2 billion and AT1 instruments totalling R2.8 billion to replace R4.0 billion of Tier 2 instruments redeemed during the period, as well as to partly prefund the redemption of FRB's $500 million Tier 2 bond on 23 April 2023. Requisite approvals to call the $500 million Tier 2 instrument have been received from the board and PA, and notice was given to bondholders on 23 February 2023. It remains the group's intention to continue to optimise its regulatory capital composition by issuing a combination of AT1 and Tier 2 capital instruments in the domestic and/or international markets to align to internal targets.

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

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

Capital allocation and returns

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

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

AVERAGE CAPITAL ALLOCATED

R million	Six months ended 31 December		% change	Year ended 30 June
	2022	2021*		2022
FNB	**51 619**	47 401	9	48 395
WesBank	**8 843**	8 533	4	8 627
RMB	**41 676**	36 344	15	37 040
UK operations**	**26 881**	25 228	7	24 742
Centre#	**10 882**	10 843	–	9 948
Unallocated capital†	**25 707**	28 632	(10)	29 500
FirstRand group	**165 608**	156 981	5	158 252

* *Comparatives were restated for segmentation changes and to align to the current capital allocation approach.*

** *Aldermore and MotoNovo front and back books. UK operations' period-end capital in pound sterling was converted to rand using the period-end closing exchange rates.*

\# *Excludes MotoNovo back book.*

† *Includes excess capital. The decrease relates to the special dividend paid during the current period.*

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

ROE

%	Six months ended 31 December		Year ended 30 June
	2022	2021*	2022
FNB	**42.9**	40.0	40.6
WesBank	**21.0**	20.5	18.6
RMB	**22.4**	20.1	22.1
UK operations**	**11.9**	11.8	11.8
Centre (including Group Treasury)	**(1.4)**	1.4	0.6
FirstRand group	**21.8**	20.1	20.6

* *Comparatives were restated for segmentation changes and to align to the current capital allocation approach.*

** *Aldermore and MotoNovo front and back books. ROEs calculated in pound terms.*

The superior returns generated by the group's portfolio have resulted in continued strong capital generation.

With the proposed implementation of the final Basel reforms, which further incorporate standardised elements, the group is increasing its focus on the true economic risk introduced to its balance sheet. FirstRand's capital allocation considers both regulatory and economic capital views.

Liquidity position

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

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

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

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

LIQUIDITY POSITION

	Group*		Bank*	
	As at 31 December			
%	2022	2021	2022	2021
LCR				
Regulatory minimum	**100**	80	**100**	80
Actual	**121**	118	**124**	124
Average available HQLA (R billion)	**392**	342	**349**	310
NSFR				
Regulatory minimum	**100**	100	**100**	100
Actual	**120**	123	**117**	121

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

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

Foreign currency balance sheet

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

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

> the UK operations of Aldermore (including MotoNovo) are funded through a sustainable and efficient savings deposit funding base and capital markets as appropriate;

> RMB International (Mauritius) and the London branch are hard currency platforms for the group's broader Africa and other foreign currency exposures;

> FirstRand Securities in the UK provides the group's South Africa-based businesses with a highly capitalised and matched principal trading platform and offers access to international market liquidity in the securities and derivative markets in which it is most active; and

> RMB Securities (USA) and the New York representative office (managed by RMB) are used to maintain the long-term viability of trading securities (in both primary and secondary markets) with institutional investors domiciled in the USA.

Regulatory update

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

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

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

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

Prospects

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

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

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

Higher inflation and interest rates in the UK have resulted in declining house prices and elevated cost-of-living pressures. Given this backdrop, the group expects increased levels of credit losses in the UK operations for the rest of the calendar year.

In broader Africa, fiscal risks will remain. Consolidation efforts in Zambia, Mozambique and Ghana are likely to be driven by each country's respective International Monetary Fund (IMF) programmes.

Given the strength of the balance sheet, and the operational momentum in the group's customer franchises, FirstRand expects its normalised ROE to June 2023 to remain at the upper end of its stated range of 18% to 22%.

The group has been appropriately conservative in its recognition of the impact of the Ghana sovereign debt crisis on its earnings for the first half. Whilst further provisions for this event are not expected, the situation remains uncertain.

The outperformance from the private equity portfolio will not repeat. Notwithstanding the above items, and the potential impact on the impairment charge from deteriorating forward-looking macro assumptions, the operational run rate of the business should deliver underlying earnings growth in the second half similar to that produced in the first half.

Dividend strategy

FirstRand's dividend strategy is to provide its shareholders with an appropriate, sustainable payout over the long term. Given FirstRand's high-return profile and ongoing capital generation, the board is comfortable to pay a dividend at 1.7 times cover representing a payout ratio of 58.8%.

Events after reporting period

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

Board changes

Changes to the directorate are outlined below.

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

Changes to important functions are outlined below.

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

Cash dividend declarations

Ordinary shares

The directors declared a gross cash dividend totalling 189 cents per ordinary share out of income reserves for the six months ended 31 December 2022.

Dividends

Ordinary shares

	Six months ended 31 December	
Cents per share	**2022**	2021
Interim (declared 1 March 2023)	**189.0**	157.0

The salient dates for the interim ordinary dividend are outlined below.

Last day to trade cum-dividend	Tuesday 28 March 2023
Shares commence trading ex-dividend	Wednesday 29 March 2023
Record date	Friday 31 March 2023
Payment date	Monday 3 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 March 2023 and Friday, 31 March 2023, both days inclusive.

For shareholders who are subject to dividend withholding tax (DWT), tax will be calculated at 20% (or such lower rate as is applicable if a double taxation agreement applies for foreign shareholders).

For South African shareholders who are subject to DWT, the net interim dividend after deducting 20% tax will be 151.20000 cents per share.

The issued share capital on the declaration date was 5 609 488 001 ordinary shares.

FirstRand's income tax reference number is 9150/201/71/4.

B preference shares

Dividends on the B preference shares are calculated at a rate of 75.56% of the prime lending rate of FNB, a division of FirstRand Bank Limited.

DIVIDENDS DECLARED AND PAID

Cents per share	Preference dividends
23 February 2021 – 30 August 2021	273.9
31 August 2021 – 28 February 2022	270.7
1 March 2022 – 29 August 2022	307.4
30 August 2022 – 26 September 2022 (final *pro rata* dividend)	52.2

On 25 August 2022, the group's ordinary and preference shareholders approved the repurchase of FirstRand's preference shares at par. The scheme consideration, which included the final *pro rata* preference dividend, was paid on 26 September 2022 and the listing was terminated on 27 September 2022.

WR JARDINE
Chairman

AP PULLINGER
CEO

C LOW
Company secretary

HS KELLAN
CFO

1 March 2023

review of operations

FNB

FNB represents the group's activities in the retail and commercial segments in South Africa and several countries in broader Africa, with a growing retail offering in Guernsey (FNB Channel Islands). FNB's strategy is underpinned by:

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

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

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

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

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

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

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

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

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

> leveraging traditional and alternative (agency banking – CashPlus) distribution channels in broader Africa.

FNB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Normalised earnings	**11 077**	9 469	17	19 636
Normalised profit before tax	**15 902**	13 678	16	28 442
– South Africa	**14 472**	12 518	16	26 143
– Broader Africa	**1 430**	1 160	23	2 299
Total assets	**527 457**	486 559	8	505 767
Total liabilities	**511 156**	474 726	8	480 169
Performing advances	**475 537**	436 091	9	459 172
Stage 3/NPLs as % of advances	**6.22**	7.22		6.45
Credit loss ratio (%) of average advances	**1.28**	1.26		1.04
ROE (%)	**42.9**	40.0		40.6
ROA (%)	**4.29**	3.96		4.03
Cost-to-income ratio (%)	**51.4**	52.2		53.1
Advances margin (%)	**3.90**	4.11		4.13

Overview of results

FNB delivered normalised profit before tax (PBT) growth of 16%, and its ROE improved to 42.9%. Performance drivers included a strong rebound in topline revenue resulting from solid customer growth and ongoing cross-sell. FNB's impairment charge increased 9% and the credit loss ratio moved up to 128 bps (December 2021: 126 bps).

Operating expenses increased 12%, driven by:

> inflation pressures;

> the investment in FNB's brand refresh;

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

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

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

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

FNB's NIR increased 13%, driven by active customer acquisition and growth in customer activity and transactional volumes. These benefits were offset by fee reductions in both retail and commercial amounting to R140 million and R73 million, respectively. The South African transactional franchise benefited from 15% growth in volumes, good insurance premium growth and a reduction in claims.

CHANNEL VOLUMES

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

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

FNB's digital channels continued to deliver volume growth. This is testament to the success of its strategy to drive customer take-up of digital interfaces and migration to the FNB app (volumes up 19%). Card activity also resulted in good growth in transactional volumes.

Customer segment performance

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

FNB grew total active platform users by 940k, with growth in active customers (excluding eWallets) increasing >500k. The table below unpacks growth in customers per segment, platform users and the change in vertical sales index (VSI), which captures cross-sell efforts.

ACTIVE CUSTOMERS AND PLATFORM USERS

Millions	31 December		% change	30 June
	2022	2021		2022
Retail	**8.04**	7.68	5	7.86
– Personal (≤R450k)	**6.17**	5.99	3	6.13
– Private (>R450k)	**1.87**	1.69	11	1.73
Commercial	**1.20**	1.14	5	1.20
Total SA customer base	**9.24**	8.82	5	9.06
FNB broader Africa	**1.98**	1.87	6	1.90
FNB active customers	**11.22**	10.69	5	10.96
eWallets*	**6.36**	5.95	7	5.95
Total platform users	**17.58**	16.64	6	16.91
FNB SA VSI	**2.94**	2.94	–	2.95

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

SEGMENT RESULTS

R million	Six months ended 31 December 2022	2021	% change	Year ended 30 June 2022
Normalised PBT				
Retail	**7 572**	6 573	15	14 093
Commercial	**6 900**	5 945	16	12 050
Broader Africa	**1 430**	1 160	23	2 299
Total FNB	**15 902**	13 678	16	28 442

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

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

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

PBT in broader Africa increased 23%, driven by improved NIR, underpinned by a 6% increase in the active customer base and higher transactional volumes. The 24% increase in NII was supported by balance sheet growth and a positive endowment impact. Impairments increased 1% and the origination strategy, combined with good collections efforts, continued to show positive results. The portfolio's overall performance benefited from resilient results from Botswana, Namibia and Zambia.

Ghana, which is still subscale, has been significantly impacted by tough macroeconomic conditions and the sovereign debt default.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	**%**	**R million**	**%**	**R million**
Retail	8	24 605	7	23 488
– Personal (≤R450k)	5	4 035	(6)	(2 953)
– Private (>R450k)	8	20 570	10	26 441
Commercial	15	52 981	10	9 916
Broader Africa*	5	2 890	7	3 614
Total FNB	11	80 476	8	37 018

* *On a local currency basis, growth in deposits was 7% and advances 9%.*

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

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

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

Broader Africa advances increased 7%, driven by good growth across the portfolio, particularly in Botswana.

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

Credit performance

FNB's credit impairment charge increased 9% to R3 192 million (December 2021: R2 939 million), with the credit loss ratio at 128 bps (December 2021: 126 bps), due to:

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

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

> good collections efforts; and

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

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021*	% change	2022
Performing book provisions	**193**	272	(29)	(407)
NPL provision	**(93)**	(1 086)	(91)	(2 313)
Credit provision increase/(decrease)	**100**	(814)	(>100)	(2 720)
Gross write-off** and other	**5 118**	5 799	(12)	11 765
Modification loss	**325**	366	(11)	591
Interest suspended on stage 3 advances	**(1 425)**	(1 307)	9	(2 566)
Post write-off recoveries	**(926)**	(1 105)	(16)	(2 132)
Total impairment charge	**3 192**	2 939	9	4 938

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

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

FNB's approach to provisioning remains appropriately prudent given the anticipated economic cycle. Forward-looking economic indicators deteriorated when compared to June 2022, resulting in a net increase of FLI provisions. These indicators and weightings of the scenarios are disclosed on pages 212 to 221. However, the provisions related to the stress scenario at June 2022 were maintained given the recent global and local macro uncertainties.

Collections across all product portfolios performed well. Arrears are trending up but at lower levels than anticipated. The current debt relief portfolio continued to perform better than expected and specific debt-relief outstanding advances amounted to R1.5 billion at 31 December 2022 (December 2021: R2.4 billion). These impacts, coupled with low- and medium-risk origination, resulted in overall performing coverage moderating downward to 2.49% (December 2021: 2.82%).

The NPL ratio reduced to 6.22% (December 2021: 7.22%). This improvement reflects the effectiveness of FNB's credit management strategies and resulted from lower NPL inflows and good customer curing due to focused collections. NPL coverage remained conservative at 51.0% (December 2021: 51.3%).

Insurance

PBT from FNB's insurance activities increased 60%, driven by good premium income, coupled with reduced claims. These benefits were offset by additional investment into the short-term insurance business and costs associated with the rollout of comprehensive non-life products.

Life's new business APE increased 22%, with premiums up 16%. Credit life new business APE increased 65%, with a positive impact from the DirectAxis-branded loans cover, which is now being written on the group's life licence.

NEW BUSINESS APE

	Six months ended 31 December		%	Year ended 30 June
R million	**2022**	2021	change	2022
Core life (including funeral)	**577**	529	9	1 090
Underwritten	**139**	139	–	276
Commercial	**139**	127	9	139
Standalone products	**855**	795	8	1 505
Credit life*	**458**	278	65	665
FNB life	**1 313**	1 073	22	2 170
FNB short-term	**384**	122	>100	231

* *December 2022 figure includes R152 million of new business APE for DirectAxis business which has been written on the group's life licence since January 2022.*

In the short-term insurance business, policies increased to c. 275k (up 13%) with good growth in new business APE. This resulted in a reduction in operating losses period-on-period. Gross premium income was up >100% period-on-period, driven by continued sales of homeowners' cover and motor insurance.

Wealth and investment management

The FNB wealth and investment management (WIM) strategy focuses on cross-selling investment products and solutions to FNB's retail customers. The retirement annuity, offered on the FNB app, and the Shares Zero product were launched in the prior year and continued to grow. Overall investment accounts grew 3% to 604k with penetration of the FNB customer base at 8%, mainly in the private segment.

The number of active share trading accounts remained flat at 236k, however, NIR was lower than in the prior period as volumes traded were 28% lower, in line with overall JSE trade activity.

Total WIM assets declined 3% period-on-period as customers moved to cash and fixed income funds, looking for certainty. Many of the funds were in the first and second quartile of investment performance.

WIM ASSETS

	Six months ended 31 December		%	Year ended 30 June
R million	**2022**	2021	change	2022
Assets under management (AUM)	**65 130**	70 339	(7)	64 837
FNB Horizon series AUM	**6 380**	5 158	24	4 550
Assets under advice	**70 600**	76 711	(8)	69 573
Assets under administration	**68 997**	67 123	3	67 645
Assets under execution	**84 237**	85 862	(2)	79 506
Total WIM assets	**295 344**	305 193	(3)	286 111

Platform

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

> In broader Africa, card transactions increased 24% from 39.1 million to 48.5 million and digital penetration increased from 32.8% to 40.3%.

WesBank

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

WesBank's strategy is underpinned by:

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

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

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

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

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

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

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

New business volumes in WesBank's associates, Volkswagen Financial Services (VWFS) and Toyota Financial Services (TFS), increased 35%, following the resumption of production at the Toyota factory and targeted marketing strategies. Advances growth was supported by new competitive vehicle models and innovative product offerings.

The strong increase in production led to an increase in total advances of 9% period-on-period.

WESBANK FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Normalised earnings	**929**	873	6	1 604
Normalised profit before tax	**1 278**	1 232	4	2 270
Total assets	**154 906**	142 535	9	145 798
Performing advances	**147 007**	132 397	11	137 376
Stage 3/NPLs as a % of advances	**4.28**	5.96		4.92
Credit loss ratio (%) of average advances	**1.01**	1.08		0.98
ROE (%)	**21.0**	20.5		18.6
ROA (%)	**1.24**	1.22		1.11
Cost-to-income ratio (%)	**52.9**	54.3		57.5
Net interest margin (%)	**2.65**	3.09		2.99

WesBank's normalised earnings increased 6%, with normalised PBT up 4%. Strong new business volumes partially offset some of the margin pressure in NII.

Operational NIR grew 7%, driven by increased business volumes and production, sustained rental income and card and maintenance commissions in the fleet business, and rising levels of early terminations in the lending businesses. This was partially offset by lower insurance income in MotoVantage.

The credit management strategy, including collections, continues to perform well and the focus on low- and medium-risk customers has resulted in the WesBank credit loss ratio reducing to 101 bps (December 2021: 108 bps), although it is marginally up since June 2022 (98 bps) given the expected new business strain.

Operating expenses remain well managed, decreasing 3% period-on-period, despite inflationary increases in staff costs and continued investment in integrating with FNB's digital platform.

BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT*

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Normalised PBT				
Retail VAF**	**894**	937	(5)	1 768
Corporate and commercial	**384**	295	30	502
Total WesBank	**1 278**	1 232	4	2 270

* *Refer to additional segmental disclosure on page 56.*

** *Includes MotoVantage.*

Overall normalised retail vehicle asset finance (VAF) PBT was down 5%. The performance was significantly affected by reduced income from associates, which resulted from the non-repeat of large credit impairment releases in the prior period in both associates, and lower insurance profits.

Pleasingly, corporate and commercial's normalised PBT increased 30%, as a result of a turnaround in the fleet business, following a period of heavy investment in capacity. An additional benefit was the strong performance in the asset-based finance (ABF) business, which delivered good balance sheet growth. Whilst the credit loss ratio increased 50 bps period-on-period, this was within expectations and on the back of a net release in the prior period as the business normalised its pandemic overlays.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2022	Six months ended 31 December 2021*	% change	Year ended 30 June 2022
Performing book provisions	**216**	196	10	278
NPL provision	**(215)**	(623)	(65)	(918)
Credit provision increase/(decrease)	**1**	(427)	(>100)	(640)
Gross write-off** and other	**1 039**	1 459	(29)	2 619
Modification loss	**28**	46	(39)	88
Interest suspended on stage 3 advances	**(119)**	(170)	(30)	(293)
Post write-off recoveries	**(198)**	(149)	33	(372)
Total impairment charge	**751**	759	(1)	1 402

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

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

WesBank's credit impairment charge marginally reduced to R751 million (December 2021: R759 million), with the credit loss ratio reducing to 101 bps (December 2021: 108 bps). This was driven by:

> a net increase of provisions due to modelled FLI requirements;

> good curing in WesBank's debt relief portfolios and the subsequent release of the related provisions;

> improved collections on repossessions which resulted in lower write-offs; and

> a strong payment performance, especially in the corporate portfolio.

NPLs declined 22% to R6.6 billion (December 2021: R8.4 billion).

Performing coverage remained stable at 1.90% (December 2021: 1.88%). NPL coverage increased to 52.5% (December 2021: 47.2%) and remains prudent due to the current macroeconomic environment and the long timeframe to recover NPL balances.

RMB

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

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

RMB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Normalised earnings	**4 677**	3 644	28	8 196
Normalised profit before tax	**6 475**	5 181	25	11 615
– South Africa	**4 824**	3 952	22	9 065
– Broader Africa*	**1 651**	1 229	34	2 550
Total assets	**696 589**	650 122	7	621 725
Total liabilities	**687 842**	641 728	7	608 635
Stage 3/NPLs as a % of core lending advances	**0.99**	0.90		1.20
– Lending	**0.87**	0.50		0.82
– Private equity	**6.97**	16.56		16.63
Credit loss ratio (%) – core lending advances	**0.01**	0.02		(0.13)
ROE (%)	**22.4**	20.1		22.1
ROA (%)	**1.42**	1.17		1.35
Cost-to-income ratio (%)	**47.8**	50.1		49.9

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

RMB delivered 25% growth in normalised PBT, reflecting a resilient operational performance across the portfolio, characterised by:

> investment banking benefiting from robust core average advances growth of 21% and resilient fee income;

> the transactional banking business delivering 15% growth in average deposits and sustained growth in primary-banked clients in a highly competitive environment;

> strong growth in private equity's gross annuity income, and period-on-period outperformance from a material realisation; and

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

Total costs increased 13%, due to above-inflation fixed staff costs and headcount increases. Overall cost growth was further negatively impacted by significant currency devaluation and elevated inflation levels in many of the jurisdictions outside of South Africa.

Investment costs increased 37%, driven by:

> continued modernisation of core platforms;

> enhanced digital offerings to clients;

> platform investment in the broader Africa franchise; and

> the establishment of a presence in the USA as part of the broader Africa strategy.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Performing book provisions	**(3)**	112	(>100)	(1 130)
NPL provision	**187**	(49)	(>100)	829
Credit provision increase/(decrease)	**184**	63	>100	(301)
Gross write-off and other*,**	**19**	29	>100	14
Interest suspended on stage 3 advances	**(35)**	(56)	(38)	(116)
Post write-off recoveries	**–**	(1)	(94)	(10)
Total	**130**	35	(29)	(413)
Debt-to-equity restructure	**(105)**	–	–	–
Total impairment charge	**25**	35	(29)	(413)

* *The movement in NPL provision and gross write-off excludes the impact of the debt-to-equity restructure. Refer to page 95 for more information.*

** *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 despite the constrained macro environment. Surveillance and watchlists reflected improvements compared to December 2021. As expected, the current reporting period did see the migration of a limited number of counters to NPL status due to the lingering strain in specific sectors of the economy and a worsening macro environment. As a result, RMB raised new impairments on the core lending portfolio during the period. The impairment charge reflects the benefit of a debt-to-equity restructure on a specific private equity counter during the period, which resulted in a net R105 million release.

RMB believes its consistent and prudent provisioning approach remains appropriate, with the performing book coverage ratio against core advances at 123 bps (December 2021: 193 bps; June 2022: 141 bps).

RMB BROADER AFRICA PORTFOLIO FINANCIAL HIGHLIGHTS

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Profit before tax	**1 651**	1 229	34	2 550
Total advances*	**91 302**	62 345	46	68 228
Total deposits**	**26 256**	23 881	10	25 943
Credit loss ratio (%) – core lending advances	**0.64**	0.04		0.14
ROA (%)	**2.95**	2.96		2.84
Cost-to-income ratio (%)	**43.0**	48.3		48.4

* *Up 39% in constant currency terms.*

** *Up 13% in constant currency terms.*

The broader Africa portfolio remains key to RMB's growth and delivered strong growth in PBT to R1.65 billion (which represents 25% of RMB's overall PBT). Strong NII growth of 36% was driven by robust advances growth of 46%. Ongoing primary-banked client acquisition assisted average deposit growth, and deposit margins improved on the back of interest rate increases, which bolstered liability NII growth. Markets' activity benefited from a recovery in Nigeria, a strong global FX performance from increased volumes given currency volatility, and a good performance in Mozambique. Structuring and secured financing in West Africa provided a meaningful uplift as did emerging market distribution activities to the UK client base.

BREAKDOWN OF PBT CONTRIBUTION

R million	Six months ended 31 December 2022	2021	% change	Year ended 30 June 2022
Banking	**4 203**	3 557	18	7 463
Markets	**1 311**	1 454	(10)	3 281
Private equity	**1 282**	332	>100	1 186
Other*	**(321)**	(162)	98	(315)
Total RMB	**6 475**	5 181	25	11 615

* *Other includes support and head office activities.*

The banking business delivered good growth of 18% in PBT. New business origination underpinned investment banking's performance, resulting in average advances increasing 21% period-on-period. This translated into strong NII growth and supported robust structuring and commitment fee income, with advisory and trade benefiting from increased market activity. The principal investment portfolio delivered resilient revenue, although NIR was negatively impacted by impairments taken to de-risk specific exposures. As the macro environment remains constrained, the business has retained adequate provisions to buffer against negative credit migrations and defaults.

Corporate transactional banking achieved strong domestic deposit growth of 16% due to the ongoing focus on growing operational balances through increased primary-banked relationships, increasing levels of cross-sell and significant momentum in the scaling of investment deposit offerings. Margins benefited from positive endowment and margin uplifts on certain products. NIR trended down, impacted by the competitive pricing landscape and higher association fees, as well as reduced electronic funds transfer volumes and associated fees, despite higher cash and merchant services volumes from the onboarding of strategic clients. The broader Africa portfolio delivered average deposit growth of 5% and a resilient NIR performance as the business continued to execute on client acquisition strategies.

The markets business saw good increases in client activities in its broader Africa portfolio, offset by significant shifts in market dynamics and reduced client flows domestically. Spread compression and lower volatility, which resulted from the implementation of the MPIF, reduced funding margins. As outlined earlier, the ongoing investment strategy weighed on profitability, which reduced 10% period-on-period.

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

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

Ashburton Investments was incorporated into RMB to enable the distribution of asset management product offerings to corporate and institutional clients. The business benefited from increased inflows period-on-period as a result of leveraging RMB's distribution capabilities and an improved investment performance. AUM in SA grew 11% to R93.6 billion over the six-month period (June 2022: R84 billion), driven by growth in fixed-income, multi-asset and equities, and liability-driven investment (LDI) products. The outflows in Ashburton Jersey resulted in overall AUM growing 9%.

Private equity posted an excellent result for the period under review, benefiting from a significant realisation contributing gross income of >R1 billion and a net earnings benefit of c. R800 million. The performance was further enhanced by strong gross annuity income growth of 18%, due to the improved operational performances from portfolio companies. The current period provided several new acquisition opportunities resulting in the business investing c. R850 million. The quality and diversity of the portfolio is reflected in the 7% increase in unrealised value since June 2022 (on a like-for-like basis excluding the realisation during the period) to R5.2 billion (December 2021: R4.8 billion; June 2022: R5.9 billion).

UK operations

The UK operations include Aldermore and the MotoNovo front and back books. Aldermore is a multi-product specialist lender, with a focus on providing straightforward lending and savings products to SMEs, homeowners, landlords and individuals. It seeks to meet the needs of people who are underserved by mainstream providers. MotoNovo is a market leader in motor finance.

The UK operations are funded primarily by retail deposits from UK savers. With no branch network, Aldermore serves customers and intermediary partners online and telephonically.

UK OPERATIONS FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
£ million	**2022**	2021	% change	2022
Normalised earnings	**79**	74	7	149
Normalised profit before tax	**110**	99	11	203
Total assets	**20 233**	17 925	13	18 818
Total liabilities	**18 774**	16 550	13	17 146
Stage 3/NPLs as a % of advances	**2.66**	2.96		2.61
Credit loss ratio (%) of average advances	**0.67**	0.20		0.39
ROE (%)	**11.9**	11.8		11.8
ROA (%)	**0.81**	0.83		0.82
Cost-to-income ratio (%)	**46.5**	54.1		50.6

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

	Six months ended 31 December		%	Year ended 30 June
£ million	**2022**	2021	change	2022
Normalised PBT				
Asset finance	**25.3**	42.6	(41)	89.4
Invoice finance	**11.0**	10.7	3	22.2
SME commercial mortgages	**21.1**	20.5	3	47.2
Buy-to-let mortgages	**35.6**	55.1	(35)	89.7
Residential mortgages	**18.9**	13.4	41	40.8
Central functions	**(21.2)**	(62.9)	(66)	(119.7)
Aldermore PBT	**90.7**	79.4	14	169.6
MotoNovo PBT	**19.2**	20.0	(4)	32.9
Total UK operations PBT*	**109.9**	99.4	11	202.5

* *Includes the fair value hedge portfolio profit of £6.7 million (December 2021: £1.1 million loss; June 2022: £7.9 million profit).*

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended 31 December		%	Year ended 30 June
£ million	**2022**	2021	change	2022
Performing book provisions	**28.8**	(6.9)	(>100)	25.5
NPL provision	**18.8**	22.2	(15)	10.9
Credit provision increase	**47.6**	15.3	>100	36.4
Gross write-off* and other	**6.3**	9.7	(35)	33.9
Interest suspended on stage 3 advances	**(1.0)**	(4.8)	(79)	(0.9)
Post write-off recoveries	**(0.4)**	(5.9)	(93)	(12.0)
Total impairment charge	**52.5**	14.3	>100	57.4

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

The current strategic priorities in the UK operations are as follows:

> focus on property finance, structured and specialised finance, auto loans and savings, which all represent deep profit pools in the UK market and Aldermore's current market share in most of these asset classes (other than auto loans) is small;
> exit certain subscale business lines;
> modernise technology/platforms; and
> continue to further embed FirstRand FRM disciplines.

Execution on these priorities can be seen in the performance for the period under review.

The UK operations delivered solid loan book growth supporting profitability and ROE. Normalised pre-tax profits increased 11%, driven by 9% growth in advances to £15.9 billion (December 2021: £14.6 billion) and 16% growth in customer deposits to £15.2 billion (December 2021: £13.1 billion). The UK operations produced an ROE of 11.9% (December 2021: 11.8%).

MotoNovo's performance reflects the challenging operating environment and ongoing remediation efforts related to the previously reported NOSIA operational event.

Advances growth continued to be driven by retail mortgages, MotoNovo and business finance lending. The latter improved strongly (+10%) as a result of increased support for SME customers returning to investment following the pandemic, and a strategic pivot towards larger-sized deals. Total MotoNovo advances grew 13%, reflecting continued high demand in the second-hand car market. Retail mortgage advances increased 7% or >£400 million since June 2022.

Customer savings deposits grew 16%, with growth across all channels, particularly personal savings, as the business optimised the deposit mix whilst actively responding to market and customer demand. Customer savings deposits now represent 81% of total liabilities (December 2021: 79%), reducing the loan-to-deposit ratio to 102% (December 2021: 110%).

NII increased 16%, reflecting current and prior year lending growth and an improvement in NIM due to the temporary widening of deposit margins, which offset ongoing lending margin pressure.

The impairment charge increased to £52.5 million (December 2021: £14.3 million), which was expected given new business strain and the deteriorating macroeconomic environment. This also led to an increase in arrears and NPLs.

NPLs as a percentage of advances decreased to 2.66% from 2.96% in the prior period following the curing of Covid-19 relief NPLs. Since June 2022, this ratio has ticked up marginally. The NPL coverage ratio increased to 39.5% (December 2021: 37.1%), reflecting a combination of paying customers migrating out of stage 3 and management maintaining a prudent level of coverage due to the uncertain economic outlook.

The credit loss ratio increased to 67 bps (December 2021: 20 bps), driven by new business strain and the worsening macro environment.

Performing coverage increased from 0.74% to 1.07%, which reflects the uncertain economic outlook and a prudent approach to provisioning.

Fair value gains in the hedging portfolio amounted to £6.7 million (December 2021: £1.1 million loss) as a result of significant macro volatility and rapidly rising yield curves, most notably in September following the mini budget. However, the political situation and rates began to stabilise in the second quarter.

Operating expenses increased 2% to £145 million (December 2021: £142 million), mostly relating to inflationary impacts and investment spend incurred on systems, processes and people. Despite these pressures, given the healthy income growth, the cost-to-income ratio improved to 46.5% (December 2021: 54.1%).

Business unit performance highlights

Retail mortgages

> New business origination picked up strongly (+114%) to £1.0 billion (December 2021: £0.5 billion) largely driven by limited edition offerings in buy-to-let and competitively priced owner-occupied mortgage rates.

> Advances to customers increased to £7.7 billion (December 2021: £7.2 billion).

> PBT, however, declined to £54.5 million (December 2021: £68.5 million) due to a significant increase in funding costs, reflecting Aldermore's inability to reprice current loan offers given the quantum and velocity of interest rate hikes.

MotoNovo

> New business origination increased 8% to £1.1 billion (December 2021: £1.0 billion) due to a continued buoyant second-hand car market.

> Advances to customers grew 13% to £4.5 billion (December 2021: £4.0 billion).

> PBT fell slightly to £19.2 million (December 2021: £20 million) impacted by an increase in arrears due to the worsening macroeconomic outlook and ongoing remediation activities relating to NOSIAs.

Business finance

> New business origination was up 9% to £1.0 billion (December 2021: £0.9 billion).

> Strong growth in advances continued, up 10% to £3.7 billion (December 2021: £3.4 billion).

> PBT, however, declined to £57.4 million (December 2021: £73.8 million), largely driven by higher funding costs and an increased impairment charge, reflecting the deteriorating macroeconomic environment.

Savings

> Personal savings remained the largest deposit portfolio, with 15% growth period-on-period to £10.5 billion (December 2021: £9.2 billion).

> Business savings increased 17% to £2.7 billion (December 2021: £2.3 billion).

> Corporate treasury deposits increased 22% to £2.0 billion (December 2021: £1.6 billion).

> Over the last 12 months, the deposit mix has shifted towards tax-free individual savings accounts (ISAs) and non-maturity deposit (NMD) products as customers sought more flexibility in the challenging economic environment.

> The temporary widening of margins is reflected in Central functions, which reduced the net loss.

SEGMENT ANALYSIS OF NORMALISED EARNINGS

	Six months ended 31 December					Year ended 30 June	
R million	2022	% composition	2021	% composition	% change	2022	% composition
Retail	**6 689**	**37**	5 849	37	14	12 201	37
– FNB*	**6 040**		5 189			10 958	
– WesBank	**649**		660			1 243	
Commercial	**5 317**	**29**	4 493	28	18	9 039	28
– FNB**	**5 037**		4 280			8 678	
– WesBank**	**280**		213			361	
Corporate and investment banking	**4 677**	**26**	3 644	23	28	8 196	25
– RMB	**4 677**		3 644			8 196	
UK operations#	**1 607**	**9**	1 506	10	7	2 983	9
– Aldermore#,†	**1 363**		1 164			2 524	
– MotoNovo#	**244**		342			459	
Other	**(243)**	**(1)**	250	2	(>100)	244	1
– Centre#,†,‡	**216**		576			908	
– Other equity instrument holders	**(459)**		(326)			(664)	
Normalised earnings	**18 047**	**100**	15 742	100	15	32 663	100

* *Includes FNB broader Africa.*

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

\# *In the UK operations management view, shown in the table above and on pages 57 to 59, Aldermore refers to Aldermore excluding MotoNovo front book. MotoNovo refers to the standalone performance of MotoNovo, which includes the front book and back book. This differs from the segment report disclosed on pages 44 to 55, as MotoNovo's front book is included under Aldermore and MotoNovo's back book is included in the Centre (including Group Treasury).*

† *After the dividend on the contingent convertible securities of R88 million (£4 million) (December 2021: R88 million and £4 million; June 2022: R174 million and £8 million).*

‡ *Includes Group Treasury.*

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	3 777	**11 520**	7 418	2 423	**21 361**
Impairment charge	(152)	(658)	(1 572)	(396)	**(2 778)**	(166)	(248)	**(3 192)**
Net interest income after impairment of advances	2 224	1 144	1 993	3 381	**8 742**	7 252	2 175	**18 169**
Non-interest revenue	38	1 890	513	8 773	**11 214**	5 405	2 430	**19 049**
Income from operations	2 262	3 034	2 506	12 154	**19 956**	12 657	4 605	**37 218**
Operating expenses	(853)	(1 477)	(1 338)	(8 334)	**(12 002)**	(5 730)	(3 082)	**(20 814)**
Net income from operations	1 409	1 557	1 168	3 820	**7 954**	6 927	1 523	**16 404**
Share of profit of associates and joint ventures after tax	–	–	38	15	**53**	–	–	**53**
Income before indirect tax	1 409	1 557	1 206	3 835	**8 007**	6 927	1 523	**16 457**
Indirect tax	(6)	(18)	(33)	(378)	**(435)**	(27)	(93)	**(555)**
Profit before tax	1 403	1 539	1 173	3 457	**7 572**	6 900	1 430	**15 902**
Income tax expense	(379)	(415)	(317)	(929)	**(2 040)**	(1 863)	(515)	**(4 418)**
Profit for the period	1 024	1 124	856	2 528	**5 532**	5 037	915	**11 484**
Attributable to								
Ordinary equityholders	1 024	1 124	856	2 528	**5 532**	5 037	508	**11 077**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	407	**407**
Profit for the period	1 024	1 124	856	2 528	**5 532**	5 037	915	**11 484**
Earnings attributable to ordinary equityholders	1 024	1 124	856	2 528	**5 532**	5 037	508	**11 077**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 024	1 124	856	2 528	**5 532**	5 037	508	**11 077**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 024	1 124	856	2 528	**5 532**	5 037	508	**11 077**

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

* *Refer to additional segmental disclosure on page 56.*

** *Refer to page 57 for additional analysis of UK operations, which includes the MotoNovo back book, included within Centre and other for segmental reporting.*

\# *Centre represents group-wide functions.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
2 450	23 811	5 458	6 071	2 341	37 681	(1 022)	36 659
(751)	(3 943)	(25)	(1 110)	70	(5 008)	–	(5 008)
1 699	19 868	5 433	4 961	2 411	32 673	(1 022)	31 651
1 809	20 858	7 675	348	(2 083)	26 798	1 164	27 962
3 508	40 726	13 108	5 309	328	59 471	142	59 613
(2 325)	(23 139)	(6 042)	(2 948)	(369)	(32 498)	(187)	(32 685)
1 183	17 587	7 066	2 361	(41)	26 973	(45)	26 928
135	188	(480)	11	(160)	(441)	1	(440)
1 318	17 775	6 586	2 372	(201)	26 532	(44)	26 488
(40)	(595)	(111)	(96)	(44)	(846)	–	(846)
1 278	17 180	6 475	2 276	(245)	25 686	(44)	25 642
(345)	(4 763)	(1 687)	(552)	588	(6 414)	(23)	(6 437)
933	12 417	4 788	1 724	343	19 272	(67)	19 205
929	12 006	4 677	1 636	(272)	18 047	(67)	17 980
–	–	–	88	459	547	–	547
4	411	111	–	156	678	–	678
933	12 417	4 788	1 724	343	19 272	(67)	19 205
929	12 006	4 677	1 636	(272)	18 047	(67)	17 980
–	–	–	–	–	–	111	111
929	12 006	4 677	1 636	(272)	18 047	44	18 091
–	–	–	–	–	–	–	–
–	–	–	–	–	–	(13)	(13)
–	–	–	–	–	–	(48)	(48)
–	–	–	–	–	–	17	17
929	12 006	4 677	1 636	(272)	18 047	–	18 047

Segment report continued

for the six months ended 31 December 2022

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Cost-to-income ratio (%)	35.3	40.0	32.5	66.3	**52.7**	44.7	63.5	**51.4**
Diversity ratio (%)	1.6	51.2	13.4	69.9	**49.4**	42.2	50.1	**47.2**
Credit loss ratio (%) – core lending advances	0.12	3.92	6.71	10.18	**1.66**	0.30	0.91	**1.28**
Stage 3/NPLs as a % of core lending advances	4.74	10.74	14.77	14.57	**6.95**	4.00	6.15	**6.22**
Consolidated income statement includes								
Depreciation	(1)	(3)	(7)	(1 050)	**(1 061)**	(118)	(199)	**(1 378)**
Amortisation	–	–	–	(31)	**(31)**	–	(16)	**(47)**
Net impairment charges	–	–	–	(26)	**(26)**	–	(1)	**(27)**
Consolidated statement of financial position includes								
Advances (before impairments)	251 517	34 387	47 056	7 648	**340 608**	110 862	55 593	**507 063**
Core lending advances	251 517	34 387	47 056	7 648	**340 608**	110 862	55 593	**507 063**
– Other core lending advances (AC and FV)	251 517	34 387	47 056	7 648	**340 608**	110 862	55 593	**507 063**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	11 919	3 693	6 950	1 114	**23 676**	4 430	3 420	**31 526**
Investments in associates	–	–	354	468	**822**	–	–	**822**
Investments in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	615	9 831	40	341 334	**351 820**	401 053	58 029	**810 902**
Total assets	247 378	30 080	38 900	40 580	**356 938**	112 141	58 378	**527 457**
Total liabilities[†]	247 202	29 595	39 061	29 694	**345 552**	108 852	56 752	**511 156**
Capital expenditure	–	30	9	1 356	**1 395**	165	360	**1 920**

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

* *Refer to additional segmental disclosure on page 56.*

** *Refer to page 57 for additional analysis of UK operations, which includes the MotoNovo back book, included within Centre and other for segmental reporting.*

[#] *Centre represents group-wide functions.*

[†] *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
52.9	51.6	47.8	45.8	>100	50.7		50.9
44.2	46.9	56.9	5.6	(>100)	41.2		42.9
1.01	1.22	0.01	0.72	(0.49)	0.74		0.74
4.28	5.77	0.99	2.44	2.86	3.59		3.59
(401)	(1 779)	(71)	(97)	(11)	(1 958)	–	(1 958)
(13)	(60)	(43)	(3)	(235)	(341)	–	(341)
24	(3)	(6)	–	49	40	(121)	(81)
153 574	660 637	475 482	322 256	37 508	1 495 883	–	1 495 883
153 574	660 637	400 151	322 256	27 667	1 410 711	–	1 410 711
148 994	656 057	400 151	297 438	26 723	1 380 369	–	1 380 369
4 580	4 580	–	24 818	944	30 342	–	30 342
–	–	75 331	–	9 841	85 172	–	85 172
6 567	38 093	3 955	7 869	792	50 709	–	50 709
2 822	3 644	3 874	130	1 302	8 950	–	8 950
14	14	2 899	–	(17)	2 896	55	2 951
11	810 913	318 665	356 930	306 810	1 793 318	–	1 793 318
154 906	682 363	696 589	411 394	352 785	2 143 131	(141)	2 142 990
152 703	663 859	687 842	381 615	229 305	1 962 621	–	1 962 621
648	2 568	406	46	(2)	3 018	–	3 018

Segment report continued

for the six months ended 31 December 2021

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Net interest income before impairment of advances	2 437	1 544	3 526	3 069	**10 576**	6 256	1 950	**18 782**
Impairment charge	(172)	(430)	(1 591)	(465)	**(2 658)**	(35)	(246)	**(2 939)**
Net interest income after impairment of advances	2 265	1 114	1 935	2 604	**7 918**	6 221	1 704	**15 843**
Non-interest revenue	56	1 463	451	7 859	**9 829**	4 836	2 226	**16 891**
Income from operations	2 321	2 577	2 386	10 463	**17 747**	11 057	3 930	**32 734**
Operating expenses	(916)	(1 339)	(1 378)	(7 252)	**(10 885)**	(5 087)	(2 691)	**(18 663)**
Net income from operations	1 405	1 238	1 008	3 211	**6 862**	5 970	1 239	**14 071**
Share of profit of associates and joint ventures after tax	–	–	54	9	**63**	–	–	**63**
Income before indirect tax	1 405	1 238	1 062	3 220	**6 925**	5 970	1 239	**14 134**
Indirect tax	(8)	37	(31)	(350)	**(352)**	(25)	(79)	**(456)**
Profit before tax	1 397	1 275	1 031	2 870	**6 573**	5 945	1 160	**13 678**
Income tax expense	(391)	(357)	(289)	(810)	**(1 847)**	(1 665)	(396)	**(3 908)**
Profit for the period	1 006	918	742	2 060	**4 726**	4 280	764	**9 770**
Attributable to								
Ordinary equityholders	1 006	918	742	2 060	**4 726**	4 280	463	**9 469**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	301	**301**
Profit for the period	1 006	918	742	2 060	**4 726**	4 280	764	**9 770**
Earnings attributable to ordinary equityholders	1 006	918	742	2 060	**4 726**	4 280	463	**9 469**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 006	918	742	2 060	**4 726**	4 280	463	**9 469**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 006	918	742	2 060	**4 726**	4 280	463	**9 469**

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

* *Refer to additional segmental disclosure on page 56.*

** *Refer to page 58 for additional analysis of UK operations, which includes the MotoNovo back book, included within Centre and other for segmental reporting.*

Centre represents group-wide functions.

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
2 476	21 258	4 381	5 055	2 784	33 478	(504)	32 974
(759)	(3 698)	(35)	(229)	(65)	(4 027)	–	(4 027)
1 717	17 560	4 346	4 826	2 719	29 451	(504)	28 947
1 696	18 587	5 574	254	(1 566)	22 849	817	23 666
3 413	36 147	9 920	5 080	1 153	52 300	313	52 613
(2 404)	(21 067)	(5 348)	(2 695)	(815)	(29 925)	(218)	(30 143)
1 009	15 080	4 572	2 385	338	22 375	95	22 470
253	316	714	–	(220)	810	–	810
1 262	15 396	5 286	2 385	118	23 185	95	23 280
(30)	(486)	(105)	(134)	(40)	(765)	–	(765)
1 232	14 910	5 181	2 251	78	22 420	95	22 515
(344)	(4 252)	(1 451)	(499)	427	(5 775)	(21)	(5 796)
888	10 658	3 730	1 752	505	16 645	74	16 719
873	10 342	3 644	1 664	92	15 742	74	15 816
–	–	–	88	326	414	–	414
15	316	86	–	87	489	–	489
888	10 658	3 730	1 752	505	16 645	74	16 719
873	10 342	3 644	1 664	92	15 742	74	15 816
–	–	–	–	–	–	(40)	(40)
873	10 342	3 644	1 664	92	15 742	34	15 776
–	–	–	–	–	–	(4)	(4)
–	–	–	–	–	–	12	12
–	–	–	–	–	–	(48)	(48)
–	–	–	–	–	–	6	6
873	10 342	3 644	1 664	92	15 742	–	15 742

Segment report continued

for the six months ended 31 December 2021

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Cost-to-income ratio (%)	36.7	44.5	34.2	66.3	**53.2**	45.9	64.4	**52.2**
Diversity ratio (%)	2.2	48.7	12.5	71.9	**48.3**	43.6	53.3	**47.4**
Credit loss ratio (%) – core lending advances†	0.15	2.75	6.89	11.03	**1.69**	0.07	0.96	**1.26**
Stage 3/NPLs as a % of core lending advances†	5.43	12.22	16.25	18.02	**7.98**	5.07	6.79	**7.22**
Consolidated income statement includes								
Depreciation	(2)	(4)	(8)	(1 040)	**(1 054)**	(96)	(206)	**(1 356)**
Amortisation	–	(3)	–	(27)	**(30)**	–	(10)	**(40)**
Net impairment charges	–	–	–	(11)	**(11)**	1	1	**(9)**
Consolidated statement of financial position includes								
Advances (before impairments)	232 031	31 342	45 402	8 345	**317 120**	100 946	51 979	**470 045**
Core lending advances	232 031	31 342	45 402	8 345	**317 120**	100 946	51 979	**470 045**
– Other core lending advances (AC and FV)	232 031	31 342	45 402	8 345	**317 120**	100 946	51 979	**470 045**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	12 594	3 829	7 380	1 504	**25 307**	5 119	3 528	**33 954**
Investments in associates	–	–	413	446	**859**	–	–	**859**
Investments in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	632	8 620	51	317 912	**327 215**	348 072	55 139	**730 426**
Total assets‡	227 760	26 841	36 650	37 995	**329 246**	99 850	57 463	**486 559**
Total liabilities‡,^	227 675	26 826	37 685	29 274	**321 460**	97 754	55 512	**474 726**
Capital expenditure	1	2	8	986	**997**	241	205	**1 443**

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

* *Refer to additional segmental disclosure on page 56.*

** *Refer to page 58 for additional analysis of UK operations, which includes the MotoNovo back book, included within Centre and other for segmental reporting.*

\# *Centre represents group-wide functions.*

† *Restated. Core lending advances exclude assets under agreements to resell. Refer to page 187 for details of the change in presentation.*

‡ *Total assets and total liabilities have been restated. Refer to pages 165 and 166 for details.*

^ *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
54.3	52.5	50.1	50.8	81.7	52.4		52.5
44.0	47.1	58.9	4.8	>100	41.4		42.6
1.08	1.22	0.02	0.16	0.33	0.65		0.65
5.96	6.93	0.90	2.61	3.88	4.30		4.30
(437)	(1 793)	(64)	(109)	(7)	(1 973)	–	(1 973)
(26)	(66)	(79)	(9)	(235)	(389)	–	(389)
(33)	(42)	(3)	–	(51)	(96)	(2)	(98)
140 795	610 840	390 981	302 325	51 520	1 355 666	–	1 355 666
140 795	610 840	319 666	302 325	34 675	1 267 506	–	1 267 506
132 628	602 673	319 666	270 037	25 986	1 218 362	–	1 218 362
8 167	8 167	–	32 288	8 689	49 144	–	49 144
–	–	71 315	–	16 845	88 160	–	88 160
8 398	42 352	2 887	7 895	1 344	54 478	–	54 478
2 704	3 563	4 311	113	1 088	9 075	–	9 075
12	12	2 296	–	(17)	2 291	45	2 336
33	730 459	267 434	336 018	310 719	1 644 630	–	1 644 630
142 535	629 094	650 122	375 455	323 590	1 978 261	(141)	1 978 120
141 754	616 480	641 728	347 262	194 497	1 799 967	–	1 799 967
221	1 664	132	58	47	1 901	–	1 901

Segment report continued

for the year ended 30 June 2022

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Net interest income before impairment of advances	4 846	3 246	7 079	6 415	**21 586**	12 925	3 969	**38 480**
Impairment charge	(46)	(1 070)	(2 597)	(703)	**(4 416)**	(354)	(168)	**(4 938)**
Net interest income after impairment of advances	4 800	2 176	4 482	5 712	**17 170**	12 571	3 801	**33 542**
Non-interest revenue	102	3 103	891	16 021	**20 117**	9 854	4 453	**34 424**
Income from operations	4 902	5 279	5 373	21 733	**37 287**	22 425	8 254	**67 966**
Operating expenses	(1 804)	(2 843)	(2 778)	(15 205)	**(22 630)**	(10 318)	(5 791)	**(38 739)**
Net income from operations	3 098	2 436	2 595	6 528	**14 657**	12 107	2 463	**29 227**
Share of profit of associates and joint ventures after tax	–	–	33	26	**59**	–	–	**59**
Income before indirect tax	3 098	2 436	2 628	6 554	**14 716**	12 107	2 463	**29 286**
Indirect tax	(15)	59	(70)	(597)	**(623)**	(57)	(164)	**(844)**
Profit before tax	3 083	2 495	2 558	5 957	**14 093**	12 050	2 299	**28 442**
Income tax expense	(863)	(699)	(716)	(1 662)	**(3 940)**	(3 372)	(846)	**(8 158)**
Profit for the year	2 220	1 796	1 842	4 295	**10 153**	8 678	1 453	**20 284**
Attributable to								
Ordinary equityholders	2 220	1 796	1 842	4 295	**10 153**	8 678	805	**19 636**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	648	**648**
Profit for the year	2 220	1 796	1 842	4 295	**10 153**	8 678	1 453	**20 284**
Earnings attributable to ordinary equityholders	2 220	1 796	1 842	4 295	**10 153**	8 678	805	**19 636**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	2 220	1 796	1 842	4 295	**10 153**	8 678	805	**19 636**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	2 220	1 796	1 842	4 295	**10 153**	8 678	805	**19 636**

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

* *Refer to additional segmental disclosure on page 56.*

** *Refer to page 59 for additional analysis of UK operations, which includes the MotoNovo back book, included within Centre and other for segmental reporting.*

Centre represents group-wide functions.

	Retail and commercial		Corporate and institutional					
	WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	4 877	43 357	9 074	10 707	4 718	67 856	(1 481)	66 375
	(1 402)	(6 340)	413	(1 159)	6	(7 080)	–	(7 080)
	3 475	37 017	9 487	9 548	4 724	60 776	(1 481)	59 295
	3 378	37 802	12 193	702	(3 841)	46 856	1 392	48 248
	6 853	74 819	21 680	10 250	883	107 632	(89)	107 543
	(5 022)	(43 761)	(11 329)	(5 852)	(82)	(61 024)	255	(60 769)
	1 831	31 058	10 351	4 398	801	46 608	166	46 774
	476	535	1 458	21	(508)	1 506	(15)	1 491
	2 307	31 593	11 809	4 419	293	48 114	151	48 265
	(37)	(881)	(194)	(285)	(73)	(1 433)	–	(1 433)
	2 270	30 712	11 615	4 134	220	46 681	151	46 832
	(636)	(8 794)	(3 252)	(939)	858	(12 127)	(66)	(12 193)
	1 634	21 918	8 363	3 195	1 078	34 554	85	34 639
	1 604	21 240	8 196	3 021	206	32 663	98	32 761
	–	–	–	174	664	838	–	838
	30	678	167	–	208	1 053	(13)	1 040
	1 634	21 918	8 363	3 195	1 078	34 554	85	34 639
	1 604	21 240	8 196	3 021	206	32 663	98	32 761
	–	–	–	–	–	–	56	56
	1 604	21 240	8 196	3 021	206	32 663	154	32 817
	–	–	–	–	–	–	(58)	(58)
	–	–	–	–	–	–	2	2
	–	–	–	–	–	–	(104)	(104)
	–	–	–	–	–	–	6	6
	1 604	21 240	8 196	3 021	206	32 663	–	32 663

Segment report continued

for the year ended 30 June 2022

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB broader Africa	**Total FNB**
Cost-to-income ratio (%)	36.5	44.8	34.7	67.7	**54.2**	45.3	68.8	**53.1**
Diversity ratio (%)	2.1	48.9	11.5	71.4	**48.3**	43.3	52.9	**47.3**
Credit loss ratio (%) – core lending advances	0.02	3.34	5.55	8.56	**1.37**	0.35	0.32	**1.04**
Stage 3/NPLs as a % of core lending advances	4.86	11.21	14.94	16.14	**7.19**	4.29	6.27	**6.45**
Consolidated income statement includes								
Depreciation	(4)	(9)	(16)	(2 139)	**(2 168)**	(213)	(409)	**(2 790)**
Amortisation	–	(3)	–	(149)	**(152)**	–	(14)	**(166)**
Net impairment charges	(2)	–	–	(49)	**(51)**	1	1	**(49)**
Consolidated statement of financial position includes								
Advances (before impairments)	242 757	32 821	46 623	7 907	**330 108**	107 823	52 906	**490 837**
Core lending advances	242 757	32 821	46 623	7 907	**330 108**	107 823	52 906	**490 837**
– Other core lending advances (AC and FV)	242 757	32 821	46 623	7 907	**330 108**	107 823	52 906	**490 837**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Assets under agreements to resell	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	11 802	3 678	6 964	1 276	**23 720**	4 627	3 318	**31 665**
Investments in associates	–	–	317	453	**770**	–	–	**770**
Investments in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	651	9 179	39	322 214	**332 083**	368 109	55 349	**755 541**
Total assets	238 730	28 556	38 558	37 620	**343 464**	106 258	56 045	**505 767**
Total liabilities†	238 016	27 854	39 000	21 557	**326 427**	100 467	53 275	**480 169**
Capital expenditure	–	20	21	2 243	**2 284**	360	441	**3 085**

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

* *Refer to additional segmental disclosure on page 56.*

** *Refer to page 59 for additional analysis of UK operations, which includes the MotoNovo back book, included within Centre and other for segmental reporting.*

\# *Centre represents group-wide functions.*

† *Total liabilities are net of interdivisional balances.*

	Retail and commercial		Corporate and institutional					
	WesBank*	Retail and commercial	RMB	Aldermore**	Centre (including Group Treasury) and other[#]	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	57.5	53.6	49.9	51.2	22.2	52.5		52.3
	44.1	46.9	60.1	6.3	>100	41.6		42.8
	0.98	1.03	(0.13)	0.41	(0.02)	0.56		0.56
	4.92	6.10	1.20	2.35	3.12	3.88		3.88
	(845)	(3 635)	(136)	(214)	(11)	(3 996)	–	(3 996)
	(31)	(197)	(154)	(14)	(466)	(831)	–	(831)
	(31)	(80)	(5)	–	(30)	(115)	(195)	(310)
	144 482	635 319	395 137	298 568	53 034	1 382 058	–	1 382 058
	144 482	635 319	347 920	298 568	29 634	1 311 441	–	1 311 441
	138 342	629 179	347 920	271 765	27 846	1 276 710	–	1 276 710
	6 140	6 140	–	26 803	1 788	34 731	–	34 731
	–	–	47 217	–	23 400	70 617	–	70 617
	7 106	38 771	4 187	7 002	926	50 886	–	50 886
	2 732	3 502	3 669	123	884	8 178	–	8 178
	16	16	2 564	–	(16)	2 564	54	2 618
	24	755 565	287 434	324 557	288 416	1 655 972	–	1 655 972
	145 798	651 565	621 725	370 600	360 588	2 004 478	(76)	2 004 402
	144 442	624 611	608 635	343 083	247 364	1 823 693	–	1 823 693
	915	4 000	340	68	75	4 483	–	4 483

Additional segmental disclosure – WesBank

	Six months ended 31 December 2022		
R million	**Retail**	**Corporate and commercial**	**Total WesBank**
NII before impairment of advances	**1 884**	**566**	**2 450**
Impairment of advances	**(672)**	**(79)**	**(751)**
Normalised profit before tax	**894**	**384**	**1 278**
Normalised earnings	**649**	**280**	**929**
Core advances	**104 222**	**49 352**	**153 574**
Stage 3/NPLs	**5 634**	**933**	**6 567**
Advances margin (%)	**2.90**	**2.14**	**2.65**
Stage 3/NPLs as a % of advances	**5.41**	**1.89**	**4.28**
Credit loss ratio (%) of average advances	**1.32**	**0.33**	**1.01**

	Six months ended 31 December 2021		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	1 943	533	2 476
Impairment of advances	(794)	35	(759)
Normalised profit before tax	937	295	1 232
Normalised earnings	660	213	873
Core advances	99 102	41 693	140 795
Stage 3/NPLs	7 374	1 024	8 398
Advances margin (%)	3.35	2.46	3.09
Stage 3/NPLs as a % of advances	7.44	2.46	5.96
Credit loss ratio (%) of average advances	1.59	(0.17)	1.08

	Year ended 30 June 2022		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	3 794	1 083	4 877
Impairment of advances	(1 390)	(12)	(1 402)
Normalised profit before tax	1 768	502	2 270
Normalised earnings	1 243	361	1 604
Core advances	99 354	45 128	144 482
Stage 3/NPLs	6 203	903	7 106
Advances margin (%)	3.25	2.40	2.99
Stage 3/NPLs as a % of advances	6.24	2.00	4.92
Credit loss ratio (%) of average advances	1.39	0.03	0.98

Additional segmental disclosure – UK operations

In order to provide a full strategic overview of the total UK operations of Aldermore and MotoNovo, the segmental disclosure provided here reflects the total operations of MotoNovo, which include the front book written since May 2019 within Aldermore group and the back book reported in the Centre.

	Six months ended 31 December 2022					
£ million	**Commercial**	**Retail**	**Central functions**	**Aldermore**	**Total MotoNovo**	**Total UK operations**
Net interest income before impairment of advances	76	74	61	211	88	299
Impairment charge	(14)	(12)	–	(26)	(27)	(53)
Net interest income after impairment of advances	62	62	61	185	61	246
Non-interest revenue (Including fair value hedges)	4	1	6	11	1	12
Income from operations	66	63	67	196	62	258
Operating expenses	(13)	(8)	(83)	(104)	(41)	(145)
Net income from operations	53	55	(16)	92	21	113
Share of profit of associates and joint ventures after tax	–	–	1	1	–	1
Income before indirect tax	53	55	(15)	93	21	114
Indirect tax	4	–	(6)	(2)	(2)	(4)
Profit/(loss) before tax	57	55	(21)	91	19	110
Income tax expense	–	–	(22)*	(22)	(5)	(27)
Profit/(loss) for the period	57	55	(43)	69	14	83
Attributable to						
Ordinary equityholders	57	55	(45)	67	12	79
Other equity instrument holders	–	–	2	2	2	4
Profit/(loss) for the period	57	55	(43)	69	14	83
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	1 691	1 691	92	1 783
Derivative financial instruments	–	–	502	502	34	536
Investment securities	–	–	2 200	2 200	–	2 200
Advances	3 661	7 628	–	11 289	4 271	15 560
– Gross core lending advances	3 729	7 700	–	11 429	4 464	15 893
– Impairment of advances	(68)	(72)	–	(140)	(193)	(333)
Other assets	3	(1)	(60)	(58)	212	154
Total assets	3 664	7 627	4 333	15 624	4 609	20 233
Derivative financial instruments	–	–	38	38	–	38
Deposits	–	–	16 604	16 604	844	17 448
Other liabilities	3 607	7 573	(13 505)	(2 325)	3 613	1 288
Total liabilities	3 607	7 573	3 137	14 317	4 457	18 774
Stage 3/NPLs	55	237	–	292	132	424
Stage 3/NPLs as a % of advances	1.46	3.08	–	2.55	2.94	2.66
Credit loss ratio (%) of average advances	0.75	0.31	–	0.46	1.21	0.67
Advances margin (%)	4.10	1.95	–	3.74	3.97	3.81

* *Tax expense reflected in central functions.*

Additional segmental disclosure – UK operations continued

	Six months ended 31 December 2021					
£ million	Commercial	Retail	Central functions	Aldermore	Total MotoNovo	Total UK operations
Net interest income before impairment of advances	73	86	14	**173**	**85**	**258**
Impairment charge	10	(10)	–	**–**	**(14)**	**(14)**
Net interest income after impairment of advances	83	76	14	**173**	**71**	**244**
Non-interest revenue (including fair value hedges)	5	–	(2)	**3**	**–**	**3**
Income from operations	88	76	12	**176**	**71**	**247**
Operating expenses	(14)	(8)	(71)	**(93)**	**(49)**	**(142)**
Net income from operations	74	68	(59)	**83**	**22**	**105**
Share of profit of associates and joint ventures after tax	–	–	–	**–**	**–**	**–**
Income before indirect tax	74	68	(59)	**83**	**22**	**105**
Indirect tax	–	–	(4)	**(4)**	**(2)**	**(6)**
Profit/(loss) before tax	74	68	(63)	**79**	**20**	**99**
Income tax expense	–	–	(18)*	**(18)**	**(3)**	**(21)**
Profit/(loss) for the period	74	68	(81)	**61**	**17**	**78**
Attributable to						
Ordinary equityholders	74	68	(85)	**57**	**17**	**74**
Other equity instrument holders	–	–	4	**4**	**–**	**4**
Profit/(loss) for the period	74	68	(81)	**61**	**17**	**78**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	1 408	**1 408**	**131**	**1 539**
Derivative financial instruments	–	–	76	**76**	**11**	**87**
Investment securities	–	–	1 872	**1 872**	**–**	**1 872**
Advances	3 344	7 147	–	**10 491**	**3 802**	**14 293**
– Gross core lending advances	3 400	7 206	–	**10 606**	**3 950**	**14 556**
– Impairment of advances	(56)	(59)	–	**(115)**	**(148)**	**(263)**
Other assets	5	–	30	**35**	**99**	**134**
Total assets	3 349	7 147	3 386	**13 882**	**4 043**	**17 925**
Derivative financial instruments	–	–	16	**16**	**–**	**16**
Deposits	–	–	14 608	**14 608**	**1 044**	**15 652**
Other liabilities	3 275	7 080	(12 275)	**(1 920)**	**2 802**	**882**
Total liabilities	3 275	7 080	2 349	**12 704**	**3 846**	**16 550**
Stage 3/NPLs	70	237	–	**307**	**123**	**430**
Stage 3/NPLs as a % of advances	2.09	3.28	–	**2.90**	**3.11**	**2.96**
Credit loss ratio (%) of average advances	(0.59)	0.28	–	**0.01**	**0.71**	**0.20**
Advances margin (%)	4.46	2.35	–	**3.26**	**4.03**	**3.47**

* *Tax expense reflected in central functions.*

	Year ended 30 June 2022					
£ million	Commercial	Retail	Central functions	Aldermore	Total MotoNovo	Total UK operations
Net interest income before impairment of advances	171	166	45	382	155	537
Impairment charge	8	(13)	–	(5)	(52)	(57)
Net interest income after impairment of advances	179	153	45	377	103	480
Non-interest revenue (including fair value hedges)	9	–	(3)	6	10	16
Income from operations	188	153	42	383	113	496
Operating expenses	(29)	(22)	(154)	(205)	(76)	(281)
Net income from operations	159	131	(112)	178	37	215
Share of profit of associates and joint ventures after tax	–	–	1	1	–	1
Income before indirect tax	159	131	(111)	179	37	216
Indirect tax	–	–	(9)	(9)	(4)	(13)
Profit/(loss) before tax	159	131	(120)	170	33	203
Income tax expense	–	–	(43)*	(43)	(3)	(46)
Profit/(loss) for the year	159	131	(163)	127	30	157
Attributable to						
Ordinary equityholders	159	131	(165)	125	24	149
Other equity instrument holders	–	–	2	2	6	8
Profit/(loss) for the year	159	131	(163)	127	30	157
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	982	982	92	1 074
Derivative financial instruments	–	–	265	265	27	292
Investment securities	–	–	2 339	2 339	–	2 339
Advances	3 575	7 203	–	10 778	4 168	14 946
– Gross core lending advances	3 630	7 265	–	10 895	4 337	15 232
– Impairment of advances	(55)	(62)	–	(117)	(169)	(286)
Other assets	3	–	(42)	(39)	206	167
Total assets	3 578	7 203	3 544	14 325	4 493	18 818
Derivative financial instruments	–	–	25	25	–	25
Deposits	–	–	15 333	15 333	935	16 268
Other liabilities	3 419	7 074	(12 770)	(2 277)	3 130	853
Total liabilities	3 419	7 074	2 588	13 081	4 065	17 146
Stage 3/NPLs	48	228	–	276	120	396
Stage 3/NPLs as a % of advances	1.33	3.15	–	2.54	2.78	2.61
Credit loss ratio (%) of average advances	(0.24)	0.18	–	0.05	1.27	0.39
Advances margin (%)	5.03	2.27	–	3.57	3.78	3.63

* *Tax expense reflected in central functions.*

Additional segmental disclosure – broader Africa

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

BROADER AFRICA FINANCIAL HIGHLIGHTS

	Strategy view			In-country			Cross-border		
	Six months ended 31 December		Year ended June	Six months ended 31 December		Year ended June	Six months ended 31 December		Year ended June
R million	**2022**	2021	2022	**2022**	2021	2022	**2022**	2021	2022
Normalised earnings	**1 481**	1 412	2 892	**882**	963	1 869	**599**	449	1 023
Normalised profit before tax	**3 111**	2 771	5 650	**2 279**	2 148	4 229	**831**	623	1 421
Impairment of advances	**471**	258	252	**260**	232	176	**211**	25	76
Core lending advances*	**147 265**	115 391	121 222	**71 821**	66 000	67 335	**75 444**	49 391	53 887
Stage 3/NPLs as a % of core lending advances	**2.68**	3.09	2.74	**4.81**	5.41	4.93	**0.66**	–	–
Credit loss ratio (%) of average core lending advances	**0.72**	0.47	0.23	**0.74**	0.72	0.27	**0.69**	0.11	0.16
Cost-to income ratio (%)	**55.1**	57.3	58.2	**59.8**	59.1	62.5	**35.9**	38.2	36.1
ROE (%)	**15.2**	16.4	16.5	**12.4**	14.2	13.8	**23.2**	24.5	25.9

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

FNB BROADER AFRICA FINANCIAL HIGHLIGHTS

	Six months ended 31 December		%	Year ended 30 June
R million	**2022**	2021	change	2022
Profit before tax	**1 430**	1 160	23	2 299
Total advances*	**55 593**	51 979	7	52 906
Total deposits**	**58 029**	55 139	5	55 349
Credit loss ratio (%) – core lending advances	**0.91**	0.96		0.32
ROA (%)	**1.78**	1.64		1.47
Cost-to-income ratio (%)	**63.5**	64.4		68.8

* *Up 9% in constant currency terms.*
** *Up 7% in constant currency terms.*

RMB BROADER AFRICA STRATEGY FINANCIAL HIGHLIGHTS

	Six months ended 31 December		%	Year ended 30 June
R million	**2022**	2021	change	2022
Profit before tax	**1 651**	1 229	34	2 550
Total advances*	**91 302**	62 345	46	68 228
Total deposits**	**26 256**	23 881	10	25 943
Credit loss ratio (%) – core lending advances	**0.64**	0.04		0.14
ROA (%)	**2.95**	2.96		2.84
Cost-to-income ratio (%)	**43.0**	48.3		48.4

* *Up 39% in constant currency terms.*
** *Up 13% in constant currency terms.*

Additional segmental disclosure – insurance activities

TOTAL INSURANCE PBT (EXCLUDING FRISCOL)

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
FNB	**1 253**	785	60	1 950
Credit life	**763**	566	35	1 423
Core life (including funeral)	**477**	251	90	672
Underwritten	**(67)**	(79)	(15)	(116)
Commercial	**11**	(20)	(>100)	(29)
Short-term insurance*	**69**	67	3	–
WesBank	**166**	180	(8)	356
Value-added products and services (VAPS)** and retail VAF credit life	**166**	180	(8)	356
Broader Africa	**127**	111	14	228
Other#	**36**	55	(35)	141
Total	**1 582**	1 131	40	2 675

* *Includes homeowners book underwritten by OUTsurance.*

** *MotoVantage provides VAPS products.*

Other includes UK operations and FNB insurance brokers.

PREMIUMS RECOGNISED (ON GROUP INSURANCE LICENCES)

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Total life premiums	**2 820**	2 423	16	4 977
Credit life	**1 003**	833	20	1 733
Core life (including funeral)	**1 404**	1 260	11	2 552
Underwritten	**287**	250	15	516
Commercial and other	**126**	80	58	176
Total short-term premiums	**299**	136	>100	315
Personal lines	**260**	109	>100	256
Commercial	**39**	27	44	59
Broader Africa	**60**	62	(3)	128
Total insurance premiums	**3 179**	2 621	21	5 420

Additional segmental disclosure – insurance activities continued

FNB insurance activities

NEW BUSINESS APE

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Core life (including funeral)	**577**	529	9	1 090
Underwritten	**139**	139	–	276
Commercial	**139**	127	9	139
Standalone products	**855**	795	8	1 505
Credit life*	**458**	278	65	665
FNB Life	**1 313**	1 073	22	2 170

* *December 2022 figure includes R152 million of new business APE for DirectAxis business which has been written on the group's life licence since January 2022.*

VALUE OF NEW BUSINESS – FNB LIFE*

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Credit life	**366**	137	>100	436
Core life (including funeral)	**138**	140	(1)	208
Underwritten	**3**	8	(63)	3
Commercial	**1**	–	–	1
FNB Life	**508**	285	78	648

* *Defined as the present value of expected post-tax profits at point of sale for new business during the period.*

FNB SHORT-TERM INSURANCE

Key performance indicators	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
In-force APE (R million)	**770**	349	>100	464
Number of in-force policies (thousands)	**275**	243	13	255
New business APE (R million)	**384**	122	>100	231

EMBEDDED VALUE* – FNB LIFE

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Total	**6 538**	6 126	7	6 530

* *Embedded value shown gross of tax.*

** *The return on EV is 29.4%.*

NUMBER OF LIFE POLICIES

Thousands	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Credit life	**2 410**	2 366	2	2 405
Core life (including funeral)	**1 740**	1 679	4	1 702
Underwritten	**178**	157	13	163
Commercial	**34**	22	55	25
Total	**4 362**	4 224	3	4 295

FNB LIFE IN-FORCE APE

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Credit life	**2 091**	1 732	21	1 945
Core life (including funeral)	**3 288**	2 936	12	3 113
Underwritten	**699**	609	15	635
Commercial	**237**	176	35	197
Total	**6 315**	5 453	16	5 890

WesBank insurance activities

NUMBER OF POLICIES AND GROSS WRITTEN PREMIUM

	MotoVantage (VAPS)				Retail (credit life)			
	Six months ended 31 December		% change	Year ended 30 June	Six months ended 31 December		% change	Year ended 30 June
	2022	2021		2022	**2022**	2021		2022
Number of policies (thousands)	**590**	610	(3)	594	**30**	38	(21)	33
Gross written premium (R million)	**663**	719	(8)	1 354	**35**	44	(20)	83

Additional segmental disclosure – investment management activities

TOTAL ASSETS UNDER MANAGEMENT

	As at 31 December			As at 30 June
R million	**2022**	2021	% change	2022
Multi-asset and equity	**22 257**	24 532	(9)	20 205
Structured products and index	**12 184**	13 840	(12)	12 000
Alternatives	**39 675**	43 462	(9)	38 075
Fixed-income	**56 623**	48 790	16	49 988
Private client portfolios	**61 225**	65 706	(7)	59 636
Total group AUM	**191 964**	196 330	(2)	179 904

REVENUE BY TYPE

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Investment management fees*	**323**	343	(6)	677
Advice fees*	**131**	144	(9)	284
Trust and estate income*	**135**	138	(2)	302
Brokerage income	**58**	81	(28)	169
Administration and other income	**78**	87	(10)	169
Net interest income	**74**	46	61	100
Total revenue	**799**	839	(5)	1 701

* *December 2021 revenue splits restated to align wealth management fee split for Ashburton Namibia with South Africa.*

Additional information on internal restructures

for the six months ended 31 December 2021

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

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

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

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

> A restatement within the Centre reflects the net presentation of derivative assets and derivative liabilities with the London Clearing House (LCH).

R million	**Total personal loans previously published**	Transfer of revolving facilities	**Total personal loans after reallocation**	**Retail other previously published**	Transfer of revolving facilities	**Retail other after reallocation**
Net interest income before impairment of advances	**3 172**	354	**3 526**	**3 423**	(354)	**3 069**
Impairment charge	**(1 349)**	(242)	**(1 591)**	**(707)**	242	**(465)**
Net interest income after impairment of advances	**1 823**	112	**1 935**	**2 716**	(112)	**2 604**
Non-interest revenue	**370**	81	**451**	**7 940**	(81)	**7 859**
Income from operations	**2 193**	193	**2 386**	**10 656**	(193)	**10 463**
Operating expenses	**(1 275)**	(103)	**(1 378)**	**(7 355)**	103	**(7 252)**
Net income from operations	**918**	90	**1 008**	**3 301**	(90)	**3 211**
Share of profit of associates and joint ventures after tax	**54**	–	**54**	**9**	–	**9**
Income before indirect tax	**972**	90	**1 062**	**3 310**	(90)	**3 220**
Indirect tax	**(31)**	–	**(31)**	**(350)**	–	**(350)**
Profit before tax	**941**	90	**1 031**	**2 960**	(90)	**2 870**
Income tax expense	**(264)**	(25)	**(289)**	**(835)**	25	**(810)**
Profit for the period	**677**	65	**742**	**2 125**	(65)	**2 060**
Attributable to						
Ordinary equityholders	**677**	65	**742**	**2 125**	(65)	**2 060**
Other equity instrument holders	**–**	–	**–**	**–**	–	**–**
Non-controlling interests	**–**	–	**–**	**–**	–	**–**
Profit for the period	**677**	65	**742**	**2 125**	(65)	**2 060**
Earnings attributable to ordinary equityholders	**677**	65	**742**	**2 125**	(65)	**2 060**
Headline earnings adjustments	**–**	–	**–**	**–**	–	**–**
Headline earnings	**677**	65	**742**	**2 125**	(65)	**2 060**
TRS and IFRS 2 liability remeasurement	**–**	–	**–**	**–**	–	**–**
Treasury shares	**–**	–	**–**	**–**	–	**–**
IAS 19 adjustment	**–**	–	**–**	**–**	–	**–**
Private equity related	**–**	–	**–**	**–**	–	**–**
Normalised earnings	**677**	65	**742**	**2 125**	(65)	**2 060**

Commercial previously published	Reallocation of ABF	Commercial after reallocation	Total FNB previously published	Transfer of revolving facilities	Reallocation of ABF	Total FNB after reallocation	WesBank previously published	Reallocation of ABF	WesBank after reallocation
6 516	(260)	6 256	19 042	–	(260)	18 782	2 216	260	2 476
(60)	25	(35)	(2 964)	–	25	(2 939)	(734)	(25)	(759)
6 456	(235)	6 221	16 078	–	(235)	15 843	1 482	235	1 717
4 857	(21)	4 836	16 912	–	(21)	16 891	1 675	21	1 696
11 313	(256)	11 057	32 990	–	(256)	32 734	3 157	256	3 413
(5 217)	130	(5 087)	(18 793)	–	130	(18 663)	(2 274)	(130)	(2 404)
6 096	(126)	5 970	14 197	–	(126)	14 071	883	126	1 009
–	–	–	63	–	–	63	253	–	253
6 096	(126)	5 970	14 260	–	(126)	14 134	1 136	126	1 262
(25)	–	(25)	(456)	–	–	(456)	(30)	–	(30)
6 071	(126)	5 945	13 804	–	(126)	13 678	1 106	126	1 232
(1 700)	35	(1 665)	(3 943)	–	35	(3 908)	(309)	(35)	(344)
4 371	(91)	4 280	9 861	–	(91)	9 770	797	91	888
4 371	(91)	4 280	9 560	–	(91)	9 469	782	91	873
–	–	–	–	–	–	–	–	–	–
–	–	–	301	–	–	301	15	–	15
4 371	(91)	4 280	9 861	–	(91)	9 770	797	91	888
4 371	(91)	4 280	9 560	–	(91)	9 469	782	91	873
–	–	–	–	–	–	–	–	–	–
4 371	(91)	4 280	9 560	–	(91)	9 469	782	91	873
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–
4 371	(91)	4 280	9 560	–	(91)	9 469	782	91	873

Additional information on internal restructures continued

for the six months ended 31 December 2021

R million	RMB previously published	Assets under agreements to resell	RMB after reallocation	Centre previously published	Assets under agreements to resell	Net presentation of derivatives	Centre after reallocation
Net interest income before impairment of advances	4 381	–	4 381	2 784	–	–	2 784
Impairment charge	(35)	–	(35)	(65)	–	–	(65)
Net interest income after impairment of advances	4 346	–	4 346	2 719	–	–	2 719
Non-interest revenue	5 574	–	5 574	(1 566)	–	–	(1 566)
Income from operations	9 920	–	9 920	1 153	–	–	1 153
Operating expenses	(5 348)	–	(5 348)	(815)	–	–	(815)
Net income from operations	4 572	–	4 572	338	–	–	338
Share of profit of associates and joint ventures after tax	714	–	714	(220)	–	–	(220)
Income before indirect tax	5 286	–	5 286	118	–	–	118
Indirect tax	(105)	–	(105)	(40)	–	–	(40)
Profit before tax	5 181	–	5 181	78	–	–	78
Income tax expense	(1 451)	–	(1 451)	427	–	–	427
Profit for the period	3 730	–	3 730	505	–	–	505
Attributable to							
Ordinary equityholders	3 644	–	3 644	92	–	–	92
Other equity instrument holders	–	–	–	326	–	–	326
Non-controlling interests	86	–	86	87	–	–	87
Profit for the period	3 730	–	3 730	505	–	–	505
Earnings attributable to ordinary equityholders	3 644	–	3 644	92	–	–	92
Headline earnings adjustments	–	–	–	–	–	–	–
Headline earnings	3 644	–	3 644	92	–	–	92
TRS and IFRS 2 liability remeasurement	–	–	–	–	–	–	–
Treasury shares	–	–	–	–	–	–	–
IAS 19 adjustment	–	–	–	–	–	–	–
Private equity related	–	–	–	–	–	–	–
Normalised earnings	3 644	–	3 644	92	–	–	92

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

Additional information on internal restructures continued

for the six months ended 31 December 2021

R million	Total personal loans previously published	Transfer of revolving facilities	Total personal loans after reallocation	Retail other previously published	Transfer of revolving facilities	Retail other after reallocation
Cost-to-income ratio (%)	35.5		34.2	64.7		66.3
Diversity ratio (%)	11.8		12.5	69.9		71.9
Credit loss ratio (%) – core lending advances	–		6.89	–		11.03
Stage 3/NPLs as a % of core lending advances	–		16.25	–		18.02
Consolidated income statement includes						
Depreciation	(8)	–	(8)	(1 040)	–	(1 040)
Amortisation	–	–	–	(27)	–	(27)
Net impairment charges	–	–	–	(11)	–	(11)
Consolidated statement of financial position includes						
Advances (before impairments)	38 701	6 701	45 402	15 046	(6 701)	8 345
Core lending advances	38 701	6 701	45 402	15 046	(6 701)	8 345
– Other core lending advances (AC and FV)	38 701	6 701	45 402	15 046	(6 701)	8 345
– Securitised advances	–	–	–	–	–	–
Assets under agreements to resell	–	–	–	–	–	–
Stage 3/NPLs	6 620	760	7 380	2 264	(760)	1 504
Investments in associates	413	–	413	446	–	446
Investments in joint ventures	–	–	–	–	–	–
Total deposits (including non-recourse deposits)	6	45	51	317 957	(45)	317 912
Total assets*	31 151	5 499	36 650	43 494	(5 499)	37 995
Total liabilities*	32 126	5 559	37 685	34 833	(5 559)	29 274
Capital expenditure	8	–	8	986	–	986

* *Restated, refer to pages 165 and 166 for more details.*

	Commercial previously published	Reallocation of ABF	Commercial after reallocation	Total FNB previously published	Transfer of revolving facilities	Reallocation of ABF	Total FNB after reallocation	WesBank previously published	Reallocation of ABF	WesBank after reallocation
	45.9		45.9	52.2			52.2	54.9		54.3
	42.7		43.6	47.1			47.4	46.5		44.0
	–		0.07	–			1.26	–		1.08
	–		5.07	–			7.22	–		5.96
	(96)	–	(96)	(1 356)	–	–	(1 356)	(437)	–	(437)
	–	–	–	(40)	–	–	(40)	(26)	–	(26)
	1	–	1	(9)	–	–	(9)	(33)	–	(33)
	115 657	(14 711)	100 946	484 756	–	(14 711)	470 045	126 084	14 711	140 795
	115 657	(14 711)	100 946	484 756	–	(14 711)	470 045	126 084	14 711	140 795
	115 657	(14 711)	100 946	484 756	–	(14 711)	470 045	117 917	14 711	132 628
	–	–	–	–	–	–	–	8 167	–	8 167
	–	–	–	–	–	–	–	–	–	–
	5 594	(475)	5 119	34 429	–	(475)	33 954	7 923	475	8 398
	–	–	–	859	–	–	859	2 704	–	2 704
	–	–	–	–	–	–	–	12	–	12
	348 072	–	348 072	730 426	–	–	730 426	33	–	33
	114 157	(14 307)	99 850	500 866	–	(14 307)	486 559	128 228	14 307	142 535
	112 056	(14 302)	97 754	489 028	–	(14 302)	474 726	127 452	14 302	141 754
	241	–	241	1 443	–	–	1 443	221	–	221

Additional information on internal restructures continued

for the six months ended 31 December 2021

R million	RMB previously published	Assets under agreements to resell	RMB after reallocation	Centre previously published	Assets under agreements to resell	Net presentation of derivatives	Centre after reallocation
Cost-to-income ratio (%)	50.1		50.1	81.7			81.7
Diversity ratio (%)	58.9		58.9	>100			>100
Credit loss ratio (%) – core lending advances	–		0.02	–			0.33
Stage 3/NPLs as a % of core lending advances	–		0.90	–			3.88
Consolidated income statement includes							
Depreciation	(64)	–	(64)	(7)	–	–	(7)
Amortisation	(79)	–	(79)	(235)	–	–	(235)
Net impairment charges	(3)	–	(3)	(51)	–	–	(51)
Consolidated statement of financial position includes							
Advances (before impairments)	390 981	–	390 981	51 520	–	–	51 520
Core lending advances	390 981	(71 315)	319 666	51 520	(16 845)	–	34 675
– Other core lending advances (AC and FV)	390 981	(71 315)	319 666	42 831	(16 845)	–	25 986
– Securitised advances	–	–	–	8 689	–	–	8 689
Assets under agreements to resell	–	71 315	71 315	–	16 845	–	16 845
Stage 3/NPLs	2 887	–	2 887	1 344	–	–	1 344
Investments in associates	4 311	–	4 311	1 088	–	–	1 088
Investments in joint ventures	2 296	–	2 296	(17)	–	–	(17)
Total deposits (including non-recourse deposits)	267 434	–	267 434	310 719	–	–	310 719
Total assets*	650 122	–	650 122	337 578	–	(13 988)	323 590
Total liabilities*	641 728	–	641 728	208 485	–	(13 988)	194 497
Capital expenditure	132	–	132	47	–	–	47

* *Restated, refer to pages 165 and 166 for more details.*

Total restructures				
FNB	WesBank	RMB	Centre	FirstRand group
–	–	–	–	–
–	–	–	–	–
–	–	–	–	–
(14 711)	14 711	–	–	–
(14 711)	14 711	(71 315)	(16 845)	(88 160)
(14 711)	14 711	(71 315)	(16 845)	(88 160)
–	–	–	–	–
–	–	71 315	16 845	88 160
(475)	475	–	–	–
–	–	–	–	–
–	–	–	–	–
–	–	–	–	–
(14 307)	14 307	–	(13 988)	(13 988)
(14 302)	14 302	–	(13 988)	(13 988)
–	–	–	–	–

Additional information on internal restructures continued

for the year ended 30 June 2022

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

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

R million	Total personal loans previously published	Transfer of revolving facilities	Total personal loans after reallocation	Retail other previously published	Transfer of revolving facilities	Retail other after reallocation
Net interest income before impairment of advances	6 375	704	7 079	7 119	(704)	6 415
Impairment charge	(2 354)	(243)	(2 597)	(946)	243	(703)
Net interest income after impairment of advances	4 021	461	4 482	6 173	(461)	5 712
Non-interest revenue	733	158	891	16 179	(158)	16 021
Income from operations	4 754	619	5 373	22 352	(619)	21 733
Operating expenses	(2 559)	(219)	(2 778)	(15 424)	219	(15 205)
Net income from operations	2 195	400	2 595	6 928	(400)	6 528
Share of profit of associates and joint ventures after tax	33	–	33	26	–	26
Income before indirect tax	2 228	400	2 628	6 954	(400)	6 554
Indirect tax	(70)	–	(70)	(597)	–	(597)
Profit before tax	2 158	400	2 558	6 357	(400)	5 957
Income tax expense	(604)	(112)	(716)	(1 774)	112	(1 662)
Profit for the year	1 554	288	1 842	4 583	(288)	4 295
Attributable to						
Ordinary equityholders	1 554	288	1 842	4 583	(288)	4 295
Other equity instrument holders	–	–	–	–	–	–
Non-controlling interests	–	–	–	–	–	–
Profit for the year	1 554	288	1 842	4 583	(288)	4 295
Earnings attributable to ordinary equityholders	1 554	288	1 842	4 583	(288)	4 295
Headline earnings adjustments	–	–	–	–	–	–
Headline earnings	1 554	288	1 842	4 583	(288)	4 295
TRS and IFRS 2 liability remeasurement	–	–	–	–	–	–
Treasury shares	–	–	–	–	–	–
IAS 19 adjustment	–	–	–	–	–	–
Private equity related	–	–	–	–	–	–
Normalised earnings	1 554	288	1 842	4 583	(288)	4 295

Total FNB previously published	Transfer of revolving facilities	Total FNB after reallocation	Total restructures FNB	WesBank	RMB	Centre	FirstRand group
38 480	–	38 480	–	–	–	–	–
(4 938)	–	(4 938)	–	–	–	–	–
33 542	–	33 542	–	–	–	–	–
34 424	–	34 424	–	–	–	–	–
67 966	–	67 966	–	–	–	–	–
(38 739)	–	(38 739)	–	–	–	–	–
29 227	–	29 227	–	–	–	–	–
59	–	59	–	–	–	–	–
29 286	–	29 286	–	–	–	–	–
(844)	–	(844)	–	–	–	–	–
28 442	–	28 442	–	–	–	–	–
(8 158)	–	(8 158)	–	–	–	–	–
20 284	–	20 284	–	–	–	–	–
19 636	–	19 636	–	–	–	–	–
–	–	–	–	–	–	–	–
648	–	648	–	–	–	–	–
20 284	–	20 284	–	–	–	–	–
19 636	–	19 636	–	–	–	–	–
–	–	–	–	–	–	–	–
19 636	–	19 636	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
19 636	–	19 636	–	–	–	–	–

Additional information on internal restructures continued

for the year ended 30 June 2022

R million	Total personal loans previously published	Transfer of revolving facilities	Total personal loans after reallocation	Retail other previously published	Transfer of revolving facilities	Retail other after reallocation
Cost-to-income ratio (%)	35.8		34.7	66.1		67.7
Diversity ratio (%)	10.7		11.5	69.5		71.4
Credit loss ratio (%) – core lending advances	–		5.55	–		8.56
Stage 3/NPLs as a % of core lending advances	–		14.94	–		16.14
Consolidated income statement includes						
Depreciation	(16)	–	(16)	(2 139)	–	(2 139)
Amortisation	–	–	–	(149)	–	(149)
Net impairment charges	–	–	–	(49)	–	(49)
Consolidated statement of financial position includes						
Advances (before impairments)	40 173	6 450	46 623	14 357	(6 450)	7 907
Core lending advances	40 173	6 450	46 623	14 357	(6 450)	7 907
– Other core lending advances (AC and FV)	40 173	6 450	46 623	14 357	(6 450)	7 907
– Securitised advances	–	–	–	–	–	–
Assets under agreements to resell	–	–	–	–	–	–
Stage 3/NPLs	6 274	690	6 964	1 966	(690)	1 276
Investments in associates	317	–	317	453	–	453
Investments in joint ventures	–	–	–	–	–	–
Total deposits (including non-recourse deposits)	1	38	39	322 252	(38)	322 214
Total assets	32 981	5 577	38 558	43 197	(5 577)	37 620
Total liabilities	33 665	5 335	39 000	26 892	(5 335)	21 557
Capital expenditure	21	–	21	2 243	–	2 243

	Total FNB previously published	Transfer of revolving facilities	Total FNB after reallocation	Total restructures				
				FNB	WesBank	RMB	Centre	FirstRand group
	53.1		53.1					
	47.3		47.3					
	1.04		1.04					
	6.45		6.45					
	(2 790)	–	(2 790)	–	–	–	–	–
	(166)	–	(166)	–	–	–	–	–
	(49)	–	(49)	–	–	–	–	–
	490 837	–	490 837	–	–	–	–	–
	490 837	–	490 837	–	–	–	–	–
	490 837	–	490 837	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	31 665	–	31 665	–	–	–	–	–
	770	–	770	–	–	–	–	–
	–	–	–	–	–	–	–	–
	755 541	–	755 541	–	–	–	–	–
	505 767	–	505 767	–	–	–	–	–
	480 169	–	480 169	–	–	–	–	–
	3 085	–	3 085	–	–	–	–	–

analysis of results

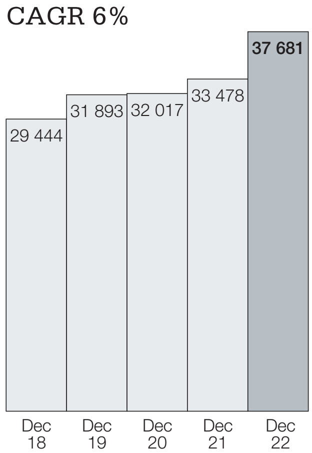
Net interest income (before impairment of advances)

Net interest income (before impairment of advances) – up 13%

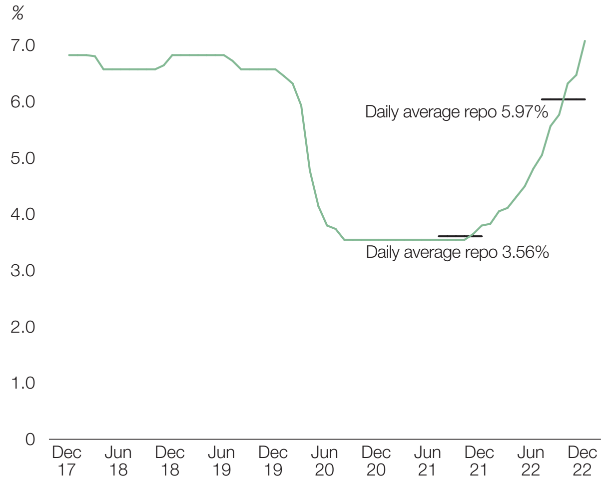
Since 2017, the group implemented certain ALM strategies to protect earnings and manage interest rate risk through the cycle. During the rate cutting cycle, these strategies mitigated the negative endowment impact by approximately 50% in the 2021 and 2022 financial years. In the current interest rate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

Net interest income

R million



Repo rate



The average endowment book for the year was R335 billion excluding UK operations. The average endowment book for the UK operations was £200 million. On average, rates were 241 bps higher in the current period, which translates into a gross positive endowment impact of approximately R4 billion (R4.5 billion including UK operations) excluding the ALM strategies (i.e. gross impact).

MARGIN CASCADE TABLE

	Six months ended 31 December				Year ended 30 June
	2022			2021*	2022*
Percentage of average interest-earning banking assets (%)	Average interest-earning assets	NII	NIM (bps)	NIM (bps)	NIM (bps)
31 December 2021 normalised margin including UK operations	1 520 632	33 478	4.83	4.69	4.81
Impact of UK operations on margin	(363 322)	(5 281)	(0.46)	(0.42)	(0.46)
31 December 2021 normalised margin excluding UK operations	1 157 310	28 197	4.37	4.27	4.35
Asset growth	154 971	3 773			
Balances with central banks	2 379				
Cash and cash equivalents	8 106				
Liquid assets	43 430				
Loans and advances	101 056				
Lending interest earning assets		(1 292)	(0.19)	(0.11)	(0.09)
Asset pricing		(685)	(0.10)	(0.14)	(0.10)
Change in advances mix and other		(607)	(0.09)	0.03	0.01
Liabilities		826	0.12	0.09	0.07
Deposit pricing and endowment		674	0.10	0.04	0.02
Change in deposit mix and volume		152	0.02	0.05	0.05
Capital endowment (including ALM strategies)		473	0.07	0.12	0.09
Group treasury, centre and other activities		(841)	(0.12)	0.04	(0.09)
FNB broader Africa		473	0.07	0.00	0.01
31 December 2022 normalised margin excluding UK operations	1 312 281	31 609	4.78	4.83	4.80
Impact of UK operations on margin	393 865	6 072	(0.40)	(0.46)	(0.40)
MotoNovo	93 915	1 790	(0.07)	(0.04)	(0.06)
Aldermore	299 950	4 282	(0.33)	(0.43)	(0.34)
31 December 2022 closing normalised margin including UK operations	1 706 146	37 681	4.38	4.37	4.40

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

Net interest income (before impairment of advances) continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

R million	Six months ended 31 December			Year ended 30 June
Net interest income	**2022**	2021*	% change	2022*
Lending	**12 636**	12 009	5	23 772
Transactional**	**9 752**	7 992	22	17 450
Investment deposits	**2 021**	1 755	15	3 558
Capital endowment (including ALM strategies)	**5 073**	4 600	10	8 926
Group Treasury, centre and other#	**(296)**	(109)	>100	(678)
FNB broader Africa	**2 423**	1 950	24	3 969
Total NII excluding UK operations	**31 609**	28 197	12	56 997
UK operations	**6 072**	5 281	15	10 859
- MotoNovo	**1 790**	1 730	3	3 125
- Aldermore	**4 282**	3 551	21	7 734
Total NII including UK operations	**37 681**	33 478	13	67 856

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

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

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

KEY DRIVERS

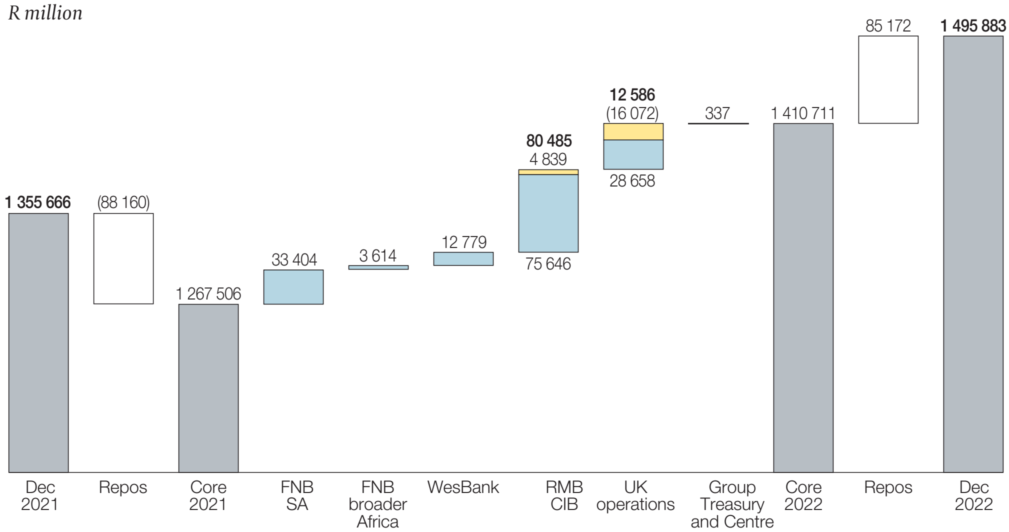
- The overall group NII increase was driven by growth in deposits, including net endowment, and advances.
- Average interest rates moved up by 241 bps period-on-period to 5.97% (December 2021: 3.56%), following three hikes in the SA repo rate in July 2022 (75 bps), September 2022 (75 bps), and November 2022 (75 bps), which benefited endowment-related NII. A portion of the endowment benefit was captured in previous periods through the group's ALM strategy.
- Lending NII increased, driven by strong growth in average advances in RMB CIB (21% increase in core lending period-on-period). Average retail and commercial advances in FNB and WesBank grew 6%. The absolute level of lending NII growth reflects the continued tilt towards good-quality, low- and medium-risk credit origination.
- The increase in NII on transactional balances and investment deposits was driven by customer growth and related increase in volumes, particularly in card, and the strong deposit gathering by the deposit franchises. The current and savings accounts deposits benefited from net endowment.
- Capital endowment NII, including ALM strategies described on page 80, increased in the reporting period due to higher average interest rates benefiting overnight interest earned. This was offset by lower capital endowment following the special dividend paid for the year ended June 2022.
- The NII within Group Treasury, Centre and other decreased over the period and was driven by:
  - lower returns generated on liquid assets in the current period as market returns moderated;
  - negative movements in accounting mismatches, which pull to par over the life of the instruments; and
  - basis costs increased in the period and was partially offset by foreign currency carry cost.
- FNB broader Africa's margins increased largely due to endowment benefits from the interest rate increases and growth in both advances and deposits. The broader Africa portfolio is not included in the group's ALM strategies.
- UK operations NII increased, driven by net lending growth, strong deposit growth and interest rates changes benefiting the cost of funding and thereby margins.

Net interest income (before impairment of advances) continued

Core lending advances – up 11%

Gross advances growth by business

R million



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

R million	As at 31 December 2022	As at 31 December 2021	% change	As at 30 June 2022	December 2022 vs June 2022 % change
Total advances	**1 495 883**	1 355 666	10	1 382 058	8
Assets under agreements to resell	**(85 172)**	(88 160)	(3)	(70 617)	21
Total core lending advances (before currency impact)	**1 410 711**	1 267 506	11	1 311 441	8
UK operations and dollar cross-border book currency impact*	**11 233**	–	–	21 418	(48)
Core lending advances after currency impact	**1 421 944**	1 267 506	12	1 332 859	7

* *If the exchange rate (£: R20.46 and $: R16.98) had remained unchanged from 31 December 2021 (£: R21.47 and $: R15.89). For further information on the exchange rate, refer to page 238.*

KEY DRIVERS

- Advances growth continued to gain momentum. The RMB CIB portfolio contributed significantly to the increase in core lending advances, supported by growth in residential mortgages and WesBank.
- Since June 2022 growth in residential mortgages has slowed, as expected given the higher interest rate environment. Unsecured lending growth was driven by card and FNB personal loans, partially offset by declining volumes in the DirectAxis portfolio which has been impacted by legislation and marketing channel changes.
- WesBank retail VAF produced period-on-period growth supported by higher application volumes and increased approval rates. In WesBank commercial the growth was driven by the ABF portfolio and the onboarding of new clients in the dealer funding solutions (DFS) book.
- In the FNB commercial segment, advances growth continued to be strong and aligned to the strategy to originate new business tactically in those sectors showing above-cycle growth.
- RMB CIB advances growth was largely driven by existing clients drawing down on their facilities as well as new clients in the corporate bank. Origination continued to lean towards better-rated counterparties in the lower to medium volatility sectors, driven by increased credit appetite on the part of corporates. The growth was concentrated in the financial institutions, mining, telecommunications, real estate and energy sectors. The rand depreciated against the US dollar period-on-period, positively impacting reported growth in the cross-border book.
- FNB broader Africa advances increased both in rand and local currency terms on the back of focused lending strategies. The largest contributors to this growth were Namibia, Botswana and Zambia.
- In the UK operations all portfolios delivered growth in advances. MotoNovo's growth resulted from continued high demand in the second-hand car market. Aldermore's retail advances were driven by strong origination growth from a solid pipeline built up towards the end of the 2022 financial year. Growth in the commercial portfolio was due to increased support for small and medium-sized enterprise customers returning to investment following the pandemic, and a strategic pivot towards larger-sized deals.
- Assets under agreements to resell have grown since June 2022 due to an increased appetite for liquidity in the market, which the group was able to capitalise on but are marginally lower than the prior period.

Net interest income (before impairment of advances) continued

AVERAGE BALANCE SHEET

		December 2022			December 2021*		
R million	Notes	Average balance**	Interest income/ (expense)	Average rate %	Average balance	Interest income/ (expense)	Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**9.47**			7.06
Balances with central banks		**35 094**	**–**	**–**	32 715	–	–
Cash and cash equivalents		**50 930**	**1 170**	**4.56**	42 824	549	2.54
Liquid assets portfolio**		**310 232**	**8 908**	**5.70**	266 802	6 090	4.53
Loans and advances to customers	1	**916 025**	**45 748**	**9.91**	814 969	33 175	8.08
Interest-earning assets		**1 312 281**	**55 826**	**8.44**	1 157 310	39 816	6.82
INTEREST-BEARING LIABILITIES							
Average JIBAR				**6.24**			3.69
Deposits due to customers	2	**(998 779)**	**(22 013)**	**4.37**	(882 294)	(11 401)	2.56
Group Treasury funding		**(286 956)**	**(9 098)**	**6.29**	(293 888)	(6 702)	4.52
Interest-bearing liabilities		**(1 285 735)**	**(31 111)**	**4.80**	(1 176 182)	(18 103)	3.05
ENDOWMENT AND TRADING BOOK							
Other assets#		**250 064**	**–**	**–**	308 219	–	–
Other liabilities†		**(133 672)**	**–**	**–**	(147 601)	–	–
NCNR preference shareholders		**(6 110)**	**–**	**–**	(9 409)	–	–
Equity		**(136 828)**	**–**	**–**	(132 337)	–	–
Endowment and trading book		**(26 546)**	**6 894**	**(51.52)**	18 872	6 484	68.16
Total interest-bearing liabilities, endowment and trading book		**(1 312 281)**	**(24 217)**	**3.66**	(1 157 310)	(11 619)	1.99
Net interest margin on average interest-earning assets – excluding UK operations		**1 312 281**	**31 609**	**4.78**	1 157 310	28 197	4.83
Net interest margin on average interest-earning assets – UK operations		**393 865**	**6 072**	**3.06**	363 322	5 281	2.88
– MotoNovo		**93 915**	**1 790**	**3.78**	80 942	1 730	4.24
– Aldermore		**299 950**	**4 282**	**2.83**	282 380	3 551	2.49
Net interest margin on average interest-earning assets – including UK operations		**1 706 146**	**37 681**	**4.38**	1 520 632	33 478	4.37

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

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

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

Includes preference share advances, trading assets and securitisation notes.

† *Includes trading liabilities.*

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

	December 2022		December 2021*	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average prime rate (RSA)		**9.47**		7.06
Advances				
Retail – secured	**351 391**	**1.97**	330 085	2.28
Residential mortgages	**249 515**	**1.60**	230 692	1.82
VAF	**101 876**	**2.90**	99 393	3.35
Retail – unsecured	**87 913**	**10.81**	85 843	10.83
Card	**34 481**	**7.51**	31 987	7.65
Personal loans*	**46 790**	**13.48**	46 001	13.52
Retail other*	**6 642**	**9.17**	7 855	8.03
Corporate and commercial	**421 793**	**2.41**	347 600	2.55
FNB commercial**	**105 074**	**3.37**	96 597	3.49
– Mortgages	**30 625**	**2.20**	30 030	2.17
– Overdrafts	**42 746**	**4.65**	37 807	5.03
– Term loans	**31 703**	**2.77**	28 760	2.83
WesBank corporate**	**48 472**	**2.14**	41 560	2.46
RMB CIB	**268 247**	**2.08**	209 443	2.13
FNB broader Africa	**54 928**	**4.28**	51 441	4.28
Total advances excluding UK operations	**916 025**	**3.16**	814 969	3.42
UK operations	**319 480**	**3.77**	298 424	3.44
– MotoNovo	**93 915**	**3.78**	80 942	3.97
– Aldermore	**225 565**	**3.77**	217 482	3.24
Total advances including UK operations	**1 235 505**	**3.32**	1 113 393	3.43

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

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

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

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

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

Net interest income (before impairment of advances) continued

KEY DRIVERS

Advances margins

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

> WesBank retail VAF margins also reflect the focus on low- and medium-risk customers and competitive pricing pressures, together with the ongoing run-off of the higher margin fixed rate advances.

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

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

> FNB broader Africa advances margins remained flat, despite margin expansion in Botswana on the back of improved pricing. This was offset by margin compression in Ghana and Lesotho, driven by increased funding costs and regulatory limits imposed on customer rates.

> Aldermore's net interest margin increased driven by temporary deposit margin expansion, which offset ongoing lending margin pressure. MotoNovo margins continue to be affected by the ongoing remediation of the NOSIA operational event.

Deposit margins (refer to page 90)

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

> FNB broader Africa margins were supported by an improvement in product mix, with increased current and savings deposits, along with the endowment benefit from rising interest rates.

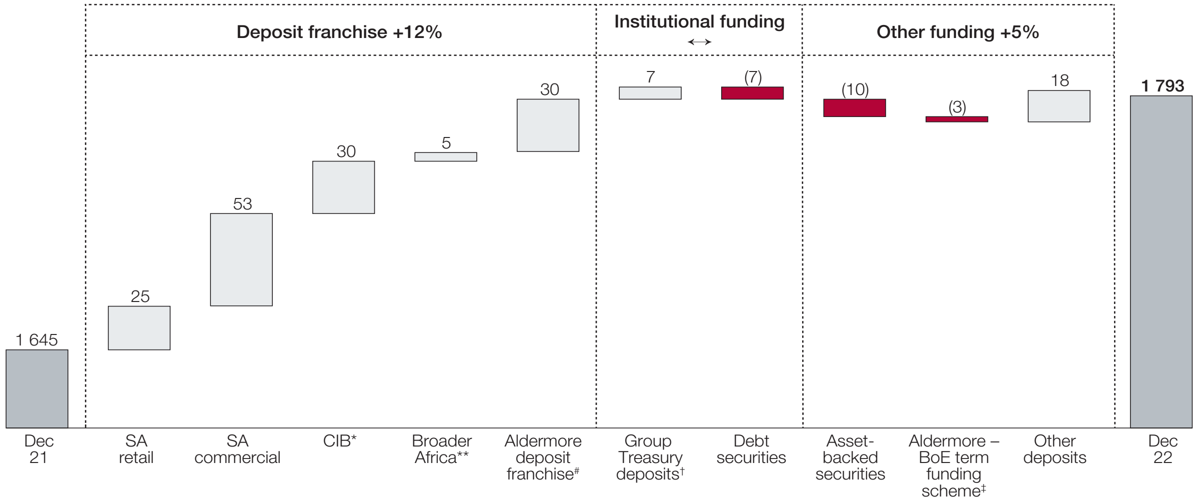
> RMB CIB deposit margins benefited from the strategy of attracting and retaining primary banked clients which resulted in a number of key client wins coupled with increases in overnight funding rates and higher operational margin due to market trends. The increase was somewhat offset by the increase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

> RMB broader Africa deposit margins expanded due to interest rate hikes and a favourable shift in product mix across certain jurisdictions (from US dollar to local currency balances earning higher margins).

Funding – up 9%

Funding growth by segment

R billion



* Includes South Africa and the London branch.

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

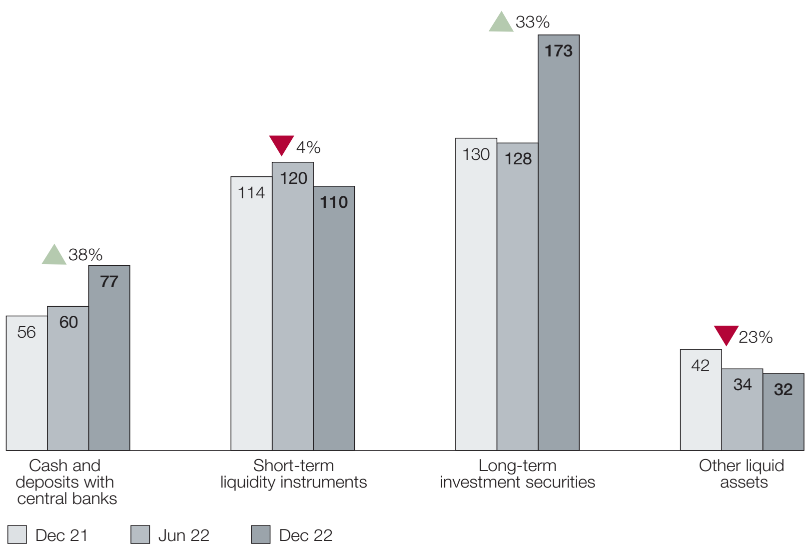
\# The Aldermore savings deposit franchise increased 16% to £15 billion.

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

‡ Aldermore's utilisation of the BoE term funding scheme decreased 5% to £1.2 billion (in local currency).

Liquidity management by investment type*

R billion



* Liquidity is calculated as a simple average of 92 days of daily observations over the six months ended 31 December 2022 for FirstRand Bank South Africa and the London branch, as well as Botswana and Namibia. Liquidity of the remaining banking entities, including Aldermore, and the India and Guernsey branches, are based on the quarter-end values.

Net interest income (before impairment of advances) continued

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	December 2022		December 2021*	
R million	**Average balance**	**Average margin %**	Average balance	Average margin %
Average JIBAR (RSA)		**6.24**		3.69
DEPOSITS				
Retail	**309 825**	**1.86**	286 458	1.42
Current and savings	**89 583**	**4.85**	84 661	3.39
Call	**116 596**	**0.84**	108 762	0.85
Term	**103 646**	**0.44**	93 035	0.31
Commercial	**380 244**	**2.41**	330 818	1.89
Current and savings	**139 810**	**5.08**	124 086	3.63
Call	**117 398**	**1.34**	103 660	1.34
Term	**123 036**	**0.41**	103 072	0.36
Corporate and investment banking	**250 925**	**0.99**	212 139	0.87
Current and savings	**111 348**	**1.77**	104 455	1.35
Call	**76 425**	**0.57**	58 722	0.54
Term	**63 152**	**0.12**	48 962	0.21
FNB broader Africa	**57 785**	**3.44**	52 879	2.36
Total deposits excluding UK operations	**998 779**	**1.94**	882 294	1.52
UK operations**	**340 744**	**–**	313 104	–
Total deposits including Aldermore	**1 339 523**	**1.45**	1 195 398	1.12

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

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

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

DEPOSITS AND FUNDING KEY DRIVERS

Deposit franchise

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

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

> Aldermore benefited from growth in customer savings deposits through focused strategies to optimise deposit mix and respond to market and customer demand.

Institutional and other funding

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

> Asset-backed securities declined due to the continued run-down of various securitisation vehicles.

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

Credit

CREDIT HIGHLIGHTS AT A GLANCE

R million	Notes	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Total gross advances		**1 495 883**	1 355 666	10	1 382 058
Total core lending advances	1 on p.114	**1 410 711**	1 267 506	11	1 311 441
– Performing core lending advances		**1 360 002**	1 213 028	12	1 260 555
– Stage 1*		**1 242 207**	1 102 856	13	1 147 905
– Stage 2		**117 795**	110 172	7	112 650
– Stage 3/NPLs	3 on p.120	**50 709**	54 478	(7)	50 886
Assets under agreements to resell		**85 172**	88 160	(3)	70 617
Stage 3/NPLs as a % of core lending advances*	3 on p.120	**3.59**	4.30		3.88
Core lending advances (net of impairment)*		**1 362 495**	1 217 303	12	1 263 707
Total impairments		**48 216**	50 203	(4)	47 734
Portfolio impairments	2 on p.118	**23 376**	23 769	(2)	22 412
– Stage 1		**11 993**	11 587	4	11 163
– Stage 2		**11 383**	12 182	(7)	11 249
Stage 3 impairments	3 on p.120	**24 840**	26 434	(6)	25 322
Coverage ratios					
Performing book coverage ratio (%) – core lending advances*,**	2 on p.118	**1.72**	1.96		1.78
Specific coverage ratio (%)#	3 on p.120	**49.0**	48.5		49.8
Income statement analysis					
Impairment charge	4 on p.124	**5 008**	4 027	24	7 080
Credit loss ratio (%) – core lending advances*	4 on p.124	**0.74**	0.65		0.56
Impairment charge excluding UK operations	4 on p.124	**3 947**	3 734	6	5 920
Credit loss ratio excluding UK operations (%) – core lending advances*	4 on p.124	**0.75**	0.79		0.61

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

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

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

Updated through-the-cycle range

The group has updated its through-the-cycle range. The previous range of 100 to 110 bps was anchored to IAS 39 impairment principles and did not included Aldermore. Following the adoption of IFRS 9 the group conducted a detailed review per product and the new ranges are detailed in the table below:

South African and broader Africa operations	90 bps – 120 bps
UK operations	40 bps – 70 bps
Total group	**80 bps – 110 bps**

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

Changes in presentation of the credit information

The MotoNovo back book has significantly run down and now represents less than one per cent of total advances. As such the split of the back book and front book will no longer be presented. Where applicable, prior year amounts have been updated. The MotoNovo back book advances amounted to £139 million (December 2021: £474 million) or R2 840 million (December 2021: R10 185 million).

Covid-19 relief portfolio

The Covid-19 relief book is stable and performing in line with expectation. The total relief book has continued to decline and represents less than 0.1% of total group advances at 31 December 2022. As a result, separate disclosure of the Covid-19 relief book will no longer be provided and comparatives have been updated.

Other

Please refer to additional voluntary changes in presentation on page 187 in the IFRS section.

Temporary stress scenario

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

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

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

Credit continued

Overview of credit results

STAGE DISTRIBUTION OF ADVANCES

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

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

Stage 1 advances

Stage 1 core lending advances increased period-on-period, given new business growth and, to a lesser extent, the curing of accounts. A further analysis is contained in note 1, pages 114 to 117.

Stage 2 advances

Stage 2 advances increased period-on-period and was driven by increases in both the stage 2 advances in current status and an increase in stage 2 arrears. This increase is impacted by rate hikes and inflation, with an increase in early arrears status. As expected, the UK operations account for most of the growth in arrears. A further analysis is contained in note 1, pages 114 to 117.

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

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

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

> RMB CIB stage 2 advances increased marginally period-on-period given by strong book growth offset by the curing of a significant exposure.

> Broader Africa stage 2 advances declined period-on-period reflecting the improved risk profile of the portfolio.

> Period-on-period growth in stage 2 advances in the UK operations was driven by the MotoNovo book, partially offset by decreases in stage 2 advances in the Aldermore retail and commercial portfolios due to accounts curing. The MotoNovo stage 2 increase was due to the origination strain from advances growth and the deteriorating macros. It also continues to be impacted by the NOSIA remediation project. Since June 2022, all portfolios reflected increases in stage 2 driven by book growth, model refinements that result in more accounts migrating to stage 2 due to triggering SICR, and increases in arrears as a result of the deteriorating economic conditions in the UK.

STAGE DISTRIBUTION OF ADVANCES

Stage 3 advances

NPLs continued to decrease across most portfolios driven by good collections efforts, curing and slower inflows into NPLs. A further analysis is contained in note 3, pages 120 to 123.

- SA retail NPLs contracted and NPLs as a percentage of advances declined period-on-period given book growth. Across all portfolios this reduction primarily resulted from the curing of paying NPLs due to focused collections strategies and slower inflows during the six months to June 2022. Some strain has emerged since June 2022 due to inflationary and interest rate pressure but credit experience remains better than expected given the macro environment.
- Residential mortgage NPLs reduced period-on-period but increased marginally since June 2022, reflective of new business strain and rising interest rates.
- Personal loans (excluding Covid-19 relief advances) and card NPLs contracted period-on-period driven by the curing of NPLs and slower inflows. NPLs in both portfolios remained flat since June 2022.
- WesBank VAF NPLs decreased due to improved collections, slower inflows and a favourable curing performance.
- FNB commercial NPLs declined as a percentage of advances, driven by settlements in the agricultural portfolio (-31%) and the property finance portfolio (-10%) and increased write-offs from historical NPL inflows.
- The period-on-period increase in RMB CIB NPLs can be attributed to a limited number of counters with significant exposures migrating to stage 3 during the six months to June 2022. This was partly offset by a debt-to-equity restructure of a fully provided exposure in the private equity portfolio during the six months to December 2022. The restructured transaction was also the main driver of the decrease in NPLs since June 2022.
- The broader Africa NPL ratio decreased and NPLs reduced period-on-period driven by a contraction in Botswana and Zambia resulting from write-offs, a slowdown in new inflows and strong recoveries. Namibia's NPLs were flat period-on-period.
- In the UK operations, NPLs as a percentage of advances decreased period-on-period mainly due to curing and settlement of accounts in the retail and commercial portfolios supported by advances growth. This was offset by an increase in MotoNovo NPLs period-on-period. Since June 2022 there has been an uptick in the UK operations' NPLs across all portfolios due to deteriorating economic conditions. The MotoNovo NPLs continued to be impacted by the NOSIA remediation project, offset somewhat by lower NPL inflows despite the higher interest and inflation environment as the bulk of the portfolio is being written at fixed rates.

Credit continued

COVERAGE

Performing coverage

Performing coverage decreased given lower stage 2 coverage. This was driven by mix change, given the higher growth in RMB and FNB commercial advances, which attract lower coverage to retail advances. Most underlying portfolios have largely maintained coverage, other than the UK operations, where performing coverage increased. A further analysis is contained in note 2, pages 118 and 119.

- The SA retail performing coverage reduced period-on-period. Overall impairment provision levels reflect a balance of encouraging underlying performance with uncertainties associated with the operating environment, most notably interest and inflation pressure. Performing coverage reduced period-on-period as underlying performance proved better than expected. Since June 2022 performing coverage reduced marginally, with lower stage 1 cover in part due to strong new business growth in secured, and stage 2 cover increasing in line with a relative increase in arrears. The inflows into stage 2 represent accounts with lower coverages, such as exposures under debt counselling, and on balance contribute to a reduction in the stage 2 cover period-on-period however, increasing for the six months since June 2022.
- FNB commercial performing coverage reduced period-on-period mostly driven by the release of provisions during the six months ended June 2022 due to a general improvement in the economic outlook post Covid-19.
- RMB CIB core performing coverage (excluding HQLA) declined, impacted by strong book growth from better-rated counterparties, with lower coverage, coupled with the release of impairments due to an easing of risk in the sectors that were previously impacted by the pandemic (real estate investment trusts, leisure, casinos, and hotels) and the curing of a significant exposure to stage 1. A limited number of counters with higher provisions migrating to NPL status, resulted in lower coverage.
- Broader Africa performing coverage reduced period-on-period, driven by book growth and a decrease in stage 2 advances, reflecting the improved risk profile in the portfolio. Performing coverage has remained stable since June 2022.
- Performing coverage in the UK operations increased across all portfolios driven by model refinements, higher arrears and the deteriorating macro-economic outlook.

Stage 3 coverage

Stage 3 coverage increased from December 2021 and improved somewhat from June 2022 levels. A further analysis is contained in note 3, pages 120 to 123.

- SA retail stage 3 impairment coverage increased marginally since December 2021 and June 2022, reflecting cautious payment and recovery expectations.
- Residential mortgages stage 3 cover decreased period-on-period as the average age of NPLs improved, with older accounts being worked out while new inflows attract a lower cover due to a higher probability to cure. Cover remained flat since June 2022.
- NPL coverage in the personal loans portfolio increased marginally due to a change in the mix of the portfolio, with operational NPLs representing a higher percentage of the book.
- WesBank VAF stage 3 impairment coverage increased due to a slowdown in inflows into stage 3 and substantial write-offs in recent months, with remaining stage 3 advances representing older NPLs with higher coverage.
- RMB SA CIB stage 3 coverage decreased from December 2021 and June 2022 levels despite the migration of certain counters. The decrease was off the back of the restructure of a significant exposure in the private equity portfolio during the six months ended 31 December 2022, which attracted a higher coverage. Refer to page 95 for more detailed information. In the lending portfolio, stage 3 advances increased period-on-period and since June 2022. The stage 3 cover in the lending book increased period-on-period driven by the migration of a highly covered exposure into stage 3. After June 2022, the NPL coverage decreased marginally as a result of new inflows into stage 3.
- Despite the overall decrease in NPLs, the stage 3 coverage in broader Africa increased due to a mix change away from secured to unsecured stage 3 accounts, which attract higher coverage. Increased average time of exposures in the stage 3 portfolio also contributed to the increase.
- The UK operations stage 3 coverage increased period-on-period and since June 2022. In both periods this increase was primarily driven by MotoNovo given advances growth, and the ageing stage 3 portfolio due to the impact of the remediation on MotoNovo's collections and write-off processes. In the Aldermore retail portfolio, the stage 3 coverage declined in both periods due to model refinements.

IMPAIRMENT CHARGE

The increase in the group credit loss ratio is largely attributable to the following, with a further analysis contained in note 4, pages 124 and 125:

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

The main impairment charge drivers are:

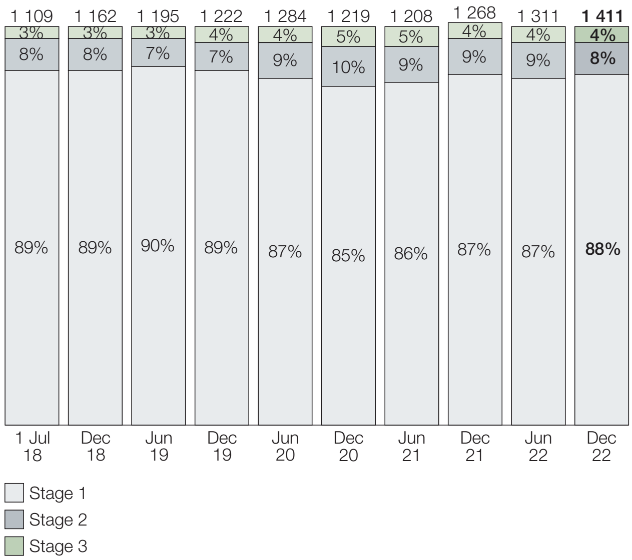
- The SA retail CLR reduced marginally period-on-period mainly as a result of a net contraction in stage 3 advances due to higher cure rates and lower inflow levels into stage 3, despite the uptick in stage 2 arrears in the secured portfolio in line with expectations. The secured portfolios CLR reduced period-on-period. The unsecured portfolios CLR had a small increase period-on-period driven by book growth, compared to a net contraction in advances in the 6 months to December 2021.
- The WesBank VAF CLR reduced reflecting the improvement in arrears, as the risk profile of the book and collections improved. This was further supported by write-offs and cure.
- The FNB commercial CLR increased, although it is still lower than the TTC range and off a low base. Balance sheet provisions were retained as uncertainty in the operating environment relating to loadshedding, adverse weather, fuel prices, interest rate outlook, inflation impact and logistical challenges remains.
- The core lending CLR for RMB CIB (excluding HQLA) decreased from a charge in December 2021 to a net release, despite strong advances growth. Excluding the restructure transaction explained below, the CLR would have been 0.06% (R96 million). This reflects the origination strategy of focusing on highly rated counters (with lower coverages) and the improved credit risk profile of the overall portfolio (particularly the industries previously impacted by the pandemic).
- The CLR for broader Africa increased slightly period-on-period with better performance across most of the subsidiaries offset by an additional provision taken in Ghana as a result of the domestic debt exchange and the macro environment.
- The CLR for the UK operations increased period-on-period driven by advances growth across the portfolios and the downward shift in the economic outlook amidst the cost-of-living crisis, resulting in the underlying portfolio deterioration and increased coverage. The ageing of the MotoNovo NPL book and the impact of the remediation process further contributed to the overall increase.
- During the reporting period, a private equity investee company implemented a debt-to-equity restructure. As a result, a portion of the investee's loan was converted to equity while the other was settled according to the contractual terms of the loan. Due to the IFRS requirements, a gain of R715 million was recognised in investment income relating to the portion of the loan that was converted to equity, refer note 4 page 134. The portion of the advance settled resulted in R105 million impairment release with the majority of the loan being written off (R716 million). The impairment of the equity portion resulting from the restructure was recognised in share of profits from associates and joint ventures (R820 million). Refer to pages 135 and 136. The net earnings impact of this transaction is zero.

Credit continued

Stage distribution

Core lending advances by stage

R billion



STAGE 2 ADVANCES

	As at 31 December 2022		
R million	Stage 2 arrears	Other stage 2 advances in current status	Total stage 2
Residential mortgages	5 060	15 110	20 170
WesBank VAF	3 526	8 205	11 731
FNB card	376	2 011	2 387
Personal loans**	2 596	4 497	7 093
Retail other**	206	3 050	3 256
Total SA retail	11 764	32 873	44 637
FNB commercial#	860	6 549	7 409
WesBank corporate#	712	3 196	3 908
Total SA commercial*	1 572	9 745	11 317
Total SA retail and commercial*	13 336	42 618	55 954

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

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

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

	As at 31 December 2021			As at 30 June 2022		
	Stage 2 arrears	Other stage 2 advances in current status*	Total stage 2	Stage 2 arrears	Other stage 2 advances in current status*	Total stage 2
	3 424	11 920	15 344	3 689	15 960	19 649
	3 370	8 285	11 655	3 219	7 857	11 076
	352	2 149	2 501	393	1 836	2 229
	2 323	5 420	7 743	2 099	5 050	7 149
	197	1 242	1 439	193	3 068	3 261
	9 666	29 016	38 682	9 593	33 771	43 364
	600	7 851	8 451	725	6 833	7 558
	483	3 272	3 755	574	4 234	4 808
	1 083	11 123	12 206	1 299	11 067	12 366
	10 749	40 139	50 888	10 892	44 838	55 730

Credit continued

Stage 3 non-performing loans

CHANGE IN NPLs

	31 December 2022 vs 31 December 2021			31 December 2022 vs 30 June 2022		
	R million	% change	Percentage point contribution to overall NPL decrease	R million	% change	Percentage point contribution to overall NPL decrease
Operational NPLs*	(1 338)	(4)	(3)	(548)	(2)	>100
Other paying NPLs**	(1 853)	(17)	(3)	(362)	(4)	>100
NPLs (excluding UK operations)	(3 191)	(7)	(6)	(910)	(2)	>100
UK operations	(578)	(6)	(1)	733	9	(>100)
Change in total group NPLs	(3 769)	(7)	(7)	(177)	–	–

* *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 2022		
R million	Operational NPLs**	Other paying NPLs#	Total NPLs
Residential mortgages	7 840	4 079	11 919
WesBank VAF	3 689	1 945	5 634
FNB card	3 015	678	3 693
Personal loans†	5 537	1 413	6 950
Retail other†	966	148	1 114
Total SA retail NPLs	21 047	8 263	29 310
FNB commercial‡	4 266	164	4 430
WesBank corporate‡	549	384	933
Total SA commercial	4 815	548	5 363
Total SA retail and commercial	25 862	8 811	34 673

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

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

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

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

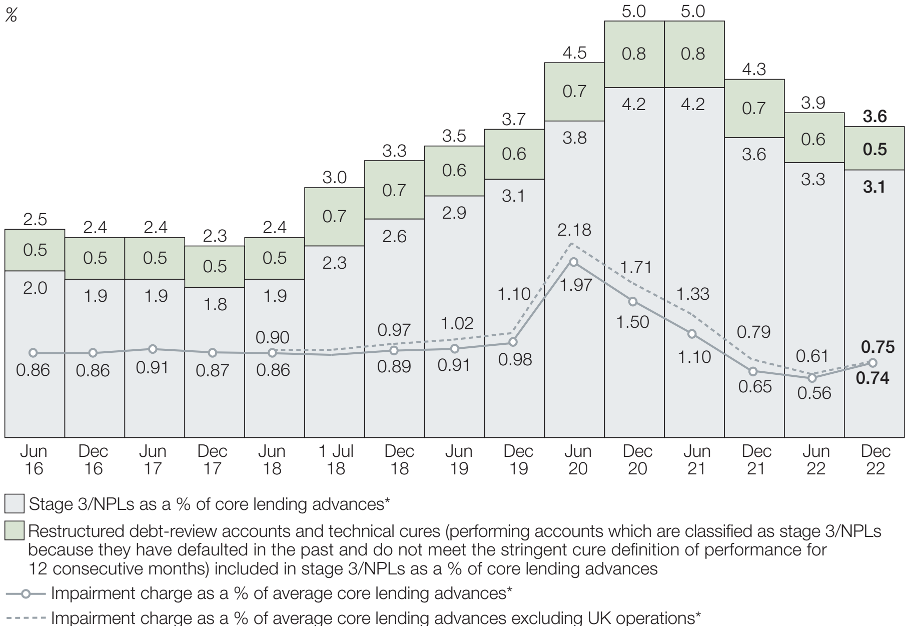
‡ *December 2021 has been restated due to the reallocation of ABF customers that bank with FNB from FNB commercial to WesBank corporate.*

As at 31 December 2021*			As at 30 June 2022*		
Operational NPLs**	Other paying NPLs#	Total NPLs	Operational NPLs**	Other paying NPLs#	Total NPLs
7 844	4 750	12 594	7 654	4 148	11 802
4 552	2 822	7 374	3 990	2 213	6 203
3 054	775	3 829	3 036	642	3 678
5 606	1 774	7 380	5 370	1 594	6 964
1 418	86	1 504	1 107	169	1 276
22 474	10 207	32 681	21 157	8 766	29 923
4 877	242	5 119	4 440	187	4 627
809	215	1 024	683	220	903
5 686	457	6 143	5 123	407	5 530
28 160	10 664	38 824	26 280	9 173	35 453

Credit continued

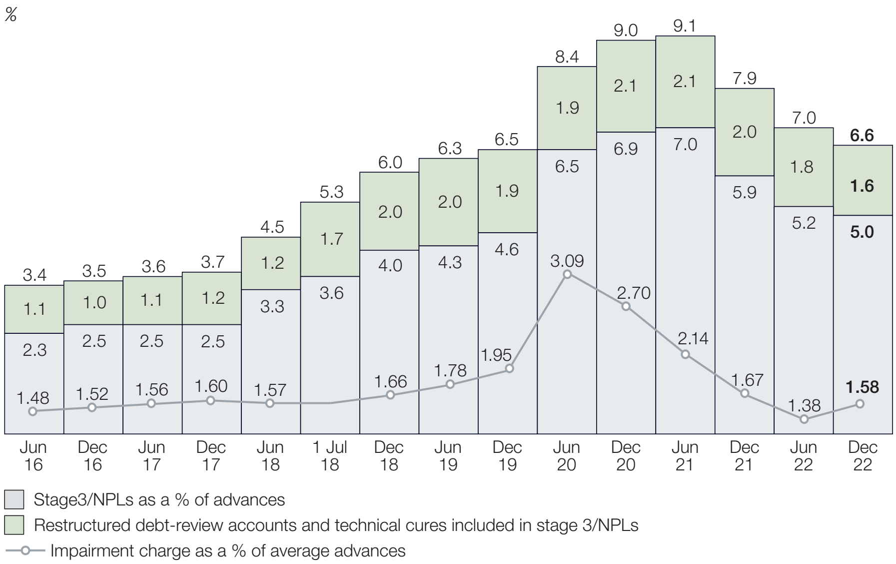
Stage 3 non-performing loans

NPL and impairment history



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

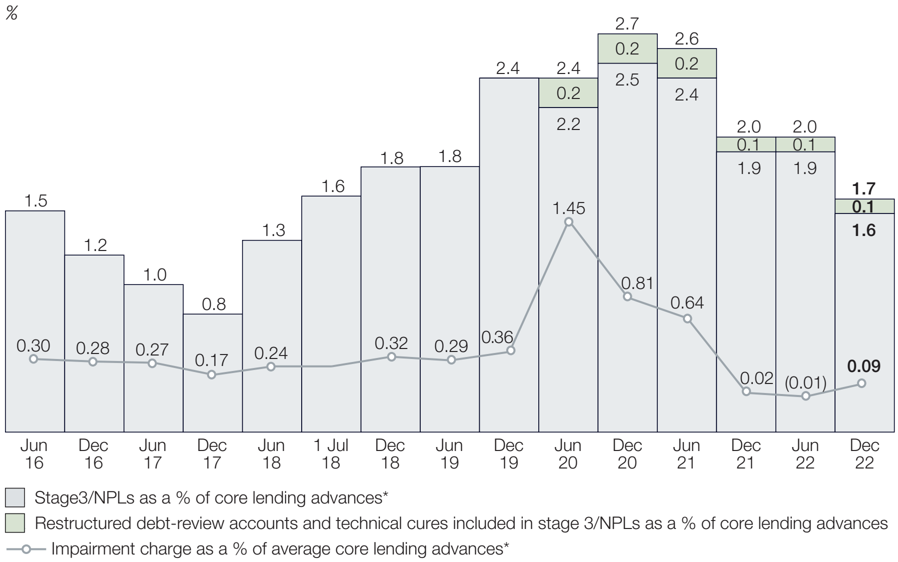
SA retail NPLs and impairments



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

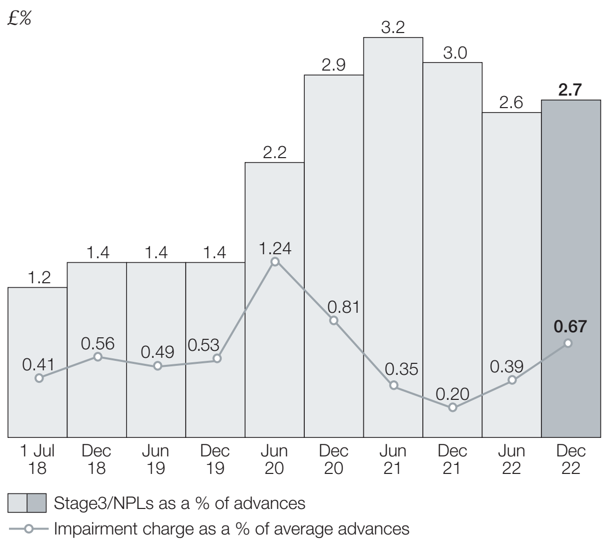
2016 to 2018 figures are based on IAS 39 and 1 July 2018 to 2022 on IFRS 9.

SA corporate and commercial NPLs and impairments



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

UK operations NPLs and impairments



Credit continued

Balance sheet impairments and coverage

Movement in balance sheet impairments

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

BALANCE SHEET IMPAIRMENTS

	31 December 2022			
R million	Total	Stage 1	Stage 2	Stage 3
Opening balance	47 734	11 163	11 249	25 322
Total movement in balance sheet provisions	482	830	134	(482)
Transfers between stages	–	945	(2 019)	1 074
Current year impairment provided	7 386	(198)	2 119	5 465
ECL provided on new business*	3 327	1 870	1 065	392
ECL provided/(released) on back book*	4 059	(2 068)	1 054	5 073
Temporary stress scenario	–	–	–	–
Gross write-off and other**	(6 904)	83	34	(7 021)
Closing balance	48 216	11 993	11 383	24 840

* *Interest suspended on stage 3 core lending advances of R1 599 million (December 2021: R1 630 million; June 2022: R2 993 million) is included in the ECL provided/(released) amounts.*

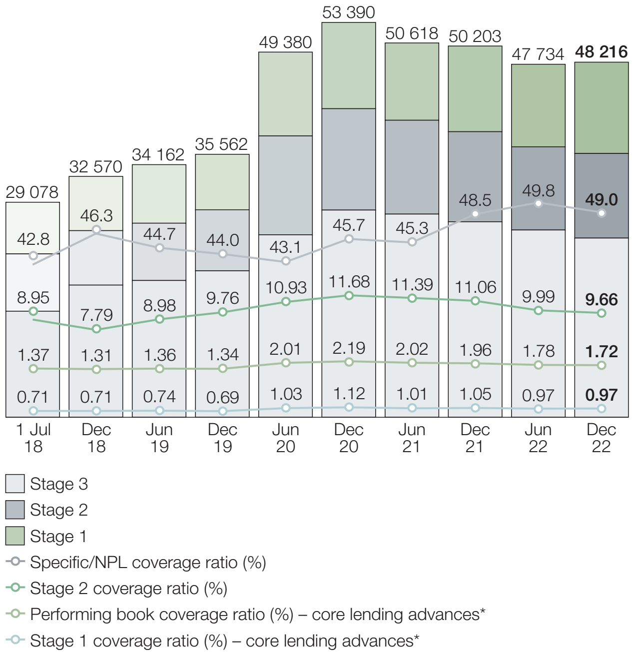
** *Write-off of gross balances excluding prior period provisions held. The gross amounts written off have been recognised in the income statement over various reporting periods.*

	31 December 2021				30 June 2022			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
	50 618	10 451	12 691	27 476	50 618	10 451	12 691	27 476
	(415)	1 136	(509)	(1 042)	(2 884)	712	(1 442)	(2 154)
	–	1 241	(1 778)	537	–	1 349	(1 999)	650
	6 620	(296)	1 084	5 832	12 151	(739)	416	12 474
	2 897	1 674	887	336	7 397	2 926	2 318	2 153
	3 990	(1 781)	253	5 518	4 865	(3 589)	(1 912)	10 366
	(267)	(189)	(56)	(22)	(111)	(76)	10	(45)
	(7 035)	191	185	(7 411)	(15 035)	102	141	(15 278)
	50 203	11 587	12 182	26 434	47 734	11 163	11 249	25 322

Credit continued

Balance sheet impairments and coverage ratios

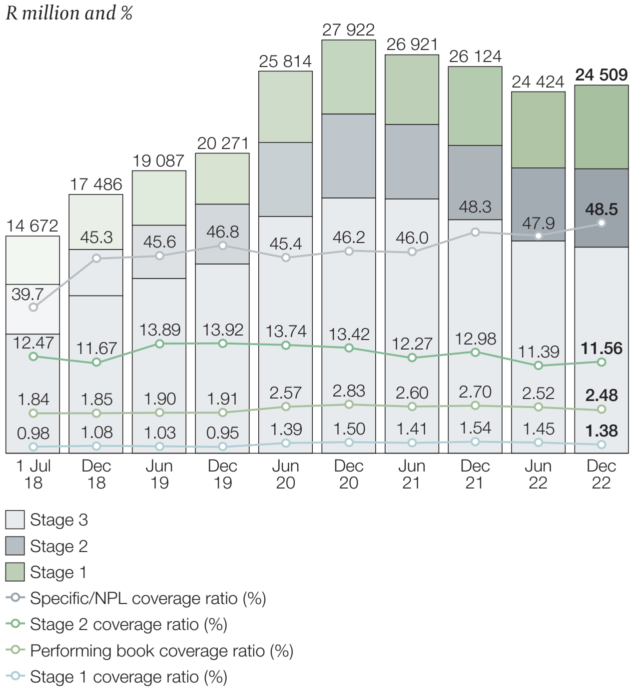
R million and %



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

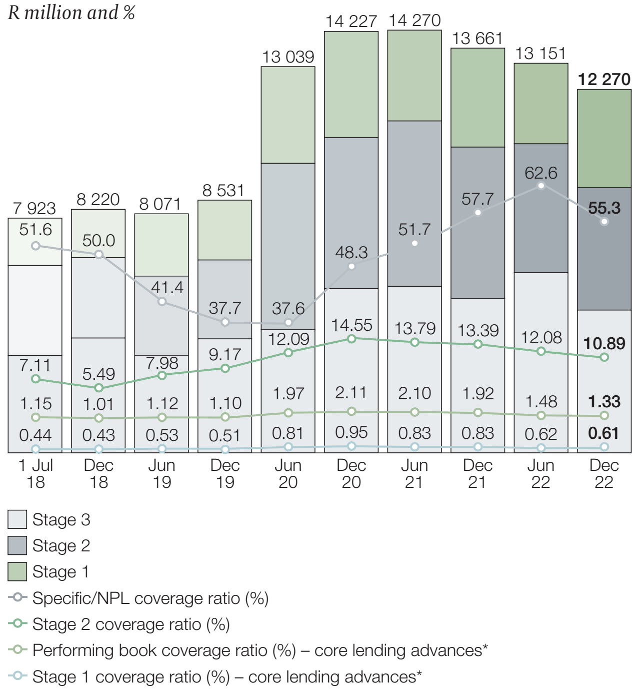
SA retail balance sheet impairments and coverage ratios

R million and %



SA corporate and commercial balance sheet impairments and coverage ratios

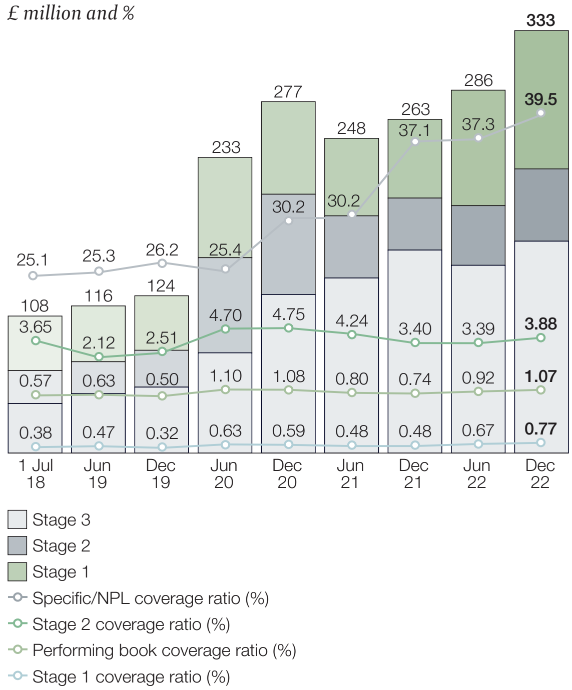
R million and %



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

UK operations balance sheet impairments and coverage ratios

£ million and %



Credit continued

Impairment charge

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2022 vs June 2022	June 2022 vs December 2021	December 2021 vs June 2021
	31 December	30 June	31 December	30 June			
R million	**2022**	2022	2021	2021	% change	% change	% change
Performing book provisions	**964**	(1 357)	627	(2 228)	(>100)	(>100)	(>100)
NPL provision	**(482)**	(1 112)	(1 042)	(544)	(57)	7	92
– Provision movements	**339**	(1 112)	(1 042)	(544)	(>100)	7	92
– NPL release due to debt-to-equity restructure*	**(821)**						
Credit provision increase/ (decrease)	**1 198**	(2 469)	(415)	(2 772)	(>100)	>100	(85)
Gross write-off and other**	**6 904**	7 999	7 035	9 647	(14)	14	(27)
– Write-off and other	**6 188**	7 999	7 035	9 647	(23)	14	(27)
– Debt-to-equity restructure*	**716**	–	–	–	–	–	–
Modification loss	**353**	267	412	348	32	(35)	18
Interest suspended on stage 3 advances	**(1 599)**	(1 363)	(1 630)	(1 707)	17	(16)	(5)
Post write-off recoveries	**(1 132)**	(1 381)	(1 375)	(1 270)	(18)	–	8
Total impairment charge	**5 008**	3 053	4 027	4 246	64	(24)	(5)
Credit loss ratio (%) – core lending advances#	**0.74**	0.47	0.65	0.70			
Credit loss ratio excluding UK operations (%) – core lending advances#	**0.75**	0.45	0.79	0.96			

* *Refer to page 95 for more information.*

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

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

Income statement components

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

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

Credit continued

INCOME STATEMENT ANALYSIS

	Six months ended 31 December 2022							
	Movement in the balance sheet provisions							
R million	**Volume change in stage 1**	**Change in stage 1 coverage**	**Volume change in stage 2**	**Change in stage 2 coverage**	**Performing book provisions**	**Change in stage 3 provisions**	**Credit provision increase**	**Gross write-off and other***
SA retail	**156**	**(168)**	**146**	**76**	**210**	**(125)**	**85**	**5 071**
– Secured	**70**	**(43)**	**105**	**149**	**281**	**(168)**	**113**	**1 051**
– Unsecured	**86**	**(229)**	**41**	**(73)**	**(175)**	**43**	**(132)**	**3 998**
– Temporary stress scenario	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– FNB centre	**–**	**104**	**–**	**–**	**104**	**–**	**104**	**22**
Commercial	**56**	**60**	**(57)**	**21**	**80**	**(294)**	**(214)**	**832**
Corporate**	**262**	**(42)**	**352**	**(587)**	**(15)**	**(652)**	**(667)**	**691**
Broader Africa	**78**	**112**	**(35)**	**(24)**	**131**	**129**	**260**	**260**
UK operations	**116**	**297**	**75**	**169**	**657**	**460**	**1 117**	**(28)**
Centre	**(408)**	**311**	**–**	**(2)**	**(99)**	**–**	**(99)**	**78**
Total	**260**	**570**	**481**	**(347)**	**964**	**(482)**	**482**	**6 904**

	Six months ended 31 December 2021							
	Movement in the balance sheet provisions							
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision decrease**	Gross write-off and other*,#,†
SA retail#	32	586	(279)	267	**606**	(1 403)	**(797)**	6 015
– Secured	50	71	(127)	237	**231**	(498)	**(267)**	1 611
– Unsecured#	7	137	(122)	54	**76**	(883)	**(807)**	4 404
– Temporary stress scenario	(25)	(42)	(30)	(24)	**(121)**	(22)	**(143)**	–
– FNB centre	–	420	–	–	**420**	–	**420**	–
Commercial†	46	(2)	36	(373)	**(293)**	(365)	**(658)**	967
Corporate‡	143	88	(37)	(96)	**98**	(49)	**49**	57
Broader Africa	76	52	(41)	82	**169**	59	**228**	248
UK operations	209	(98)	(100)	35	**46**	716	**762**	(252)
Centre‡	(396)	400	(25)	22	**1**	–	**1**	–
Total#,†	110	1 026	(446)	(63)	**627**	(1 042)	**(415)**	7 035

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

** *The movement in stage 3 provisions includes the impact of the balance sheet provisions of R716 million released as part of the debt-to-equity restructure. Refer to page 95 for more details.*

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

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

‡ *Restated to exclude advances under agreements to resell.*

	Six months ended 31 December 2022				
	Recognised directly in the income statement				
	Modification loss	**Interest on stage 3 advances**	**Post write-off recoveries**	**Total**	**CLR %**
	355	**(1 184)**	**(877)**	**3 450**	**1.58**
	87	**(215)**	**(212)**	**824**	**0.47**
	268	**(969)**	**(665)**	**2 500**	**5.67**
	–	**–**	**–**	**–**	**–**
	–	**–**	**–**	**126**	**–**
	(2)	**(247)**	**(124)**	**245**	**0.31**
	–	**(33)**	**–**	**(9)**	**(0.01)**
	–	**(115)**	**(123)**	**282**	**0.81**
	–	**(20)**	**(8)**	**1 061**	**0.67**
	–	**–**	**–**	**(21)**	**(0.17)**
	353	**(1 599)**	**(1 132)**	**5 008**	**0.74**

	Six months ended 31 December 2021				
	Recognised directly in the income statement				
	Modification loss	Interest on stage 3 advances	Post write-off recoveries	**Total**	CLR %
	412	(1 138)	(1 040)	**3 452**	1.67
	66	(246)	(175)	**989**	0.60
	346	(892)	(865)	**2 186**	5.09
	–	–	–	**(143)**	–
	–	–	–	**420**	–
	–	(253)	(56)	**–**	–
	–	(56)	(1)	**49**	0.03
	–	(86)	(158)	**232**	0.74
	–	(97)	(120)	**293**	0.20
	–	–	–	**1**	0.01
	412	(1 630)	(1 375)	**4 027**	0.65

Credit continued

INCOME STATEMENT ANALYSIS continued

	Six months ended 30 June 2022							
	Movement in the balance sheet provisions							
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision decrease**	Gross write-off and other*
SA retail	355	(536)	79	(162)	**(264)**	(1 436)	**(1 700)**	5 905
– Secured	44	(143)	173	78	**152**	(559)	**(407)**	1 271
– Unsecured	228	18	(227)	(162)	**(143)**	(855)	**(998)**	4 634
– Temporary stress scenario	83	9	133	(78)	**147**	(22)	**125**	–
– FNB centre	–	(420)	–	–	**(420)**	–	**(420)**	–
Commercial	110	(177)	(65)	16	**(116)**	(4)	**(120)**	778
Corporate	251	(806)	(204)	(509)	**(1 268)**	878	**(390)**	(10)
Broader Africa	54	(139)	(84)	(22)	**(191)**	(82)	**(273)**	438
UK operations	(2)	471	640	(620)	**489**	(468)	**21**	889
Centre	627	(632)	–	(2)	**(7)**	–	**(7)**	(1)
Total	1 395	(1 819)	366	(1 299)	**(1 357)**	(1 112)	**(2 469)**	7 999

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

	Year ended 30 June 2022							
	Movement in the balance sheet provisions							
R million	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage	**Performing book provisions**	Change in stage 3 provisions	**Credit provision decrease**	Gross write-off and other*
SA retail**	447	(10)	(147)	52	**342**	(2 839)	**(2 497)**	11 920
– Secured	93	(71)	58	303	**383**	(1 057)	**(674)**	2 882
– Unsecured**	224	166	(342)	(115)	**(67)**	(1 738)	**(1 805)**	9 038
– Temporary stress scenario	130	(105)	137	(136)	**26**	(44)	**(18)**	–
– FNB centre	–	–	–	–	**–**	–	**–**	–
Commercial	180	(203)	(67)	(319)	**(409)**	(369)	**(778)**	1 745
Corporate	389	(713)	(226)	(620)	**(1 170)**	829	**(341)**	47
Broader Africa	129	(86)	(124)	59	**(22)**	(23)	**(45)**	686
UK operations	207	373	439	(484)	**535**	248	**783**	637
Centre	(335)	334	(25)	20	**(6)**	–	**(6)**	(1)
Total**	1 017	(305)	(150)	(1 292)	**(730)**	(2 154)	**(2 884)**	15 034

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

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

Six months ended 30 June 2022				
Recognised directly in the income statement				
Modification loss	Interest on stage 3 advances	Post write-off recoveries	**Total**	CLR %
271	(1 094)	(1 028)	**2 354**	1.11
70	(222)	(240)	**472**	0.28
201	(872)	(788)	**2 177**	5.05
–	–	–	**125**	–
–	–	–	**(420)**	–
(4)	(207)	(81)	**366**	0.50
–	(60)	(9)	**(469)**	(0.29)
–	(81)	(141)	**(57)**	(0.17)
–	79	(122)	**867**	0.56
–	–	–	**(8)**	(0.07)
267	(1 363)	(1 381)	**3 053**	0.47

Year ended 30 June 2022				
Recognised directly in the income statement				
Modification loss	Interest on stage 3 advances	Post write-off recoveries	**Total**	CLR %
683	(2 232)	(2 068)	**5 806**	1.38
136	(468)	(415)	**1 461**	0.44
547	(1 764)	(1 653)	**4 363**	5.01
–	–	–	**(18)**	–
–	–	–	**–**	–
(4)	(460)	(137)	**366**	0.25
–	(116)	(10)	**(420)**	(0.14)
–	(167)	(299)	**175**	0.27
–	(18)	(242)	**1 160**	0.39
–	–	–	**(7)**	(0.03)
679	(2 993)	(2 756)	**7 080**	0.56

Credit continued

Supplementary credit information

Note 1: Analysis of advances

SEGMENTAL ANALYSIS OF ADVANCES

	Advances					
	As at 31 December			As at 31 December		
				2022		
R million	2022	2021	% change	Stage 1	Stage 2	Stage 3
SA RETAIL	444 830	416 222	7	370 883	44 637	29 310
Retail – secured	355 739	331 133	7	306 298	31 888	17 553
Residential mortgages	251 517	232 031	8	219 428	20 170	11 919
WesBank VAF	104 222	99 102	5	86 870	11 718	5 634
Retail – unsecured	89 091	85 089	5	67 273	10 061	11 757
FNB card	34 387	31 342	10	28 307	2 387	3 693
Personal loans**	47 056	45 402	4	33 013	7 093	6 950
– FNB and DirectAxis**	45 530	42 953	6	31 981	6 822	6 727
– Covid-19 relief	1 526	2 449	(38)	1 032	271	223
Retail other**	7 648	8 345	(8)	5 953	581	1 114
Temporary stress scenario	–	–	–	(2 688)	2 688	–
SA CORPORATE AND COMMERCIAL	544 507	449 351	21	497 732	37 489	9 286
FNB commercial#	110 862	100 946	10	99 023	7 409	4 430
– FNB commercial#	109 764	99 471	10	98 138	7 279	4 347
– SME government-guaranteed loan scheme	1 098	1 475	(26)	1 015	–	83
– Temporary stress scenario	–	–	–	(130)	130	–
WesBank corporate#	49 352	41 693	18	44 511	3 908	933
RMB corporate and investment banking*,†	370 477	288 693	28	340 382	26 172	3 923
– Lending*	362 223	280 739	29	335 109	23 766	3 348
– Loans to private equity investee companies	8 254	7 954	4	5 273	2 406	575
HQLA corporate advances†,‡	13 816	18 019	(23)	13 816	–	–
BROADER AFRICA^	71 451	64 933	10	62 572	5 427	3 452
FNB	55 593	51 979	7	47 539	4 634	3 420
RMB (corporate and investment banking)†	15 858	12 954	22	15 033	793	32
Centre (INCLUDING GROUP TREASURY)*	24 827	24 490	1	24 784	43	–
Securitisation notes	24 712	24 051	3	24 712	–	–
Other	115	439	(74)	72	43	–
Total core lending advances excluding UK operations‡	1 085 615	954 996	14	955 971	87 596	42 048
UK operations (£ million)	15 893	14 556	9	13 993	1 476	424
Aldermore retail	7 700	7 206	7	6 684	779	237
Aldermore commercial	3 729	3 400	10	3 352	322	55
Total MotoNovo	4 464	3 950	13	3 957	375	132
UK operations (R million)	325 096	312 510	4	286 236	30 199	8 661
Total core lending advances including UK operations‡	1 410 711	1 267 506	11	1 242 207	117 795	50 709
Assets under agreements to resell	85 172	88 160	(3)	85 172	–	–
Total advances	1 495 883	1 355 666	10	1 327 379	117 795	50 709
Total advances excluding currency impact of UK operations and RMB cross-border◊	1 507 116	1 355 666	11	1 336 928	119 051	51 137
Of which:						
Amortised cost book	1 365 720	1 238 003	10	1 202 573	113 303	49 844
Fair value book	130 163	117 663	11	124 806	4 492	865

Advances				
As at 31 December 2021*			**% composition 2022**	As at 30 June 2022
Stage 1	Stage 2	Stage 3		
344 859	38 682	32 681	**30**	429 462
284 267	26 898	19 968	**24**	342 111
204 093	15 344	12 594	**17**	242 757
80 174	11 554	7 374	**7**	99 354
61 559	10 817	12 713	**6**	87 351
25 012	2 501	3 829	**2**	32 821
30 279	7 743	7 380	**3**	46 623
28 684	7 224	7 045	**3**	44 660
1 595	519	335	**–**	1 963
6 268	573	1 504	**1**	7 907
(967)	967	–	**–**	–
402 110	38 211	9 030	**37**	486 530
87 376	8 451	5 119	**7**	107 823
86 052	8 353	5 066	**7**	106 532
1 422	–	53	**–**	1 291
(98)	98	–	**–**	–
36 914	3 755	1 024	**3**	45 128
259 801	26 005	2 887	**26**	318 573
255 243	23 926	1 570	**25**	310 317
4 558	2 079	1 317	**1**	8 256
18 019	–	–	**1**	15 006
54 892	6 513	3 528	**5**	67 247
43 061	5 390	3 528	**4**	52 906
11 831	1 123	–	**1**	14 341
24 447	43	–	**2**	24 356
24 051	–	–	**2**	23 358
396	43	–	**–**	998
826 308	83 449	45 239	**74**	1 007 595
12 881	1 245	430		15 232
6 184	785	237		7 265
2 997	333	70		3 630
3 700	127	123		4 337
276 548	26 723	9 239	**22**	303 846
1 102 856	110 172	54 478	**96**	1 311 441
88 160	–	–	**4**	70 617
1 191 016	110 172	54 478	**100**	1 382 058
1 191 016	110 172	54 478		1 403 476
1 077 390	106 325	54 288	**91**	1 284 777
113 626	3 847	190	**9**	97 281

* *December 2021 has been restated. Core lending advances exclude assets under agreements to resell. Refer to page 187 for details of the change in presentation.*

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

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

† *Corporate and investment banking, HQLA and RMB broader Africa core lending advances of R400.2 billion (December 2021: R319.7 billion; June 2022: R347.9 billion).*

‡ *Managed by the Group Treasurer.*

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

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

Credit continued

CIB ADVANCES BREAKDOWN

	Advances				
	As at 31 December			% composition	As at 30 June
R million	**2022**	2021	% change	**2022**	2022
RMB corporate and investment banking core lending advances	**370 477**	288 693	28	**78**	318 573
– South Africa	**295 033**	239 302	23	**62**	264 686
– Cross-border (broader Africa) – $ million	**4 443**	3 108	43		3 284
– Cross-border (broader Africa)	**75 444**	49 391	53	**16**	53 887
HQLA corporate advances*	**13 816**	18 019	(23)	**3**	15 006
RMB broader Africa (in-country)	**15 858**	12 954	22	**3**	14 341
CIB total core lending advances	**400 151**	319 666	25	**84**	347 920
CIB total lending advances	**391 897**	311 712	26	**82**	339 664
CIB shareholder loans to private equity investing companies	**8 254**	7 954	4	**2**	8 256
CIB total core lending advances	**400 151**	319 666	25	**84**	347 920
CIB core advances – South Africa**	**308 849**	257 321	20	**65**	279 692
CIB core advances – broader Africa#	**91 302**	62 345	46	**19**	68 228
CIB total core lending advances	**400 151**	319 666	25	**84**	347 920
Assets under agreements to resell	**75 331**	71 315	6	**16**	47 217
CIB total advances	**475 482**	390 981	22	**100**	395 137
Total advances excluding currency impact of RMB cross-border†	**70 605**	49 391	43		52 191

* *Managed by the Group Treasurer.*

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

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

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

CENTRE (INCLUDING GROUP TREASURY) ADVANCES BREAKDOWN

	Advances				
	As at 31 December			% composition	As at 30 June
R million	**2022**	2021	% change	**2022**	2022
Core lending advances	**24 827**	24 490	1	**72**	24 356
Assets under agreements to resell	**9 841**	16 845	(42)	**28**	23 400
Total advances	**34 668**	41 335	(16)	**100**	47 756

Credit continued

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

	Total portfolio impairments						
	As at 31 December		%	As at 31 December			
				2022		2021	
R million	**2022**	2021	change	**Stage 1**	**Stage 2**	Stage 1	Stage 2
SA RETAIL	**10 295**	10 349	(1)	**5 135**	**5 160**	5 328	5 021
Retail – secured	**3 975**	3 542	12	**1 438**	**2 537**	1 510	2 032
Residential mortgages	**1 640**	1 520	8	**579**	**1 061**	719	801
WesBank VAF	**2 335**	2 022	15	**859**	**1 476**	791	1 231
Retail – unsecured	**5 899**	6 217	(5)	**3 437**	**2 462**	3 334	2 883
FNB card	**1 787**	1 559	15	**1 159**	**628**	919	640
Personal loans**	**3 723**	4 136	(10)	**2 032**	**1 691**	2 132	2 004
– FNB and DirectAxis**	**3 604**	3 935	(8)	**1 983**	**1 621**	2 062	1 873
– Covid-19 relief	**119**	201	(41)	**49**	**70**	70	131
Retail other**	**389**	522	(25)	**246**	**143**	283	239
Temporary stress scenario	**317**	170	86	**156**	**161**	64	106
FNB centre	**104**	420	(75)	**104**	**–**	420	–
SA CORPORATE AND COMMERCIAL	**7 136**	8 455	(16)	**3 054**	**4 082**	3 340	5 115
FNB commercial#	**2 200**	2 221	(1)	**1 136**	**1 064**	1 072	1 149
– FNB commercial#	**2 119**	2 145	(1)	**1 087**	**1 032**	1 020	1 125
– SME government-guaranteed loan scheme	**26**	52	(50)	**26**	**–**	52	–
– Temporary stress scenario	**55**	24	>100	**23**	**32**	–	24
WesBank corporate#	**406**	421	(4)	**222**	**184**	237	184
RMB corporate and investment banking*	**4 530**	5 813	(22)	**1 696**	**2 834**	2 031	3 782
– Lending*	**3 474**	4 699	(26)	**1 613**	**1 861**	1 961	2 738
– Loans to private equity investee companies	**1 056**	1 114	(5)	**83**	**973**	70	1 044
BROADER AFRICA†	**2 042**	2 102	(3)	**1 225**	**817**	1 120	982
FNB	**1 716**	1 814	(5)	**1 046**	**670**	964	850
RMB (corporate and investment banking)	**326**	288	13	**179**	**147**	156	132
Centre (INCLUDING GROUP TREASURY)*	**518**	624	(17)	**366**	**152**	468	156
Securitisation notes	**25**	23	9	**25**	**–**	23	–
Other	**493**	601	(18)	**341**	**152**	445	156
Total portfolio impairments excluding UK operations*	**19 991**	21 530	(7)	**9 780**	**10 211**	10 256	11 274
UK operations	**3 385**	2 239	51	**2 213**	**1 172**	1 331	908
Aldermore retail	**879**	452	94	**607**	**272**	236	216
Aldermore commercial	**991**	754	31	**779**	**212**	453	301
Total MotoNovo	**1 515**	1 033	47	**827**	**688**	642	391
Total portfolio impairments including UK operations*	**23 376**	23 769	(2)	**11 993**	**11 383**	11 587	12 182

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

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

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

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

Total portfolio impairments											
			Performing book coverage ratios (% of performing core lending advances)								
As at 30 June			As at 31 December						As at 30 June		
2022	Stage 1	Stage 2	**2022**	**Stage 1**	**Stage 2**	2021*	Stage 1*	Stage 2	2022	Stage 1	Stage 2
10 085	5 147	4 938	**2.48**	**1.38**	**11.56**	2.70	1.54	12.98	2.52	1.45	11.39
3 694	1 411	2 283	**1.18**	**0.47**	**7.96**	1.14	0.53	7.55	1.14	0.48	7.43
1 548	609	939	**0.68**	**0.26**	**5.26**	0.69	0.35	5.22	0.67	0.29	4.78
2 146	802	1 344	**2.37**	**0.99**	**12.60**	2.20	0.99	10.65	2.30	0.98	12.15
6 074	3 580	2 494	**7.63**	**5.11**	**24.47**	8.59	5.42	26.65	8.05	5.47	25.03
1 750	1 130	620	**5.82**	**4.09**	**26.31**	5.67	3.67	25.59	6.00	4.20	27.82
3 792	2 065	1 727	**9.28**	**6.16**	**23.84**	10.88	7.04	25.88	9.56	6.35	24.16
3 639	1 999	1 640	**9.29**	**6.20**	**23.76**	10.96	7.19	25.93	9.58	6.41	24.11
153	66	87	**9.13**	**4.75**	**25.83**	9.51	4.39	25.24	9.14	4.98	25.00
532	385	147	**5.95**	**4.13**	**24.61**	7.63	4.51	41.71	8.02	6.37	25.09
317	156	161	**–**	**–**	**–**	–	–	–	–	–	–
–	–	–	**–**	**–**	**–**	–	–	–	–	–	–
7 071	2 718	4 353	**1.33**	**0.61**	**10.89**	1.92	0.83	13.39	1.48	0.62	12.08
2 147	1 056	1 091	**2.07**	**1.15**	**14.36**	2.32	1.23	13.60	2.08	1.10	14.44
2 058	999	1 059	**2.01**	**1.11**	**14.18**	2.27	1.19	13.47	2.02	1.06	14.26
34	34	–	**2.56**	**2.56**	**–**	3.66	3.66	–	2.79	2.79	–
55	23	32	**–**	**–**	**–**	–	–	–	–	–	–
379	186	193	**0.84**	**0.50**	**4.71**	1.04	0.64	4.90	0.86	0.47	4.01
4 545	1 476	3 069	**1.24**	**0.50**	**10.83**	2.03	0.78	14.54	1.45	0.51	12.97
3 581	1 415	2 166	**0.97**	**0.48**	**7.83**	1.68	0.77	11.44	1.16	0.49	10.18
964	61	903	**13.75**	**1.57**	**40.44**	16.78	1.54	50.22	14.01	1.35	37.94
1 911	1 035	876	**3.00**	**1.96**	**15.05**	3.42	2.04	15.08	2.99	1.78	14.98
1 597	875	722	**3.29**	**2.20**	**14.46**	3.74	2.24	15.77	3.22	1.97	13.77
314	160	154	**2.06**	**1.19**	**18.54**	2.22	1.32	11.75	2.19	1.16	25.54
617	463	154	**2.09**	**1.48**	**353.49**	2.55	1.91	362.79	2.53	1.90	358.14
21	21	–	**0.10**	**0.10**	**–**	0.10	0.10	–	0.09	0.09	–
596	442	154	**428.70**	**473.61**	**353.49**	136.90	112.37	362.79	59.72	46.28	358.14
19 684	9 363	10 321	**1.92**	**1.02**	**11.66**	2.37	1.24	13.51	2.04	1.06	12.10
2 728	1 800	928	**1.07**	**0.77**	**3.88**	0.74	0.48	3.40	0.92	0.67	3.39
646	434	212	**0.58**	**0.44**	**1.71**	0.30	0.18	1.28	0.46	0.34	1.49
711	529	182	**1.32**	**1.14**	**3.22**	1.06	0.70	4.22	1.00	0.81	2.91
1 371	837	534	**1.71**	**1.02**	**8.96**	1.26	0.81	14.29	1.63	1.08	7.74
22 412	11 163	11 249	**1.72**	**0.97**	**9.66**	1.96	1.05	11.06	1.78	0.97	9.99

Credit continued

Note 3: Analysis of stage 3/NPLs and impairments

SEGMENTAL ANALYSIS OF STAGE 3/NPLs AND IMPAIRMENTS

	Stage 3/NPLs					Stage 3/NPLs as a % of core lending advances		
	As at 31 December			% com-position	As at 30 June	As at 31 December		As at 30 June
R million	2022	2021	% change	2022	2022	2022	2021*	2022
SA RETAIL	**29 310**	32 681	(10)	**57**	29 923	**6.59**	7.85	6.97
Retail – secured	**17 553**	19 968	(12)	**35**	18 005	**4.93**	6.03	5.26
Residential mortgages	**11 919**	12 594	(5)	**24**	11 802	**4.74**	5.43	4.86
WesBank VAF	**5 634**	7 374	(24)	**11**	6 203	**5.41**	7.44	6.24
Retail – unsecured	**11 757**	12 713	(8)	**22**	11 918	**13.20**	14.94	13.64
FNB card	**3 693**	3 829	(4)	**7**	3 678	**10.74**	12.22	11.21
Personal loans**	**6 950**	7 380	(6)	**13**	6 964	**14.77**	16.25	14.94
– FNB and DirectAxis**	**6 727**	7 045	(5)	**13**	6 675	**14.77**	16.40	14.95
– Covid-19 relief	**223**	335	(33)	**–**	289	**14.61**	13.68	14.72
Retail other**	**1 114**	1 504	(26)	**2**	1 276	**14.57**	18.02	16.14
Temporary stress scenario	**–**	–	–	**–**	–	**–**	–	–
SA CORPORATE AND COMMERCIAL	**9 286**	9 030	3	**19**	9 717	**1.71**	2.01	2.00
FNB commercial#	**4 430**	5 119	(13)	**9**	4 627	**4.00**	5.07	4.29
– FNB commercial#	**4 347**	5 066	(14)	**9**	4 554	**3.96**	5.09	4.27
– SME government-guaranteed loan scheme	**83**	53	57	**–**	73	**7.56**	3.59	5.65
WesBank corporate#	**933**	1 024	(9)	**2**	903	**1.89**	2.46	2.00
RMB corporate and investment banking*	**3 923**	2 887	36	**8**	4 187	**1.06**	1.00	1.31
– Lending*	**3 348**	1 570	>100	**7**	2 814	**0.92**	0.56	0.91
– Loans to private equity investee companies	**575**	1 317	(56)	**1**	1 373	**6.97**	16.56	16.63
BROADER AFRICA†	**3 452**	3 528	(2)	**7**	3 318	**4.83**	5.43	4.93
FNB	**3 420**	3 528	(3)	**7**	3 318	**6.15**	6.79	6.27
RMB (corporate and investment banking)	**32**	–	–	**–**	–	**0.20**	–	–
Centre (INCLUDING GROUP TREASURY)*	**–**	–	–	**–**	–	**–**	–	–
Securitisation notes	**–**	–	–	**–**	–	**–**	–	–
Other	**–**	–	–	**–**	–	**–**	–	–
Total stage 3/NPLs excluding UK operations*	**42 048**	45 239	(7)	**83**	42 958	**3.87**	4.74	4.26
UK operations	**8 661**	9 239	(6)	**17**	7 928	**2.66**	2.96	2.61
Aldermore retail	**4 856**	5 078	(4)	**10**	4 563	**3.08**	3.28	3.15
Aldermore commercial	**1 117**	1 524	(27)	**2**	963	**1.46**	2.09	1.33
Total MotoNovo	**2 688**	2 637	2	**5**	2 402	**2.94**	3.11	2.78
Total stage 3/NPLs including UK operations*	**50 709**	54 478	(7)	**100**	50 886	**3.59**	4.30	3.88
Of which:								
Amortised cost book	**49 844**	54 288	(8)	**98**	50 004	**3.65**	4.39	3.89
Fair value book	**865**	190	>100	**2**	882	**0.66**	0.16	0.91

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

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

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

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

Stage 3 specific provisions				Coverage ratios (% of stage 3/NPLs)		
As at 31 December		% change	As at 30 June	As at 31 December		As at 30 June
2022	2021		2022	**2022**	2021	2022
14 214	15 775	(10)	14 339	**48.5**	48.3	47.9
5 618	6 345	(11)	5 786	**32.0**	31.8	32.1
2 561	2 814	(9)	2 536	**21.5**	22.3	21.5
3 057	3 531	(13)	3 250	**54.3**	47.9	52.4
8 596	9 408	(9)	8 553	**73.1**	74.0	71.8
2 633	3 024	(13)	2 611	**71.3**	79.0	71.0
5 055	5 276	(4)	4 889	**72.7**	71.5	70.2
4 855	4 993	(3)	4 639	**72.2**	70.9	69.5
200	283	(29)	250	**89.7**	84.5	86.5
908	1 108	(18)	1 053	**81.5**	73.7	82.5
–	22	(100)	–	**–**	–	–
5 134	5 206	(1)	6 080	**55.3**	57.7	62.6
2 873	3 137	(8)	3 145	**64.9**	61.3	68.0
2 790	3 085	(10)	3 072	**64.2**	60.9	67.5
83	52	60	73	**100.0**	98.1	100.0
394	428	(8)	416	**42.2**	41.8	46.1
1 867	1 641	14	2 519	**47.6**	56.8	60.2
1 300	370	>100	1 154	**38.8**	23.6	41.0
567	1 271	(55)	1 365	**98.6**	96.5	99.4
2 074	2 027	2	1 945	**60.1**	57.5	58.6
2 056	2 027	1	1 945	**60.1**	57.5	58.6
18	–	–	–	**56.3**	–	–
–	–	–	–	**–**	–	–
–	–	–	–	**–**	–	–
–	–	–	–	**–**	–	–
21 422	23 008	(7)	22 364	**50.9**	50.9	52.1
3 418	3 426	–	2 958	**39.5**	37.1	37.3
593	801	(26)	563	**12.2**	15.8	12.3
403	482	(16)	410	**36.1**	31.6	42.6
2 422	2 143	13	1 985	**90.1**	81.3	82.6
24 840	26 434	(6)	25 322	**49.0**	48.5	49.8

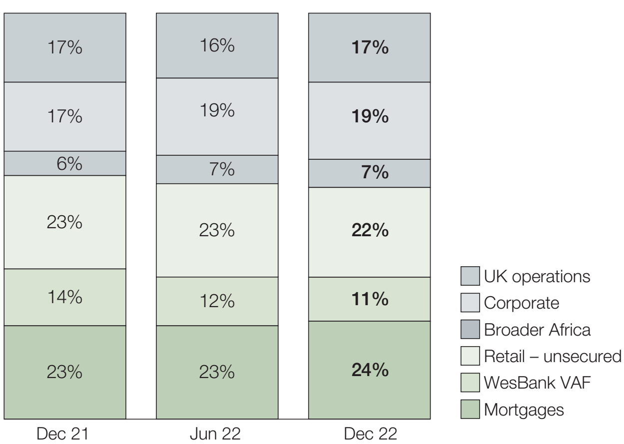
Credit continued

SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES AND NPLS

	Advance				
	As at 31 December				As at 30 June
R million	**2022**	2021	% change	**% com-position 2022**	2022
Sector analysis					
Agriculture	**54 881**	50 115	10	**4**	52 102
Banks	**47 004**	56 462	(17)	**3**	48 384
Financial institutions*	**203 352**	165 013	23	**14**	160 606
Building and property development	**87 429**	78 489	11	**6**	80 398
Government, Land Bank and public authorities	**34 920**	27 609	26	**2**	30 027
Individuals	**680 801**	652 997	4	**45**	655 802
Manufacturing and commerce	**169 584**	136 829	24	**11**	164 324
Mining	**12 222**	9 917	23	**1**	8 045
Transport and communication	**46 749**	35 986	30	**3**	40 141
Other services	**158 941**	142 249	12	**11**	142 229
Total including UK operations	**1 495 883**	1 355 666	10	**100**	1 382 058
Geographical analysis					
South Africa	**983 982**	880 465	12	**66**	918 509
Broader Africa	**128 288**	98 890	30	**9**	106 647
UK	**345 604**	343 346	1	**23**	321 624
Other Europe	**19 711**	16 846	17	**1**	23 763
North America	**6 275**	5 083	23	**–**	4 268
South America	**2**	2	–	**–**	2
Australasia	**92**	92	–	**–**	88
Asia	**11 929**	10 942	9	**1**	7 157
Total including UK operations	**1 495 883**	1 355 666	10	**100**	1 382 058

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

NPL distribution



Stage 3/NPLs				
As at 31 December		% change	% composition 2022	As at 30 June
2022	2021			2022
2 359	1 635	44	5	2 473
–	–	–	–	–
267	350	(24)	1	338
1 704	1 459	17	3	1 430
511	327	56	1	191
37 391	40 409	(7)	73	37 212
3 815	4 511	(15)	8	4 353
103	108	(5)	–	103
899	1 066	(16)	2	880
3 660	4 613	(21)	7	3 906
50 709	54 478	(7)	100	50 886
37 888	41 601	(9)	75	39 416
4 064	3 544	15	8	3 447
8 663	9 241	(6)	17	7 930
4	3	33	–	5
1	–	–	–	1
–	–	–	–	–
86	86	–	–	83
3	3	–	–	4
50 709	54 478	(7)	100	50 886

Credit continued

Note 4: Analysis of income statement credit impairments

R million	Total impairment charge: Six months ended 31 Decembers 2022	2021	% change	Year ended 30 June 2022
SA RETAIL	**3 450**	3 452	–	5 806
Retail – secured	**824**	989	(17)	1 461
Residential mortgages	**152**	172	(12)	46
WesBank VAF	**672**	817	(18)	1 415
Retail – unsecured	**2 500**	2 186	14	4 363
FNB card	**658**	430	53	1 070
Personal loans**	**1 572**	1 591	(1)	2 597
– FNB and DirectAxis**	**1 590**	1 451	10	2 436
– Covid-19 relief	**(18)**	140	(>100)	161
Retail other**	**270**	165	64	696
Temporary stress scenario	**–**	(143)	(100)	(18)
FNB centre	**126**	420	(70)	–
SA CORPORATE AND COMMERCIAL	**236**	49	>100	(54)
FNB commercial#	**166**	35	>100	354
– FNB commercial#	**169**	160	6	446
– SME government-guaranteed loan scheme	**(3)**	(1)	>100	1
– Temporary stress scenario	**–**	(124)	(100)	(93)
WesBank corporate#	**79**	(35)	(>100)	12
RMB corporate and investment banking*	**(9)**	49	(>100)	(420)
– Lending*	**1**	(6)	(>100)	(368)
– Loans to private equity investee companies	**(10)**	55	(>100)	(52)
BROADER AFRICA†	**282**	232	22	175
FNB	**248**	246	1	168
RMB (corporate and investment banking)	**34**	(14)	(>100)	7
Centre (INCLUDING GROUP TREASURY)*	**(21)**	1	(>100)	(7)
Securitisation notes	**3**	(1)	(>100)	(3)
Other	**(24)**	2	(>100)	(4)
Total impairment charge excluding UK operations*	**3 947**	3 734	6	5 920
UK operations	**1 061**	293	>100	1 160
Aldermore retail	**238**	209	14	270
Aldermore commercial	**281**	(198)	(>100)	(166)
Total MotoNovo	**542**	282	92	1 056
Total impairment charge including UK operations*	**5 008**	4 027	24	7 080
Of which:				
Portfolio impairments charge	**2 002**	833	>100	(206)
Specific impairments charge	**3 006**	3 194	(6)	7 286

As a % of average core lending advances			
Six months ended 31 December		Year ended 30 June	Six months ended 30 June
2022	2021*	2022	2022
1.58	1.67	1.38	1.11
0.47	0.60	0.44	0.28
0.12	0.15	0.02	(0.11)
1.32	1.64	1.42	1.21
5.67	5.09	5.01	5.05
3.92	2.75	3.34	3.99
6.71	6.89	5.55	4.37
7.05	6.69	5.51	4.50
(2.06)	10.03	6.32	1.90
6.94	3.92	8.48	13.07
–	–	–	–
–	–	–	–
0.09	0.02	(0.01)	(0.04)
0.30	0.07	0.35	0.61
0.31	0.33	0.44	0.56
(0.50)	(0.13)	0.07	0.29
–	–	–	–
0.33	(0.17)	0.03	0.22
(0.01)	0.04	(0.14)	(0.31)
–	–	(0.13)	(0.24)
(0.24)	1.41	(0.66)	(2.64)
0.81	0.74	0.27	(0.17)
0.91	0.96	0.32	(0.30)
0.45	(0.25)	0.06	0.31
(0.17)	0.01	(0.03)	(0.07)
0.02	(0.01)	(0.01)	(0.02)
(8.63)	0.18	(0.16)	(1.67)
0.75	0.79	0.61	0.45
0.67	0.20	0.39	0.56
0.31	0.28	0.19	0.08
0.76	(0.58)	(0.25)	0.09
1.22	0.70	1.30	1.81
0.74	0.65	0.56	0.47
0.29	0.13	(0.02)	(0.16)
0.44	0.52	0.58	0.63

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

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

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

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

Credit continued

CREDIT OVERVIEW – TOTAL UK OPERATIONS

£ million	Total UK operations	Aldermore retail	Aldermore commercial	Total MotoNovo
Six months ended 31 December 2022				
Total gross advances	15 893	7 700	3 729	4 464
– Stage 1	13 993	6 684	3 352	3 957
– Stage 2	1 476	779	322	375
– Stage 3/NPLs	424	237	55	132
Stage 3/NPLs as a % of advances*	2.66	3.08	1.46	2.94
Total impairments	333	72	68	193
– Portfolio impairments	166	43	48	75
– Stage 1	109	30	38	41
– Stage 2	57	13	10	34
– Stage 3 impairments	167	29	20	118
Coverage ratios				
Performing book coverage ratio (%)*	1.07	0.58	1.32	1.71
– Stage 1 (%)*	0.77	0.44	1.14	1.02
– Stage 2 (%)*	3.88	1.71	3.22	8.96
Specific coverage ratio (%)*	39.5	12.2	36.1	90.1
Income statement analysis				
Impairment charge	53	12	14	27
Credit loss ratio (%)*	0.67	0.31	0.75	1.21
Six months 31 December 2021				
Total gross advances	14 556	7 206	3 400	3 950
– Stage 1	12 881	6 184	2 997	3 700
– Stage 2	1 245	785	333	127
– Stage 3/NPLs	430	237	70	123
Stage 3/NPLs as a % of advances*	2.96	3.28	2.09	3.11
Total impairments	263	59	56	148
– Portfolio impairments	103	21	34	48
– Stage 1	62	11	21	30
– Stage 2	41	10	13	18
– Stage 3 impairments	160	38	22	100
Coverage ratios				
Performing book coverage ratio (%)*	0.74	0.30	1.06	1.26
– Stage 1 (%)*	0.48	0.18	0.70	0.81
– Stage 2 (%)*	3.40	1.28	4.22	14.29
Specific coverage ratio (%)*	37.1	15.8	31.6	81.3
Income statement analysis				
Impairment charge	14	10	(10)	14
Credit loss ratio (%)*	0.20	0.28	(0.59)	0.71

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

£ million	Total UK operations	Aldermore retail	Aldermore commercial	Total MotoNovo
Year ended 30 June 2022				
Total gross advances	15 232	7 265	3 630	4 337
– Stage 1	13 464	6 325	3 268	3 871
– Stage 2	1 372	712	314	346
– Stage 3/NPLs	396	228	48	120
Stage 3/NPLs as a % of advances*	2.61	3.15	1.33	2.78
Total impairments	286	62	55	169
– Portfolio impairments	138	33	35	70
– Stage 1	91	22	26	43
– Stage 2	47	11	9	27
– Stage 3 impairments	148	29	20	99
Coverage ratios				
Performing book coverage ratio (%)*	0.92	0.46	1.00	1.63
– Stage 1 (%)*	0.67	0.34	0.81	1.09
– Stage 2 (%)*	3.39	1.50	2.90	7.73
Specific coverage ratio (%)*	37.3	12.3	42.6	82.6
Income statement analysis				
Impairment charge	57	13	(8)	52
Credit loss ratio (%)*	0.39	0.18	(0.24)	1.27

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

Credit continued

Lending to energy and fossil fuel sectors

The table below unpacks RMB's net advances by energy sector. The current balance sheet mix continues to reflect the respective energy development needs of the core markets where the group operates, particularly South Africa, Nigeria and Mozambique. In addition, there was an increase in the exposure to global commodity traders, a trend driven by elevated commodity prices.

The group has placed limits on the financing of new coal-fired power stations and new coal mines. These limits have been updated and are available on FirstRand's website in the group's policy on energy and fossil fuels financing. Other fossil fuels, such as oil and gas, are subject to internal prudential limits that consider transition risk as well as other sector-specific risk characteristics.

South Africa has had a historically high dependence on thermal coal for its energy needs. Lending to thermal coal mines and electricity utilities has been the underlying driver of advances in the past and continues to be the case. Nigeria's energy mix is still dominated by oil, which is key to the country's economic growth, and the majority of the upstream oil advances shown below reflects this. Mozambique is in the process of addressing its energy needs through an extensive offshore gas programme and RMB's participation in this programme is reflected below in the growth in gas assets.

Renewable energy remains a focus for the group, and RMB is actively looking for opportunities in this space, both in South Africa and other African markets. A more comprehensive view of the group's exposure to sectors that are impacted by high and elevated levels of climate transition risk is provided annually in FirstRand's Task Force on Climate-related Financial Disclosures (TCFD) disclosures, which are available on the group's website.

	December 2022		December 2021		June 2022
Sector *R million*	**Drawn exposure**	**% of total group loans**	Drawn exposure	% of total group loans	Drawn exposure
Upstream oil and gas*	**5 574**	**0.4**	3 211	0.2	2 902
Down- and midstream oil and gas**	**13 955**	**0.9**	10 066	0.7	14 729
Thermal coal mines#,†,‡	**1 679**	**0.1**	2 061	0.2	1 527
Fossil fuels excluding natural gas	**21 208**	**1.4**	15 338	1.1	19 158
Natural gas	**1 814**	**0.1**	1 312	0.1	1 557
Total fossil fuels	**23 022**	**1.5**	16 650	1.2	20 715
Solar	**10 872**	**0.7**	10 331	0.8	10 791
Wind	**4 077**	**0.3**	4 612	0.3	4 199
Hydro	**152**	**–**	158	–	157
Other renewable energy	**878**	**0.1**	212	–	932
Total renewable energy	**15 979**	**1.1**	15 313	1.1	16 079
Electricity utilities‡	**8 219**	**0.5**	7 868	0.6	8 755

* *The period-on-period increase was driven by drawdowns from two large clients. The portfolio remains within its limit as disclosed in FirstRand's policy on energy and fossil fuels financing.*

** *The period-on-period increase was driven by drawdowns from three large clients. Drawdown was largely the result of working capital utilisation.*

\# *The period-on-period decrease was driven by a settlement from one large client.*

† *Defined as companies where the consolidated revenue derived from thermal coal mining exceeds 30% of total revenue.*

‡ *FirstRand's limit on coal financing, as disclosed in FirstRand's policy on energy and fossil fuels financing, encompasses loans and advances to coal mining and to coal-fired power generation. The combined exposures to these activities remains within the limit.*

Non-interest revenue

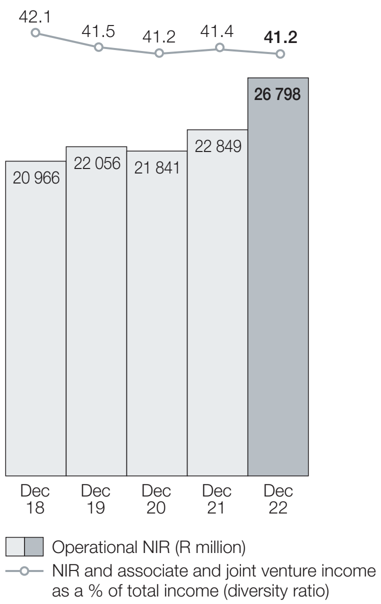
Total non-interest revenue – up 11%

Operational non-interest revenue – up 17%

Operational non-interest revenue and diversity ratio*

R million

NIR CAGR 6%



ANALYSIS OF OPERATIONAL NIR*

		Six months ended 31 December			Year ended 30 June
R million	Notes	**2022**	2021	% change	2022
Net fee, commission and insurance income		**20 769**	18 451	13	37 693
– Fee and commission income	1	**18 310**	16 571	10	33 396
– Insurance income	2	**2 459**	1 880	31	4 297
Trading and other fair value income	3	**2 656**	2 521	5	5 603
Investment income**	4	**1 532**	282	>100	479
Other non-interest revenue	5	**1 841**	1 595	15	3 081
Operational non-interest revenue		**26 798**	22 849	17	46 856

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

** *Investment income includes the Ghana sovereign debt restructure provision, a significant realisation and the accounting benefit from the debt-to-equity restructure, the offset of which is decreasing profits from associates and joint ventures.*

Non-interest revenue continued

NOTE 1 – FEE AND COMMISSION INCOME – UP 10%

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Bank fee and commission income	**19 475**	17 484	11	35 259
– Card commissions	**3 623**	3 013	20	6 169
– Cash deposit fees	**960**	931	3	1 812
– Exchange and other commissions*	**1 704**	1 730	(2)	3 371
– Bank charges	**13 188**	11 810	12	23 907
– Commitment fees	**977**	802	22	1 662
– Other bank charges**	**12 211**	11 008	11	22 245
Knowledge-based fees	**698**	500	40	1 161
Management and fiduciary fees	**1 245**	1 269	(2)	2 571
– Investment management fees	**765**	809	(5)	1 637
– Management fees from associates and joint ventures	**396**	380	4	768
– Other management and brokerage fee income	**84**	80	5	166
Other non-bank commissions	**505**	485	4	976
Gross fee and commission income	**21 923**	19 738	11	39 967
Fee and commission expenditure	**(3 613)**	(3 167)	14	(6 571)
– Transaction-related fees	**(1 040)**	(827)	26	(1 735)
– Commission paid	**(151)**	(155)	(3)	(311)
– Customer loyalty programmes	**(1 143)**	(1 046)	9	(2 162)
– Cash sorting, handling and transportation charges	**(627)**	(579)	8	(1 173)
– Card-related	**(268)**	(197)	36	(392)
– Other	**(384)**	(363)	6	(798)
Net fee and commission income	**18 310**	16 571	10	33 396

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

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

KEY DRIVERS

- FNB NIR grew 13%, reflecting 15% higher transaction volumes and 5% growth in the active customer base and despite annual sub-inflation account fee increases with fee givebacks of R213 million.
- Electronic platform logins grew 9% in total across all interfaces, whilst manual volumes increased 4%. Branch and cash centre transaction volumes decreased 12% and 6%, respectively.
- Card swipe volumes increased 17% reflecting strong customer activity levels, which contributed to the 20% overall growth in card commissions.
- RMB's knowledge-based fee income was supported by increased deal flow, providing an uplift to both structuring and commitment fee income, coupled with strong advisory income. In broader Africa income was resilient despite the tough operating environment and was underpinned by client acquisition strategies.
- The reduction in management and fiduciary fee income is largely due the decline in FNB WIM AUM, as well as outflows from the legacy Ashburton Jersey business. This was despite good growth in Ashburton's domestic AUM (+11%).
- Overall group fee and commission income growth was softened by higher levels of expenses relating to transactional activity, and the cost of customer rewards. This increase is due to higher commissionable turnover as customer spending normalises, an increase in card network association fees and currency impacts.

Non-interest revenue continued

NOTE 2 – INSURANCE INCOME – UP 31%

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Insurance risk-related income	**1 725**	1 089	58	2 797
– Insurance premiums received*	**3 133**	2 620	20	5 416
– Reinsurance expenses	**(469)**	(366)	28	(642)
– Insurance benefits and claims paid	**(1 299)**	(1 417)	(8)	(2 596)
– Reinsurance recoveries	**246**	247	–	484
– Transfers from/(to) policyholder liabilities (gross)	**67**	(193)	(>100)	(136)
– Transfer from policyholder liabilities (reinsurance)	**47**	198	(76)	271
Commissions, brokerage and cell captives	**734**	791	(7)	1 500
Total insurance income	**2 459**	1 880	31	4 297

* *These amounts are net of intergroup eliminations of R45 million (December 2021: Rnil; June 2022: R4 million).*

KEY DRIVERS

> Insurance risk related income increased 58% mainly driven by an increase in gross premiums and an improved claims experience as the impacts of Covid-19 dissipated. Premium income grew 20% driven by sales of funeral, short-term and credit life. The short-term business continues to exceed expectations, with new business APE more than doubling over the period on the back of sales of a retail comprehensive suite of products. Life and short-term new business APE increased 42%, resulting in 22% growth in the in-force book.

> Commissions, brokerage, and cell captive income is derived from all other insurance businesses and arrangements entered into by WesBank, MotoVantage, FNB and the broader Africa subsidiaries. Cell-captive income decreased as a result of the run-off profile in certain books as the group builds out its own products. Furthermore, partly offset by growth in the broader Africa driven by strong performance in Namibia and Botswana.

NOTE 3 – TRADING AND OTHER FAIR VALUE INCOME – UP 5%

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Trading income	**2 499**	2 349	6	5 153
– Equities	**(86)**	90	(>100)	81
– Commodities	**157**	283	(45)	663
– Fixed income	**1 166**	895	30	2 212
– Currencies	**1 262**	1 081	17	2 197
Other fair value income	**157**	172	(9)	450
– RMB banking activities and other	**68**	196	(65)	386
– UK operations fair value hedge	**138**	(22)	(>100)	155
– Group Treasury economic hedges and other	**(49)**	(2)	>100	(91)
Total trading and other fair value income	**2 656**	2 521	5	5 603

KEY DRIVERS

> Trading income reflects the following:
  - Equities experienced some normalisation from the record highs in the previous period which resulted from increased client flows on the back of significant corporate actions and overall higher market activity. In the current period equities reflected a net loss.
  - The commodities performance also reflects the base effect of an outperformance in the prior period, on the back of elevated client hedging and trading activities.
  - Strong fixed income growth was driven by client flows arising from rate movements, further supported by credit trading following the stabilisation of markets. Broader Africa revenue improved reflecting market making activities and secured financing activities.
  - Currencies performance was supported by structured fee income with strong domestic and broader Africa foreign exchange client execution.

> RMB banking activities includes various one-off items, albeit at lower levels than that in the prior period.

> The UK operations' fair value interest rate hedge portfolio reported a gain of £6.7 million in the current period, reflective of the significant macroeconomic volatility and rising interest yield curves, most notably in September following the mini-budget speech. The political landscape and rates have stabilised.

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

Non-interest revenue continued

NOTE 4 – INVESTMENT INCOME – UP >100%

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Private equity realisations and dividends received	**1 916**	5	>100	34
– Profit on realisation of private equity investments	**1 190**	1	>100	1
– Debt-to-equity swap* (restructure with zero earnings impact)	**715**	–	–	–
– Dividends received	**9**	2	>100	29
– Other private equity income	**2**	2	–	4
Other investment income	**(384)**	277	(>100)	445
– (Loss)/profit on assets held against employee liabilities	**(1)**	144	(>100)	102
– Ghana sovereign debt restructure	**(496)**	–	–	–
– Other investment income	**113**	133	(15)	343
Total investment income	**1 532**	282	>100	479

** Refer to note on share of profit from associates and joint ventures where this is reflected as a loss.*

KEY DRIVERS

> The profit on realisation of private equity investments reflects a significant realisation during the period.

> The debt-to-equity restructure of a private equity counter resulted in a gain on the conversion of the debt (R715 million) and a release of the credit impairment provision (R105 million), with a corresponding loss in the share of associate income (R820 million). Refer to page 95 for a detailed explanation of the transaction.

> New private equity investments totalled c. R850 million for the period (December 2021: R500 million). The unrealised value in the portfolio was c. R5.2 billion at December 2022 (December 2021: R4.8 billion) reflective of the improving underlying performance. The unrealised reserves grew 7% since June 2022 if adjusted for the realisation.

> The performance of the group's post-retirement employee liability asset portfolio declined, largely due the inclusion in the prior period of market value increases in inflation-linked bonds as the environment stabilised, with the current period impacted by muted market movements since June 2022.

> An impairment provision representing 57% of the face value was raised which reflect the economic loss of the proposed Ghana government bond restructure. The group's accounting policy is to reflect impairments of investment securities in investment income because investment securities, including government bonds, are viewed as investment activities and not lending activities. The credit loss ratio and impairment charge therefore reflect the credit performance from core lending activities.

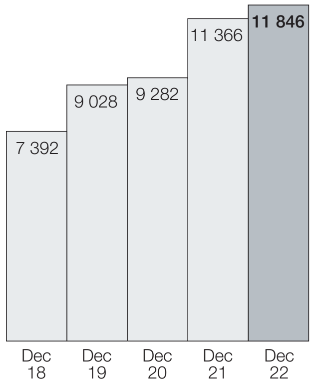
NOTE 5 – OTHER NON-INTEREST REVENUE – UP 15%

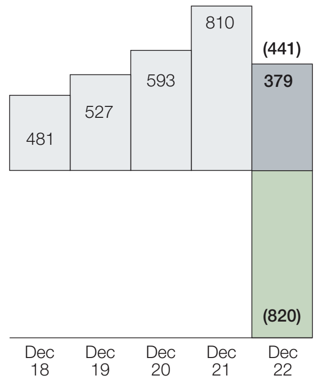
KEY DRIVERS

> Rental income represents 47% (December 2021: 55%) of other NIR.

> Improved other NIR performance was driven by WesBank's NIR which benefited from higher early termination fees given larger settlements taking place, as well as non-rental income from leasing transactions, including maintenance and repairs arising from ageing fleets. Growth in other NIR was further supported by other revenue streams, such as MVNO related income.

Shares of profit from associates and joint ventures – down >100%





SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Private equity associates and joint ventures	**395**	476	(17)	1 339
– Equity-accounted income	**586**	489	20	1 380
– Impairments	**(191)**	(13)	>100	(41)
Other operational associates and joint ventures	**162**	578	(72)	718
– TFS	**103**	130	(21)	265
– VWFS	**20**	115	(83)	193
– RMB Morgan Stanley	**76**	151	(50)	205
– Other	**(37)**	182	(>100)	55
Share of profit from associates and joint ventures before tax	**557**	1 054	(47)	2 057
Tax on profit from associates and joint ventures	**(178)**	(244)	(27)	(551)
Share of profit from associates and joint ventures after tax	**379**	810	(53)	1 506
– Debt-to-equity swap* (restructure with zero earnings impact)	**(820)**	–	–	–
Share of profit from associates and joint ventures after tax	**(441)**	810	(>100)	1 506

* *Refer to note 4 on investment income where the benefit is recognised and a portion of this loss is accounted for as a release of credit impairments.*

Non-interest revenue continued

KEY DRIVERS

- The private equity related annuity share of profit from associates and joint ventures increased following the post-pandemic recovery, despite the realisation.
- The debt-to-equity restructure of a private equity counter resulted in a loss reflected under private equity associate income (R820 million) with a corresponding increase in investment income and net release of impairment provisions. The net impact of the transaction is neutral on earnings. Refer to page 95 for a more detailed explanation. Further impairments on investee companies was raised in the current period resulting in an effective decrease in income.
- TFS's underlying performance was driven by growth in the advances book. Given the growth in advances, the level of provisioning increased in the current period against a release of provisions in the prior period.
- The operational performance of VWFS improved resulting in growth in the advances book, however, the prior period included the release of provisions that were raised through Covid-19. Given book growth, the current period required raising provisions.
- RMB Morgan Stanley's performance was impacted by a decline in exchange volumes coupled with margin compression and lower client activity and the prior period included higher revenue from corporate actions.
- The loss reported in other operational associates is due to increased impairments on investments in other RMB portfolios that were similarly negatively impacted by the current macro-economic environment.

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

RMB earns private equity related income primarily from its private equity business, however, other areas in RMB also engage in or hold private equity related investments (as defined in *Circular 01/2021 – Headline Earnings*), which are not reported as part of RMB private equity's results.

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

PRIVATE EQUITY RELATED INCOME

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
RMB private equity division	**1 491**	481	>100	1 373
Income from associates and joint ventures	**(425)**	476	(>100)	1 339
– Equity-accounted income*	**586**	489	20	1 380
– Debt-to-equity swap**,# (restructure with zero earnings impact)	**(820)**	–	–	–
– Impairments*	**(191)**	(13)	>100	(41)
Realisations and dividends**	**1 199**	3	>100	30
Debt-to-equity swap**,# (restructure with zero earnings impact)	**715**	–	–	–
Other private equity income#	**2**	2	–	4
Other business units	**(97)**	51	(>100)	(62)
Income from associates and joint ventures and other investments	**(95)**	105	(>100)	1
– Equity-accounted income*	**60**	91	(34)	(62)
– Impairments*,†	**(191)**	(2)	>100	(27)
– Other investment income#	**36**	16	>100	90
Consolidated other income†	**(2)**	(54)	(96)	(63)
Private equity activities before tax	**1 394**	532	>100	1 311
Tax on equity-accounted private equity investments	**(130)**	(109)	19	(331)
Private equity activities after tax	**1 264**	423	>100	980

* *Refer to analysis of income from associates and joint ventures on page 135.*

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

Restructure reflects a neutral earnings impact with the delta of R105 million as an impairment provision release, hence private equity income is understated accordingly.

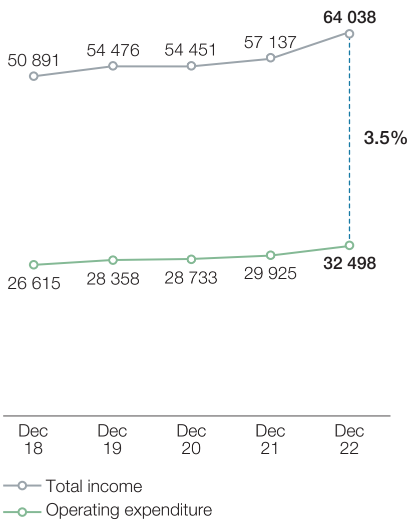
† *Included in NII, credit impairment charge and other NIR, depending on the underlying nature of the item.*

Operating expenses

Operating expenses – up 9%

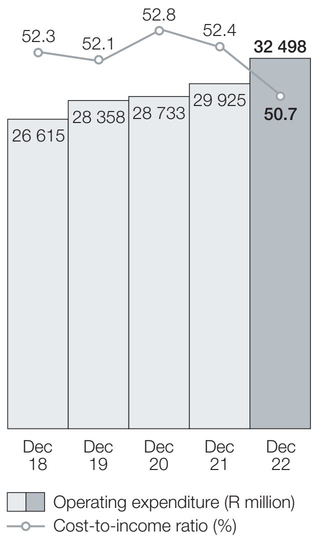
Operating jaws

R million



Operating efficiency

R million



OPERATING EXPENSES – UP 9%

	Six months ended 31 December			Year ended 30 June
R million	2022	2021	% change	2022
Staff expenditure	**20 383**	17 835	14	37 081
– Direct staff expenditure	**15 295**	13 542	13	27 319
– Variable staff expenditure	**3 694**	3 257	13	6 986
– Short-term incentive payments	**2 533**	2 320	9	5 220
– Share-based incentive payments	**1 161**	937	24	1 766
– Other staff-related expenditure	**1 394**	1 036	35	2 776
Depreciation of property and equipment	**1 958**	1 973	(1)	3 996
Amortisation of intangible assets	**341**	389	(12)	831
Advertising and marketing	**972**	796	22	1 827
Insurance	**47**	66	(29)	115
Lease charges	**325**	287	13	560
Professional fees	**1 840**	1 314	40	3 053
Audit fees	**248**	240	3	537
Computer expenses	**2 252**	2 065	9	4 199
Repairs and maintenance	**755**	686	10	1 425
Telecommunications	**290**	293	(1)	568
Property	**665**	610	9	1 187
Business travel	**253**	79	>100	240
Assets costing less than R7 000	**85**	135	(37)	209
Stationery and printing	**68**	63	8	127
Donations	**151**	183	(17)	342
Legal fees	**324**	383	(15)	861
Other expenditure	**1 541**	2 528	(39)	3 866
Total operating expenses	**32 498**	29 925	9	61 024

Operating expenses continued

IT spend

The group's income statement is presented on a nature basis, however, to better illustrate the composition of IT spend, the table below reflects the breakdown on a functional basis.

FUNCTIONAL PRESENTATION OF IT SPEND

	Six months ended 31 December			Year ended 30 June
R million	2022	2021*	% change	2022*
IT-related staff cost	**3 151**	2 740	15	5 656
Non-staff IT-related costs	**4 548**	3 982	14	8 432
– Computer expenses	**2 252**	2 065	9	4 199
– Professional fees	**966**	674	43	1 708
– Repairs and maintenance	**259**	247	5	486
– Depreciation of equipment	**599**	560	7	1 170
– Amortisation of software	**105**	145	(28)	280
– Other expenditure	**367**	291	26	589
Total IT spend	**7 699**	6 722	15	14 088

* *Comparative numbers have been amended to reflect the continued refinement and alignment of the methodology applied by the UK operations to the rest of the group.*

KEY DRIVERS

- Staff costs represent 63% (December 2021: 60%) of the group's operating expenses.

	% change	Reasons
Direct staff costs	13	The increase in staff costs is driven by: > annual salary increases which averaged above 6% (unionised staff at 6.5%); > headcount increase of 6% from December 2021 and June 2022, excluding FirstJob employees; and > repricing of certain technical skills.
Variable staff expenditures		
Short-term incentive payments	9	The estimated growth in the short-term incentive payments is aligned to performance.
Share-price related incentive payments	24	The 2019 long-term inventive (LTI) did not vest, however this release was offset by the Covid-19 retention scheme, new schemes concluded at higher grant prices and various revaluations. This creates a distortion in the period-on-period growth, combined with the inclusion of the bonus deferral which is linked to the FirstRand share price.
Other staff related costs	35	Due to an increase in temporary and contract staff, to provide additional capacity for projects and strategic initiatives.

- The marginal decline in depreciation reflects the commensurate decrease in the size of the FML fleet.
- Advertising and marketing costs increased due to the FNB brand refresh and given higher levels of economic activity, the reinstatement of previously suspended campaigns and sports sponsorships.
- Professional fees increased mainly due to additional resourcing required for the execution of platform-related projects.
- Computer expenses grew because of higher software and licensing costs from increased headcount as well as annual renewals. Costs were further negatively impacted by a weaker currency.
- Business travel has returned to pre-pandemic levels, with associated costs structurally higher, including currency impacts.
- Other expenditure includes various items such as other provisions, entertainment, bank charges, insurance-related acquisition costs, subscriptions and membership fees.

financial resource management

Economic view of the balance sheet

One of the group's key financial resource management objectives is to protect and enhance FirstRand's financial performance through the holistic management of the balance sheet and its income streams within the context of the macro environment. This includes the relative positioning of the balance sheet through strategic tilts related to long-term trends, 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 use of institutional funding.

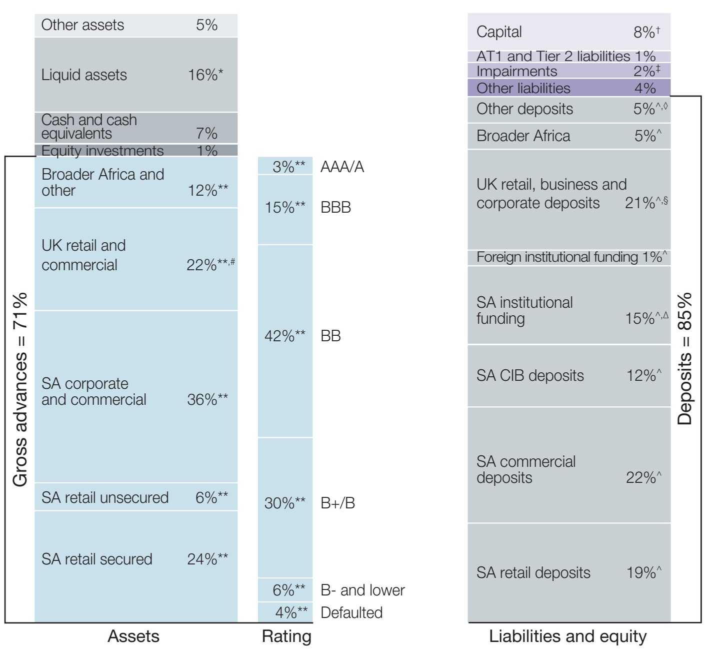
When assessing the underlying risk in the balance sheet, the group's asset profile reflects a diversified advances portfolio, which constitutes 71% of total assets. The composition of the gross advances portfolio consists of SA retail secured (24%), SA retail unsecured (6%), SA corporate and commercial (36%), UK retail and commercial (22%), and broader Africa and other (12%). At December 2022, the group reported total NPLs of R50 709 million (3.59% of core lending advances) and a credit loss ratio of average core lending advances of 74 bps.

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

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

The group remained strongly capitalised with a CET1 ratio of 13.2%, a Tier 1 ratio of 13.9% and a total capital adequacy ratio of 16.0%. Gearing increased to 12.5 times (December 2021: 12.3 times), driven by 5% growth in average total equity and 8% growth in average total assets for the period.

Economic view of the balance sheet



* *Consist of government securities and treasury bills.*

** *As a proportion of gross advances.*

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

† *Includes ordinary equity, non-controlling interests and NCNR preference shares.*

‡ *Include IFRS 9 impairment of advances and investment securities.*

^ *As a proportion of deposits.*

◊ *Consist of liabilities relating to other SPVs and securitisations.*

§ *Deposits raised in Aldermore and Guernsey branch (FNB Channel Islands).*

Δ *Includes CIB institutional funding.*

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

Funding and liquidity

Funding and liquidity management approach

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

Funding conditions

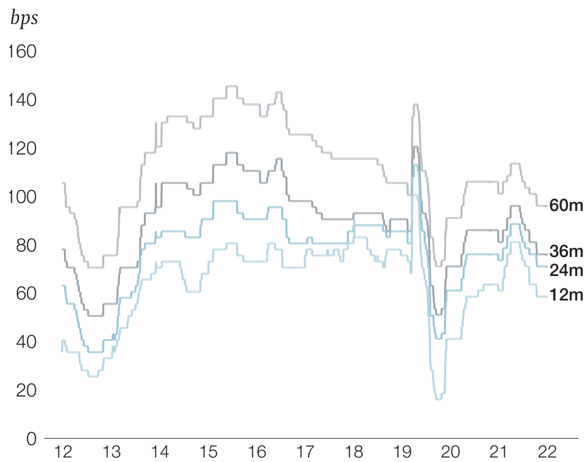
The group continued to contend with a weak global and local macroeconomic environment as central banks continued to tighten monetary policy to address inflation pressures which has contributed to elevated global recession risks. Despite the macroeconomic headwinds, there has been limited impact on funding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

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

12-month mid-market funding spread

Sources: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads



Sources: Bloomberg (RMBP screen) and Reuters.

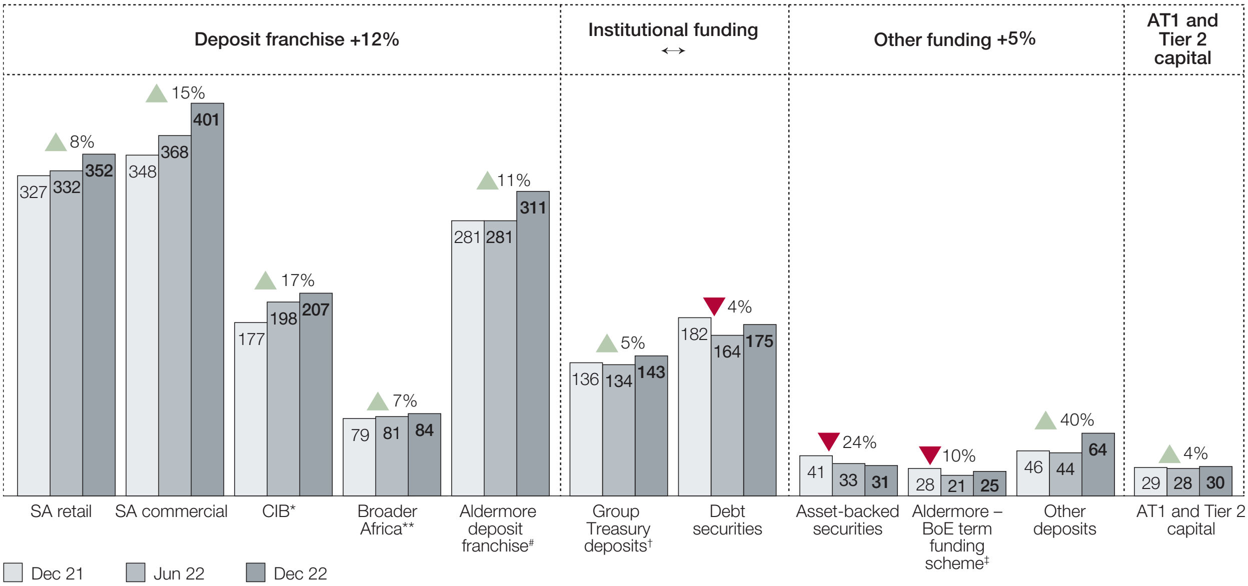
Funding and liquidity continued

Funding measurement and activity

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

Funding portfolio growth

R billion



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

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

* *Includes South Africa and the London branch.*

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

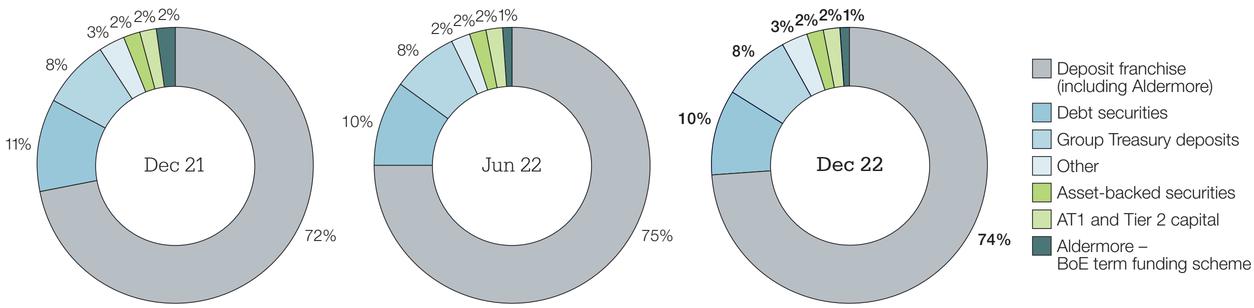
The Aldermore savings deposit franchise increased 16% to £15 billion (in local currency).

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

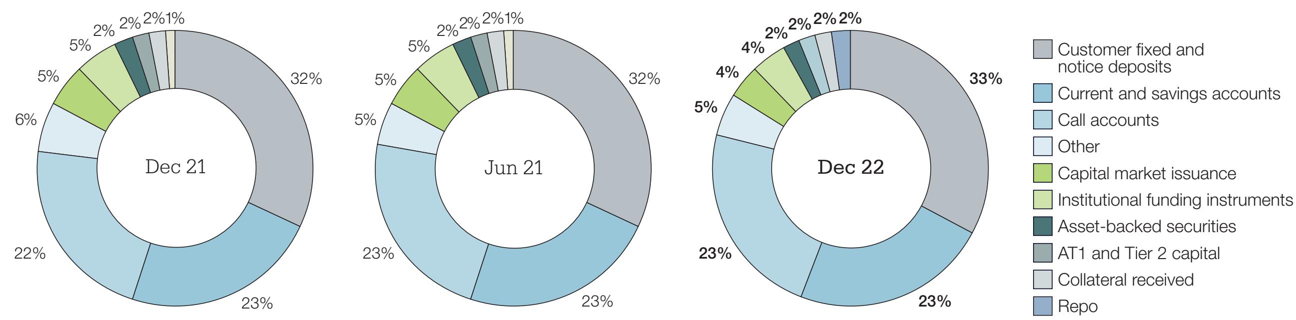
‡ *Aldermore's utilisation of the BoE term funding scheme decreased 5% to £1.2 billion (in local currency).*

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

Funding mix



Funding by instrument type



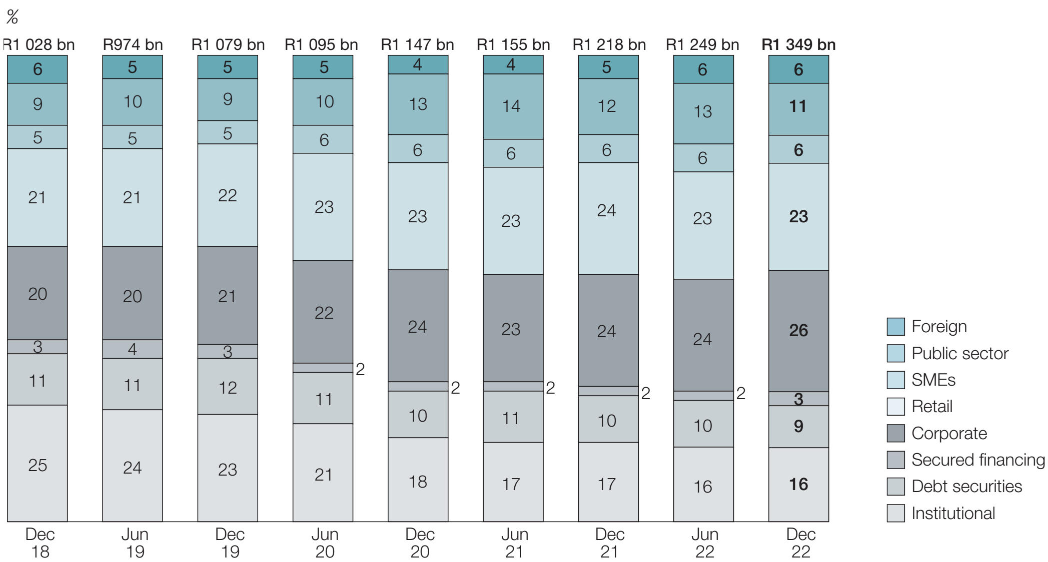
Funding and liquidity continued

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

BANK COUNTERPARTY FUNDING ANALYSIS*

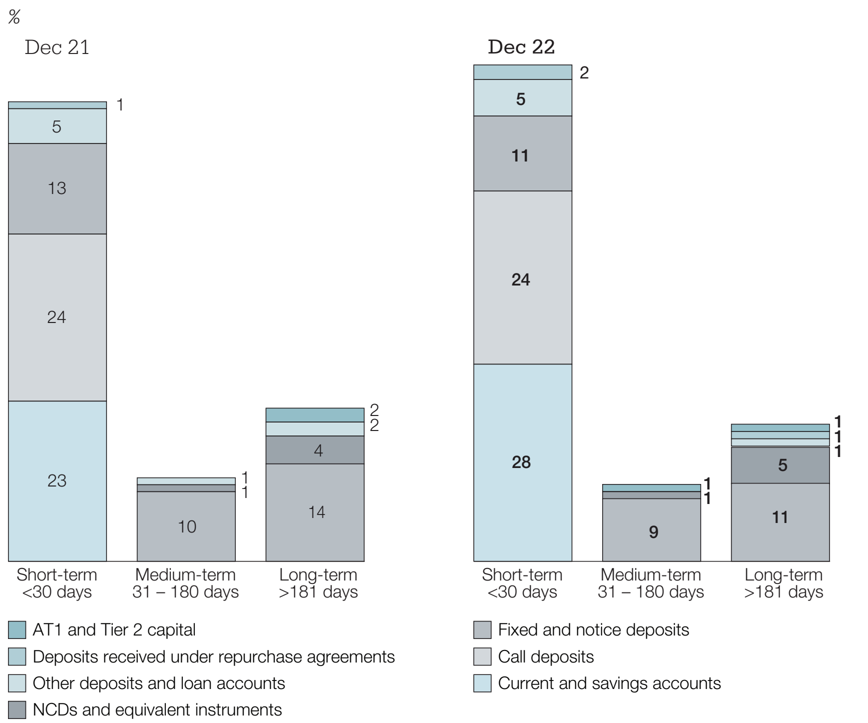
	As at 31 December					As at 30 June
	2022				2021	2022
% of funding liabilities	**Total**	**Short term**	**Medium term**	**Long term**	Total	Total
Institutional	**15.5**	**8.0**	**1.9**	**5.6**	17.1	15.5
ZAR	**15.3**	**7.8**	**1.9**	**5.6**	16.8	15.2
FX	**0.2**	**0.2**	**0.0**	**0.0**	0.3	0.3
Debt securities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

Bank funding analysis by source*



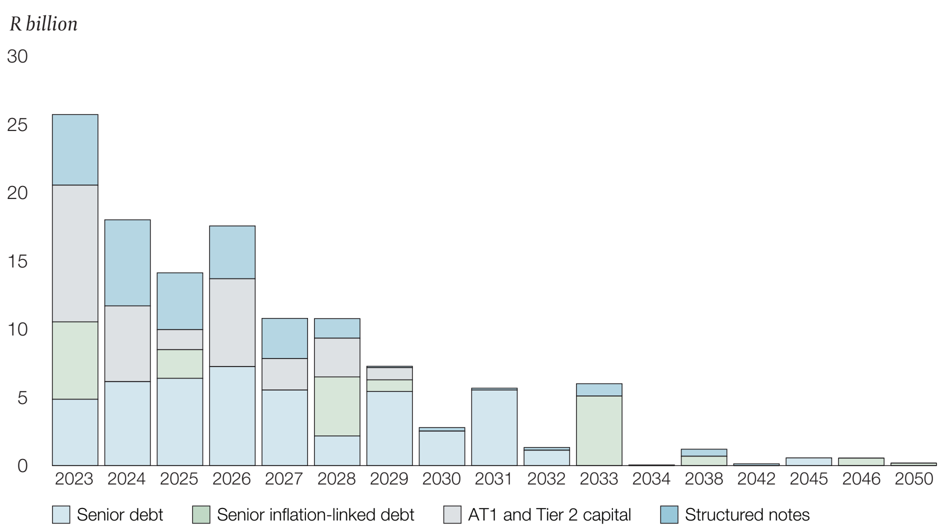
* *Excluding foreign branches.*

Funding liabilities by instrument type and term



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 consideration. Finalisation of regulations regarding flac and financial conglomerates will influence future issuance considerations.

Maturity profile of the bank's* capital market instruments



* *Including foreign branches.*

Funding and liquidity continued

Foreign currency balance sheet

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

Aldermore

Aldermore has a diversified and flexible funding strategy and is predominantly funded by deposits from retail and business clients. These account for approximately 87% of total funding, with the savings deposit franchise totalling over £15 billion at December 2022.

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

MotoNovo

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

MotoNovo's back book (originated prior to May 2019) forms part of the bank's London branch and remains funded through existing funding mechanisms. This book continues to run down and amounted to £139 million at December 2022.

Liquidity risk position

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

COMPOSITION OF LIQUID ASSETS

	As at 31 December	
R billion	**2022**	2021
Cash and deposits with central banks	**77**	56
Short-term liquidity instruments	**110**	114
Long-term investment securities	**173**	130
Other liquid assets	**32**	42
Total liquid assets	**392**	342

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

LIQUIDITY RATIOS

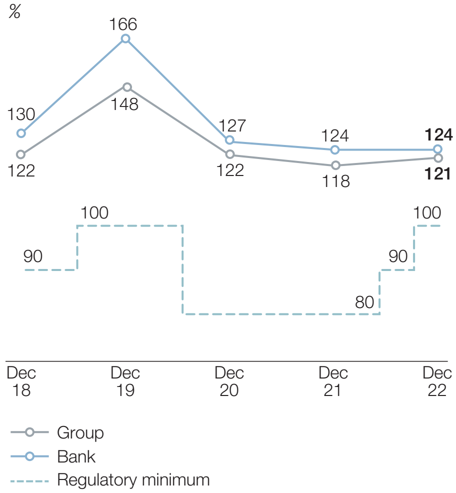
	Group*		Bank*	
%	**LCR****	**NSFR**	**LCR****	**NSFR**
Regulatory minimum	**100**	**100**	**100**	**100**
Actual	**121**	**120**	**124**	**117**

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

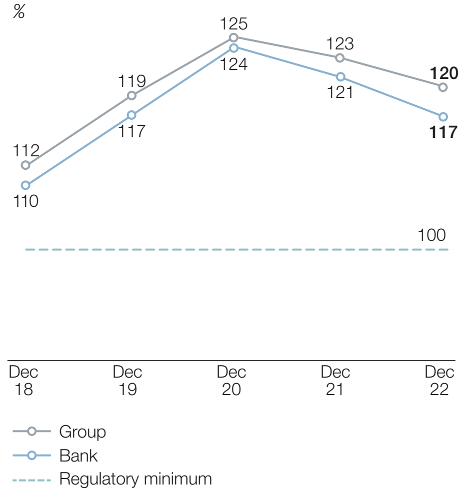
** *The LCR is calculated as a simple average of 92 days of daily observations over the period ended 31 December 2022 for FirstRand Bank South Africa and the London branch. The remaining banking entities, including Aldermore, and the India and Guernsey branches, are based on the month-end or quarter-end values. The figures are based on the regulatory submissions to the PA.*

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

LCR



NSFR



Capital

Capital management approach

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

Period under review

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

CAPITAL ADEQUACY AND LEVERAGE RATIOS AS AT 31 DECEMBER

	Capital			Leverage
%	CET1	Tier 1	Total	Total
Regulatory minimum*	8.75	11.0	13.25	4.0
Internal target**	11.0 – 12.0	>12.0	>14.5	>5.5
Actual (including unappropriated profits)#				
2022	**13.2**	**13.9**	**16.0**	**7.7**
2021	13.6	14.3	16.5	7.9

* *Including the group's domestic systemically important bank (D-SIB) requirement of 1.5% and CCyB requirement of 0.25%. The individual capital requirement (Pillar 2B) is confidential and therefore excluded.*

** *Group total capital adequacy target revised to >14.5% given the CCyB for UK businesses. Bank total capital adequacy target remains at >14.25%.*

Refer to the Basel Pillar 3 standardised disclosures at www.firstrand.co.za/investors/basel-pillar-3-disclosure/ for ratios excluding unappropriated profits.

The PA removed all temporary capital relief measures issued during the pandemic and restored the Pillar 2A requirement of 1% on 1 January 2022. The BoE reinstated the UK CCyB add-on of 1% in December 2022. This increased the overall minimum capital requirements for FirstRand given the reciprocity agreement in place with the PA in South Africa. Consequently, the group's total capital adequacy target was lifted by 25 bps to cater for the CCyB change, whilst the bank's capital targets remain unchanged.

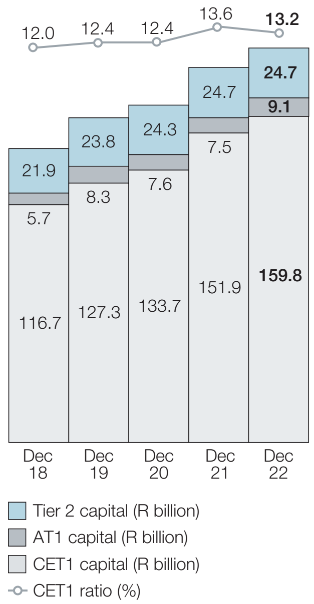
There is ongoing focus on optimising the overall level and mix of capital across the group and its regulated subsidiaries. The bank issued a combination of AT1 and Tier 2 instruments to ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments.

The group continues to enhance the use of economic capital in risk-based decision-making, including capital allocation. The assessment of economic risk aligns with FirstRand's economic capital framework to ensure the group remains solvent at a confidence interval of 99.93%, and that it can deliver on its commitments to stakeholders over a one-year horizon. Regular reviews of the economic capital position are carried out across the group, enabling efficient portfolio optimisation with respect to financial resource management and portfolio behaviour. For the period under review, the group continued to meet its economic capital requirements and reported an economic capital multiple (loss-absorbing capital/economic capital requirement) of 1.6 times on a post-diversified basis.

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

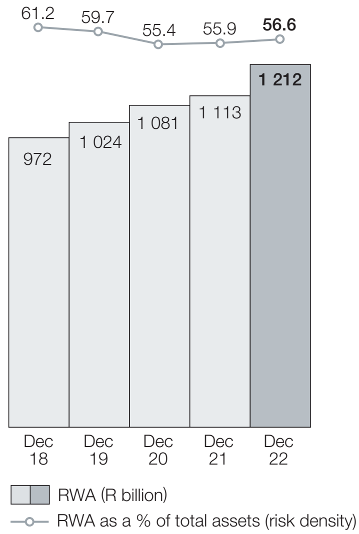
The increase in the group's risk density reflects changes in the balance sheet mix.

Capital adequacy*



* *Including unappropriated profits.*

RWA history



Leverage*

* *Including unappropriated profits.*

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

Capital continued

Supply of capital

COMPOSITION OF CAPITAL*

	As at		
	31 December		30 June
R million	**2022**	2021	2022
CET1 capital excluding unappropriated profits	**152 342**	**130 810**	**137 189**
Unappropriated profits	**7 420**	21 125	20 799
CET1 capital including unappropriated profits	**159 762**	**151 935**	**157 988**
Additional Tier 1 capital	**9 116**	7 455	7 040
Tier 1 capital	**168 878**	**159 390**	**165 028**
Tier 2 capital	**24 717**	24 745	24 834
Total qualifying capital	**193 595**	**184 135**	**189 862**

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

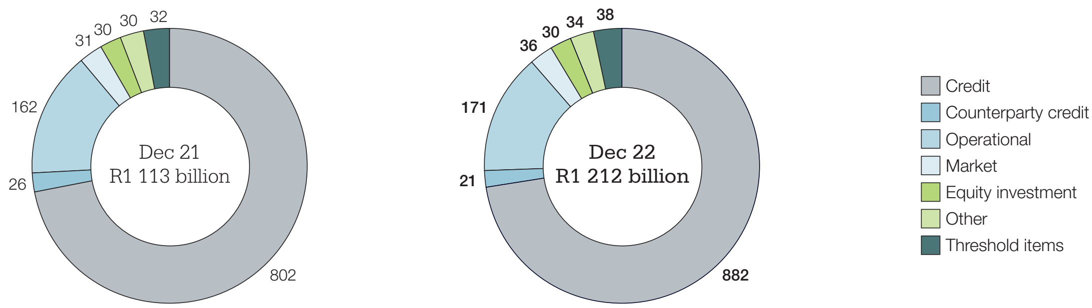
KEY DRIVERS: DECEMBER 2022 VS DECEMBER 2021

CET 1 capital	▲	> Positive earnings generation partly offset by the payment of the ordinary and special dividends during the year. > Decrease in the foreign currency translation reserve due to the rand's appreciation against the pound period-on-period.
AT1 capital	▲	> AT1 issuance (R2.8 billion) in line with the group's focus to rebalance the overall capital stack to meet Tier 1 targets.
Tier 2 capital	←→	> Tier 2 issuance (R3.2 billion) to replace existing instruments (R4.6 billion) redeemed during the year, reflecting a tilt towards a higher proportion of AT1 instruments in the capital stack. > Foreign exchange movements due to rand depreciation against the dollar.

Additional detail on the group's capital instruments is included on page 242.

Demand for capital

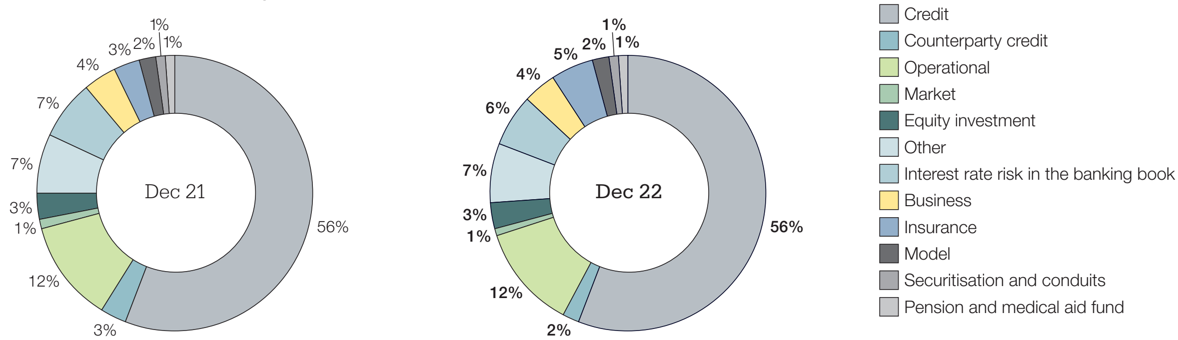
Regulatory RWA analysis



KEY DRIVERS: DECEMBER 2022 VS DECEMBER 2021

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

Economic capital analysis*



* *Economic capital post intra-risk diversification.*

Capital continued

Capital adequacy position for the group and its regulated entities

RWA AND CAPITAL ADEQUACY POSITIONS OF FIRSTRAND AND ITS REGULATED ENTITIES

	As at 31 December					As at 30 June
	2022				2021	2022
	Total minimum requirement*	**RWA** R million**	**Tier 1**	**Total capital adequacy**	Total capital adequacy	Total capital adequacy
Banking (%)						
Basel III (PA regulations)						
FirstRand[#]	**13.3**	**1 212 421**	**13.9**	**16.0**	16.5	16.7
FirstRand Bank[#,†]	**13.0**	**806 672**	**13.6**	**16.1**	17.6	17.7
FirstRand Bank South Africa[#]	**13.0**	**771 388**	**13.3**	**16.0**	17.3	17.4
FirstRand Bank London	**13.2**	**35 167**	**14.5**	**15.7**	23.5	21.6
FirstRand Bank Guernsey	**13.0**	**778**	**54.3**	**54.3**	39.5	43.0
FirstRand Bank India	**13.0**	**572**	**>100**	**>100**	>100	>100
Basel III (local regulations)						
Aldermore Bank	**13.6**	**132 606**	**17.4**	**18.9**	18.4	17.7
FNB Namibia	**10.0**	**31 950**	**15.9**	**18.1**	20.0	20.4
Basel II (local regulations)						
FNB Botswana	**12.5**	**26 750**	**14.4**	**20.1**	19.7	17.9
RMB Nigeria	**10.0**	**8 011**	**27.4**	**27.4**	43.1	35.7
FNB Eswatini	**8.0**	**5 722**	**20.0**	**20.7**	23.5	23.2
FNB Mozambique	**12.0**	**2 812**	**23.3**	**23.3**	29.8	28.7
First National Bank Ghana	**13.0**	**2 708**	**25.6**	**25.6**	36.4	34.1
Basel I (local regulations)						
FNB Zambia	**10.0**	**5 601**	**29.4**	**29.4**	31.3	34.0
FNB Lesotho	**8.0**	**1 100**	**15.9**	**17.3**	19.9	19.9
Insurance (times)[‡]						
FirstRand Life Assurance (FNB Life)	**1.0**	**1.8**			1.8	1.9
FirstRand STI	**1.0**	**7.1**			2.3	1.9
FRISCOL	**1.0**	**2.4**			1.7	1.8

* *Excluding any confidential bank-specific requirements.*

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

[#] *Including unappropriated profits.*

[†] *Including foreign branches.*

[‡] *Solvency capital requirements as per quarterly returns as at 31 December 2022.*

Performance measurement

The group aims to deliver sustainable returns to its shareholders. Each business unit is evaluated on shareholder value created. The group's specific performance measures are economic profit (NIACC) and returns (ROE).

Targeted hurdle rates are set for the business units and capital is allocated to each business unit based on its risk profile. The capital allocation process is based on internal assessment of the capital requirements.

NIACC has increased due to the growth in normalised earnings of 15%. Average shareholders' equity increased 5%, after the payment of the special dividend. The group's ROE improved from 20.1% to 21.8%, above the group's cost of equity (COE) of 14.25%.

NIACC AND ROE

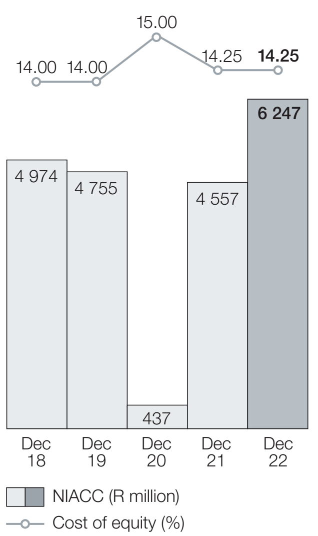
	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Normalised earnings attributable to ordinary shareholders	**18 047**	15 742	15	32 663
Capital charge*	**(11 800)**	(11 185)	5	(22 551)
NIACC**	**6 247**	4 557	37	10 112
Average ordinary shareholders' equity and reserves	**165 608**	156 981	5	158 252
ROE (%)	**21.8**	20.1		20.6
Cost of equity (%)#	**14.25**	14.25		14.25
Return on average RWA	**3.07**	2.90		2.98

* *Capital charge based on cost of equity.*

** *NIACC = normalised earnings less capital charge (cost of equity x average ordinary shareholders' equity and reserves).*

\# *The group's cost of equity is calculated using the capital asset pricing model. The risk-free rate of 9.3% (2021: 9.3%) is determined through a fair value assessment of the South African risk-free rate with the calculations referencing the global risk-free yield and the country risk premium as well as expected inflation adjusted for potential future inflation uncertainty. The risk premium of 4.95% (2021: 4.95%) is determined using the FirstRand beta and equity risk premium.*

NIACC and cost of equity



Performance measurement continued

Shareholder value creation

The decomposition of the ROE in the table below indicates that the improvement in ROE was largely driven by an improvement in return on assets (ROA).

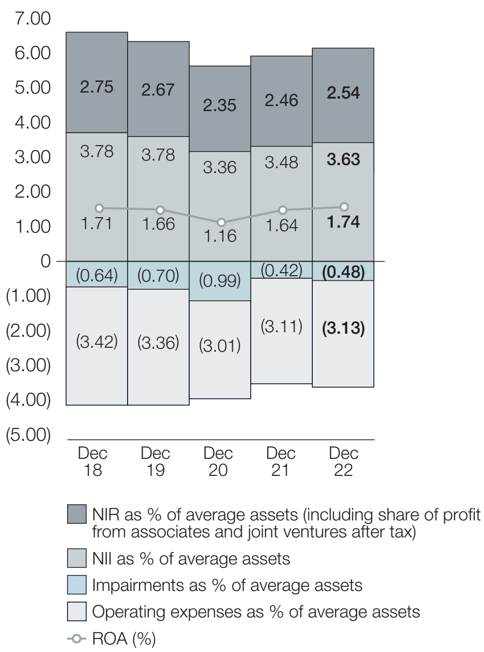
SHAREHOLDER VALUE CREATION

	Six months ended 31 December					Year ended 30 June
	2022	2021	2020	2019	2018	2022
ROA (%)	**1.74**	1.64	1.16	1.66	1.71	1.69
Gearing*	**12.5**	12.3	13.5	12.8	13.0	12.2
ROE (%)	**21.8**	20.1	15.6	21.2	22.3	20.6

* *Gearing = average total assets/average equity.*

The following graph provides a summary of the drivers of the ROA over time. The increase in ROA from 1.64% at 31 December 2021 to 1.74% at 31 December 2022 was primarily driven by the increase in revenue for the period. Average total assets increased 8%.

ROA analysis



Note: The graph shows each item before tax and non-controlling interests as a percentage of average assets.
ROA is calculated as normalised earnings (after tax and non-controlling interests) as a percentage of average assets.

Operating business performance

The tables below provide a summary of performance of the group's operating businesses.

ROE AND NORMALISED EARNINGS PER BUSINESS

R million	Six months ended 31 December 2022 Normalised earnings	2022 ROE %	2021 Normalised earnings*	2021 ROE %*	Year ended 30 June 2022 Normalised earnings	2022 ROE %
Retail and commercial	**12 006**	**39.7**	10 342	37.0	21 240	37.2
– FNB	**11 077**	**42.9**	9 469	40.0	19 636	40.6
– WesBank	**929**	**21.0**	873	20.5	1 604	18.6
Corporate and institutional – RMB	**4 677**	**22.4**	3 644	20.1	8 196	22.1
UK operations**	**1 614**	**11.9**	1 484	11.8	2 981	11.8
Centre (including Group Treasury)#	**(250)**	**(1.4)**	272	1.4	246	0.6
FirstRand group	**18 047**	**21.8**	15 742	20.1	32 663	20.6
Broader Africa†	**1 481**	**15.2**	1 412	16.4	2 892	16.5

* *Comparatives were restated for segmentation changes and to align to current capital allocation approaches.*

** *Aldermore and MotoNovo (front and back books). In the segment report on pages 44 to 55, the MotoNovo back book is included in the Centre. Normalised earnings include the return on capital and cost of other capital instruments allocated to the MotoNovo back book. ROEs are calculated in pound terms.*

\# *Includes the unallocated capital.*

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

BUSINESS ROAs

%	ROA Six months ended 31 December 2022	2021*	Year ended 30 June 2022
Retail and commercial	**3.60**	3.34	3.36
– FNB	**4.29**	3.96	4.03
– WesBank	**1.24**	1.22	1.11
Corporate and institutional – RMB	**1.42**	1.17	1.35
UK operations**	**0.81**	0.83	0.82
Centre (including Group Treasury)	**(0.14)**	0.17	0.07
FirstRand group	**1.74**	1.64	1.69

* *Comparatives were restated for segmentation changes.*

** *Aldermore and MotoNovo front and back books. ROAs are calculated in pound terms.*

Performance measurement continued

The table below provides a geographical analysis of capital allocated.

GEOGRAPHICAL ANALYSIS OF AVERAGE CAPITAL ALLOCATED

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
South Africa and other*	**119 302**	114 517	4	116 014
Broader Africa**	**19 425**	17 236	13	17 496
UK operations#	**26 881**	25 228	7	24 742
FirstRand group	**165 608**	156 981	5	158 252

* *Exclude cross-border deals.*

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

Aldermore and MotoNovo front and back books. UK operations' period-end capital in pound sterling was converted to rand using the period-end closing exchange rates.

The table below provides a geographical ROE analysis.

GEOGRAPHICAL ROE ANALYSIS

%	Six months ended 31 December 2022	Six months ended 31 December 2021	Year ended 30 June 2022
South Africa and other*	**25.1**	22.4	23.1
Broader Africa**	**15.2**	16.4	16.5
UK operations#	**11.9**	11.8	11.8
FirstRand group	**21.8**	20.1	20.6

* *Exclude cross-border deals.*

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

Aldermore and MotoNovo front and back books. ROEs are calculated in pound terms.

IFRS information

Presentation

Basis of presentation

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

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

> International Financial Reporting Standard, IAS 34;

> SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; and

> Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

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

Any forecast financial information contained herein has not been reviewed or reported on by the group'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 2022.

The condensed consolidated 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.

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

Normalised results

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

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

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

Description of difference between normalised and IFRS results

Consolidated private equity subsidiaries

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

FirstRand shares held for client trading activities

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

In terms of IAS 32, FirstRand shares held by the group are deemed to be treasury shares for accounting purposes. For the statement of financial position, the cost price of FirstRand shares held long is deducted from equity and the consideration received from selling FirstRand shares short is added back to equity. All gains and losses on FirstRand shares are reversed to profit or loss.

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

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

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

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

Margin-related items included in fair value income

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

Realisation on the sale of private equity subsidiaries

In terms of *Circular 01/2021 – Headline Earnings*, gains or losses from the sale of subsidiaries are excluded from headline earnings.

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

Presentation continued

Cash-settled share-based payments and the economic hedge

The group 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 group 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 group'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 01/2021 – Headline Earnings* in calculating headline earnings are included in normalised earnings on a line-by-line basis based on the nature of the adjustment.

The description and the amount of these adjustments are provided in the reconciliation between headline earnings and IFRS profit on page 174.

Restatement of prior period numbers

The group obtained a legal opinion which confirmed the group's legal right to set off positions held with the London Clearing House (LCH), of which FirstRand Securities, a subsidiary of FirstRand International, is a clearing member. The group restated its financial statements to appropriately reflect the net presentation of derivative assets and derivative liabilities with the LCH in the comparative information.

The change in presentation has no impact on the profit or loss or net asset value of the group and only affects the presentation of derivative assets and derivative liabilities on the statement of financial position.

Restated condensed consolidated statement of financial position

as at 31 December 2021

R million	As previously reported	Offsetting	Restated
ASSETS			
Cash and cash equivalents	146 844	–	146 844
Derivative financial instruments	74 059	(13 988)	60 071
Commodities	22 261	–	22 261
Investment securities	383 793	–	383 793
Advances	1 305 463	–	1 305 463
– Advances to customers	1 234 121	–	1 234 121
– Marketable advances	71 342	–	71 342
Other assets	9 602	–	9 602
Current tax asset	375	–	375
Non-current assets and disposal groups held for sale	587	–	587
Reinsurance assets	514	–	514
Investments in associates	9 075	–	9 075
Investments in joint ventures	2 336	–	2 336
Property and equipment	19 976	–	19 976
Intangible assets	10 259	–	10 259
Investment properties	659	–	659
Defined benefit post-employment asset	10	–	10
Deferred income tax asset	6 295	–	6 295
Total assets	1 992 108	(13 988)	1 978 120
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	15 831	–	15 831
Derivative financial instruments	76 463	(13 988)	62 475
Creditors, accruals and provisions	27 142	–	27 142
Current tax liability	534	–	534
Liabilities directly associated with disposal groups held for sale	728	–	728
Deposits	1 644 630	–	1 644 630
Employee liabilities	10 053	–	10 053
Other liabilities	8 003	–	8 003
Policyholder liabilities	7 833	–	7 833
Tier 2 liabilities	21 956	–	21 956
Deferred income tax liability	782	–	782
Total liabilities	1 813 955	(13 988)	1 799 967
Equity			
Ordinary shares	56	–	56
Share premium	7 871	–	7 871
Reserves	154 246	–	154 246
Capital and reserves attributable to equityholders of the group	162 173	–	162 173
Other equity instruments	11 645	–	11 645
Non-controlling interests	4 335	–	4 335
Total equity	178 153	–	178 153
Total equities and liabilities	1 992 108	(13 988)	1 978 120

Condensed consolidated income statement – IFRS

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Interest income calculated using effective interest rate	**67 907**	52 281	30	107 515
Interest on other financial instruments and similar income	**1 455**	752	93	1 452
Interest and similar income	**69 362**	53 033	31	108 967
Interest expense and similar charges	**(32 703)**	(20 059)	63	(42 592)
Net interest income before impairment of advances	**36 659**	32 974	11	66 375
Impairment and fair value of credit on advances	**(5 008)**	(4 027)	24	(7 080)
– Impairment on amortised cost advances	**(5 208)**	(3 863)	35	(6 539)
– Fair value of credit on advances	**200**	(164)	(>100)	(541)
Net interest income after impairment of advances	**31 651**	28 947	9	59 295
Non-interest revenue	**27 962**	23 666	18	48 248
– Net fee and commission income	**18 310**	16 571	10	33 396
– Fee and commission income	**21 923**	19 738	11	39 967
– Fee and commission expense	**(3 613)**	(3 167)	14	(6 571)
– Insurance income	**2 459**	1 880	31	4 297
– Fair value income	**3 820**	3 271	17	6 835
– Fair value gains or losses	**7 675**	6 202	24	12 790
– Interest expense on fair value activities	**(3 855)**	(2 931)	32	(5 955)
– Gains less losses from investing activities	**1 532**	322	>100	515
– Other non-interest revenue	**1 841**	1 622	14	3 205
Income from operations	**59 613**	52 613	13	107 543
Operating expenses	**(32 685)**	(30 143)	8	(60 769)
Net income from operations	**26 928**	22 470	20	46 774
Share of profit of associates after tax	**(132)**	588	(>100)	895
Share of profit of joint ventures after tax	**(308)**	222	(>100)	596
Income before indirect tax	**26 488**	23 280	14	48 265
Indirect tax	**(846)**	(765)	11	(1 433)
Profit before tax	**25 642**	22 515	14	46 832
Income tax expense	**(6 437)**	(5 796)	11	(12 193)
Profit for the period	**19 205**	16 719	15	34 639
Attributable to				
Ordinary equityholders	**17 980**	15 816	14	32 761
Other equity instrument holders	**547**	414	32	838
Equityholders of the group	**18 527**	16 230	14	33 599
Non-controlling interests	**678**	489	39	1 040
Profit for the period	**19 205**	16 719	15	34 639
Earnings per share (cents)				
– Basic	**320.7**	282.1	14	584.3
– Diluted	**320.7**	282.1	14	584.3
Headline earnings per share (cents)				
– Basic	**322.7**	281.4	15	585.3
– Diluted	**322.7**	281.4	15	585.3

Condensed consolidated statement of other comprehensive income – IFRS

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Profit for the period	**19 205**	16 719	15	34 639
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**123**	(636)	(>100)	(3 712)
Losses arising during the period*	**(229)**	(1 888)	(88)	(2 138)
Reclassification adjustments for amounts included in profit or loss*	**405**	1 005	(60)	(2 972)
Deferred income tax	**(53)**	247	(>100)	1 398
FVOCI debt reserve	**101**	(116)	(>100)	(50)
Gains/(losses) arising during the period*	**163**	(146)	(>100)	(65)
Reclassification adjustments for amounts included in profit or loss*	**(25)**	(13)	92	(15)
Deferred income tax	**(37)**	43	(>100)	30
Exchange differences on translating foreign operations	**1 114**	4 327	(74)	2 007
Gains arising during the period	**1 101**	4 297	(74)	1 997
Deferred income tax	**13**	30	(57)	10
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest	**55**	16	>100	13
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**1**	3	(67)	4
Gains arising during the period	**1**	4	(75)	10
Deferred income tax	**–**	(1)	(100)	(6)
Remeasurements on defined benefit post-employment plans	**(45)**	(45)	–	41
(Losses)/gains arising during the period	**(62)**	(57)	9	59
Deferred income tax	**17**	12	42	(18)
Other comprehensive income/(loss) for the period	**1 349**	3 549	(62)	(1 697)
Total comprehensive income for the period	**20 554**	20 268	1	32 942
Attributable to				
Ordinary equityholders	**19 313**	19 322	–	31 037
Other equity instrument holders	**547**	414	32	838
Equityholders of the group	**19 860**	19 736	1	31 875
Non-controlling interests	**694**	532	30	1 067
Total comprehensive income for the period	**20 554**	20 268	1	32 942

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

Condensed consolidated statement of financial position – IFRS

R million	As at 31 December 2022	As at 31 December 2021*	As at 30 June 2022
ASSETS			
Cash and cash equivalents	**146 691**	146 844	143 636
Derivative financial instruments	**64 730**	60 071	65 667
Commodities	**17 647**	22 261	17 580
Investment securities	**402 054**	383 793	382 149
Advances	**1 447 667**	1 305 463	1 334 324
– Advances to customers**	**1 368 927**	1 234 121	1 262 083
– Marketable advances	**78 740**	71 342	72 241
Other assets	**12 367**	9 602	9 597
Current tax asset	**1 559**	375	624
Non-current assets and disposal groups held for sale	**–**	587	1 501
Reinsurance assets	**630**	514	583
Investments in associates	**8 950**	9 075	8 178
Investments in joint ventures	**2 951**	2 336	2 618
Property and equipment	**20 304**	19 976	19 725
Intangible assets#	**9 364**	10 259	9 459
Investment properties	**378**	659	698
Defined benefit post-employment asset	**36**	10	35
Deferred income tax asset	**7 662**	6 295	8 028
Total assets	**2 142 990**	1 978 120	2 004 402
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**16 115**	15 831	14 623
Derivative financial instruments	**59 365**	62 475	64 547
Creditors, accruals and provisions	**46 395**	27 142	35 761
Current tax liability	**955**	534	803
Liabilities directly associated with disposal groups held for sale	**–**	728	824
Deposits	**1 793 318**	1 644 630	1 655 972
Employee liabilities	**11 859**	10 053	13 862
Other liabilities	**5 498**	8 003	8 248
Policyholder liabilities	**8 172**	7 833	7 424
Tier 2 liabilities	**20 384**	21 956	20 937
Deferred income tax liability	**560**	782	692
Total liabilities	**1 962 621**	1 799 967	1 823 693
Equity			
Ordinary shares	**56**	56	56
Share premium	**7 833**	7 871	7 905
Reserves	**158 328**	154 246	156 820
Capital and reserves attributable to equityholders of the group	**166 217**	162 173	164 781
Other equity instruments	**9 930**	11 645	11 645
Non-controlling interests	**4 222**	4 335	4 283
Total equity	**180 369**	178 153	180 709
Total equities and liabilities	**2 142 990**	1 978 120	2 004 402

* *Restated, refer to pages 165 and 166 for details.*

** *Included in advances to customers are assets under agreements to resell of R85 172 million (December 2021: R88 160 million; June 2022: R70 617 million).*

Include net goodwill of R7 737 million (December 2021: R8 300 million; June 2022: R7 722 million).

Condensed consolidated statement of cash flows – IFRS

	Six months ended 31 December		Year ended 30 June
R million	2022	2021	2022
Cash flows from operating activities			
Interest and fee commission receipts	88 712	67 632	150 467
– Interest received	67 943	49 539	113 464
– Fee and commission received	21 923	19 738	39 967
– Insurance income received	2 459	1 522	3 607
– Fee and commission paid	(3 613)	(3 167)	(6 571)
Trading and other income	2 601	1 683	3 539
Interest payments	(32 685)	(17 482)	(37 778)
Other operating expenses	(26 500)	(27 458)	(45 355)
Dividends received	1 690	1 598	3 065
Dividends paid	(17 936)	(8 997)	(18 228)
Dividends paid to non-controlling interest	(651)	(720)	(1 026)
Taxation paid	(7 742)	(7 221)	(14 984)
Cash generated from operating activities	7 489	9 035	39 700
Movement in operating assets and liabilities	3 384	1 344	(29 899)
– Liquid assets and trading securities	(14 742)	(6 408)	(200)
– Advances	(110 223)	(55 499)	(92 260)
– Deposits	125 496	60 359	61 655
– Other assets	(1 783)	(52)	(194)
– Creditors	6 559	1 798	6 930
– Employee liabilities	(959)	(1 820)	(5 241)
– Total other liabilities	(964)	2 966	(589)
– Other operating liabilities*	(1 665)	2 649	(428)
– Reinsurance assets	(47)	(127)	(196)
– Policyholder liabilities	748	444	35
Net cash generated from operating activities	10 873	10 379	9 801

* *Other operating liabilities consist of various operating liabilities. The most significant balances relate to short trading positions and derivative financial instruments.*

	Six months ended 31 December		Year ended 30 June
R million	**2022**	2021	2022
Cash flows from investing activities			
Acquisition of investments in associates	**(319)**	(122)	(236)
Proceeds on disposal of investments in associates	**1**	1	1
Acquisition of investments in joint ventures	**(34)**	(19)	(92)
Proceeds on disposal of investments in joint ventures	**–**	–	40
Acquisition of investments in subsidiaries	**–**	(226)	21
Acquisition of property and equipment	**(1 694)**	(1 452)	(3 265)
Proceeds on disposal of property and equipment	**235**	129	617
Acquisition of intangible assets and investment properties	**(205)**	(171)	(409)
Proceeds on disposal of non-current assets held for sale	**–**	24	25
Net cash outflow from investing activities	**(2 016)**	(1 836)	(3 298)
Cash flows from financing activities			
Proceeds on the issue of other financial liabilities	**707**	326	1 067
Redemption of other financial liabilities	**(3 210)**	(395)	(842)
Principal payments towards lease liabilities	**(482)**	(407)	(1 030)
Proceeds from issue of Tier 2 liabilities	**3 188**	2 475	2 742
Capital repaid on Tier 2 liabilities	**(4 301)**	(2 917)	(3 577)
Acquisition of additional interest in subsidiaries from non-controlling interest	**(170)**	(7)	(866)
Redemption of preference shares	**(4 519)**	–	–
Proceeds from issue of AT1 equity instruments	**2 804**	–	–
Net cash outflow from financing activities	**(5 983)**	(925)	(2 506)
Net increase in cash and cash equivalents	**2 874**	7 618	3 997
Cash and cash equivalents at the beginning of the period	**143 636**	135 059	135 059
Effect of exchange rate changes on cash and cash equivalents	**(371)**	4 065	4 631
Transfer to/(from) non-current assets held for sale	**552**	102	(51)
Cash and cash equivalents at the end of the period	**146 691**	146 844	143 636
Mandatory reserve balances included above*	**37 297**	33 641	34 521

* *Banks are required to deposit a minimum average balance, calculated monthly with the central bank, which is available for use by the group 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 consolidated statement of changes in equity – IFRS

for the six months ended 31 December

	Ordinary share capital and ordinary equityholders' funds				
R million	Share capital	Share premium	**Share capital and share premium**	Defined benefit post-employment reserve	Cash flow hedge reserve
Balance as at 1 July 2021	56	7 973	**8 029**	(597)	1 355
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer (from)/to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(102)	**(102)**	–	–
Total comprehensive income for the period	–	–	**–**	(45)	(636)
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	(45)	(636)
Balance as at 31 December 2021	56	7 871	**7 927**	(642)	719
Balance as at 1 July 2022	56	7 905	**7 961**	(556)	(2 357)
Acquisition of subsidiaries	–	–	**–**	–	–
Additional Tier 1 capital issued during the period	–	–	**–**	–	–
Preference shares redeemed during the period	–	–	**–**	–	–
Movement in other reserves	–	–	**–**	–	–
Ordinary dividends	–	–	**–**	–	–
Distributions on other equity instruments	–	–	**–**	–	–
Transfer (from)/to general risk reserves	–	–	**–**	–	–
Changes in ownership interest of subsidiaries	–	–	**–**	–	–
Movement in treasury shares	–	(72)	**(72)**	–	–
Total comprehensive income for the period	–	–	**–**	(45)	123
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	(45)	123
Balance as at 31 December 2022	56	7 833	**7 889**	(601)	(2 234)

* *Other reserves include the FVOCI reserve.*

** *Other equity instruments at 31 December 2022 include nil (December 2021: R4 519 million; June 2022: R4 519 million) of NCNR preference shares and R9 930 million (December 2021: R7 126 million; June 2022: R7 126 million) of AT1 instruments.*

Ordinary share capital and ordinary equityholders' funds							
Share-based payment reserve	Foreign currency translation reserve	Other reserves*	Retained earnings	**Reserves attributable to ordinary equity-holders**	**Other equity instruments****	**Non-controlling interests**	**Total equity**
44	2 773	1 176	138 837	**143 588**	**11 645**	**4 625**	**167 887**
–	–	–	–	**–**	**–**	**(197)**	**(197)**
–	–	–	–	**–**	**–**	**–**	**–**
11	–	64	(46)	**29**	**–**	**–**	**29**
–	–	–	(8 583)	**(8 583)**	**–**	**(720)**	**(9 303)**
–	–	–	–	**–**	**(414)**	**–**	**(414)**
–	–	(57)	57	**–**	**–**	**–**	**–**
–	–	–	(113)	**(113)**	**–**	**95**	**(18)**
–	–	–	3	**3**	**–**	**–**	**(99)**
–	4 283	(96)	15 816	**19 322**	**414**	**532**	**20 268**
–	–	–	15 816	**15 816**	**414**	**489**	**16 719**
–	4 283	(96)	–	**3 506**	**–**	**43**	**3 549**
55	7 056	1 087	145 971	**154 246**	**11 645**	**4 335**	**178 153**
44	4 766	1 278	153 645	**156 820**	**11 645**	**4 283**	**180 709**
–	–	1	–	**1**	**–**	**1**	**2**
–	–	–	–	**–**	**2 804**	**–**	**2 804**
–	–	–	–	**–**	**(4 519)**	**–**	**(4 519)**
7	–	46	(404)	**(351)**	**–**	**–**	**(351)**
–	–	–	(17 389)	**(17 389)**	**–**	**(651)**	**(18 040)**
–	–	–	–	**–**	**(547)**	**–**	**(547)**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	(60)	**(60)**	**–**	**(105)**	**(165)**
–	–	–	(6)	**(6)**	**–**	**–**	**(78)**
–	1 103	152	17 980	**19 313**	**547**	**694**	**20 554**
–	–	–	17 980	**17 980**	**547**	**678**	**19 205**
–	1 103	152	–	**1 333**	**–**	**16**	**1 349**
51	5 869	1 477	153 766	**158 328**	**9 930**	**4 222**	**180 369**

Statement of headline earnings – IFRS

R million	Six months ended 31 December 2022	Six months ended 31 December 2021	% change	Year ended 30 June 2022
Profit for the period (refer to page 167)	**19 205**	16 719	15	34 639
Other equity instrument holders	**(547)**	(414)	32	(838)
Non-controlling interests	**(678)**	(489)	39	(1 040)
Earnings attributable to ordinary equityholders	**17 980**	15 816	14	32 761
Adjusted for	**111**	(40)	(>100)	56
Loss on disposal of non-private equity associates	**–**	1	(100)	–
Impairment of non-private equity associates	**–**	–	–	25
Gain on disposal of investments in subsidiaries	**(25)**	–	–	(56)
Loss/(gain) on disposal of property and equipment	**4**	(4)	(>100)	(8)
Compensation from third parties for impaired/lost property and equipment	**–**	–	–	(109)
Fair value movement on investment properties	**–**	–	–	19
Impairment of goodwill*	**121**	–	–	60
Impairment of assets in terms of IAS 36	**–**	3	(100)	136
Other	**–**	(40)	(100)	(3)
Tax effects of adjustments	**11**	–	–	5
Non-controlling interest adjustments	**–**	–	–	(13)
Headline earnings	**18 091**	15 776	15	32 817

* *Includes Ghana goodwill impairment of R91 million.*

Reconciliation from headline to normalised earnings

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Headline earnings	**18 091**	15 776	15	32 817
Adjusted for	**(44)**	(34)	29	(154)
TRS and IFRS 2 liability remeasurement*	**–**	(4)	(100)	(58)
Treasury shares**	**(13)**	12	(>100)	2
IAS 19 adjustment	**(48)**	(48)	–	(104)
Private equity related#	**17**	6	>100	6
Normalised earnings	**18 047**	15 742	15	32 663

* *The group uses various TRSs with external parties to economically hedge itself against the exposure to changes in the FirstRand share price associated with the group's long-term incentive schemes. A TRS is accounted for as a derivative in terms of IFRS with the fair value change recognised in NIR unless it qualifies for hedge accounting. In the current period, FirstRand's share price decreased R0.25 and increased R7.21 during the prior period. This results in mark-to-market volatility period-on-period being included in the group's IFRS attributable earnings. The normalised results reflect the adjustment to normalise this period-on-period IFRS fair value volatility from the TRS, as described in more detail on page 164.*

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

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

Reconciliation of normalised to IFRS condensed consolidated income statement

for the six months ended 31 December 2022

R million	Normalised	Private equity expenses	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	37 681	–	–	(1 131)
Impairment charge	(5 008)	–	–	–
Net interest income after impairment of advances	32 673	–	–	(1 131)
Total non-interest revenue	26 357	(21)	13	1 131
– Operational non-interest revenue	26 798	(21)	12	1 131
– Share of profit of associates and joint ventures after tax	(441)	–	1	–
Income from operations	59 030	(21)	13	–
Operating expenses	(32 498)	(3)	–	–
Income before indirect tax	26 532	(24)	13	–
Indirect tax	(846)	–	–	–
Profit before tax	25 686	(24)	13	–
Income tax expense	(6 414)	7	–	–
Profit for the period	19 272	(17)	13	–
Attributable to				
Other equity instrument holders	(547)	–	–	–
Non-controlling interests	(678)	–	–	–
Ordinary equityholders	18 047	(17)	13	–
Headline and normalised earnings adjustments	–	17	(13)	–
Normalised earnings attributable to ordinary equityholders of the group	18 047	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
–	–	109	36 659
–	–	–	(5 008)
–	–	109	31 651
–	21	21	27 522
–	21	21	27 962
–	–	–	(440)
–	21	130	59 173
67	(121)	(130)	(32 685)
67	(100)	–	26 488
–	–	–	(846)
67	(100)	–	25 642
(19)	(11)	–	(6 437)
48	(111)	–	19 205
–	–	–	(547)
–	–	–	(678)
48	(111)	–	17 980
(48)	111	–	67
–	–	–	18 047

Reconciliation of normalised to IFRS condensed consolidated income statement

for the six months ended 31 December 2021

R million	Normalised	Private equity expenses	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	33 478	–	–	(641)
Impairment charge	(4 027)	–	–	–
Net interest income after impairment of advances	29 451	–	–	(641)
Total non-interest revenue	23 659	23	(12)	641
– Operational non-interest revenue	22 849	23	(13)	641
– Share of profit of associates and joint ventures after tax	810	–	1	–
Income from operations	53 110	23	(12)	–
Operating expenses	(29 925)	(29)	–	–
Income before indirect tax	23 185	(6)	(12)	–
Indirect tax	(765)	–	–	–
Profit before tax	22 420	(6)	(12)	–
Income tax expense	(5 775)	–	–	–
Profit for the period	16 645	(6)	(12)	–
Attributable to				
Other equity instrument holders	(414)	–	–	–
Non-controlling interests	(489)	–	–	–
Ordinary equityholders	15 742	(6)	(12)	–
Headline and normalised earnings adjustments	–	6	12	–
Normalised earnings attributable to ordinary equityholders of the group	15 742	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
–	–	137	32 974
–	–	–	(4 027)
–	–	137	28 947
–	43	122	24 476
–	44	122	23 666
–	(1)	–	810
–	43	259	53 423
67	(3)	(253)	(30 143)
67	40	6	23 280
–	–	–	(765)
67	40	6	22 515
(19)	–	(2)	(5 796)
48	40	4	16 719
–	–	–	(414)
–	–	–	(489)
48	40	4	15 816
(48)	(40)	(4)	(74)
–	–	–	15 742

Reconciliation of normalised to IFRS condensed consolidated income statement

for the year ended 30 June 2022

R million	Normalised	Private equity expenses	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	67 856	–	–	(1 716)
Impairment charge	(7 080)	–	–	–
Net interest income after impairment of advances	60 776	–	–	(1 716)
Total non-interest revenue	48 362	3	(3)	1 716
– Operational non-interest revenue	46 856	3	(13)	1 716
– Share of profit of associates and joint ventures after tax	1 506	–	10	–
Income from operations	109 138	3	(3)	–
Operating expenses	(61 024)	(9)	–	–
Income before indirect tax	48 114	(6)	(3)	–
Indirect tax	(1 433)	–	–	–
Profit before tax	46 681	(6)	(3)	–
Income tax expense	(12 127)	–	1	–
Profit for the year	34 554	(6)	(2)	–
Attributable to				
Other equity instrument holders	(838)	–	–	–
Non-controlling interests	(1 053)	–	–	–
Ordinary equityholders	32 663	(6)	(2)	–
Headline and normalised earnings adjustments	–	6	2	–
Normalised earnings attributable to ordinary equityholders of the group	32 663	–	–	–

* *FirstRand shares held for client trading activities.*

	IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
	–	–	235	66 375
	–	–	–	(7 080)
	–	–	235	59 295
	–	132	(471)	49 739
	–	157	(471)	48 248
	–	(25)	–	1 491
	–	132	(236)	109 034
	144	(196)	316	(60 769)
	144	(64)	80	48 265
	–	–	–	(1 433)
	144	(64)	80	46 832
	(40)	(5)	(22)	(12 193)
	104	(69)	58	34 639
	–	–	–	(838)
	–	13	–	(1 040)
	104	(56)	58	32 761
	(104)	56	(58)	(98)
	–	–	–	32 663

Reconciliation of normalised to IFRS condensed consolidated statement of financial position

as at 31 December 2022

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	146 691	–	146 691
Derivative financial instruments	64 730	–	64 730
Commodities	17 647	–	17 647
Investment securities	402 251	(197)	402 054
Advances	1 447 667	–	1 447 667
– Advances to customers	1 368 927	–	1 368 927
– Marketable advances	78 740	–	78 740
Other assets	12 367	–	12 367
Current tax asset	1 559	–	1 559
Non-current assets and disposal groups held for sale	–	–	–
Reinsurance assets	630	–	630
Investments in associates	8 950	–	8 950
Investments in joint ventures	2 896	55	2 951
Property and equipment	20 304	–	20 304
Intangible assets	9 364	–	9 364
Investment properties	378	–	378
Defined benefit post-employment asset	36	–	36
Deferred income tax asset	7 661	1	7 662
Total assets	2 143 131	(141)	2 142 990
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	16 115	–	16 115
Derivative financial instruments	59 365	–	59 365
Creditors, accruals and provisions	46 395	–	46 395
Current tax liability	955	–	955
Liabilities directly associated with disposal groups held for sale	–	–	–
Deposits	1 793 318	–	1 793 318
Employee liabilities	11 859	–	11 859
Other liabilities	5 498	–	5 498
Policyholder liabilities	8 172	–	8 172
Tier 2 liabilities	20 384	–	20 384
Deferred income tax liability	560	–	560
Total liabilities	1 962 621	–	1 962 621
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(223)	7 833
Reserves	158 246	82	158 328
Capital and reserves attributable to equityholders of the group	166 358	(141)	166 217
Other equity instruments	9 930	–	9 930
Non-controlling interests	4 222	–	4 222
Total equity	180 510	(141)	180 369
Total equities and liabilities	2 143 131	(141)	2 142 990

* *FirstRand shares held for client trading activities.*

Reconciliation of normalised to IFRS condensed consolidated statement of financial position

as at 31 December 2021

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	146 844	–	146 844
Derivative financial instruments**	60 071	–	60 071
Commodities	22 261	–	22 261
Investment securities	383 979	(186)	383 793
Advances	1 305 463	–	1 305 463
– Advances to customers	1 234 121	–	1 234 121
– Marketable advances	71 342	–	71 342
Other assets	9 602	–	9 602
Current tax asset	375	–	375
Non-current assets and disposal groups held for sale	587	–	587
Reinsurance assets	514	–	514
Investments in associates	9 075	–	9 075
Investments in joint ventures	2 291	45	2 336
Property and equipment	19 976	–	19 976
Intangible assets	10 259	–	10 259
Investment properties	659	–	659
Defined benefit post-employment asset	10	–	10
Deferred income tax asset	6 295	–	6 295
Total assets	1 978 261	(141)	1 978 120
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	15 831	–	15 831
Derivative financial instruments**	62 475	–	62 475
Creditors, accruals and provisions	27 142	–	27 142
Current tax liability	534	–	534
Liabilities directly associated with disposal groups held for sale	728	–	728
Deposits	1 644 630	–	1 644 630
Employee liabilities	10 053	–	10 053
Other liabilities	8 003	–	8 003
Policyholder liabilities	7 833	–	7 833
Tier 2 liabilities	21 956	–	21 956
Deferred income tax liability	782	–	782
Total liabilities	1 799 967	–	1 799 967
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(185)	7 871
Reserves	154 202	44	154 246
Capital and reserves attributable to equityholders of the group	162 314	(141)	162 173
Other equity instruments	11 645	–	11 645
Non-controlling interests	4 335	–	4 335
Total equity	178 294	(141)	178 153
Total equities and liabilities	1 978 261	(141)	1 978 120

* *FirstRand shares held for client trading activities.*

** *Restated, refer to pages 165 and 166 for details.*

Reconciliation of normalised to IFRS condensed consolidated statement of financial position

as at 30 June 2022

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	143 636	–	143 636
Derivative financial instruments	65 667	–	65 667
Commodities	17 580	–	17 580
Investment securities	382 280	(131)	382 149
Advances	1 334 324	–	1 334 324
– Advances to customers	1 262 083	–	1 262 083
– Marketable advances	72 241	–	72 241
Other assets	9 597	–	9 597
Current tax asset	624	–	624
Non-current assets and disposal groups held for sale	1 501	–	1 501
Reinsurance assets	583	–	583
Investments in associates	8 178	–	8 178
Investments in joint ventures	2 564	54	2 618
Property and equipment	19 725	–	19 725
Intangible assets	9 459	–	9 459
Investment properties	698	–	698
Defined benefit post-employment asset	35	–	35
Deferred income tax asset	8 027	1	8 028
Total assets	2 004 478	(76)	2 004 402
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	14 623	–	14 623
Derivative financial instruments	64 547	–	64 547
Creditors, accruals and provisions	35 761	–	35 761
Current tax liability	803	–	803
Liabilities directly associated with disposal groups held for sale	824	–	824
Deposits	1 655 972	–	1 655 972
Employee liabilities	13 862	–	13 862
Other liabilities	8 248	–	8 248
Policyholder liabilities	7 424	–	7 424
Tier 2 liabilities	20 937	–	20 937
Deferred income tax liability	692	–	692
Total liabilities	1 823 693	–	1 823 693
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(151)	7 905
Reserves	156 745	75	156 820
Capital and reserves attributable to equityholders of the group	164 857	(76)	164 781
Other equity instruments	11 645	–	11 645
Non-controlling interests	4 283	–	4 283
Total equity	180 785	(76)	180 709
Total equities and liabilities	2 004 478	(76)	2 004 402

* *FirstRand shares held for client trading activities.*

Advances

Note 1 – Category analysis of advances

	Advances			
	As at 31 December			As at 30 June
R million	2022	2021	% change	2022
Category analysis				
Overdrafts and cash management accounts	**82 868**	72 739	14	80 514
Term loans	**89 963**	66 110	36	76 436
Card loans	**38 700**	35 371	9	37 348
Instalment sales, hire purchase agreements and lease payments receivable	**260 063**	243 537	7	245 904
Property finance	**498 415**	472 217	6	473 300
Personal loans	**53 909**	51 598	4	53 068
Preference share agreements	**41 293**	39 808	4	40 407
Investment bank term loans	**188 325**	155 479	21	168 008
Loans to associates and joint ventures	**2 488**	2 523	(1)	2 841
Other	**75 947**	56 782	34	61 374
Total customer advances	**1 331 971**	1 196 164	11	1 239 200
Marketable advances	**78 740**	71 342	10	72 241
Assets under agreements to resell	**85 172**	88 160	(3)	70 617
Gross value of advances	**1 495 883**	1 355 666	10	1 382 058
Impairment and credit of fair value advances	**(48 216)**	(50 203)	(4)	(47 734)
Net advances	**1 447 667**	1 305 463	11	1 334 324
Gross advances – amortised cost	**1 365 720**	1 238 003	10	1 284 777
Impairment of advances – amortised cost	**(46 804)**	(48 999)	(4)	(46 136)
Net advances – amortised cost	**1 318 916**	1 189 004	11	1 238 641
Gross advances – fair value	**130 163**	117 663	11	97 281
Impairment of advances – fair value	**(1 412)**	(1 204)	17	(1 598)
Net advances – fair value	**128 751**	116 459	11	95 683
Net advances	**1 447 667**	1 305 463	11	1 334 324

Advances continued

Note 2 – Breakdown of ECL created in the reporting period

R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired
	31 December 2022				
Current period ECL provided	**7 386**	**(198)**	**2 119**	**5 470**	**(5)**
Interest suspended on stage 3 advances	**(1 599)**	**–**	**–**	**(1 599)**	**–**
Current period change in ECL provided after interest suspended on stage 3 advances	**5 787**	**(198)**	**2 119**	**3 871**	**(5)**
Post write-off recoveries	**(1 132)**	**–**	**–**	**(1 132)**	**–**
Modification losses	**353**	**–**	**81**	**272**	**–**
Impairment recognised in the income statement for the period ended 31 December 2022	**5 008**	**(198)**	**2 200**	**3 011**	**(5)**
Amortised cost	**5 208**	**(25)**	**2 227**	**3 011**	**(5)**
Fair value*	**(200)**	**(173)**	**(27)**	**–**	**–**
	31 December 2021				
Current period ECL provided	6 620	(297)	1 086	5 831	–
Interest suspended on stage 3 advances	(1 630)	–	–	(1 630)	–
Current period change in ECL provided after interest suspended on stage 3 advances	4 990	(297)	1 086	4 201	–
Post write-off recoveries	(1 375)	–	–	(1 375)	–
Modification losses	412	1	43	368	–
Impairment recognised in the income statement for the period ended 31 December 2021	4 027	(296)	1 129	3 194	–
Amortised cost	3 863	(403)	1 072	3 194	–
Fair value*	164	107	57	–	–
	30 June 2022				
Current year ECL provided	12 150	(740)	416	12 481	(7)
Interest suspended on stage 3 advances	(2 993)	–	–	(2 993)	–
Current year change in ECL provided after interest suspended on stage 3 advances	9 157	(740)	416	9 488	(7)
Post write-off recoveries	(2 756)	–	–	(2 756)	–
Modification losses	679	–	118	561	–
Impairment recognised in the income statement for the year ended 30 June 2022	7 080	(740)	534	7 293	(7)
Amortised cost	6 539	(843)	555	6 834	(7)
Fair value*	541	103	(21)	459	–

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

Basis of preparation of the reconciliation of 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 11 – Advances* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-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.

Voluntary changes in presentation

Core lending advances

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

Asset-based finance book

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

Revolving facility

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

General presentation of the advances note

The group made voluntary changes to the presentation of the reconciliations within this note. To allow the user to compare the amended comparatives to the information previously presented in this booklet, the information previously presented for 30 June 2022 has been included in *Note 39 – Change in presentation of advances* in the annual financial statements available on the group's website at www.firstrand.co.za/investors/annual-reporting.

Temporary stress scenario

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

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

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

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

Advances continued

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

AMORTISED COST – 31 DECEMBER 2022

R million	Retail secured		Retail unsecured			Retail secured and unsecured
	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
GCA reported as at 1 July 2022	242 757	99 354	32 821	46 623	7 907	–
– Stage 1	211 306	82 088	26 914	32 510	6 045	(2 688)
– Stage 2	19 649	11 063	2 229	7 149	586	2 688
– Stage 3	11 802	6 203	3 678	6 964	1 276	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(1 376)	(1 917)	(813)	(1 896)	(155)	–
– Transfers into stage 1	6 149	1 983	604	1 245	153	–
– Transfers out of stage 1	(7 525)	(3 900)	(1 417)	(3 141)	(308)	–
Transfers to/(from) stage 2	10	766	(60)	81	(25)	–
– Transfers into stage 2	7 877	3 845	952	2 548	255	–
– Transfers out of stage 2	(7 867)	(3 079)	(1 012)	(2 467)	(280)	–
Transfers to/(from) stage 3	1 366	1 151	873	1 815	180	–
– Transfers into stage 3	2 365	1 658	938	2 265	249	–
– Transfers out of stage 3	(999)	(507)	(65)	(450)	(69)	–
Current period movement	9 106	5 834	2 494	2 968	391	–
New business – changes in exposure	24 864	23 473	1 437	10 998	813	–
Back book – current period movement	(15 758)	(17 639)	1 057	(8 030)	(422)	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(796)	(993)	46	(843)	(3)	–
– Other current period change in exposure net movement on gross carrying amount	(14 962)	(16 646)	1 011	(7 187)	(419)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(278)	(938)	(875)	(2 321)	(658)	–
Modifications that did not give rise to derecognition	(59)	(28)	(53)	(214)	(1)	–
GCA as at 31 December 2022	251 517	104 222	34 387	47 056	7 648	–
– Stage 1	219 428	86 870	28 307	33 013	5 953	(2 688)
– Stage 2	20 170	11 718	2 387	7 093	581	2 688
– Stage 3	11 919	5 634	3 693	6 950	1 114	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	251 517	104 222	34 387	47 056	7 648	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 31 December 2022	251 517	104 222	34 387	47 056	7 648	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
4 627	–	903	2 572	3 318	–	6 965	963	49 271
–	–	–	733	–	–	–	–	733
–	–	–	–	–	–	–	–	–
(1 377)	–	(183)	(3 067)	(332)	–	(2 118)	(1 247)	(14 481)
1 683	–	3 428	3 104	1 174	–	7 381	2 057	28 961
(3 060)	–	(3 611)	(6 171)	(1 506)	–	(9 499)	(3 304)	(43 442)
346	–	(45)	2 354	(41)	–	984	815	5 185
2 583	–	3 418	5 701	1 394	–	9 048	2 961	40 582
(2 237)	–	(3 463)	(3 347)	(1 435)	–	(8 064)	(2 146)	(35 397)
1 031	–	228	713	373	–	1 134	432	9 296
1 059	–	311	713	422	–	1 571	549	12 100
(28)	–	(83)	–	(49)	–	(437)	(117)	(2 804)
3 406	–	4 326	47 365	5 017	(12 686)	11 510	2 068	81 799
9 083	–	12 297	68 020	9 393	8 532	48 839	16 769	234 518
(5 677)	–	(7 971)	(20 678)	(4 376)	(21 218)	(37 329)	(14 701)	(152 742)
(687)	–	(739)	(503)	(22)	–	(3 223)	(1 279)	(9 042)
(4 990)	–	(7 232)	(20 175)	(4 354)	(21 218)	(34 106)	(13 422)	(143 700)
–	–	–	23	–	–	–	–	23
–	–	–	(2 095)	(287)	–	–	–	(2 382)
–	–	–	–	–	–	–	–	–
–	–	–	–	285	–	–	–	285
–	–	–	708	(525)	(3)	5 945	1 851	7 976
(829)	–	(102)	–	(257)	–	(75)	(49)	(6 382)
2	–	–	–	–	–	–	–	(353)
110 290	–	49 352	330 119	71 451	34 582	248 817	76 279	1 365 720
98 581	(130)	44 511	305 338	62 572	34 582	217 649	68 587	1 202 573
7 279	130	3 908	21 723	5 427	–	23 624	6 575	113 303
4 430	–	933	2 302	3 452	–	7 544	1 117	49 088
–	–	–	756	–	–	–	–	756
110 290	–	49 352	329 561	71 451	24 741	248 817	76 279	1 355 321
–	–	–	558	–	9 841	–	–	10 399
110 290	–	49 352	330 119	71 451	34 582	248 817	76 279	1 365 720

Advances continued

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

AMORTISED COST – 31 DECEMBER 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
ECL reported as at 1 July 2022	4 084	5 396	4 361	8 681	1 585	317
– Stage 1	609	802	1 130	2 065	385	156
– Stage 2	939	1 344	620	1 727	147	161
– Stage 3	2 536	3 250	2 611	4 889	1 053	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	138	91	64	42	17	–
– Transfers into stage 1	184	128	147	273	35	–
– Transfers out of stage 1	(46)	(37)	(83)	(231)	(18)	–
Transfers to/(from) stage 2	(108)	(289)	(243)	(500)	(42)	–
– Transfers into stage 2	153	56	64	303	35	–
– Transfers out of stage 2	(261)	(345)	(307)	(803)	(77)	–
Transfers to/(from) stage 3	(30)	198	179	458	25	–
– Transfers into stage 3	91	225	212	621	59	–
– Transfers out of stage 3	(121)	(27)	(33)	(163)	(34)	–
Current period provision created/(released)	230	934	934	2 418	639	–
New business – impairment charge/(release)	193	401	77	972	78	–
Back book – impairment charge/(release)	37	533	857	1 446	561	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	95	(115)	100	(127)	14	–
– Other current period impairment charge/(release)	(58)	648	757	1 573	547	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	165	–	–	–	(165)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(278)	(938)	(875)	(2 321)	(658)	–
ECL as at 31 December 2022	4 201	5 392	4 420	8 778	1 401	317
– Stage 1	579	859	1 159	2 032	350	156
– Stage 2	1 061	1 476	628	1 691	143	161
– Stage 3	2 561	3 057	2 633	5 055	908	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	230	934	934	2 418	639	–
– Stage 1	(331)	(35)	(35)	(75)	112	–
– Stage 2	229	422	252	464	39	–
– Stage 3	332	547	717	2 029	488	–
– Purchased or originated credit impaired	–	–	–	–	–	–

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
1 030	23	186	1 200	1 035	361	1 271	529	10 782
1 059	32	193	2 420	876	149	746	182	10 595
3 145	–	416	1 873	1 945	–	2 548	410	24 676
–	–	–	83	–	–	–	–	83
–	–	–	–	–	–	–	–	–
76	–	138	67	29	1	79	26	768
149	–	160	91	62	1	135	53	1 418
(73)	–	(22)	(24)	(33)	–	(56)	(27)	(650)
(213)	–	(125)	(112)	(61)	(1)	(122)	(26)	(1 842)
75	–	23	19	41	(1)	72	30	870
(288)	–	(148)	(131)	(102)	–	(194)	(56)	(2 712)
137	–	(13)	45	32	–	43	–	1 074
157	–	8	45	55	–	79	18	1 570
(20)	–	(21)	–	(23)	–	(36)	(18)	(496)
512	–	107	220	520	(17)	798	292	7 587
79	–	109	347	322	(17)	518	138	3 217
433	–	(2)	(122)	198	–	280	154	4 375
234	–	4	33	36	–	31	2	307
199	–	(6)	(155)	162	–	249	152	4 068
–	–	–	(5)	–	–	–	–	(5)
–	–	–	(718)	(11)	21	–	–	(708)
–	–	–	–	–	–	–	–	–
–	–	–	–	16	–	–	–	16
–	–	–	12	(8)	–	121	30	155
(829)	–	(102)	–	(257)	–	(75)	(49)	(6 382)
4 917	55	800	5 090	4 116	514	5 409	1 394	46 804
1 012	23	222	1 412	1 225	363	1 434	779	11 605
1 032	32	184	2 374	817	151	960	212	10 922
2 873	–	394	1 226	2 074	–	3 015	403	24 199
–	–	–	78	–	–	–	–	78
512	–	107	220	520	(17)	798	292	7 587
(94)	–	(101)	135	158	(17)	51	208	(24)
185	–	116	66	3	–	318	52	2 146
421	–	92	24	359	–	429	32	5 470
–	–	–	(5)	–	–	–	–	(5)

Advances continued

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

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2022	112	96 655	29	485	97 281
– Stage 1	112	93 082	29	442	93 665
– Stage 2	–	2 691	–	43	2 734
– Stage 3	–	799	–	–	799
– Purchased or originated credit impaired	–	83	–	–	83
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	622	–	–	622
– Transfers into stage 1	–	1 002	–	–	1 002
– Transfers out of stage 1	–	(380)	–	–	(380)
Transfers to/(from) stage 2	–	(622)	–	–	(622)
– Transfers into stage 2	–	380	–	–	380
– Transfers out of stage 2	–	(1 002)	–	–	(1 002)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current period movement	(42)	32 620	(29)	518	33 067
New business – changes in exposure	–	8 705	–	192	8 897
Back book – current period movement	(42)	23 910	(29)	326	24 165
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	–	–	–	–
– Other current period change in exposure net movement on gross carrying amount	(42)	23 910	(29)	326	24 165
Purchased or originated credit impaired	–	5	–	–	5
Acquisition/(disposal) of advances*	502	–	–	(917)	(415)
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	230	–	–	230
Bad debts written off	–	–	–	–	–
Modifications that did not give rise to derecognition	–	–	–	–	–
GCA as at 31 December 2022	572	129 505	–	86	130 163
– Stage 1	572	124 191	–	43	124 806
– Stage 2	–	4 449	–	43	4 492
– Stage 3	–	777	–	–	777
– Purchased or originated credit impaired	–	88	–	–	88
Core lending advances	572	54 732	–	86	55 390
Assets under agreements to resell	–	74 773	–	–	74 773
Total GCA of advances as at 31 December 2022	572	129 505	–	86	130 163

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

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

FAIR VALUE – 31 DECEMBER 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2022	3	1 488	–	107	1 598
– Stage 1	3	276	–	102	381
– Stage 2	–	649	–	5	654
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	176	–	1	177
– Transfers into stage 1	–	181	–	1	182
– Transfers out of stage 1	–	(5)	–	–	(5)
Transfers to/(from) stage 2	–	(176)	–	(1)	(177)
– Transfers into stage 2	–	5	–	–	5
– Transfers out of stage 2	–	(181)	–	(1)	(182)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current period provision created/(released)	(1)	(196)	–	(4)	(201)
New business – impairment charge/(release)	–	110	–	–	110
Back book – impairment charge/(release)	(1)	(306)	–	(4)	(311)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	–	–	–	–
– Other current period impairment charge/(release)	(1)	(306)	–	(4)	(311)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances*	99	–	–	(99)	–
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	15	–	–	15
Bad debts written off	–	–	–	–	–
ECL as at 31 December 2022	101	1 307	–	4	1 412
– Stage 1	101	284	–	3	388
– Stage 2	–	460	–	1	461
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Current period provision created/(released) per impairment stage	(1)	(196)	–	(4)	(201)
– Stage 1	(1)	(171)	–	(2)	(174)
– Stage 2	–	(25)	–	(2)	(27)
– Stage 3	–	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–	–

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

Advances continued

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

AMORTISED COST – 31 DECEMBER 2021

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
GCA reported as at 1 July 2021	225 666	100 102	31 249	46 908	8 513	–
– Stage 1	196 375	77 514	24 553	30 681	6 175	(1 212)
– Stage 2	15 935	12 677	2 662	7 681	846	1 212
– Stage 3	13 356	9 911	4 034	8 546	1 492	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(364)	(625)	(381)	(2 246)	21	–
– Transfers into stage 1	4 366	3 577	806	1 063	329	–
– Transfers out of stage 1	(4 730)	(4 202)	(1 187)	(3 309)	(308)	–
Transfers to/(from) stage 2	(325)	410	(361)	500	(123)	–
– Transfers into stage 2	4 924	4 780	792	2 861	262	–
– Transfers out of stage 2	(5 249)	(4 370)	(1 153)	(2 361)	(385)	–
Transfers to/(from) stage 3	689	215	742	1 746	102	–
– Transfers into stage 3	2 295	1 725	942	2 182	544	–
– Transfers out of stage 3	(1 606)	(1 510)	(200)	(436)	(442)	–
Current period movement	6 636	415	969	1 854	337	–
New business – changes in exposure	23 359	18 776	1 403	13 780	459	–
Back book – current period movement	(16 723)	(18 361)	(434)	(11 926)	(122)	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(998)	(1 498)	(10)	(1 248)	229	–
– Other current period change in exposure net movement on gross carrying amount	(15 725)	(16 863)	(424)	(10 678)	(351)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(242)	(1 369)	(829)	(3 146)	(429)	–
Modifications that did not give rise to derecognition	(20)	(46)	(47)	(214)	(85)	–
GCA as at 31 December 2021	232 031	99 102	31 342	45 402	8 345	–
– Stage 1	204 093	80 174	25 012	30 279	6 268	(967)
– Stage 2	15 344	11 554	2 501	7 743	573	967
– Stage 3	12 594	7 374	3 829	7 380	1 504	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	232 031	99 102	31 342	45 402	8 345	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 31 December 2021	232 031	99 102	31 342	45 402	8 345	–

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

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

Corporate and commercial						UK operations		
FNB commercial**	Temporary stress scenario	WesBank corporate**	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722
83 139	(99)	35 561	219 427	49 929	35 428	198 513	53 163	1 009 147
8 064	99	4 060	25 170	6 677	–	15 803	7 169	108 055
5 798	–	1 394	2 678	3 527	–	6 872	2 096	59 704
–	–	–	816	–	–	–	–	816
–	–	–	–	–	–	–	–	–
(762)	–	(361)	712	(349)	–	(2 278)	704	(5 929)
2 114	–	1 266	1 589	838	–	5 557	3 055	24 560
(2 876)	–	(1 627)	(877)	(1 187)	–	(7 835)	(2 351)	(30 489)
(237)	–	384	(199)	257	–	1 300	(337)	1 269
2 593	–	1 653	1 398	1 252	–	7 361	2 348	30 224
(2 830)	–	(1 269)	(1 597)	(995)	–	(6 061)	(2 685)	(28 955)
999	–	(23)	(513)	92	–	978	(367)	4 660
1 114	–	255	25	333	–	1 487	255	11 157
(115)	–	(278)	(538)	(241)	–	(509)	(622)	(6 497)
4 684	–	767	11 583	3 268	5 566	(1 055)	4 862	39 886
9 950	–	7 689	42 094	7 996	6 712	39 057	16 316	187 591
(5 266)	–	(6 922)	(30 450)	(4 728)	(1 146)	(40 112)	(11 454)	(147 644)
341	–	(1 057)	105	(90)	–	(2 561)	(1 481)	(8 268)
(5 607)	–	(5 865)	(30 555)	(4 638)	(1 146)	(37 551)	(9 973)	(139 376)
–	–	–	(61)	–	–	–	–	(61)
–	–	–	(1 725)	–	–	–	–	(1 725)
–	–	–	–	–	–	–	–	–
–	–	–	–	(123)	–	–	–	(123)
–	–	–	3 012	2 109	34	19 528	5 768	30 451
(876)	–	(89)	(115)	(492)	–	(139)	(70)	(7 796)
–	–	–	–	–	–	–	–	(412)
100 809	–	41 693	260 846	64 895	41 028	239 522	72 988	1 238 003
87 337	(98)	36 914	235 948	54 854	41 028	212 222	64 326	1 077 390
8 353	98	3 755	22 201	6 513	–	19 586	7 137	106 325
5 119	–	1 024	1 942	3 528	–	7 714	1 525	53 533
–	–	–	755	–	–	–	–	755
100 809	–	41 693	260 105	64 895	24 183	239 522	72 988	1 220 417
–	–	–	741	–	16 845	–	–	17 586
100 809	–	41 693	260 846	64 895	41 028	239 522	72 988	1 238 003

Advances continued

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

AMORTISED COST – 31 DECEMBER 2021

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
ECL reported as at 1 July 2021	4 304	5 850	4 683	10 036	1 713	335
– Stage 1	646	743	861	2 043	286	131
– Stage 2	841	1 081	654	2 001	296	160
– Stage 3	2 817	4 026	3 168	5 992	1 131	44
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	109	182	98	43	19	–
– Transfers into stage 1	135	226	156	225	43	–
– Transfers out of stage 1	(26)	(44)	(58)	(182)	(24)	–
Transfers to/(from) stage 2	(151)	(181)	(231)	(522)	(31)	–
– Transfers into stage 2	80	161	55	244	55	–
– Transfers out of stage 2	(231)	(342)	(286)	(766)	(86)	–
Transfers to/(from) stage 3	42	(1)	133	479	12	–
– Transfers into stage 3	133	166	226	570	135	–
– Transfers out of stage 3	(91)	(167)	(93)	(91)	(123)	–
Current period provision created/(released)	272	1 072	729	2 522	766	(143)
New business – impairment charge/(release)	86	268	54	1 162	43	–
Back book – impairment charge/(release)	186	804	675	1 360	723	(143)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(24)	(99)	20	(78)	40	–
– Other current period impairment charge/(release)	210	903	655	1 438	683	(143)
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(242)	(1 369)	(829)	(3 146)	(429)	–
ECL as at 31 December 2021	4 334	5 553	4 583	9 412	2 050	192
– Stage 1	719	791	919	2 132	703	64
– Stage 2	801	1 231	640	2 004	239	106
– Stage 3	2 814	3 531	3 024	5 276	1 108	22
– Purchased or originated credit impaired	–	–	–	–	–	–
Current period provision created/(released) per impairment stage	272	1 072	729	2 522	766	(143)
– Stage 1	(36)	(135)	(41)	47	400	(67)
– Stage 2	112	332	217	524	(27)	(54)
– Stage 3	196	875	553	1 951	393	(22)
– Purchased or originated credit impaired	–	–	–	–	–	–

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

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

Corporate and commercial						UK operations		
FNB commercial**	Temporary stress scenario	WesBank corporate**	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
5 761	148	956	6 510	3 901	512	3 571	1 332	49 612
944	124	197	1 636	992	360	805	415	10 183
1 438	24	208	3 285	941	152	685	288	12 054
3 379	–	551	1 499	1 968	–	2 081	629	27 285
–	–	–	90	–	–	–	–	90
–	–	–	–	–	–	–	–	–
269	–	77	52	56	5	114	186	1 210
365	–	91	71	79	5	139	195	1 730
(96)	–	(14)	(19)	(23)	–	(25)	(9)	(520)
(382)	–	(30)	(19)	(38)	(5)	(153)	(5)	(1 748)
109	–	44	61	85	(1)	47	66	1 006
(491)	–	(74)	(80)	(123)	(4)	(200)	(71)	(2 754)
113	–	(47)	(33)	(18)	–	39	(181)	538
202	–	19	9	59	–	106	9	1 634
(89)	–	(66)	(42)	(77)	–	(67)	(190)	(1 096)
441	(124)	(18)	(52)	478	–	649	(137)	6 455
92	–	131	363	203	2	241	71	2 716
349	(124)	(149)	(415)	275	(2)	408	(208)	3 739
223	–	(56)	59	16	–	(81)	(47)	(27)
126	(124)	(93)	(474)	259	(2)	489	(161)	3 766
–	–	–	–	–	–	–	–	–
–	–	–	(37)	–	–	–	–	(37)
–	–	–	–	–	–	–	–	–
–	–	–	–	(4)	–	–	–	(4)
–	–	–	64	246	–	348	111	769
(876)	–	(89)	(115)	(492)	–	(139)	(70)	(7 796)
5 326	24	849	6 370	4 129	512	4 429	1 236	48 999
1 064	–	237	1 736	1 120	365	878	453	11 181
1 125	24	184	3 095	982	147	607	301	11 486
3 137	–	428	1 449	2 027	–	2 944	482	26 242
–	–	–	90	–	–	–	–	90
441	(124)	(18)	(52)	478	–	649	(137)	6 455
(149)	(124)	(38)	38	8	(2)	(114)	(193)	(406)
68	–	6	(180)	10	2	27	(7)	1 030
522	–	14	90	460	–	736	63	5 831
–	–	–	–	–	–	–	–	–

Advances continued

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

FAIR VALUE – 31 DECEMBER 2021

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2021	91	95 217	220	802	96 330
– Stage 1	91	91 912	47	751	92 801
– Stage 2	–	3 119	173	51	3 343
– Stage 3	–	104	–	–	104
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	361	–	8	369
– Transfers into stage 1	–	361	–	8	369
– Transfers out of stage 1	–	–	–	–	–
Transfers to/(from) stage 2	–	(361)	–	(8)	(369)
– Transfers into stage 2	–	–	–	–	–
– Transfers out of stage 2	–	(361)	–	(8)	(369)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current period movement	46	19 471	(182)	(495)	18 840
New business – changes in exposure	–	8 577	–	(530)	8 047
Back book – current period movement	46	10 889	(182)	35	10 788
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	–	–	–	–
– Other current period change in exposure net movement on gross carrying amount	46	10 889	(182)	35	10 788
Purchased or originated credit impaired	–	5	–	–	5
Acquisition/(disposal) of advances	–	1 891	–	–	1 891
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	602	–	–	602
Bad debts written off	–	–	–	–	–
Modifications that did not give rise to derecognition	–	–	–	–	–
GCA as at 31 December 2021	137	117 181	38	307	117 663
– Stage 1	137	113 187	38	264	113 626
– Stage 2	–	3 804	–	43	3 847
– Stage 3	–	103	–	–	103
– Purchased or originated credit impaired	–	87	–	–	87
Core lending advances	137	46 607	38	307	47 089
Assets under agreements to resell	–	70 574	–	–	70 574
Total GCA of advances as at 31 December 2021	137	117 181	38	307	117 663

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

FAIR VALUE – 31 DECEMBER 2021

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2021	–	895	–	111	1 006
– Stage 1	–	164	–	104	268
– Stage 2	–	630	–	7	637
– Stage 3	–	19	–	–	19
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	31	–	–	31
– Transfers into stage 1	–	31	–	–	31
– Transfers out of stage 1	–	–	–	–	–
Transfers to/(from) stage 2	–	(31)	–	–	(31)
– Transfers into stage 2	–	–	–	–	–
– Transfers out of stage 2	–	(31)	–	–	(31)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current period provision created/(released)	8	156	–	1	165
New business – impairment charge/(release)	–	181	–	1	182
Back book – impairment charge/(release)	8	(25)	–	–	(17)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	4	–	–	4
– Other current period impairment charge/(release)	8	(29)	–	–	(21)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	33	–	–	33
Bad debts written off	–	–	–	–	–
ECL as at 31 December 2021	8	1 084	–	112	1 204
– Stage 1	8	295	–	103	406
– Stage 2	–	687	–	9	696
– Stage 3	–	20	–	–	20
– Purchased or originated credit impaired	–	82	–	–	82
Current period provision created/(released) per impairment stage	8	156	–	1	165
– Stage 1	8	100	–	–	108
– Stage 2	–	56	–	1	57
– Stage 3	–	–	–	–	–
– Purchased or originated credit impaired	–	–	–	–	–

Advances continued

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

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
GCA reported as at 1 July 2021	225 666	100 102	31 249	46 908	8 513	–
– Stage 1	196 375	77 514	24 553	30 681	6 175	(1 212)
– Stage 2	15 935	12 677	2 662	7 681	846	1 212
– Stage 3	13 356	9 911	4 034	8 546	1 492	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	(2 445)	(1 188)	(628)	(1 970)	(90)	–
– Transfers into stage 1	7 678	4 421	1 171	2 116	385	–
– Transfers out of stage 1	(10 123)	(5 609)	(1 799)	(4 086)	(475)	–
Transfers to/(from) stage 2	1 711	603	(853)	(1 058)	(46)	–
– Transfers into stage 2	10 563	5 958	860	2 870	346	–
– Transfers out of stage 2	(8 852)	(5 355)	(1 713)	(3 928)	(392)	–
Transfers to/(from) stage 3	734	585	1 481	3 028	136	–
– Transfers into stage 3	3 905	2 726	1 713	3 632	732	–
– Transfers out of stage 3	(3 171)	(2 141)	(232)	(604)	(596)	–
Current year movement	17 617	1 752	3 618	5 880	759	–
New business – changes in exposure	44 607	36 304	3 239	23 066	642	–
Back book – current year movement	(26 990)	(34 552)	379	(17 186)	117	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(1 486)	(3 122)	74	(1 648)	243	–
– Other current year change in exposure net movement on gross carrying amount	(25 504)	(31 430)	305	(15 538)	(126)	–
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	(9)	–	–	–	9	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(469)	(2 412)	(1 970)	(5 738)	(1 329)	–
Modifications that did not give rise to derecognition	(48)	(88)	(76)	(427)	(45)	–
GCA as at 30 June 2022	242 757	99 354	32 821	46 623	7 907	–
– Stage 1	211 306	82 088	26 914	32 510	6 045	(2 688)
– Stage 2	19 649	11 063	2 229	7 149	586	2 688
– Stage 3	11 802	6 203	3 678	6 964	1 276	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Core lending advances	242 757	99 354	32 821	46 623	7 907	–
Assets under agreements to resell	–	–	–	–	–	–
Total GCA of advances as at 30 June 2022	242 757	99 354	32 821	46 623	7 907	–

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

	Corporate and commercial						UK operations		
	FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
	97 001	–	41 015	248 091	60 133	35 428	221 188	62 428	1 177 722
	83 139	(99)	35 561	219 427	49 929	35 428	198 513	53 163	1 009 147
	8 064	99	4 060	25 170	6 677	–	15 803	7 169	108 055
	5 798	–	1 394	2 678	3 527	–	6 872	2 096	59 704
	–	–	–	816	–	–	–	–	816
	–	–	–	–	–	–	–	–	–
	(1 222)	–	89	(515)	(138)	–	(4 107)	434	(11 780)
	5 103	–	2 728	2 480	1 879	–	7 252	4 193	39 406
	(6 325)	–	(2 639)	(2 995)	(2 017)	–	(11 359)	(3 759)	(51 186)
	(564)	–	(198)	(248)	(92)	–	2 781	139	2 175
	5 515	–	2 505	3 433	1 879	–	10 480	3 781	48 190
	(6 079)	–	(2 703)	(3 681)	(1 971)	–	(7 699)	(3 642)	(46 015)
	1 786	–	109	763	230	–	1 326	(573)	9 605
	1 900	–	418	1 300	464	–	2 104	377	19 271
	(114)	–	(309)	(537)	(234)	–	(778)	(950)	(9 666)
	12 245	–	4 319	33 807	6 513	11 819	8 179	9 551	116 059
	18 177	–	25 287	84 372	16 657	1 863	82 631	29 610	366 455
	(5 932)	–	(20 968)	(50 482)	(10 144)	9 956	(74 452)	(20 059)	(250 313)
	(544)	–	(1 291)	(4 577)	37	–	(5 205)	(2 828)	(20 347)
	(5 388)	–	(19 677)	(45 905)	(10 181)	9 956	(69 247)	(17 231)	(229 966)
	–	–	–	(83)	–	–	–	–	(83)
	–	–	–	(1 614)	–	–	(93)	–	(1 707)
	–	–	–	–	–	–	–	–	–
	–	–	–	–	115	–	–	–	115
	–	–	–	3 983	1 370	24	2 457	602	8 436
	(1 540)	–	(206)	(126)	(913)	–	(294)	(172)	(15 169)
	5	–	–	–	–	–	–	–	(679)
	107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777
	95 656	(130)	39 417	259 862	58 053	47 271	203 370	65 183	1 124 857
	7 428	130	4 808	20 974	5 847	–	21 102	6 263	109 916
	4 627	–	903	2 572	3 318	–	6 965	963	49 271
	–	–	–	733	–	–	–	–	733
	107 711	–	45 128	283 472	67 218	23 871	231 437	72 409	1 260 708
	–	–	–	669	–	23 400	–	–	24 069
	107 711	–	45 128	284 141	67 218	47 271	231 437	72 409	1 284 777

Advances continued

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

AMORTISED COST – 30 JUNE 2022

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans*	Retail other*	Temporary stress scenario
ECL reported as at 1 July 2021	4 304	5 850	4 683	10 036	1 713	335
– Stage 1	646	743	861	2 043	286	131
– Stage 2	841	1 081	654	2 001	296	160
– Stage 3	2 817	4 026	3 168	5 992	1 131	44
– Purchased or originated credit impaired	–	–	–	–	–	–
Transfers between stages	–	–	–	–	–	–
Transfers to/(from) stage 1	192	238	130	(1)	13	–
– Transfers into stage 1	235	292	209	301	47	–
– Transfers out of stage 1	(43)	(54)	(79)	(302)	(34)	–
Transfers to/(from) stage 2	(67)	(187)	(292)	(729)	35	–
– Transfers into stage 2	228	216	64	363	73	–
– Transfers out of stage 2	(295)	(403)	(356)	(1 092)	(38)	–
Transfers to/(from) stage 3	(125)	(51)	162	730	(48)	–
– Transfers into stage 3	160	203	283	937	143	–
– Transfers out of stage 3	(285)	(254)	(121)	(207)	(191)	–
Current year provision created/(released)	249	1 958	1 648	4 383	1 201	(18)
New business – impairment charge/(release)	347	748	194	2 577	60	–
Back book – impairment charge/(release)	(98)	1 210	1 454	1 806	1 141	(18)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	21	(257)	231	(98)	54	–
– Other current year impairment charge/(release)	(119)	1 467	1 223	1 904	1 087	(18)
Purchased or originated credit impaired	–	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(469)	(2 412)	(1 970)	(5 738)	(1 329)	–
ECL as at 30 June 2022	4 084	5 396	4 361	8 681	1 585	317
– Stage 1	609	802	1 130	2 065	385	156
– Stage 2	939	1 344	620	1 727	147	161
– Stage 3	2 536	3 250	2 611	4 889	1 053	–
– Purchased or originated credit impaired	–	–	–	–	–	–
Current year provision created/(released) per impairment stage	249	1 958	1 648	4 383	1 201	(18)
– Stage 1	(230)	(177)	140	25	83	25
– Stage 2	166	451	257	454	(184)	1
– Stage 3	313	1 684	1 251	3 904	1 302	(44)
– Purchased or originated credit impaired	–	–	–	–	–	–

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

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Retail	Commercial	Total
5 761	148	956	6 510	3 901	512	3 571	1 332	49 612
944	124	197	1 636	992	360	805	415	10 183
1 438	24	208	3 285	941	152	685	288	12 054
3 379	–	551	1 499	1 968	–	2 081	629	27 285
–	–	–	90	–	–	–	–	90
–	–	–	–	–	–	–	–	–
192	–	149	94	41	–	57	241	1 346
332	–	169	128	110	–	117	260	2 200
(140)	–	(20)	(34)	(69)	–	(60)	(19)	(854)
(359)	–	(97)	(180)	(16)	–	(87)	(14)	(1 993)
127	–	38	31	104	–	87	83	1 414
(486)	–	(135)	(211)	(120)	–	(174)	(97)	(3 407)
167	–	(52)	86	(25)	–	30	(227)	647
255	–	21	128	40	–	109	11	2 290
(88)	–	(73)	(42)	(65)	–	(79)	(238)	(1 643)
1 016	(93)	45	(837)	641	(2)	1 475	(57)	11 609
187	–	234	695	307	(3)	1 072	263	6 681
829	(93)	(189)	(1 525)	334	1	403	(320)	4 935
230	–	(105)	(166)	6	1	(96)	(58)	(237)
599	(93)	(84)	(1 359)	328	–	499	(262)	5 172
–	–	–	(7)	–	–	–	–	(7)
(3)	–	–	(39)	–	–	(212)	–	(254)
–	–	–	–	–	–	–	–	–
–	–	–	–	9	–	–	–	9
–	–	–	68	218	–	25	18	329
(1 540)	–	(206)	(126)	(913)	–	(294)	(172)	(15 169)
5 234	55	795	5 576	3 856	510	4 565	1 121	46 136
1 030	23	186	1 200	1 035	361	1 271	529	10 782
1 059	32	193	2 420	876	149	746	182	10 595
3 145	–	416	1 873	1 945	–	2 548	410	24 676
–	–	–	83	–	–	–	–	83
1 016	(93)	45	(837)	641	(2)	1 475	(57)	11 609
(103)	(101)	(161)	(546)	(65)	(2)	406	(138)	(844)
(21)	8	82	(694)	(129)	–	143	(97)	437
1 140	–	124	410	835	–	926	178	12 023
–	–	–	(7)	–	–	–	–	(7)

Advances continued

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

FAIR VALUE – 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
GCA reported as at 1 July 2021	91	95 217	220	802	96 330
– Stage 1	91	91 912	47	751	92 801
– Stage 2	–	3 119	173	51	3 343
– Stage 3	–	104	–	–	104
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	–	–	8	8
– Transfers into stage 1	–	–	–	8	8
– Transfers out of stage 1	–	–	–	–	–
Transfers to/(from) stage 2	–	–	–	(8)	(8)
– Transfers into stage 2	–	–	–	–	–
– Transfers out of stage 2	–	–	–	(8)	(8)
Transfers to/(from) stage 3	–	–	–	–	–
– Transfers into stage 3	–	–	–	–	–
– Transfers out of stage 3	–	–	–	–	–
Current year movement	21	557	(191)	(775)	(388)
New business – changes in exposure	–	17 428	–	(520)	16 908
Back book – current year movement	21	(16 872)	(191)	(255)	(17 297)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	(361)	(173)	–	(534)
– Other current year change in exposure net movement on gross carrying amount	21	(16 511)	(18)	(255)	(16 763)
Purchased or originated credit impaired	–	1	–	–	1
Acquisition/(disposal) of advances	–	–	–	458	458
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	881	–	–	881
Bad debts written off	–	–	–	–	–
Modifications that did not give rise to derecognition	–	–	–	–	–
GCA as at 30 June 2022	112	96 655	29	485	97 281
– Stage 1	112	93 082	29	442	93 665
– Stage 2	–	2 691	–	43	2 734
– Stage 3	–	799	–	–	799
– Purchased or originated credit impaired	–	83	–	–	83
Core lending advances	112	50 107	29	485	50 733
Assets under agreements to resell	–	46 548	–	–	46 548
Total GCA of advances as at 30 June 2022	112	96 655	29	485	97 281

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

FAIR VALUE – 30 JUNE 2022

R million	FNB commercial	RMB corporate and investment banking	Broader Africa	Centre (including Group Treasury)	Total
ECL reported as at 1 July 2021	–	895	–	111	1 006
– Stage 1	–	164	–	104	268
– Stage 2	–	630	–	7	637
– Stage 3	–	19	–	–	19
– Purchased or originated credit impaired	–	82	–	–	82
Transfers between stages	–	–	–	–	–
Transfers to/(from) stage 1	–	–	–	3	3
– Transfers into stage 1	–	–	–	3	3
– Transfers out of stage 1	–	–	–	–	–
Transfers to/(from) stage 2	–	–	–	(6)	(6)
– Transfers into stage 2	–	–	–	–	–
– Transfers out of stage 2	–	–	–	(6)	(6)
Transfers to/(from) stage 3	–	–	–	3	3
– Transfers into stage 3	–	–	–	3	3
– Transfers out of stage 3	–	–	–	–	–
Current year provision created/(released)	3	545	–	(7)	541
New business – impairment charge/(release)	–	716	–	–	716
Back book – impairment charge/(release)	3	(171)	–	(7)	(175)
– Exposures with a change in measurement basis from 12 months to lifetime ECL	–	(31)	–	–	(31)
– Other current year impairment charge/(release)	3	(140)	–	(7)	(144)
Purchased or originated credit impaired	–	–	–	–	–
Acquisition/(disposal) of advances	–	–	–	3	3
Transfers from/(to) other divisions	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	48	–	–	48
Bad debts written off	–	–	–	–	–
ECL as at 30 June 2022	3	1 488	–	107	1 598
– Stage 1	3	276	–	102	381
– Stage 2	–	649	–	5	654
– Stage 3	–	481	–	–	481
– Purchased or originated credit impaired	–	82	–	–	82
Current year provision created/(released) per impairment stage	3	545	–	(7)	541
– Stage 1	3	105	–	(5)	103
– Stage 2	–	(21)	–	(2)	(23)
– Stage 3	–	461	–	–	461
– Purchased or originated credit impaired	–	–	–	–	–

Advances continued

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

GROSS ADVANCES AND LOSS ALLOWANCE – AMORTISED COST

	Total gross advances (before impairments)			Loss allowance		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
			Stage 1			
Personal loans	25 004	5 275	30 279	1 682	450	2 132
Retail other	11 543	(5 275)	6 268	1 153	(450)	703
FNB commercial	99 454	(12 117)	87 337	1 168	(104)	1 064
WesBank corporate	24 797	12 117	36 914	133	104	237
			Stage 2			
Personal loans	7 077	666	7 743	1 745	259	2 004
Retail other	1 239	(666)	573	498	(259)	239
FNB commercial	10 472	(2 119)	8 353	1 222	(97)	1 125
WesBank corporate	1 636	2 119	3 755	87	97	184
			Stage 3			
Personal loans	6 620	760	7 380	4 783	493	5 276
Retail other	2 264	(760)	1 504	1 601	(493)	1 108
FNB commercial	5 594	(475)	5 119	3 341	(204)	3 137
WesBank corporate	549	475	1 024	224	204	428
			Total			
Personal loans	38 701	6 701	45 402	8 210	1 202	9 412
Retail other	15 046	(6 701)	8 345	3 252	(1 202)	2 050
FNB commercial	115 520	(14 711)	100 809	5 731	(405)	5 326
WesBank corporate	26 982	14 711	41 693	444	405	849

Advances continued

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

	Personal loans			Retail other		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Reported as at 1 July 2021	8 630	1 406	10 036	3 119	(1 406)	1 713
– Stage 1	1 611	432	2 043	718	(432)	286
– Stage 2	1 722	279	2 001	575	(279)	296
– Stage 3	5 297	695	5 992	1 826	(695)	1 131
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfer from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(2 593)	(553)	(3 146)	(982)	553	(429)
Current period provisions created/(released)	2 173	349	2 522	1 115	(349)	766
– Stage 1	37	10	47	410	(10)	400
– Stage 2	491	33	524	6	(33)	(27)
– Stage 3	1 645	306	1 951	699	(306)	393
Amount as at 31 December 2021	8 210	1 202	9 412	3 252	(1 202)	2 050
– Stage 1	1 682	450	2 132	1 153	(450)	703
– Stage 2	1 745	259	2 004	498	(259)	239
– Stage 3	4 783	493	5 276	1 601	(493)	1 108

	FNB commercial			WesBank corporate		
	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
	6 162	(401)	5 761	555	401	956
	1 033	(89)	944	108	89	197
	1 524	(86)	1 438	122	86	208
	3 605	(226)	3 379	325	226	551
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
	(909)	33	(876)	(56)	(33)	(89)
	478	(37)	441	(55)	37	(18)
	(174)	25	(149)	(13)	(25)	(38)
	96	(28)	68	(22)	28	6
	556	(34)	522	(20)	34	14
	5 731	(405)	5 326	444	405	849
	1 168	(104)	1 064	133	104	237
	1 222	(97)	1 125	87	97	184
	3 341	(204)	3 137	224	204	428

Advances continued

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

GROSS ADVANCES AND LOSS ALLOWANCE – AMORTISED COST

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

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

	Personal loans			Retail other		
R million	As previously reported	Movement	Updated amount	As previously reported	Movement	Updated amount
Reported as at 1 July 2021	8 630	1 406	10 036	3 119	(1 406)	1 713
– Stage 1	1 611	432	2 043	718	(432)	286
– Stage 2	1 722	279	2 001	575	(279)	296
– Stage 3	5 297	695	5 992	1 826	(695)	1 131
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfer from/(to) other divisions	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(4 743)	(995)	(5 738)	(2 324)	995	(1 329)
Current period provisions created/(released)	3 921	462	4 383	1 663	(462)	1 201
– Stage 1	183	(158)	25	(75)	158	83
– Stage 2	454	–	454	(184)	–	(184)
– Stage 3	3 284	620	3 904	1 922	(620)	1 302
Amount as at 30 June 2022	7 808	873	8 681	2 458	(873)	1 585
– Stage 1	1 785	280	2 065	665	(280)	385
– Stage 2	1 544	183	1 727	330	(183)	147
– Stage 3	4 479	410	4 889	1 463	(410)	1 053

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

Forward-looking information incorporated in the impairment of advances

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

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

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

South Africa

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

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

United Kingdom

The 2022 calendar year was characterised by the cost-of-living crisis and rising interest rates. Both escalated far past early year expectations following the Russian invasion of Ukraine. Goods and commodity prices surged, and most notably a European energy crisis emerged. While these supply side/external factors are less sensitive to monetary policy, they quickly fed through to inflation expectations, domestic inflation and wage growth. This caused the central bank to quickly and aggressively raise interest rates far above consensus and market expectations. Housing and labour market indicators have passed their peaks, but the risks to the UK economy are tilted to the downside.

Broader Africa

General

The operating environment in the countries in broader Africa where the group operates was largely characterised by the recovery in commodity prices, higher inflation and tighter monetary policy. Structural weaknesses pre-date the pandemic for most of the countries in broader Africa, and will continue to constrain the recovery in the medium term – in particular Ghana and Zambia, given their distressed debt positions and further fiscal pressures in Southern African Customs Union (SACU) countries.

Namibia

Growth in Namibia gradually began to lift from its pandemic lows, driven by base effects, increased mining output and an improvement in SACU revenues. These factors pose an upside to growth alongside expected investments in renewable energy infrastructure. Despite these improvements, rising inflation remained a constraint on economic activity overall. Due to the currency peg with the South African rand, Namibia's monetary policy flexibility is constrained during hiking cycles as interest rates must be on par with or above those of South Africa in line with Namibia's official monetary policy framework. Monetary policy therefore poses further constraints on growth expectations given the country's weak consumption fundamentals, particularly as households are already highly indebted.

Botswana

During the calendar year Botswana's economy rebounded due to a significant recovery in the mining sector. Growth to September 2022 averaged 35%, primarily led by improved diamond mining activities as global demand continued to recover. In the medium term, the mining sector should also be supported by the resumption of local copper mining activity. However, the disruptions caused by the war between Russia and Ukraine, along with the sanctions imposed on Russia, pose upside risks to inflation. Inflation in Botswana increased considerably during the year, due to these factors as well as higher administered prices, while a new policy rate, termed the Monetary Policy Rate, was implemented. Persistent high inflation and monetary policy risk may limit the upside to economic activity gains.

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

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 2022, for the South African and broader Africa regions.

Scenario	Probability	Description
Baseline	55% (June 2022: 54%; December 2021: 58%)	> 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 (COP26 deal) takes a long time 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	12% (June 2022: 14%; December 2021: 14%)	> Global growth remains slow towards trend but soon recovers keeping commodity prices elevated through the forecast horizon. > The South African government manages the carbon transition effectively and negotiations on the detail of the COP26 deal make meaningful progress. > Social unrest abates. > 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	33% (June 2022: 32%; December 2021: 28%)	> 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. > The Covid-19 epidemic resurges, resulting in increased economic restrictions. > Real credit extension falls and savings lift. > Russia's invasion of Ukraine drives headline inflation significantly higher and real disposable income growth significantly lower.
Temporary stress scenario		The ECL impact of the temporary stress scenario as well as its impact on the staging of the GCA has been tracked separately for classes of advances within the retail and commercial portfolios, where the temporary stress scenario had a material impact. Therefore, for the retail and commercial portfolios a weighting of 8% (December 2021: 8%) has been attributed to the temporary scenario, 11% (December 2021: 13%) to the upside scenario, 30% (December 2021: 26%) attributed to the downside and 51% (December 2021: 53%) to the baseline scenario. The weightings assigned to the stress scenario has remained unchanged since 30 June 2022.

The following table sets out the scenarios and probabilities assigned to each scenario at 31 December 2022, for the UK operations:

Scenario	Probability	Description
Base	60% (June 2022: 45%; December 2021: 50%)	> There is an expectation of a recession during 2023 driven by declining real incomes and restrictive fiscal and monetary policy stances. > The UK is starting to feel the impact of rising interest rates and the considerable squeeze on disposable income in the real economy. Households continue to rotate their spending from non-essential to essential, such as housing costs. > Inflation now appears past its peak, however headline and domestic inflation are still uncomfortably high for the BoE in, which still has further tightening to deliver. Expectations are that despite many inflation measures either peaking or nearing their peak, the BoE will continue to tighten policy to 4.25% in early 2023. However, risks remain two-sided around that view. > As a result of the cost-of-living crisis and tighter financial conditions, the labour market is set to loosen, resulting in a mild rise in unemployment to 4.9%. House prices are expected to fall by 9%. Business attitudes are also changing as margins and profits come under pressure and the economic environment worsens. The nature of the cost-of-living crisis means that individual household and business finance quality will be crucial.
Upside	15% (June 2022: 5%; December 2021: 10%)	> The UK narrowly avoids a technical recession. Increased fiscal prudence and reduced political uncertainty restores market and public confidence and supports spending and investment. > The energy price guarantee and excess savings is successful in cushioning the cost-of-living crisis. > Wholesale agriculture and energy risks subside and lower headline inflation and forward expectations in the near term. There is no energy price cliff edge. > Falling headline inflation and increased fiscal discipline temper rising wage settlement expectations, resulting in a shorter tightening cycle from the BoE, which is wary of overtightening. > Forward inflation expectations settle slightly higher than pre-pandemic in the medium term, and households run down excess savings at a faster pace, raising both productivity and trend growth compared to the post financial crisis period. > Labour supply mismatches clear rapidly and unemployment continues to fall in the near term as the market successfully absorbs increasing labour supply. House prices growth slows sharply but remains positive, with demand supported by mortgage rates falling back more rapidly.

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

Scenario	Probability	Description
Downside	20% (June 2022: 35%; December 2021: 25%)	> A monetary policy induced recession leads to a further deterioration in real incomes and consumer as well as business confidence. > Fiscal support is ineffective at supporting households and businesses during the cost-of-living crisis, leading them to significantly rein in consumption and investment. A deteriorating economy together with the markets' perception of increased fiscal vulnerability causes a prolonged depreciation in the pound, which pushes up imported and producer inflation. Together with higher domestically generated inflation, elevated inflation expectations and rising pay growth, the BoE responds more forcefully, further front-loading policy and taking the bank rate to 5.25%. > Business insolvencies rise, focused on SMEs that are already highly indebted and/or are reeling from the fall-out of the pandemic. Redundancies triggered by increased insolvencies, as well as returning inactive workers seeking to boost income, result in unemployment reaching 7%. House prices fall by 12% peak-to-trough due to increased forbearance and forced selling, with larger declines in regions where affordability metrics are most stretched.
Severe downside	5% (June 2022: 15%; December 2021: 15%)	> The cost-of-living crisis and a resurgence of the energy crisis leads to a wage-price spiral and aggressive action from central banks, leading to a deep recession comparable to the 2008 global financial crisis. > Geopolitical risks mean that wholesale commodity prices remain elevated. The UK is unsuccessful in reforming domestic energy markets quickly enough and to prevent another energy crisis. > Governments are less able to provide significant additional financial support due to already elevated debt levels and soaring interest rates. > The BoE takes interest rates to 6% and they stay higher for longer. Inflation stays considerably above the BoE's target for a prolonged period of time. > The significant decline in real disposable income causes permanent scarring of the UK economy and lowers trend growth. The UK sees a 9.2% peak unemployment and a sharp decline in household income, while soaring mortgage rates cause a record 20% fall in house prices.

Significant macroeconomic factors as at 31 December 2022

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

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

* *Applicable to the secured portfolio.*

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

* *Applicable to the secured portfolio.*

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

UK (%)	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	0.40	2.50	2.40	(1.20)	0.70	1.60	(2.90)	(0.90)	(0.80)	(3.60)	(2.10)	(0.20)
CPI inflation	2.70	2.10	1.70	3.90	1.50	1.70	5.30	1.90	1.40	5.30	5.70	2.40
BoE rate	3.50	2.50	2.50	4.25	3.50	3.50	5.25	4.00	4.00	5.25	6.00	6.00
Household disposable income growth	1.80	3.10	2.60	1.10	2.90	2.30	(2.40)	(2.40)	(3.10)	(3.60)	0.40	3.60
House price index growth*	1.10	2.80	3.10	(7.10)	1.30	2.60	(9.60)	(1.70)	0.90	13.30	(6.40)	0.30
Unemployment rate	3.70	3.90	3.90	4.80	3.90	3.90	7.00	6.40	6.00	9.20	8.90	8.20

* *Applicable to the secured portfolio.*

Broader Africa

Namibia (%)	Upside scenario			Baseline expectation			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	4.80	5.50	6.00	3.00	3.50	3.00	(0.50)	0.10	0.50
CPI inflation	5.00	4.50	4.50	5.20	4.50	4.50	8.60	8.10	8.10
Repo rate	5.50	5.30	5.30	7.30	7.00	7.00	10.00	8.00	7.50

Botswana (%)	Upside scenario			Baseline expectation			Downside scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	7.00	7.40	7.50	4.10	4.10	4.20	1.40	1.20	1.00
CPI inflation	5.90	2.00	1.50	10.10	6.40	4.90	12.60	8.80	8.30
Repo rate	5.60	5.60	5.60	5.20	5.20	5.20	10.90	10.90	10.90

Significant macroeconomic factors as at 30 June 2022

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

* *Applicable to the secured portfolio.*

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

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

* *Applicable to the secured portfolio.*

UK	Upside scenario			Baseline expectation			Downside scenario			Severe scenario		
(%)	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	4.00	2.70	2.20	0.60	1.70	1.80	(3.00)	0.90	1.50	(3.10)	0.50	1.10
CPI inflation	4.70	2.60	2.30	4.90	1.80	1.80	7.10	1.50	2.00	2.30	0.80	1.20
BoE rate	2.00	2.00	2.00	1.50	1.50	1.50	3.00	2.25	1.75	(0.50)	(0.50)	(0.50)
Household disposable income growth	3.80	2.50	2.20	1.90	3.30	2.60	(2.00)	3.80	4.00	1.50	2.80	2.30
House price index growth*	3.10	3.00	3.00	1.10	2.00	2.20	(6.80)	1.70	2.40	(6.70)	1.10	1.60
Unemployment rate	3.40	3.40	3.40	3.90	3.90	3.90	7.80	7.20	6.80	8.80	8.50	8.20

* *Applicable to the secured portfolio.*

Broader Africa

Namibia (%)	Upside scenario			Baseline expectation			Downside scenario		
	2023	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Real GDP growth	4.75	5.50	5.50	2.90	3.10	3.50	(0.85)	(0.50)	(0.50)
CPI inflation	4.80	4.40	4.20	5.00	4.90	4.70	7.30	7.20	7.20
Repo rate	5.75	5.25	5.25	5.50	5.75	5.75	10.00	8.00	7.00

Botswana (%)	Upside scenario			Baseline expectation			Downside scenario		
	2023	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
Real GDP growth	5.25	5.45	5.50	3.70	3.90	4.00	0.90	0.55	0.40
CPI inflation	9.30	5.83	4.50	10.65	6.88	4.90	12.89	9.49	8.22
Repo rate	2.65	2.90	2.90	3.65	3.90	3.90	4.03	4.40	4.40

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 2022			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	261	63 698	772	64 731
Advances	–	78 091	50 661	128 752
Investment securities	123 983	60 694	3 785	188 462
Non-recourse investments	820	7 320	–	8 140
Commodities	17 647	–	–	17 647
Investment properties	–	–	378	378
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	50	50
Total fair value assets	142 711	209 803	55 646	408 160
Liabilities				
Recurring fair value measurements				
Short trading positions	15 036	1 079	–	16 115
Derivative financial instruments	217	57 176	1 972	59 365
Deposits	1 230	58 979	4 727	64 936
Non-recourse deposits	–	8 140	–	8 140
Other liabilities	–	22	–	22
Policyholder liabilities under investment contracts	–	6 088	–	6 088
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	16 483	131 484	6 699	154 666

	As at 31 December 2021			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments*	33	58 022	2 016	60 071
Advances	–	72 437	44 022	116 459
Investment securities	123 134	92 746	4 292	220 172
Non-recourse investments	823	5 787	–	6 610
Commodities	22 261	–	–	22 261
Investment properties	–	–	659	659
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	–	–
Total fair value assets	146 251	228 992	50 989	426 232
Liabilities				
Recurring fair value measurements				
Short trading positions	15 831	–	–	15 831
Derivative financial instruments*	175	60 806	1 494	62 475
Deposits	1 099	47 411	4 713	53 223
Non-recourse deposits	–	6 610	–	6 610
Other liabilities	–	72	2	74
Policyholder liabilities under investment contracts	–	5 756	–	5 756
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	17 105	120 655	6 209	143 969

* *Restated, refer to pages 165 and 166 for details.*

Fair value measurements continued

	As at 30 June 2022			
R million	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	476	64 545	646	65 667
Advances	–	48 384	47 299	95 683
Investment securities	109 998	99 613	3 040	212 651
Non-recourse investments	822	6 191	–	7 013
Commodities	17 580	–	–	17 580
Investment properties	–	–	698	698
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	–	–
Total fair value assets	128 876	218 733	51 683	399 292
Liabilities				
Recurring fair value measurements				
Short trading positions	14 614	–	9	14 623
Derivative financial instruments	208	62 132	2 207	64 547
Deposits	1 103	39 821	5 621	46 545
Non-recouse deposits	–	7 013	–	7 013
Other liabilities	–	68	3	71
Policyholder liabilities under investment contracts	–	5 396	–	5 396
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	–	–	–
Total fair value liabilities	15 925	114 430	7 840	138 195

	2021 Restatement of derivative asset and derivative liabilities (level 2)	
	Assets	Liabilities
R million	Derivative financial instruments	Derivative financial instruments
Previously reported	72 010	74 794
Adjustment	(13 988)	(13 988)
Restated*	58 022	60 806

* *Restated, refer to pages 165 and 166 for details.*

Additional disclosures for level 3 financial instruments

Transfers between fair value hierarchy levels

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

	As at 31 December 2022		
R million	**Transfers in**	**Transfers out**	**Reasons for significant transfers in**
Level 1	**219**	**(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**	**(529)**	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	**1 088**	**(1 088)**	

	As at 31 December 2021		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	269	(898)	The market for certain listed investment securities had become liquid in the current period, resulting in transfers from level 3 into level 1.
Level 2	1 929	–	The significant inputs for determining the fair value of certain unlisted derivatives and deposits had become observable as the financial instruments approached their respective maturity dates, and therefore transferred from level 3 to 2.
Level 3	898	(2 198)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1, as active trading ceased during the period and the inputs into the fair value model were no longer observable.
Total transfers	3 096	(3 096)	

	As at 30 June 2022		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	689	(41)	The market for certain investment securities had become liquid in the current year which resulted in transfers from level 3 into level 1.
Level 2	607	(1 405)	Increased liquidity in the market for certain investment securities, as well as equity-linked deposits that were approaching maturity, resulted in transfers from level 3 to level 2 due to significant inputs becoming more observable during the current period.
Level 3	1 446	(1 296)	Investment securities and equity-linked deposits, whose fair value had been observable in a traded market, no longer met the criteria for level 1 and level 2, as the market had become illiquid and the fair value was determined using significant unobservable inputs.
Total transfers	2 742	(2 742)	

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
Balance as at 1 July 2021	1 206	34 218	3 165	659
Gains recognised in profit or loss	1 361	1 882	344	–
Gains recognised in other comprehensive income	–	–	4	–
Purchases, sales, issue and settlements	(370)	7 510	159	–
Acquisitions/(disposals) of subsidiaries	–	–	–	–
Net transfer to level 3	(181)	–	629	–
Exchange rate differences	–	412	(9)	–
Balance as at 31 December 2021	2 016	44 022	4 292	659
Balance as at 1 July 2021	1 206	34 218	3 165	659
(Losses)/gains recognised in profit or loss	(30)	1 971	256	(19)
Gains recognised in other comprehensive income	–	–	8	–
Purchases, sales, issue and settlements	(517)	10 394	340	–
(Disposals)/acquisitions of subsidiaries	–	–	(15)	58
Net transfer to level 3	(13)	–	(702)	–
Exchange rate differences	–	716	(12)	–
Balance as at 30 June 2022	646	47 299	3 040	698
Balance as at 1 July 2022	**646**	**47 299**	**3 040**	**698**
Gains/(losses) recognised in profit or loss	**197**	**2 479**	**18**	**–**
Losses recognised in other comprehensive income	**–**	**–**	**(14)**	**–**
Purchases, sales, issue and settlements	**(71)**	**673**	**683**	**–**
Acquisitions/(disposals) of subsidiaries	**–**	**–**	**15**	**(320)**
Net transfer to level 3	**–**	**–**	**39**	**–**
Exchange rate differences	**–**	**210**	**4**	**–**
Balance as at 31 December 2022	**772**	**50 661**	**3 785**	**378**

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.

Short-term trading positions	Derivative financial liabilities	Other liabilities	Deposits
–	1 595	2	4 471
–	672	–	592
–	–	–	–
–	(284)	–	909
–	–	–	–
–	(489)	–	(1 259)
–	–	–	–
–	1 494	2	4 713
–	1 595	2	4 471
–	1 341	1	122
–	–	–	–
9	(328)	–	(241)
–	–	–	–
–	(401)	–	1 266
–	–	–	3
9	2 207	3	5 621
9	**2 207**	**3**	**5 621**
–	**742**	**–**	**(154)**
–	**–**	**–**	**–**
–	**(977)**	**–**	**(742)**
–	**–**	**(3)**	**–**
(9)	**–**	**–**	**–**
–	**–**	**–**	**2**
–	**1 972**	**–**	**4 727**

Fair value measurements continued

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

The valuation models for level 3 assets or liabilities typically rely on a number of inputs that are not readily observable, either directly or indirectly. Thus, the gains 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 (FVTPL) and FVOCI debt instruments, all gains or losses are recognised in NIR.

	Six months ended 31 December 2022		Six months ended 31 December 2021		Year ended 30 June 2022	
R million	**Gains/(losses) recognised in the income statement**	**Gains/(losses) recognised in other comprehensive income**	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income	Gains/(losses) recognised in the income statement	Gains/(losses) recognised in other comprehensive income
Assets						
Derivative financial instruments	**131**	**–**	1 160	–	117	–
Advances*	**1 870**	**–**	1 773	–	1 525	–
Investment securities	**(24)**	**–**	398	4	515	–
Investment properties	**–**	**–**	(15)	–	(19)	–
Total	**1 977**	**–**	3 316	4	2 138	–
Liabilities						
Short trading positions	**–**	**–**	–	–	(1)	–
Derivative financial instruments	**(172)**	**–**	(128)	–	(1 268)	–
Deposits	**424**	**–**	(583)	–	(109)	–
Other liabilities	**–**	**–**	–	–	1	–
Total	**252**	**–**	(711)	–	(1 376)	–

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

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

	As at 31 December 2022			As at 31 December 2021			As at 30 June 2022		
	Reasonably possible alternative fair value								
R million	**Fair value**	**Using more positive assump-tions**	**Using more negative assump-tions**	Fair value	Using more positive assump-tions	Using more negative assump-tions	Fair value	Using more positive assump-tions	Using more negative assump-tions
Assets									
Derivative financial instruments	**772**	**831**	**720**	2 016	2 063	1 968	646	703	589
Advances	**50 661**	**50 940**	**50 435**	44 022	44 074	43 936	47 299	47 366	47 231
Investment securities	**3 785**	**3 947**	**3 647**	4 292	4 405	4 105	3 040	3 186	2 908
Investment properties	**378**	**421**	**302**	659	724	593	698	703	520
Total financial assets measured at fair value in level 3	**55 596**	**56 139**	**55 104**	50 989	51 266	50 602	51 683	51 958	51 248
Liabilities									
Short trading positions	**–**	**–**	**–**	–	–	–	9	9	9
Derivative financial instruments	**1 972**	**1 860**	**2 063**	1 494	1 473	1 516	2 207	2 114	2 305
Deposits	**4 727**	**4 688**	**4 771**	4 713	4 708	4 719	5 621	5 593	5 648
Other liabilities	**–**	**–**	**–**	2	2	2	3	3	3
Total financial liabilities measured at fair value in level 3	**6 699**	**6 548**	**6 834**	6 209	6 183	6 237	7 831	7 710	7 956

Financial instruments not measured at fair value

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

	As at 31 December 2022	
R million	**Carrying value**	**Total fair value**
Assets		
Advances	**1 318 916**	**1 310 502**
Investment securities	**205 452**	**198 914**
Total financial assets at amortised cost	**1 524 368**	**1 509 416**
Liabilities		
Deposits	**1 720 243**	**1 722 627**
Other liabilities	**2 476**	**2 484**
Tier 2 liabilities	**20 384**	**20 632**
Total financial liabilities at amortised cost	**1 743 103**	**1 745 743**

	As at 31 December 2021	
R million	Carrying value	Total fair value
Assets		
Advances	1 189 004	1 201 066
Investment securities	157 011	155 525
Total financial assets at amortised cost	1 346 015	1 356 591
Liabilities		
Deposits	1 584 797	1 588 871
Other liabilities	5 020	5 027
Tier 2 liabilities	21 956	22 289
Total financial liabilities at amortised cost	1 611 773	1 616 187

	As at 30 June 2022	
R million	Carrying value	Total fair value
Assets		
Advances	1 238 640	1 246 930
Investment securities	162 485	156 639
Total financial assets at amortised cost	1 401 125	1 403 569
Liabilities		
Deposits	1 602 415	1 603 572
Other liabilities	5 343	5 352
Tier 2 liabilities	20 937	21 111
Total financial liabilities at amortised cost	1 628 695	1 630 035

Day 1 profit or loss

The following table represents the aggregate difference between transaction price and fair value based on a valuation technique yet to be recognised in profit or loss.

	As at 31 December		As at 30 June
R million	**2022**	2021	2022
Opening balance	**343**	108	108
Day 1 profits or losses not initially recognised on financial instruments recognised in the current period	**75**	150	369
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(123)**	(73)	(134)
Closing balance	**295**	185	343

Contingencies and commitments

CONTINGENCIES AND COMMITMENTS

R million	As at 31 December 2022	As at 31 December Restated 2021	% change	As at 30 June 2022
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)	**58 063**	51 667	12	59 118
Letters of credit	**16 108**	14 434	12	14 120
Total contingencies	**74 171**	66 101	12	73 238
Irrevocable commitments	**184 322**	167 410	10	172 795
Committed capital expenditure*	**4 667**	3 737	25	5 315
Legal proceedings**	**75**	287	(74)	219
Other	**26**	37	(30)	72
Contingencies and commitments	**263 261**	237 572	11	251 639

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

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

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

R million	Previously reported	Reclassified	Adjusted	Restated
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)*	48 547	3 120	–	51 667
Letters of credit	14 434	–	–	14 434
Total contingencies	62 981	3 120	–	66 101
Irrevocable commitments*	183 483	(16 073)	–	167 410
Committed capital expenditure**	2 421	–	1 316	3 737
Legal proceedings	287	–	–	287
Other	37	–	–	37
Contingencies and commitments	249 209	(12 953)	1 316	237 572

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

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

Condensed segment report

REPORTABLE SEGMENTS

	Six months ended 31 December 2022										
	Retail and commercial										
	FNB										
R million	FNB SA	FNB broader Africa	Total FNB	WesBank	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Profit before tax	14 472	1 430	15 902	1 278	17 180	6 475	2 276	(245)	25 686	(44)	25 642
Total assets	469 079	58 378	527 457	154 906	682 363	696 589	411 394	352 785	2 143 131	(141)	2 142 990
Total liabilities*	454 404	56 752	511 156	152 703	663 859	687 842	381 615	229 305	1 962 621	–	1 962 621

* *Total liabilities are net of interdivisional balances.*

	Six months ended 31 December 2021										
	Retail and commercial										
	FNB										
R million	FNB SA**	FNB broader Africa	Total FNB	WesBank**	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Profit before tax	12 518	1 160	13 678	1 232	14 910	5 181	2 251	78	22 420	95	22 515
Total assets	429 096	57 463	486 559	142 535	629 094	650 122	375 455	323 590	1 978 261	(141)	1 978 120
Total liabilities*	419 214	55 512	474 726	141 754	616 480	641 728	347 262	194 497	1 799 967	–	1 799 967

* *Total liabilities are net of interdivisional balances.*

** *Restated.*

	Year ended 30 June 2022										
	Retail and commercial										
	FNB										
R million	FNB SA	FNB broader Africa	Total FNB	WesBank	Retail and commercial	RMB	Aldermore	Centre (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
Profit before tax	26 143	2 299	28 442	2 270	30 712	11 615	4 134	220	46 681	151	46 832
Total assets	449 722	56 045	505 767	145 798	651 565	621 725	370 600	360 588	2 004 478	(76)	2 004 402
Total liabilities*	426 894	53 275	480 169	144 442	624 611	608 635	343 083	247 364	1 823 693	–	1 823 693

* *Total liabilities are net of interdivisional balances.*

Condensed segment report continued

GEOGRAPHICAL SEGMENTS

	Six months ended 31 December 2022				
R million	**South Africa**	**Broader Africa***	**United Kingdom**	**Other**	**Total**
Non-interest revenue	**23 684**	**3 176**	**640**	**22**	**27 522**
– Operational non-interest revenue	**24 133**	**3 176**	**629**	**24**	**27 962**
– Share of profit of associates and joint ventures after tax	**(449)**	**–**	**11**	**(2)**	**(440)**

* *Includes the holding company and RMB Mauritius International.*

	Six months ended 31 December 2021				
R million	South Africa	Broader Africa*	United Kingdom	Other	Total
Non-interest revenue	20 757	3 367	320	32	24 476
– Operational non-interest revenue	19 947	3 367	320	32	23 666
– Share of profit of associates and joint ventures after tax	810	–	–	–	810

* *Includes the holding company and RMB Mauritius International.*

	Year ended 30 June 2022				
R million	South Africa	Broader Africa*	United Kingdom	Other	Total
Non-interest revenue	41 854	6 532	1 159	194	49 739
– Operational non-interest revenue	40 382	6 532	1 138	196	48 248
– Share of profit of associates and joint ventures after tax	1 472	–	21	(2)	1 491

* *Includes the holding company and RMB Mauritius International.*

supplementary information

Headline earnings additional disclosure

Set out below is additional information pertaining to *Section 1 of Circular 01/2021- Sector-Specific Rules for Headline Earnings*.

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

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Aggregate cost of portfolio	**2 739**	2 779	(1)	2 766
Aggregate carrying value	**5 991**	5 869	2	5 536
Aggregate fair value*	**11 408**	11 783	(3)	10 694
Equity-accounted income**	**(583)**	457	(>100)	922
Profit/(loss) on realisation#	**787**	(54)	(>100)	3

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

** *Income from associates and joint ventures is disclosed post-tax, and impacted by the debt-to-equity restructure. Refer to page 95.*

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

Issue 2 – Capital appreciation on investment products

	Six months ended 31 December			Year ended 30 June
R million	**2022**	2021	% change	2022
Carrying value of investment properties	**378**	659	(43)	698
Fair value of investment properties	**378**	659	(43)	698

Number of ordinary shares in issue

	As at 31 December				As at 30 June	
	2022		2021		2022	
	IFRS	Normalised	IFRS	Normalised	IFRS	Normalised
Shares in issue						
Number of ordinary shares in issue	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001	5 609 488 001	5 609 488 001
Less: treasury shares	**(3 185 273)**	**–**	(3 073 815)	–	(2 101 326)	–
– Shares held for client trading*	**(3 185 273)**	**–**	(3 073 815)	–	(2 101 326)	–
Number of shares in issue (after treasury shares)	**5 606 302 728**	**5 609 488 001**	5 606 414 186	5 609 488 001	5 607 386 675	5 609 488 001
Weighted average number of shares						
Weighted average number of shares before treasury shares	**5 609 488 001**	**5 609 488 001**	5 609 488 001	5 609 488 001	5 609 488 001	5 609 488 001
Less: treasury shares	**(3 739 451)**	**–**	(2 295 490)	–	(2 751 213)	–
– Shares held for client trading*	**(3 739 451)**	**–**	(2 295 490)	–	(2 751 213)	–
Basic and diluted weighted average number of shares in issue	**5 605 748 550**	**5 609 488 001**	5 607 192 511	5 609 488 001	5 606 736 788	5 609 488 001

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

Key market indicators and share statistics

	Six months ended 31 December			Year ended 30 June
	2022	2021	% change	2022
Market indicators				
$/R exchange rate				
– Closing	**16.98**	15.89	7	16.41
– Average	**17.30**	15.00	15	15.19
£/R exchange rate				
– Closing	**20.46**	21.47	(5)	19.95
– Average	**20.33**	20.45	(1)	20.21
SA prime overdraft (%)	**10.50**	7.25		8.25
SA average prime overdraft (%)	**9.47**	7.06		7.39
SA average CPI (%)	**7.58**	5.15		5.67
JSE All Share Index	**73 049**	73 709	(1)	66 223
JSE Bank Index	**9 854**	8 823	12	9 248
Share statistics/performance on the JSE				
Number of shares in issue (thousands)	**5 609 488**	5 609 488		5 609 488
Share price				
– High for the year (cents)	**7 100**	6 524	9	7 934
– Low for the year (cents)	**5 680**	5 180	10	5 180
– Closing (cents)	**6 212**	6 080	2	6 237
Closing price/net asset value per share	**2.09**	2.10		2.12
Closing price/earnings (headline)	**9.62**	10.80		10.66
Shares traded				
– Number of shares (millions)	**1 611**	1 627	(1)	3 219
– Value of shares (R million)	**102 778**	95 362	8	203 812
– Turnover in shares traded (%)	**18.33**	17.00		36.34
Market capitalisation (R million)	**348 461**	341 057	2	349 864
Share price performance				
FirstRand average share price (cents)	**6 408**	5 831	10	6 283
JSE Bank Index (average)	**9 652**	8 168	18	8 977
JSE All Share Index (average)	**68 943**	67 855	2	70 132

Company information

Directors

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

Company secretary and registered office

C Low
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Tel: +27 11 282 1820
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Website: www.firstrand.co.za

JSE sponsor

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Corporate Finance
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Tel: +27 11 282 8000
Fax: +27 11 282 4184

Namibian sponsor

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

Transfer secretaries – South Africa

Computershare Investor Services (Pty) Ltd
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Transfer secretaries – Namibia

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Auditors

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Waterfall City
Jukskei View
Gauteng
South Africa
2090

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Gauteng
South Africa
2090

Listed financial instruments of the group

Listed equity

Johannesburg Stock Exchange (JSE)

Ordinary shares		
Issuer	Share code	ISIN code
FirstRand Limited	FSR	ZAE000066304

Botswana Stock Exchange (BSE)

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

Namibian Stock Exchange (NSX)

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

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 on the group and RMB websites:

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

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

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

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

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

The group also issues debt instruments in the following jurisdictions:

UK

Issuer: FirstRand Bank Limited

London Stock Exchange (LSE)

European medium-term note programme

ISIN code	
Subordinated debt	Senior unsecured
XS1810806395	XS1954121031 (unlisted)

Broader Africa

Issuer: First National Bank of Namibia Limited

NSX

Domestic medium-term note programme

ISIN code
Senior unsecured
NA000A3K3LR6
NA000A3K3LQ8

Issuer: First National Bank of Botswana Limited

BSE

Domestic medium-term note programme

ISIN code	
Subordinated debt	
BW0000002997 (unlisted)	BW0000002989 (unlisted)
BW0000002377	

ISIN code
Senior unsecured
BW0000001916

Credit ratings

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

Listed financial instruments of the group continued

Capital instruments

BASEL III COMPLIANT AT1 AND TIER 2 INSTRUMENTS

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

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

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

Definitions

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

Abbreviations

AC and FV	Amortised cost and fair value
ABF	Asset-based finance
ALM	Asset-liability management
APE	Annual premium equivalent
AT1	Additional Tier 1
AUM	Assets under management
BoE	Bank of England
BSE	Botswana Stock Exchange
CAGR	Compound annual growth rate
CCyB	Countercyclical buffer
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
COP26	United Nations climate change conference
CPI	Consumer price inflation
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
COE	Cost of equity
Covid-19	Coronavirus disease
DFS	Dealer funding solutions
DM	Developed market
D-SIB	Domestic systemically important bank
DWT	Dividend withholding tax
ECL	Expected credit loss
Flac	First loss after capital
FLI	Forward-looking information
FML	Fleet management and leasing
FRB	FirstRand Bank Limited
FREMA	FirstRand EMA Holdings (Pty) Ltd
FRI	FirstRand International Limited
FRIHL	FirstRand Investment Holdings (Pty) Ltd
FRISCOL	FirstRand Insurance Services Company
FRM	Financial resource management
FSLA	Financial Sector Laws Amendment Act 23 of 2022
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
GCA	Gross carrying amount
HQLA	High-quality liquid assets
IMF	International Monetary Fund
ISA	Individual savings account
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LCH	London Clearing House

LCR	Liquidity coverage ratio
LDI	Liability-driven investment
LSE	London Stock Exchange
LTI	Long-term incentive
MPIF	Monetary policy implementation framework
MVNO	Mobile virtual network operator
NAV	Net asset value
NCD	Negotiable certificate of deposit
NCNR	Non-cumulative non-redeemable
NIACC	Net income after cost of capital
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NMD	Non-maturity deposit
NOSIA	Notice of sums in arrears
NPLs	Non-performing loans
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
P2P	Private-to-private
PA	Prudential Authority
PBT	Profit before tax
UDO	Unpaid debit order
ROA	Return on assets
ROE	Return on equity
RWA	Risk-weighted assets
SA	South Africa
SACU	Southern African Customs Union
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SICR	Significant increase in credit risk
SME	Small- and medium-sized enterprise
SPV	Special purpose vehicles
STI	Short-term insurance
TCFD	Task Force on Climate-related Financial Disclosures
TFS	Toyota Financial Services (Pty) Ltd
TRS	Total return swap
TTC	Through-the-cycle
UK	United Kingdom
VAF	Vehicle asset finance
VAPS	Value-added products and services
VSI	Vertical sales index
VWFS	Volkswagen Financial Services (Pty) Ltd
WIM	Wealth and investment management

Abbreviations of financial reporting standards

International Financial Reporting Standards

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

International Accounting Standards

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

IFRS Interpretations Committee Interpretations

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

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