FirstRand

2021

analysis of financial results

for the six months ended 31 December

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 2021.

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 164 to 166 of the online version of the results booklet. 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

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overview of results

Simplified group structure

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100% FirstRand Bank Limited (FRB)

SA banking

- First National Bank[1]
- Rand Merchant Bank[1]
- WesBank[1]
- FirstRand Bank India[2]
- FirstRand Bank London[2]
- FirstRand Bank Guernsey[2,*]
- FirstRand Bank Kenya[3]
- FirstRand Bank Angola[3]
- FirstRand Bank Shanghai[3]

100% FirstRand EMA Holdings (Pty) Ltd (FREMA)

Rest of Africa

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

100% FirstRand International Limited (Guernsey) (FRI)

UK banking and hard currency platform

100%	Aldermore Group plc
100%	Aldermore Bank**
100%	MotoNovo Finance**
100%	RMB International Mauritius
100%	FirstRand Securities
100%	RMB Securities (USA)#

100% FirstRand Insurance Holdings (Pty) Ltd

Insurance

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

100% FirstRand Investment Management Holdings Limited

Investment management

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

100% FirstRand Investment Holdings (Pty) Ltd (FRIHL)

Other activities

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

1. Division

2. Branch

3. Representative office

DirectAxis is a business unit of FirstRand Bank Limited.

* *Trading as FNB Channel Islands.*

** *Wholly owned subsidiary of Aldermore Group plc.*

\# *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.*

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, RMB, WesBank or FCC). 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, RMB, WesBank and Aldermore. The group operates in South Africa, certain markets in sub-Saharan Africa and the UK, and offers a universal set of transactional, lending, investment and insurance products and services.

performance highlights

Normalised earnings
R15.7bn
Dec 20: R11.0bn ▲ **43%**

Return on equity
20.1%
Dec 20: 15.6% ▲ **450 bps**

Net asset value
R162.3bn
Dec 20: R145.2bn ▲ **12%**

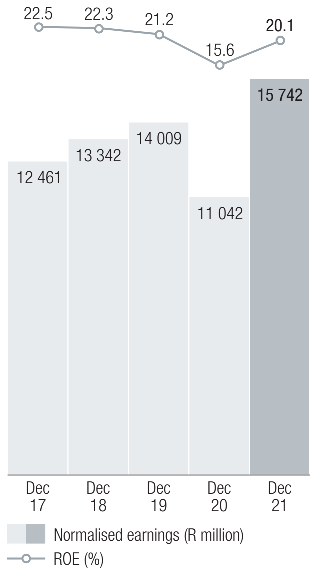
CET1 ratio
13.6%
Dec 20: 12.4% ▲ **120 bps**

Interim dividend per share
157 cents
Dec 20: 110 cents ▲ **43%**

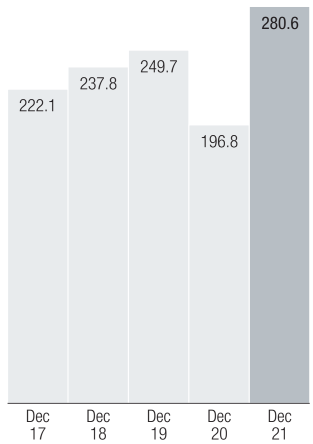
FNB RMB WesBank Aldermore

TRACK RECORD

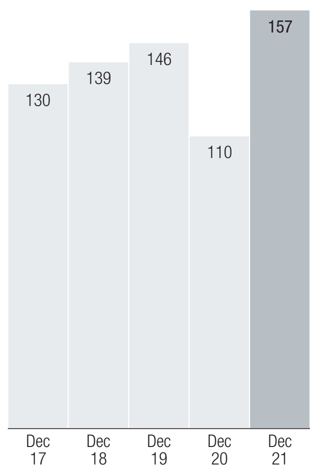
Normalised earnings (R million) *and ROE* (%)
CAGR 6%



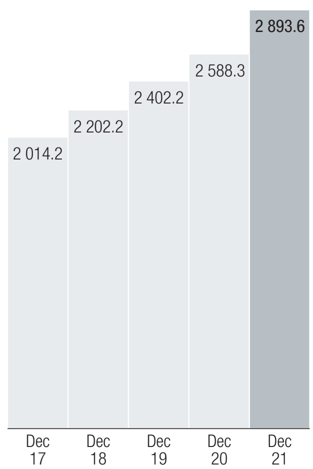
Diluted normalised earnings per share (cents)
CAGR 6%



Dividend per share (cents)
CAGR 5%



Normalised net asset value per share (cents)
CAGR 9%



Note: 2017 figures are based on IAS 39 and 2018 to 2021 figures on IFRS 9.

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	**2021**	2020	% change	2021
Earnings performance				
Normalised earnings per share (cents)				
– Basic	**280.6**	196.8	43	473.3
– Diluted	**280.6**	196.8	43	473.3
Headline earnings per share (cents)				
– Basic	**281.4**	198.9	41	480.5
– Diluted	**281.4**	198.9	41	480.5
Earnings per share (cents) – IFRS (refer page 167)				
– Basic	**282.1**	198.5	42	476.9
– Diluted	**282.1**	198.5	42	476.9
Attributable earnings – IFRS	**15 816**	11 132	42	26 743
Headline earnings	**15 776**	11 154	41	26 950
Normalised earnings	**15 742**	11 042	43	26 551
Normalised net asset value	**162 314**	145 188	12	151 647
Normalised net asset value per share (cents)	**2 893.6**	2 588.3	12	2 703.4
Average normalised net asset value	**156 981**	141 397	11	144 627
Market capitalisation	**341 057**	286 308	19	300 612
Ordinary dividend per share (cents)	**157**	110	43	263
Dividend cover (times)	**1.79**	1.79		1.80
NCNR B preference dividend – paid (cents per share)*	**273.9**	306.0	(10)	559.6
Ratios and key statistics				
ROE (%)	**20.1**	15.6	▲	18.4
ROA (%)	**1.62**	1.14	▲	1.39
Price earnings ratio (times)	**10.8**	13.0		11.3
Price-to-book ratio (times)	**2.1**	2.0		2.0
Diversity ratio (%)	**41.4**	41.2		41.1
Credit impairment charge (R million)	**4 027**	9 414	(57)	13 660
Credit loss ratio (%)	**0.61**	1.46	▼	1.06
Credit loss ratio (%) – excluding UK operations	**0.73**	1.64		1.27
Stage 3/NPLs as % of advances	**4.02**	4.80	▼	4.76
Stage 3/NPLs as % of advances – excluding UK operations	**4.34**	5.37		5.22
Total impairment coverage ratio (%)	**92.2**	87.1		83.4
Total impairment coverage ratio (%) – excluding UK operations	**98.5**	90.4		88.4
Specific coverage ratio (%)	**48.5**	45.7		45.3
Specific coverage ratio (%) – excluding UK operations	**50.9**	48.2		47.9
Performing book coverage ratio (%)	**1.83**	2.09		1.91
Performing book coverage ratio (%) – excluding UK operations	**2.16**	2.39		2.23
Cost-to-income ratio (%)	**52.4**	52.8	▼	52.4
Effective tax rate (%)	**25.8**	24.0		23.9
Share price (closing – rand)	**60.80**	51.04	19	53.59

* *75.56% of FNB prime lending rate.*

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Balance sheet				
Normalised total assets	**1 992 249**	1 949 777	2	1 886 310
Advances (net of credit impairment)	**1 305 463**	1 222 120	7	1 223 434
Average gross loan-to-deposit ratio (%)	**82.5**	83.7		84.0
Deposits	**1 644 630**	1 556 904	6	1 542 078
Capital adequacy – IFRS*				
Capital adequacy ratio (%)	**16.5**	15.3		16.3
Tier 1 ratio (%)	**14.3**	13.1		14.1
Common Equity Tier 1 ratio (%)	**13.6**	12.4		13.5
Leverage – IFRS*				
Leverage ratio (%)	**7.9**	7.3		7.7
Liquidity – IFRS				
Liquidity coverage ratio (%)	**118**	122		113
Net stable funding ratio (%)	**125**	125		123
Operational statistics				
Number of ATMs (including ADTs)	**5 718**	6 226	(8)	5 818
– South Africa	**4 759**	5 205	(9)	4 848
– Rest of Africa	**959**	1 021	(6)	970
Number of branches	**740**	745	(1)	743
– South Africa	**601**	594	1	599
– Rest of Africa	**139**	151	(8)	144
FNB Cash Plus agents**	**2 260**	1 376	64	1 768
Number of employees	**47 579**	47 771	–	47 413
– South Africa	**38 098**	39 014	(2)	38 310
– Rest of Africa	**5 948**	6 006	(1)	5 905
– UK operations	**2 240**	2 074	8	2 183
– Other	**513**	451	14	471
– FirstJob youth employment programme	**780**	226	>100	544
FNB active customers (millions)	**10.69**	10.34	3	10.48
– South Africa	**8.82**	8.52	3	8.65
– Retail	**7.68**	7.43	3	7.52
– Commercial	**1.14**	1.09	5	1.13
– Rest of Africa	**1.87**	1.82	3	1.83
FNB channel volumes (thousands of transactions)				
– ATM/ADT	**108 275**	108 523	–	219 360
– Digital	**331 375**	293 032	13	593 135
– Point of sale merchants	**391 444**	316 502	24	649 967
– Card swipes	**487 531**	436 585	12	871 350

* *Including unappropriated profits.*

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

Condensed consolidated income statement – normalised

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Net interest income before impairment of advances	**33 478**	32 017	5	64 511
Impairment charge	**(4 027)**	(9 414)	(57)	(13 660)
Net interest income after impairment of advances	**29 451**	22 603	30	50 851
Total non-interest revenue	**23 659**	22 434	5	44 980
– Operational non-interest revenue	**22 849**	21 841	5	43 548
– Fee and commission income	**16 571**	16 031	3	31 686
– Insurance income	**1 880**	2 029	(7)	3 335
– Trading and other fair value income	**2 521**	2 206	14	4 885
– Investment income	**282**	50	>100	321
– Other non-interest revenue	**1 595**	1 525	5	3 321
– Share of profits of associates and joint ventures after tax	**810**	593	37	1 432
Income from operations	**53 110**	45 037	18	95 831
Operating expenses	**(29 925)**	(28 733)	4	(57 342)
Income before indirect tax	**23 185**	16 304	42	38 489
Indirect tax	**(765)**	(714)	7	(1 516)
Profit before tax	**22 420**	15 590	44	36 973
Income tax expense	**(5 775)**	(3 749)	54	(8 849)
Profit for the period	**16 645**	11 841	41	28 124
Other equity instrument holders	**(414)**	(379)	9	(777)
Non-controlling interests	**(489)**	(420)	16	(796)
Normalised earnings attributable to ordinary equityholders of the group	**15 742**	11 042	43	26 551

Condensed consolidated statement of other comprehensive income – normalised

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Profit for the period	**16 645**	11 841	41	28 124
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**(636)**	1 048	(>100)	(640)
(Losses)/gains arising and reclassification adjustment included in profit and loss*	**(883)**	1 315	(>100)	(923)
Deferred income tax	**247**	(267)	(>100)	283
FVOCI debt reserve	**(116)**	220	(>100)	392
(Losses)/gains arising and reclassification adjustment included in profit and loss*	**(159)**	292	(>100)	550
Deferred income tax	**43**	(72)	(>100)	(158)
Exchange differences on translating foreign operations	**4 327**	(4 756)	(>100)	(5 872)
Gains/(losses) arising during the period	**4 297**	(4 718)	(>100)	(5 830)
Deferred income tax	**30**	(38)	(>100)	(42)
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interests	**16**	57	(72)	90
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**3**	(119)	(>100)	(271)
Gains/(losses) arising during the period	**4**	(153)	(>100)	(351)
Deferred income tax	**(1)**	34	(>100)	80
Remeasurements on defined benefit post-employment plans	**3**	29	(90)	(75)
Gains/(losses) arising during the period	**10**	40	(75)	(110)
Deferred income tax	**(7)**	(11)	(36)	35
Other comprehensive income/(loss) for the period	**3 597**	(3 521)	(>100)	(6 376)
Total comprehensive income for the period	**20 242**	8 320	>100	21 748
Attributable to				
Ordinary equityholders	**19 296**	7 644	>100	20 318
Other equity instrument holders	**414**	379	9	777
Equityholders of the group	**19 710**	8 023	>100	21 095
Non-controlling interests	**532**	297	79	653
Total comprehensive income for the period	**20 242**	8 320	>100	21 748

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

Condensed consolidated statement of financial position – normalised

	As at 31 December		As at 30 June
R million	**2021**	2020	2021
ASSETS			
Cash and cash equivalents	**146 844**	144 173	135 059
Derivative financial instruments	**74 059**	142 863	82 728
Commodities	**22 261**	20 046	18 641
Investment securities	**383 979**	361 181	368 262
Advances	**1 305 463**	1 222 120	1 223 434
– Advances to customers	**1 234 121**	1 152 658	1 152 956
– Marketable advances	**71 342**	69 462	70 478
Other assets	**9 602**	11 141	9 216
Current tax asset	**375**	440	409
Non-current assets and disposal groups held for sale	**587**	802	565
Reinsurance assets	**514**	373	387
Investments in associates	**9 075**	7 202	8 644
Investments in joint ventures	**2 291**	2 080	2 071
Property and equipment	**19 976**	20 812	20 190
Intangible assets	**10 259**	10 723	9 932
Investment properties	**659**	714	659
Defined benefit post-employment asset	**10**	–	9
Deferred income tax asset	**6 295**	5 107	6 104
Total assets	**1 992 249**	1 949 777	1 886 310
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**15 831**	17 035	18 945
Derivative financial instruments	**76 463**	145 522	84 436
Creditors, accruals and provisions	**27 142**	20 763	22 765
Current tax liability	**534**	1 290	1 280
Liabilities directly associated with disposal groups held for sale	**728**	908	613
Deposits	**1 644 630**	1 556 904	1 542 078
Employee liabilities	**10 053**	8 327	11 319
Other liabilities	**8 003**	8 611	7 741
Policyholder liabilities	**7 833**	6 583	7 389
Tier 2 liabilities	**21 956**	21 168	20 940
Deferred income tax liability	**782**	1 216	887
Total liabilities	**1 813 955**	1 788 327	1 718 393
Equity			
Ordinary shares	**56**	56	56
Share premium	**8 056**	8 056	8 056
Reserves	**154 202**	137 076	143 535
Capital and reserves attributable to equityholders of the group	**162 314**	145 188	151 647
Other equity instruments	**11 645**	11 645	11 645
Non-controlling interests	**4 335**	4 617	4 625
Total equity	**178 294**	161 450	167 917
Total equities and liabilities	**1 992 249**	1 949 777	1 886 310

Flow of funds analysis – normalised

R million	December 2021 vs June 2021 **6-month movement**	December 2020 vs June 2020 6-month movement	June 2021 vs June 2020 12-month movement
Sources of funds			
Capital account movement (including profit and reserves)	**10 377**	9 453	15 920
Working capital movement	**2 516**	2 341	7 833
Short trading positions and derivative financial instruments	**(2 418)**	(46)	913
Deposits and long-term liabilities	**103 568**	18 443	3 389
Total	**114 043**	30 191	28 055
(Outflow)/inflow in deployment of funds			
Advances	**(82 029)**	39 595	38 281
Investments	**(4 512)**	2 056	3 473
Cash and cash equivalents	**(11 785)**	(8 171)	943
Investment securities (e.g. liquid asset portfolio)	**(15 717)**	(63 671)	(70 752)
Total	**(114 043)**	(30 191)	(28 055)

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 2020	56	8 056	**8 112**	444	1 995
Disposal 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	–	–	**–**	29	1 048
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period†	–	–	**–**	29	1 048
Balance as at 31 December 2020	56	8 056	**8 112**	473	3 043
Balance as at 1 July 2021	56	8 056	**8 112**	369	1 355
Net proceeds of issue of share capital	–	–	**–**	–	–
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

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

** *Other equity instruments at December 2021 include R4 519 million (December 2020: R4 519 million; June 2021: R4 519 million) non-cumulative, non-redeemable (NCNR) preference shares and R7 126 million (December 2020: R7 126 million; June 2021: R7 126 million) of AT1 instruments.*

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

† *Total comprehensive income for the period has been disaggregated into profit for the period and other comprehensive income for the period. The total comprehensive income for the period as previously reported has not changed.*

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**
24	8 486	790	117 755	**129 494**	**10 245**	**4 146**	**151 997**
–	–	–	–	**–**	**–**	**372**	**372**
–	–	–	–	**–**	**1 400**	**–**	**1 400**
10	–	(12)	(60) #	**(62)**	**–**	**(1) #**	**(63)**
–	–	–	–	**–**	**–**	**(195)**	**(195)**
–	–	–	–	**–**	**(379)**	**–**	**(379)**
–	–	79	(79)	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**–**	**(2)**	**(2)**
–	(4 631)	156	11 042	**7 644**	**379**	**297**	**8 320**
–	–	–	11 042	**11 042**	**379**	**420**	**11 841**
–	(4 631)	156	–	**(3 398)**	**–**	**(123)**	**(3 521)**
34	3 855	1 013	128 658	**137 076**	**11 645**	**4 617**	**161 450**
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**

"This is a respectable performance from the group, with ROE at 20.1% rising further into the group's stated range of 18% to 22%.

Economic profit has rebounded strongly and pre-provision operating profit growth was robust at 6%.

Balance sheet strength is demonstrated in the healthy capital and liquidity levels, and conservative provisions have been maintained.

The group's operating businesses, FNB, RMB, WesBank and Aldermore, are well positioned to further capitalise on the economic recovery."

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 and transactional franchises, which have resulted in deep and loyal customer bases. These domestic banking operations are mature and systemically important. Against a 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 customers, do more business with those customers, and do this more efficiently. The group is also investing in building capital-light revenues in adjacent activities such as insurance, and wealth and investment 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. This allows the group to execute disciplined capital allocation to drive economic profit generation and dividends back to the shareholder. There is a strong focus on building in-country deposit franchises.

The group believes the UK investment case offers significant optionality in a large market with lower risk. Aldermore has healthy margins, a diversified asset portfolio, a scalable deposit franchise and a small share of very large profit pools. The group remains confident it can build a larger, more valuable business in the UK over time.

Operating environment

During the six months to 31 December 2021, the reopening of the global economy continued to provide the basis for improving economic growth. This supported South Africa's export sectors which, combined with a recovery in domestic activity, lifted GDP growth considerably albeit off a low base. Inflation started to increase due to a combination of global supply chain constraints and a gradual pick-up in domestic demand. As a result, the central bank entered a shallow interest rate hiking cycle to manage long-run inflation expectations, however, current interest rate levels still remain supportive relative to pre-pandemic levels.

Overall transactional volumes normalised considerably with some of the worst affected industries starting to show higher activity levels towards the end of the calendar year. Card spend in sectors such as travel and hospitality began to recover while IT services, groceries, hardware, small freight transport, and essential goods and services remained resilient.

Growth in private sector savings continued to slow down towards the end of the calendar year. This, together with low interest rates and a gradual recovery in income, provided a foundation for slightly improved household demand for credit.

Notwithstanding the pick-up in economic activity, the impact of Covid-19 has resulted in extremely high unemployment and income inequality which has weakened the economy. However, the benefits of strong commodity export prices and the economy continuing to open up should result in improved business and consumer confidence over time, especially if coupled with much-needed and well-documented structural reforms.

The countries in Africa where the group operates continued to benefit to some degree from high commodity prices and the resultant improvement in economic activity.

The UK economy continued its strong recovery into the end of 2021. The lift in domestic demand combined with supply chain constraints has resulted in higher inflation which led the Bank of England (BoE) to commence its monetary policy normalisation process in December. Interest rates still remain supportive by historical standards.

Financial performance

When interpreting the results for the six months to 31 December 2021, the comparative period still represents a low base given the prevailing impact of the Covid-19 pandemic. The high level of impairments and reduced volumes resulted in a significantly depressed performance for that six-month period.

The 43% increase in the group's normalised earnings compared to the six months to 31 December 2020 was mainly driven by the unwind of provisions which reflects the economic recovery across the jurisdictions in which the group operates.

Pleasingly, at 20%, the group's normalised ROE has tracked further into its stated range of 18% to 22%. The group produced R4 557 million of economic profit (December 2020: R437 million), or net income after cost of capital (NIACC), which is its key performance measure.

The group's Common Equity Tier 1 (CET1) ratio increased to 13.6% (December 2020: 12.4%) and the group is paying a dividend at the bottom end of its cover range (56% payout).

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

FIRSTRAND GROUP FINANCIAL HIGHLIGHTS

	Six months ended			Year ended
	31 December	31 December		30 June
R million	**2021**	2020	% change	2021
NII	**33 478**	32 017	5	64 511
NIR*	**23 659**	22 434	5	44 980
Operating expenses	**(29 925)**	(28 733)	4	(57 342)
Impairment charge	**(4 027)**	(9 414)	(57)	(13 660)
Normalised earnings	**15 742**	11 042	43	26 551
NIACC	**4 557**	437	>100	4 857
ROE %	**20.1**	15.6		18.4
Gross advances	**1 355 666**	1 275 510	6	1 274 052
Credit loss ratio (%)	**0.61**	1.46		1.06
Stage 3/NPLs as a % of advances	**4.02**	4.80		4.76

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

SOURCES OF NORMALISED EARNINGS – PERIOD-ON-PERIOD

	Six months ended 31 December					Year ended 30 June	
R million	**2021**	**% composition**	2020	% composition	% change	2021	% composition
FNB	**9 560**	**60**	7 267	66	32	16 180	61
RMB	**3 644**	**23**	3 159	28	15	7 006	26
WesBank	**782**	**5**	668	6	17	1 216	5
UK operations*	**1 506**	**10**	1 043	10	44	2 743	10
– Aldermore*,**	**1 164**		770			1 764	
– MotoNovo*	**342**		273			979	
Centre*,#,†	**576**	**4**	(807)	(7)	>100	6	–
Other equity instrument holders	**(326)**	**(2)**	(288)	(3)	13	(600)	(2)
Normalised earnings	**15 742**	**100**	11 042	100	43	26 551	100

* *During May 2019, a new legal entity, MotoNovo Finance Limited, was established under the Aldermore group where all new MotoNovo business since May 2019 has been originated (also referred to as the MotoNovo front book). In the UK operations management view, shown in the table above and on pages 53 to 55, Aldermore refers to Aldermore excluding MotoNovo front book and 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 40 to 51 as MotoNovo front book is included under Aldermore and MotoNovo back book is included in FCC.*

** *After the dividend on the contingent convertible securities of R88 million (£4 million) (December 2020: R91 million (£4 million) and June 2021: R177 million (£9 million)).*

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

† *Includes FirstRand Limited (company).*

NORMALISED EARNINGS PER OPERATING BUSINESS – ROLLING SIX-MONTH VIEW

	Six months ended				December 2021 vs December 2020	December 2021 vs June 2021	June 2021 vs December 2020
	31 December	30 June	31 December	30 June			
R million	**2021**	2021	2020	2020	% change	% change	% change
FNB	**9 560**	8 913	7 267	3 011	32	7	23
RMB	**3 644**	3 847	3 159	2 222	15	(5)	22
WesBank	**782**	548	668	(135)	17	43	(18)
UK operations*	**1 506**	1 700	1 043	(312)	44	(11)	63
Centre**	**576**	813	(807)	(1 093)	>100	(29)	>100
Other equity instrument holders	**(326)**	(312)	(288)	(437)	13	4	(8)
FirstRand group	**15 742**	15 509	11 042	3 256	43	2	40

* *Including Aldermore and MotoNovo front and back books.*

** *FCC (including Group Treasury), excluding MotoNovo back book.*

PRE-PROVISION OPERATING PROFIT

R million	Six months ended 31 December 2021	30 June 2021	31 December 2020	December 2021 vs December 2020 % change
FNB	**16 768**	15 646	16 752	**–**
RMB	**5 216**	6 054	5 336	**(2)**
WesBank	**1 840**	1 701	2 096	**(12)**
UK operations	**2 325**	2 090	2 681	**(13)**
UK operations (£ million)	**113**	105	126	**(10)**
– Aldermore	**79**	70	77	**3**
– MotoNovo	**34**	35	49	**(31)**
Centre	**298**	138	(1 861)	**>100**
Total group	**26 447**	25 629	25 004	**6**

The group delivered robust pre-provision operating profit growth of 6% period-on-period.

The composition reflects outcomes emerging from specific investment strategies implemented by Group Treasury and credit origination strategies executed by the operating businesses, within a defined group risk appetite anchored to the South African macroeconomic dynamics, normalising operating environment and emerging credit cycle.

The movements in Group Treasury's profits, reflected in the table as the Centre, continued as expected given the financial resource management (FRM) strategies implemented during the pandemic. The period-on-period positive swing was driven by asset and liability management (ALM) strategies, including the management of liquidity, interest rate risk and foreign exchange mismatch positions. In addition, certain one-off income further boosted overall performance.

Regarding the operating businesses, FNB's pre-provision operating profit performance mainly reflects the credit origination approach in the retail segment to focus on better-quality, lower-risk credit customers. This impacted net overall credit origination volumes and resulted in subdued net interest income (NII) growth. In addition, the stronger growth in residential mortgages relative to unsecured resulted in margin pressure.

This NII drag was to some degree offset by solid growth in transactional volumes due to the strong economic rebound and continued customer acquisition. Absolute NIR growth was impacted by certain fee reductions on the back of new customer propositions as FNB responded to competitive pricing in certain customer subsegments.

FNB remains the largest gatherer of SA retail deposits. This financial capacity also contributed to Group Treasury's pre-provision operating profit as the deposit funding replaced institutional funding, lowering the cost of funds for the group. With growth in customer deposits exceeding growth in advances, Group Treasury further invested into treasury bills and other high-quality liquid assets (HQLA) investments, boosting NII.

WesBank's pre-provision operating profit was also impacted by muted advances growth, in part due to an origination tilt to better-quality, lower-risk customers. In addition, there was a mix shift to a higher proportion of floating-rate loans, reducing new business margins.

The reduction in RMB's pre-provision operating profit was mainly from pressure on NII due to subdued credit demand from the corporate sector. Whilst core advances grew 6% period-on-period, average advances decreased. RMB continued to be disciplined on pricing to protect returns. This considered origination approach offset a rebound in NIR given a solid performance from markets.

The group believes this approach will ensure that the customer-facing businesses will capture a higher market share of better-quality, lower-risk business, whilst satisfying the credit demand from customers as incomes recover from the effects of the pandemic.

Costs continue to be a focus, and 4% growth period-on-period is pleasing. The cost trend does include important investment strategies, which will support future growth and returns. In addition, whilst structural costs are receiving ongoing attention, certain of these will re-emerge in the short to medium term as the working environment adjusts post pandemic.

Aldermore delivered growth in pre-provision operating profit in pound terms. This was driven by better-than-expected new business origination in the commercial business, off the back of a stronger rebound in the UK economy than had been predicted. Good growth in customer savings resulted in a lower cost of funding which provided further support to NII. Cost pressures remained given ongoing investment.

MotoNovo NII benefited from lower cost of funds and increased new business origination due to the improving economic environment. Total pre-provision operating profits were, however, impacted by provisions raised for certain operational events.

Revenue and cost overview

Overall group NII increased 5% period-on-period with some support from a return to growth in advances and continued strong deposit growth. NII was further supported by increased capital balances. The growth from the group's deposit franchises resulted in lower institutional funding requirements and, consequentially, lower funding spreads.

Net interest margin (NIM) improved 10 bps to 4.37% (including Aldermore). This was mainly due to ALM strategies and positive capital endowment.

FNB delivered retail and commercial advances growth of 1% and 9% respectively. Retail advances growth remained muted as FNB's origination focused on lower-risk customers. Commercial advances grew strongly in line with a focus on specific sectors. Deposit growth benefited from ongoing momentum in savings and investment products, and particularly good growth from the commercial segment. Overall FNB rest of Africa advances remained flat although deposits grew strongly, up 10% (5% in local currency).

RMB's core advances growth of 6% reflects improved underlying client demand in the latter part of the reporting period. Deposit growth of 3% remained healthy, with some margin contraction primarily due to the low-rate environment across all jurisdictions.

WesBank advances declined as the business continued to focus on lower-risk origination against a highly competitive lending environment. Advances further declined due to the high level of non-performing loan (NPL) write-offs, whilst performing advances continued to grow.

Advances in the UK operations increased marginally, supported by some growth in vehicle asset finance (VAF), and strong growth in business finance. Retail mortgages contracted off the back of higher redemptions and continued competition.

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

	Growth in advances %	Growth in deposits %
FNB	3	9
– Retail	1	9
– Commercial	9	9
– Rest of Africa	–	10
– WesBank	(2)	n/a
RMB*	6	3
UK operations**	1	7

* *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.*

Total group operational non-interest revenue (NIR) increased 5%. This was supported by 3% growth in fee and commission income and 14% growth in trading and fair value income, but partly offset by a 7% decline in insurance income.

FNB's NIR increased 4%, benefiting from good growth (+12%) in transactional volumes and customer growth of 3%.

The reduction in insurance income was mainly due to the ongoing economic impact of the pandemic, resulting in an increase in mortality and retrenchment claims and provisions raised. This was partly offset by growth in premiums of 11% driven by healthy sales of life and short-term products.

RMB's NIR grew 7%, with trading activities producing a resilient performance, driven by the equities, foreign exchange and commodities desks. Private equity also delivered annuity income growth of 5% as the underlying portfolio companies started to benefit from the economic recovery.

Growth in operating expenses for the group was contained at 4%, reflecting the continued focus on cost management across the business. It was also achieved despite ongoing investment in:

- insurance and asset management;
- build-out and consolidation of the domestic enterprise platform;
- build-out of the group's footprint and platform in the rest of Africa; and
- process and system modernisation in the UK business.

Additional costs associated with managing employee and customer well-being on premises and in branches, and the facilitation of remote working for a significant proportion of employees, continue to be incurred. The cost-to-income ratio improved marginally to 52.4% (December 2020: 52.8%).

Credit performance

FirstRand's credit performance continues to reflect positive underlying trends supported by the improving macroeconomic forward-looking outlook, with positive revisions to key economic variables compared to June 2021.

Advances growth for the six months ended 31 December 2021 was driven by the residential mortgage, corporate and commercial portfolios in SA and vehicle finance in the UK. Retail unsecured and SA VAF growth, however, remained subdued. The composition of advances also reflects positive trends as stage 2 and 3 advances continue to contract.

Despite this general improvement, FirstRand believes maintaining conservative balance sheet provision stock is appropriate given ongoing uncertainties, rising inflation, increasing interest rate pressure and the settlement of the revised debit order process. Management retained the stress scenario albeit at a lower weighting. Overall performing coverage decreased to 1.83% from 1.91% at June 2021, reflecting the improving macro environment combined with the change in mix with lower arrear stage 2 advances.

NPLs have decreased 11% since December 2020, and 10% since June 2021. NPLs as a percentage of advances decreased to 4.02% (December 2020: 4.80%; June 2021: 4.76%) benefiting from the cure of paying NPLs, slower inflow given conservative origination strategies, strong collections and advances growth.

This drove the 57% reduction in the overall impairment charge to R4.0 billion (December 2020: R9.4 billion) as analysed in the following table. The credit loss ratio of 73 bps excluding the UK operations (61 bps for the total group) remained below the through-the-cycle range of 100 bps to 110 bps.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2021 vs December 2020	December 2021 vs June 2021	June 2021 vs December 2020
	31 December	30 June	31 December	30 June			
R million	**2021**	2021	2020	2020	% change	% change	% change
Performing book provisions	**627**	(2 228)	663	8 950	(5)	(>100)	>100
NPL provision	**(1 042)**	(544)	3 347	4 868	(>100)	92	(>100)
Credit provision (decrease)/ increase	**(415)**	(2 772)	4 010	13 818	(>100)	(85)	(>100)
Modification loss	**412**	348	294	513	40	18	18
Gross write-off* and other**	**5 405**	7 940	6 267	5 115	(13)	(32)	27
Post write-off recoveries	**(1 375)**	(1 270)	(1 157)	(997)	19	8	10
Total impairment charge	**4 027**	4 246	9 414	18 449	(57)	(5)	(55)
Credit loss ratio (%)	**0.61**	0.67	1.46	2.87			
Credit loss ratio excluding UK operations (%)	**0.73**	0.90	1.64	3.15			

* *Write-off of gross balances excluding prior period provisions held.*

** *Net interest recognised on stage 3 advances of R1 630 million (December 2020: R1 662 million; June 2021: R3 369 million) is excluded from write-off and other and included in the NPL provision.*

The above table demonstrates the move in impairments on a rolling six-month view, based on movements in the balance sheet. The R627 million portfolio provision increase reflects advances growth and judgemental out-of-model provisions recognised, which offset the improvement in macro assumptions, and the release of Covid-19-related provisions. Refer to pages 204 to 210 for the updated forward-looking information (FLI) and scenario weightings. Despite maintaining coverage, the NPL provision release reflects the relative improvement in performance discussed below.

The next table deals with the rolling six-month change in group NPL balances. It is pleasing to see that the reduction in operational NPLs has continued due to slower inflow and ongoing workout and write-offs. Collection efforts remained strong and resulted in paying NPLs curing and thus decreasing R2.5 billion period-on-period (R3.1 billion decrease since June 2021).

Overall NPL coverage increased to 48.5% (December 2020: 45.7%; June 2021 45.3%), mainly driven by a large portion of paying NPLs (with lower coverage) curing into performing, in line with expectations. The remaining NPLs reflected a marginal deterioration and product coverage was largely maintained. Increases in the UK operations were driven by the owner-occupied mortgage and MotoNovo portfolios.

CHANGE IN NPLs

	31 December 2021 vs 31 December 2020			31 December 2021 vs 30 June 2021		
	R million	**% change**	**Percentage point contribution to overall NPL increase**	R million	% change	Percentage point contribution to overall NPL increase
Operational NPLs*	**(5 217)**	**(13)**	**(8)**	(3 420)	(9)	(5)
Covid-19 relief paying NPLs**	**(1 635)**	**(48)**	**(3)**	(2 411)	(58)	(4)
Other paying NPLs#	**(839)**	**(9)**	**(1)**	(667)	(7)	(1)
NPLs (excluding UK operations)	**(7 691)**	**(15)**	**(12)**	(6 498)	(13)	(10)
UK operations	**884**	**11**	**1**	271	3	–
Change in total group NPLs	**(6 807)**	**(11)**	**(11)**	(6 227)	(10)	(10)

* *Include advances that received Covid-19 relief, other advances and debt-review ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears still subject to curing criteria.*

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

SA retail NPLs decreased 12% from R37.3 billion at June 2021 to R32.7 billion at December 2021 (December 2020: R37.3 billion). NPLs as a percentage of advances decreased to 7.85% (December 2020: 9.01%; June 2021: 9.05%) driven by the curing of paying NPLs, slower inflows, ongoing write-offs, strong collections and workouts, and support from higher advances.

SA commercial NPLs declined 20% to 4.31% of advances (December 2020: 5.80%; June 2021: 5.21%). The decline was due to workouts and write-offs, curing of a few large counterparties and lower stage 3 inflows in various portfolios.

NPLs in the SA corporate and investment banking (CIB) including HQLA portfolio decreased 24% to 0.76% of advances (December 2020: 1.12%; June 2021: 1.07%), reflecting part settlement and curing of several counterparties.

The rest of Africa NPL ratio decreased from 5.84% at June 2021 (December 2020: 6.36%) to 5.43% driven by lower NPLs in Botswana and Zambia following high write-offs and a slowdown in new inflows.

In the UK operations, NPLs were at 2.96% of advances, marginally up from 2.89% at December 2020, however, down from the 3.16% level at June 2021. This was mainly due to curing and settlement in the Aldermore commercial portfolio, supported by advances growth in the commercial and MotoNovo books. Retail NPLs continued to be affected by the previous ban on collateral repossessions in the UK which constrained the workout process.

With regard to the Covid-19 relief books, overall gross advances decreased from R167.1 billion to R136.3 billion as customers continued to repay and no new relief was granted. The performance of the relief book was stable and slightly better than expected. The proportion of the portfolio under relief declined to 10% of advances from 13% at June 2021.

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 market risk associated with balance sheet activities within regulatory 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*

%	Internal targets	Group 2021	Group 2020	Bank** 2021	Bank** 2020
		As at 31 December			
CET1	11.0 – 12.0	**13.6**	12.4	**14.1**	13.5
Tier 1	>12.0	**14.3**	13.1	**14.7**	14.2
Total	>14.25	**16.5**	15.3	**17.6**	16.7

* *Including unappropriated profits.*

** *Including the bank's foreign branches.*

The Prudential Authority (PA) published *Directive 5 of 2021*, *Capital framework for South Africa based on the Basel III framework*, which reinstated the Pillar 2A requirement of 1% on 1 January 2022. The group's internal targets remain appropriate as these were not adjusted for any temporary Covid-19 relief measures.

The group's CET1 ratio strengthened further to 13.6% (December 2020: 12.4%; June 2021: 13.5%), well above the upper end of its internal target range of 12.0%. The group accreted both net asset value (NAV) and CET1 over the period as it continued its focus on the optimisation of risk-weighted assets (RWA) and the efficient use of financial resources.

Key factors affecting the CET1 ratio period-on-period are outlined below:

> the positive earnings contribution was partly offset by the payment of dividends for the 2021 financial year;

> an increase in the foreign currency translation reserve due to the rand's depreciation, partly reduced by the final transitional impact of IFRS 9;

> successful financial resource optimisation strategies; and

> an increase in RWA mainly from credit risk, driven by rand depreciation and higher volumes, whilst improved earnings generation also increased the group's operational risk RWA.

The group continues to actively manage its capital composition and align Additional Tier 1 (AT1) and Tier 2 levels with internal targets. During the period under review, the group issued R2.5 billion Tier 2 instruments in the domestic market to optimise its capital stack and manage the rollover of existing Tier 2 instruments. AT1 and Tier 2 instruments are treated as funding, and not used to support risk. It remains the group's intention to continue optimising its regulatory capital composition by issuing AT1 and Tier 2 capital instruments in the domestic and/or international markets. This will ensure sustainable support for ongoing growth initiatives and redemption of existing capital instruments.

The group also makes adjustments to 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 targets, regulatory capital (average RWA consumption and regulatory deductions and anticipated regulatory changes), economic capital and NAV. Excess capital above internal target levels is not allocated to business.

A summary of the capital allocated to the group's operating businesses is provided below.

AVERAGE CAPITAL ALLOCATED

R million	Six months ended 31 December 2021	Six months ended 31 December 2020*	% change	Year ended 30 June 2021*
FNB	**48 194**	48 596	(1)	48 445
RMB	**36 339**	37 804	(4)	36 994
WesBank	**7 744**	8 669	(11)	8 385
UK operations**,#	**25 228**	23 862	6	24 054
Centre†	**10 844**	10 313	5	10 633
Unallocated capital‡	**28 632**	12 153	>100	16 116
FirstRand group#	**156 981**	141 397	11	144 627

* *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 pounds was converted to rands using the period-end closing exchange rates.*

\# *Average capital for December periods is calculated as the average of the December and preceding June period ends. Average capital for the June financial year is calculated as the average of the June 2021 and June 2020 financial year ends.*

† *Excludes MotoNovo back book.*

‡ *Includes excess capital. The significant increases relate to the prior period average that included the June 2020 position which was affected by Covid-19.*

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

ROE

	Six months ended 31 December		Year ended 30 June
%	**2021**	2020*	2021*
FNB	**39.7**	29.7	33.2
RMB	**20.1**	16.3	18.7
WesBank	**20.2**	15.4	14.5
UK operations**	**11.8**	8.4	11.1
Centre#	**1.4**	(8.6)	(1.3)
FirstRand group	**20.1**	15.6	18.4

* *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.*

\# *Excludes MotoNovo back book.*

The superior returns generated by the business has resulted in ongoing strong capital generation.

With the proposed implementation of the final Basel III reforms, which is a more standardised (or less risk-sensitive) regulatory framework, the group is increasing its focus on the true economic risk introduced to its balance sheet. FirstRand is assessing how the economic capital requirement can be allocated to business within the constraints of the regulatory framework. Economic capital principles have been agreed on and a parallel period for the transition to such an approach is in progress.

LIQUIDITY POSITION

Due to the liquidity risk introduced by its business activities, the group optimises its funding composition within structural and regulatory constraints to enable business to operate in an efficient and sustainable manner. The group entered the Covid-19 crisis in a strong liquidity position. The diversification and strength of the deposit franchise resulted in the liquidity position improving during the crisis and thereafter. The group remains well funded, with adequate liquidity buffers to meet both prudential liquidity requirements and internal risk targets. In order to allow markets to continue to operate smoothly and provide banks with temporary liquidity relief during the crisis, the PA temporarily reduced the prudential liquidity coverage ratio (LCR) requirement from 100% to 80%. FirstRand managed to keep its LCR above 100% throughout the Covid-19 crisis and thus did not utilise the temporary liquidity relief provided. The net stable funding ratio (NSFR) regulatory requirement remained unchanged throughout the crisis. In October 2021, the PA published a directive withdrawing the temporary liquidity relief measures related to the LCR requirement. Given that funding markets have largely normalised and considering the industry's liquidity position, the PA increased the minimum LCR requirement to 90% from 1 January 2022 and 100% effective 1 April 2022.

The pandemic continues to negatively affect the South African economy, and the group continues to monitor key risk metrics and early warning indicators closely. The group regularly forecasts and reviews its liquidity position using scenario analysis. FirstRand continues to hold appropriate liquidity buffers and can access the required funding to withstand anticipated near-term liquidity risks.

The group's portfolio of HQLA provides a liquidity buffer against unexpected liquidity stress events or market disruptions and serves to facilitate the changing liquidity needs of the 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. Additional liquidity overlays in excess of prudential requirements are determined based on stress testing and scenario analysis of cash inflows and outflows, and are used to manage the bank's funding cyclicality and seasonality.

The group has built its liquid asset holdings in accordance with asset growth, risk appetite and regulatory requirements. The HQLA portfolios are continually assessed and actively managed to ensure optimal composition, cost and quantum.

LIQUIDITY POSITION

	Group*		Bank*	
	As at 31 December			
%	**2021**	2020	**2021**	2020
LCR				
Regulatory minimum	**80**	80	**80**	80
Actual**	**118**	122	**124**	127
Average available HQLA (R billion)	**342**	327	**310**	299
NSFR				
Regulatory minimum	**100**	100	**100**	100
Actual**	**125**	125	**121**	124

* *The group's LCR, NSFR and average available HQLA include FirstRand Bank (including foreign branches) and all other banking subsidiaries. The bank's LCR, NSFR and average available HQLA reflect South African operations only.*

** *Exceeds regulatory minimum requirements with appropriate buffers.*

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. The allocation of resources and management of local and foreign currency risks are within an approved risk framework. The 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 more conservative than those required in terms of regulations.

The group's philosophy is that, in the longer term, foreign currency assets should be supported by foreign currency liabilities, primarily in the same jurisdiction. To this end, the group has over the past few years:

> integrated MotoNovo and Aldermore in the UK, providing MotoNovo with a sustainable and efficient funding base;

> established RMB International (Mauritius) as a hard currency platform for the group's rest of Africa dollar exposures;

> incorporated FirstRand Securities in the UK to provide the group's South Africa-based businesses with a highly capitalised and matched principal trading platform, which enabled the group to maintain access to international market liquidity in the securities and derivative markets in which it was most active. FirstRand Securities is a clearing member of London Clearing House (LCH) and was admitted to the register of SwapClear rand dealers in 2016. SwapClear is the LCH's interest rate swap clearing service; and

> established RMB Securities (USA) 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 Financial Sector Laws Amendment Bill (FSLAB) proposed a new chapter to be inserted into the Financial Sector Regulations Act, i.e. *Chapter 12A – Resolution of Designated Institutions*, with a view to strengthen the ability of the South African Reserve Bank (SARB) to manage the orderly resolution of a failed bank. The bill also introduced a new tranche of loss-absorbing instruments, namely first loss after capital (flac) instruments, which are subordinated to other unsecured creditors and intended for bail-in during resolution. Flac requirements will be applicable to banks with open-bank resolution plans. Another key amendment contained in the FSLAB is the establishment of the Corporation for Deposit Insurance (CoDI). The CoDI 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.

On 27 January 2022, the President assented the FSLAB and it is now an Act, i.e. the Financial Sector Laws Amendment Act 23 of 2022 (FSLA). One of the key provisions of FSLA is that the SARB will become the designated resolution authority with the necessary powers to operationalise an effective resolution regime. The provisions of 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 due to be gazetted by the Minister of Finance in the near future.

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. The cost of flac instruments will depend on final calibration levels. Initial estimates range between R100 million and R300 million per annum for FirstRand, which will be incurred on a phased-in basis from 2025 onwards. These costs will be incorporated in the group's ALM strategies with various transmission mechanisms being analysed and considered as part of the group's FRM process.

The directives issued by the PA relating to the temporary capital and liquidity relief measures provided during the Covid-19 crisis have already been covered in the capital and liquidity sections above. The PA also released *Directive 7 of 2021*, *Withdrawal of the temporary treatment of restructured credit exposures due to the Coronavirus (Covid-19) pandemic*, to withdraw *Directive 3 of 2020*, *Matters related to the treatment of restructured credit exposures due to the Coronavirus (Covid-19) pandemic* (which had provided temporary relief for credit risk, specifically the treatment of restructured credit exposures related to Covid-19), effective 1 April 2022. Directive 3 of 2020 will also no longer apply to any restructured credit exposures (new or reapplications) granted from 1 January 2022 onwards. The impact of the withdrawal of this directive on CET1 capital was not material.

Dividend strategy

The group continues to accrete capital, resulting in a healthy CET1 level, which provides sufficient capacity for growth. The board is therefore comfortable to maintain a dividend cover of 1.8 times and considers this level of distribution to be appropriate and sustainable over the medium term.

Prospects

In South Africa the group expects the current credit cycle to gather further momentum, as consumer and corporate incomes continue to recover, supported by pent-up private sector demand. These trends will accelerate advances growth, mainly driven by the retail secured and commercial portfolios. Corporate advances growth is expected to improve. The group anticipates a slowdown in deposit growth as consumers draw down on precautionary savings.

The rest of Africa portfolio is expected to show a steady improvement as many of the jurisdictions where it operates continue to benefit from the commodity cycle.

The rebound in the UK economy is expected to be maintained. Despite the government's withdrawal of its various stimulus packages unemployment has remained low, which is supportive of a better than expected credit experience, and the UK business remains appropriately provided. The absolute growth in earnings for the full year is now expected to be stronger than previously guided.

FirstRand expects its normalised ROE to remain in the stated range of 18% to 22% for the full year despite capital generation exceeding demand. Growth in earnings for the full year is still expected to exceed the group's long-term target of real growth in earnings (defined as real GDP plus CPI), as the last tailwinds of the pandemic recovery are felt.

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		
F Knoetze	Non-executive director	1 December 2021

Cash dividend declarations

ORDINARY SHARES

The directors declared a gross cash dividend totalling 157 cents per ordinary share out of income reserves for the six months ended 31 December 2021.

DIVIDENDS DECLARED

	Six months ended 31 December	
Cents per share	**2021**	2020
Interim (declared 2 March 2022)	**157.0**	110.0

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

Last day to trade cum-dividend	Tuesday, 29 March 2022
Shares commence trading ex-dividend	Wednesday, 30 March 2022
Record date	Friday, 1 April 2022
Payment date	Monday, 4 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 March 2022, and Friday, 1 April 2022, 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 125.6000 cents per share.

The issued share capital on the declaration date was 5 609 488 001 ordinary shares and 45 000 000 variable rate NCNR B preference 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
Period:	
25 February 2020 – 31 August 2020	**306.0**
1 September 2020 – 22 February 2021	**253.6**
23 February 2021 – 30 August 2021	**273.9**
31 August 2021 – 28 February 2022	**270.7**

WR JARDINE ~ Chairman

AP PULLINGER ~ CEO

C LOW ~ Company Secretary

H KELLAN ~ CFO

2 March 2022

review of operations

FNB

FNB represents the group's activities in the retail and commercial segments in South Africa and several countries in the rest of Africa. FNB's strategy is underpinned by:

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

> a digital platform providing market-leading interfaces to deliver contextual, cost-effective, innovative and integrated financial services offerings to its customers on either an assisted (in-person) or unassisted (self-service) basis;

> using its deep customer relationships, extensive data and sophisticated data analytics to cross-sell a broad range of relevant financial services products, including banking, insurance and investments;

> applying disciplined credit origination strategies that appropriately support customer requirements and affordability;

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

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

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

> strategically managing physical points of presence that are right-sized, have appropriate coverage and offer cost-efficient assisted engagements with customers on platform; and

> leveraging alternative distribution channels in the rest of Africa.

FNB's rest of Africa portfolio represents a mix of mature businesses with significant scale and market share, including Namibia, Botswana and Eswatini, and growing businesses in Mozambique, Zambia, Lesotho and Ghana.

FNB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Normalised earnings	**9 560**	7 267	32	16 180
Normalised profit before tax	**13 804**	10 575	31	23 319
– South Africa	**12 644**	9 866	28	21 712
– Rest of Africa	**1 160**	709	64	1 607
Pre-provision operating profit	**16 768**	16 752	–	32 398
Total assets	**500 866**	484 703	3	482 699
Total liabilities	**489 028**	476 966	3	462 819
Performing advances	**450 327**	433 509	4	436 611
Stage 3/NPLs as a % of advances	**7.10**	7.87		7.88
Credit loss ratio (%)	**1.24**	2.61		1.91
ROE (%)	**39.7**	29.7		33.2
ROA (%)	**3.89**	2.97		3.32
Cost-to-income ratio (%)	**52.2**	51.3		52.3
Advances margin (%)	**4.08**	4.24		4.22

Total FNB normalised earnings increased 32% and ROE improved to 39.7%. This performance was characterised by a significant reduction in period-on-period impairments coupled with a rebound in NIR. Costs continued to be well managed, increasing 4%, despite ongoing investment into FNB's platform build-out.

FNB's NII growth reflects muted advances growth, however FNB continued to attract deposits as customers managed their personal and business balance sheets conservatively in response to the pandemic. Domestic deposits grew 10% in the rest of Africa (5% in local currency terms). Endowment base effects continued to result in some NII drag, although Group Treasury's ALM mitigation strategies provided ongoing support.

SEGMENT ANALYSIS OF ADVANCES AND DEPOSIT GROWTH

	Deposit growth		Advances growth	
Segments	**%**	**R million**	**%**	**R million**
Retail	**9**	**26 509**	**1**	**4 644**
– Consumer	**6**	**5 277**	**(7)**	**(3 964)**
– Premium	**10**	**21 232**	**3**	**8 608**
Commercial	**9**	**28 698**	**9**	**9 645**
Rest of Africa*	**10**	**4 843**	**–**	**(64)**
Total FNB	**9**	**60 050**	**3**	**14 225**

* *On a local currency basis deposit growth in the rest of Africa was 5% and advances decreased 1%.*

Growth in retail advances reflects a deliberate origination strategy focused on good-quality, lower-risk credit customers. This is supportive of the long-run credit risk profile, but has impacted net overall origination volumes. Based on own and bureau data, affordability indicators suggest these high-quality lower-risk customers have further capacity for credit and FNB therefore expects retail growth to pick up. Improving levels of origination were already evident in the second quarter of the period under review.

Commercial advances grew strongly in line with a deliberate sector focus. The rest of Africa performance was characterised by cautious origination given macroeconomic uncertainties.

FNB delivered NIR growth of 4%, driven by new active customer acquisition and a rebound in customer activity. This was offset by elevated insurance claims and certain fee reductions.

Whilst the economy has not yet fully recovered from the impacts of the pandemic, the transactional volume rebound in FNB's client base is encouraging. FNB's digital channels continued to deliver growth off an already high base, which is testament to the success of its platform evolution and strategy to drive customer take-up of digital interfaces, particularly migration to the app (up 24%). The commercial customer footprint also continues to show solid growth in point of sale transactional activity.

CHANNEL VOLUMES

Thousands of transactions	Six months ended 31 December		% change	Year ended 30 June
	2021	2020		2021
ATM/ADT	**108 275**	108 523	–	219 360
Digital*	**331 375**	293 032	13	593 135
Point of sale merchants	**391 444**	316 502	24	649 967
Card swipes	**487 531**	436 585	12	871 350

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

The table below presents key ratios from South Africa and rest of Africa.

KEY RATIOS FOR SOUTH AFRICA VS REST OF AFRICA

%	**FNB SA**	**Rest of Africa**
PBT growth	**28**	**64**
Cost increase	**4**	**1**
Advances growth	**3**	**–**
Deposit growth	**9**	**10**
Stage 3/NPLs as a % of advances	**7.14**	**6.79**
Credit loss ratio	**1.27**	**0.96**
Cost-to-income ratio	**50.6**	**64.4**

SEGMENT RESULTS

R million	Six months ended 31 December 2021	2020	% change	Year ended 30 June 2021
Normalised PBT				
Retail	**6 573**	4 747	38	11 362
Commercial	**6 071**	5 119	19	10 350
Rest of Africa	**1 160**	709	64	1 607
Total FNB	**13 804**	10 575	31	23 319

Retail's earnings growth was mainly driven by a significant reduction in impairments. Customer growth of 3%, good deposit acquisition and product strategies further contributed to earnings growth.

Retail's refocused value propositions resulted in an increase in the vertical sales index (VSI), a measure of cross-sell, to 3.04 (December 2020: 2.98). Commercial VSI was maintained at 2.32.

Commercial's earnings growth was also underpinned by further customer gains of 5% and improved impairments. This was further supported by a strong rebound in transactional volumes in both its foreign exchange and merchant services activities, resulting in good NIR growth. Advances growth was mainly in the agriculture, commercial property and asset-backed finance portfolios, and this, coupled with better facility utilisation in specialised finance, resulted in overall commercial advances growth of 9%.

Rest of Africa benefited from ongoing growth in the customer base (+3%), driven by focused sales campaigns. There was also a significant improvement in the credit performance and good deposit growth. Cost containment was aided by increased migration to digital channels. Advances growth was muted due to challenging macros in all of the portfolio countries, coupled with cautious credit origination strategies. The Cash Plus strategy continues to scale with an increase of 492 outlets in the last six months (Cash Plus outlets now total 2 260).

ACTIVE CUSTOMERS AND PLATFORM USERS

Millions	31 December 2021	2020	% change	30 June 2021
Retail	**7.68**	7.43	3	7.52
– Consumer	**5.99**	5.86	2	5.92
– Premium	**1.69**	1.57	8	1.60
Commercial	**1.14**	1.09	5	1.13
Total SA customers	**8.82**	8.52	4	8.65
FNB rest of Africa*	**1.87**	1.82	3	1.83
FNB active customers	**10.69**	10.34	3	10.48
eWallets**	**5.95**	5.61	6	5.61
Total platform users	**16.64**	15.95	4	16.09

* *The Mozambique methodology was aligned to South Africa's post December 2020. On a like-for-like basis, customers increased 4%.*

** *Represent all eWallets without another FNB relationship/product that had at least one transaction in the past six months. In addition, there are 1.62 million eWallets belonging to FNB customers. FNB customer eWallets represent 21% of the total active eWallet base of 7.57 million.*

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2021	2020	% change	Year ended 30 June 2021
Performing book provisions	**298**	1 445	(79)	(129)
NPL provision	**(1 108)**	1 050	(>100)	761
Credit provision (decrease)/increase	**(810)**	2 495	(>100)	632
Modification loss	**366**	219	67	464
Gross write-off* and other	**4 514**	4 351	4	9 895
Post write-off recoveries	**(1 106)**	(888)	25	(1 912)
Total impairment charge	**2 964**	6 177	(52)	9 079

* *Write-off of gross balances excluding prior period provisions held.*

FNB's credit impairment charge reduced to R2.96 billion (December 2020: R6.18 billion), with the credit loss ratio dropping to 124 bps (December 2020: 261 bps). This was driven primarily by:

> net release of provisions due to improved FLI effects;
> good collections and better post write-off recoveries;
> the curing in FNB's debt relief portfolios and release of the related provisions and Covid-19 impairment scaling factors;
> pre-emptive provisioning for the forecast rate hiking cycle; and
> additional judgemental post-model adjustments to cater for any uncertainty around the severity and potential impact of the fourth Covid-19 wave (Omicron variant) and any future variants.

FNB's approach to provisioning remained prudent. Forward-looking economic indicators improved when compared to December 2020 and June 2021, resulting in a release of previously raised FLI provisions. These indicators and weightings of the scenarios are disclosed on pages 204 to 210. As business and consumer confidence improves, further coverage reduction is expected.

Post-model adjustments were created to ensure adequate coverage for the current stressed environment, enhancing coverage relating to loss given default (LGD) levels in FNB's secured portfolios and industry-specific stress in the commercial segment. In June 2021, an additional stress scenario was introduced into the credit FLI models and, whilst still considered appropriate at December 2021, the quantum has been reduced given the improving macro assumptions. Centrally raised post-model adjustments at December 2021 amounted to R420 million (December 2020: R620 million) to cater for uncertainties in the environment.

Overall, collections across all product portfolios performed well. The repayment behaviour on the debt relief books was better than expected with a further R686 million reduction in the total book size to R2.4 billion since June 2021.

Performing (stage 1 and 2) coverage was maintained at June 2021 levels of 2.78% (December 2020: 3.18%). NPLs continued to trend down and, at December 2021, represented 7.10% of total advances compared to 7.88% in June 2021. This improvement reflects the effectiveness of FNB's credit management strategies and resulted from lower inflows, good customer curing due to focused collections, and the impact of the new recency-based write-off policy. NPL coverage remained conservative and was marginally up compared to June 2021.

Profit before tax (PBT) from FNB's insurance activities declined 3% period-on-period, driven predominantly by higher claims paid due to the impact of the pandemic.

Despite good revenue growth, earnings in the life business was marginally down due to additional claims and reserve requirements driven by the Covid-19 pandemic. Pleasingly, life new business annual premium equivalent (APE) increased 20%, with premiums up 10% and an increase in the number of policies of 5%. Credit life new business APE increased 46% on the back of stronger new business origination in FNB's retail lending portfolios.

NEW BUSINESS APE

R million	Six months ended 31 December 2021	2020	% change	Year ended 30 June 2021
Core life (including funeral)	**529**	535	(1)	1 086
Underwritten	**139**	165	(16)	310
Commercial	**127**	5	>100	13
Credit life	**278**	191	46	452
FNB Life	**1 073**	896	20	1 861
FNB Insure*	**122**	79	54	83
Total FNB	**1 195**	975	23	1 944

* *Short-term insurance.*

The short-term insurance business grew policies 6% to 243k. Gross premium income increased 27% to R139 million. New business APE grew 54%. The business has seen good growth because of the build-out of both homeowners and comprehensive motor insurance product offerings. FNB expects to scale up its marketing, sales and distribution efforts on short-term products in the second half of the financial year. Progress on the short-term insurance strategy is encouraging.

The FNB wealth and investment management (WIM) strategy to provide investment products and solutions to retail customers continues to gain traction. The business aims to deliver on clients' investment needs by providing innovative products and solutions through both assisted and unassisted channels. The retirement annuity offered on app and the shares zero product were launched during the period with encouraging levels of take-up. Overall investment accounts grew 12% to 564k with 8% of the FNB customer base penetrated, mainly in the private banking segment.

The value of shares traded declined 11% due to the base effect of the particularly high trading volumes and volatility in the prior period. Active share trading accounts, however, increased to 236k accounts (December 2020: 205k).

Growth in total WIM assets continued, increasing 19%, driven by inflows into FNB's diverse product offering, and growth in balances due to positive market movements and good investment performance.

WIM ASSETS

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Horizon series AUM	**5 158**	3 622	42	4 255
Assets under advice	**76 711**	70 535	9	73 102
Assets under administration	**67 123**	59 182	4	61 321
Assets under management (AUM)	**70 339**	60 317	17	63 569
Assets under execution	**85 862**	63 064	36	76 453
Total WIM assets	**305 193**	256 720	19	278 700

The FNB Horizon series (the multi-manager unit trust funds) saw strong inflows over the period on the back of continued good investment performance.

FNB continues to invest in its enterprise-wide platform and customers can perform 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 app, ATMs and ADTs). Regardless of the interface, the platform used in all interactions is the same.

The platform 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 non-banking services such as electricity, mobile data and digital vouchers.

Key platform highlights for the six months ended 31 December 2021 are outlined below.

- Since the virtual card launch on the FNB app, more than 1.2 million virtual cards have been activated and >R2.4 billion in value transacted. The virtual card is key to facilitating more secure e-commerce transactions.
- Device payments accounted for 9.7 million transactions (R3.4 billion in value).
- Approximately six million eWallet users accounted for cash withdrawals of R19.5 billion.
- nav»Money provides customers with simple, easy-to-use money management tools, which help them track their spend, view credit scores, etc. It currently has 2.5 million users, up 56% period-on-period. The money coach has had 359k unique visitors since inception.
- nav»Home has placed c. 31k families in homes and paid out R33.4 billion in loans since inception. Estate agent functionality is now live on the app and 132 estate agents have been onboarded, with 1 153 current listings.
- nav»Car loaded 729k vehicles and delivered 108k vehicle licences, while WesBank financed R95.7 million in vehicle loans. CarP2P was launched recently, with 350 active listings at December 2021.
- Digitally active customers grew to 6.21 million (December 2020: 6.02 million). Digital includes mobile banking (USSD), online banking and the app.
- The banking app active transacting base exceeded 4.4 million customers and reached new monthly records of 89.5 million logins in December 2021, 61% higher than December 2019 and 15% higher than December 2020.
- Digital logins totalled 804 million, with online and mobile banking (USSD) logins of 91 million and 222 million, respectively. The app contributed 491 million logins.
- Total transactional volumes through digital interfaces included 85 million for online banking, 230 million (+24%) for the banking app and 17 million for mobile banking (USSD), highlighting the scalability of FNB's platform.
- In the rest of Africa, debit card swipes increased 3% from 19.4 million to 20.2 million and digital penetration increased from 24.3% to 32.8%.
- Commissionable purchases and fulfilment on platform, i.e. electricity, mobile and digital vouchers sold, amounted to R9.1 billion, up 3%. Approximately three million customers use these services.

RMB

RMB represents the group's activities in the CIB segments in South Africa, the UK, the African continent and India. RMB leverages an entrenched origination franchise, a strong market-making and growing distribution product offering, a competitive transactional banking platform and a class-leading private equity track record to ensure delivery of an integrated CIB value proposition to corporate and institutional clients. This diversified business portfolio, coupled with a disciplined approach to balancing risk, return and growth, is designed to deliver sustainable earnings, balance sheet resilience and superior returns.

RMB FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Normalised earnings	**3 644**	3 159	15	7 006
Normalised profit before tax	**5 181**	4 500	15	9 942
– South Africa	**3 952**	3 134	26	6 887
– Rest of Africa*	**1 229**	1 366	(10)	3 055
Pre-provision operating profit	**5 216**	5 336	(2)	11 390
Total assets	**650 122**	637 015	2	591 309
Total liabilities	**641 728**	629 069	2	579 835
Stage 3/NPLs as a % of advances	**0.74**	1.08		1.04
– Lending	**0.41**	0.73		0.70
– Private equity	**16.56**	15.64		16.59
Credit loss ratio (%)	**0.02**	0.47		0.41
ROE (%)	**20.1**	16.3		18.7
ROA (%)	**1.17**	0.97		1.12
Cost-to-income ratio (%)	**50.1**	48.7		47.3

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

RMB REST OF AFRICA STRATEGY

	Six months ended 31 December		%	Year ended 30 June
R million	**2021**	2020	change	2021
Profit before tax	**1 229**	1 366	(10)	3 055
Total advances*	**62 345**	58 869	6	48 570
Total deposits**	**23 881**	25 647	(7)	25 782
Credit loss ratio (%)	**0.04**	(0.40)		(0.92)
ROA (%)	**2.96**	2.58		3.49
Cost-to-income ratio (%)	**48.3**	48.9		49.7

* *Down 2% in constant currency terms.*

** *Up 14% in constant currency terms.*

RMB delivered a solid performance with normalised PBT increasing 15%, benefiting from lower credit provisioning, in line with expectations and reflecting a normalisation of the credit cycle post Covid-19. The slight reduction in RMB's pre-provision operating profit was mainly due to the impact of a decrease in average advances period-on-period and ongoing competitive margin pressure, especially in the investment-grade market. Growth of 6% in core advances in the current period should support NII in the second half. Although average core deposits grew 9%, ongoing liability margin compression due to the lower average rate environment period-on-period negatively impacted NII growth.

The uplift in PBT was driven by:

> a significantly lower impairment charge;

> a respectable contribution from the markets business;

> resilient annuity income across most operations;

- core deposit growth of 3% period-on-period, although average core deposits increased 9%; and
- solid principal investments realisations and some one-off earnings of c. R240 million.

The 4% increase in costs reflects the benefit of an ongoing focus on cost management, as well as certain timing benefits on investments, which resulted in investment costs only increasing 6% as the business continued to modernise its core platform and grow its broader Africa franchise.

RMB continues to be prudently provided in response to the constrained macroeconomic environment and rising inflation levels, specifically against ongoing uncertainty in sectors directly impacted by the pandemic, with the performing coverage ratio against core advances (excluding repos) at 193 bps (December 2020: 196 bps; June 2021: 206 bps).

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Performing book provisions	**112**	(401)	(>100)	(247)
NPL provision	**(49)**	1 032	(>100)	1 112
Credit provision (decrease)/increase	**63**	631	(90)	865
Gross write-off* and other	**(27)**	207	(>100)	589
Post write-off recoveries	**(1)**	(2)	(50)	(6)
Total impairment charge	**35**	836	(96)	1 448

** Write-off of gross balances excluding prior period provisions held.*

RMB saw an improvement in the core lending portfolio over the period, with Covid-19 relief loans reducing by a further R11.5 billion to R7.6 billion – at the height of the pandemic this was c. R58 billion. NPLs trended downward reflecting a combination of the positive migration and de-gearing of certain clients over the period.

The rest of Africa portfolio remains key to RMB's growth. The portfolio delivered a performance characterised by ongoing deposit margin compression related to multiple rate cuts over the last 18 months in various jurisdictions, and continued platform investment. Pre-tax profits of R1 229 million (which represent 24% of RMB's overall PBT) reduced 10% compared to the prior period, negatively impacted by a swing of >R130 million in credit provisions period-on-period. The performance benefited from a stronger contribution from the in-country operations, which increased 23%, reflecting resilient transactional volumes, new client acquisition and increased market activity in Nigeria and Zambia.

BREAKDOWN OF PBT CONTRIBUTION

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Banking	**3 557**	3 049	17	6 217
Markets	**1 454**	1 376	6	2 962
Private equity	**332**	193	72	691
Other*	**(162)**	(118)	37	72
Total RMB	**5 181**	4 500	15	9 942

** Other includes support and head office activities.*

The banking business's profits grew 17%, a good performance underpinned by an improving credit portfolio resulting in a small release in credit provisions compared to the >R500 million impairment charge in the comparative period. Despite this release, the portfolio remains conservatively provided given ongoing macro and sector-specific pressures.

Investment banking's performance benefited from robust structuring and commitment fee income, principal investments realisations and one-off income, albeit at lower levels than the prior period. This was partially offset by lower advisory income given the non-repeat of material fees recorded in the prior period, continued margin pressure and a decline in average advances.

Corporate transactional banking's muted performance reflects the impact of lower margin income, a slight reduction in NIR and ongoing investment in platform modernisation. Margins were negatively impacted by lower liquidity premiums earned and a change in mix to higher levels of investment products despite robust average deposit growth of 10%.

The markets business delivered solid PBT growth of 6%. This was underpinned by a robust performance from the equities and offshore secured financing activities following increased client volumes and market participation post the Covid-19 disruption in the comparative period. The global foreign exchange business had a strong first half, due to increased client flows on the back of a rally in commodities, and an increase in corporate foreign exchange structuring transactions concluded. The fixed income business had a comparatively softer start to the year, impacted by global inflation pressures, a tightening global rate cycle and declining emerging market credit appetite. The commodities performance remained resilient period-on-period due to client flows and hedging activities, primarily in gold.

Private equity's performance benefited from annuity income growth of 5% as portfolio companies experienced improved operational performances due to the cyclical recovery in South Africa's macroeconomic conditions. This was supplemented by lower credit provisioning relative to the comparative period. New acquisition opportunities resulted in the business investing c. R500 million. The quality and diversity of the portfolio are reflected in the unrealised value of R4.8 billion (December 2020: R3.9 billion; June 2021: R4.4 billion).

Ashburton Investments was incorporated into RMB from 1 July 2020 to enable better execution of the investment product offering to corporate and institutional clients. The product offering continues to grow with positive momentum in AUM, up 25% to R121 billion, specifically in fixed income, indexation and liability-driven investment (LDI) products.

The Ashburton multi-asset onshore and offshore funds performed well, delivering to investment mandate targets and performing well against peers. There has been a pleasing turnaround in the Ashburton Balanced Fund and Absolute Target Return Fund period-on-period, which should support improved inflows into the multi-asset funds.

WesBank

WesBank represents the group's activities in vehicle asset finance, fleet management and related services in the retail, commercial and corporate segments of South Africa. WesBank's strategy remains centred on protecting and growing its unique and long-standing model of partnering with leading motor manufacturers, suppliers and dealer groups. This partnership model delivers the following channels:

> direct to dealer through a point of sale presence;

> joint venture arrangements with industry players; and

> participation in original equipment manufacturer (OEM) captive arrangements through servicing and equity agreements.

This is further augmented by a digital presence via WesBank online, the WesBank app and FNB's nav»Car.

WESBANK FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Normalised earnings	**782**	668	17	1 216
Normalised profit before tax	**1 106**	953	16	1 723
Pre-provision operating profit	**1 840**	2 096	(12)	3 797
Total assets	**128 228**	130 446	(2)	129 043
Total liabilities	**127 452**	129 525	(2)	127 485
Performing advances	**118 161**	116 478	1	116 363
Stage 3/NPLs as a % of advances	**6.28**	9.36		8.44
Credit loss ratio (%)	**1.16**	1.76		1.61
ROE (%)	**20.2**	15.4		14.5
ROA (%)	**1.22**	1.01		0.93
Cost-to-income ratio (%)	**54.9**	50.3		54.3
Net interest margin (%)	**3.05**	3.22		3.26

The South African new vehicle market continued its gradual recovery during the 2021 calendar year. Total domestic new car sales have increased 22% period-on-period (December 2020: 380 206 units; December 2021: 464 122 units), off a very low base which was significantly impacted by Covid-19. New car sales still remain lower than pre-pandemic levels.

WesBank's new business was up 10% on the prior period as the business recovered from the impact of the pandemic. Its credit management strategies remain tilted towards a gradual increasing of credit risk appetite and focused on lower-risk customers. Active portfolio optimisation continued with customer demand and competition driving risk towards higher loan-to-value (LTV) and balloon structures. The market remained competitive, with margin pressure in the lower-risk segments.

WesBank's digital and ecosystem evolution continued to gather momentum with increasing customer engagement through digital offerings. These included finding vehicles on auction listings (with two million views and 33% on app) or searching on the newly launched car P2P marketplace (183k views). Customers are also utilising the financing calculators, with over 2.8 million views (27% on app) to better understand the financial impact of the cost of their purchase and the various financing options available to them. Customers entering the buying phase increasingly use WesBank's FastApp to determine what they can afford, with over 162k submissions (50% on app) in the year to date.

The launch of MotoVantage products on the FNB nav»Car continued to show good growth, with new products added in the last six months. The double-up on eBucks fuel rewards resulted in a payout of R51 million to WesBank, Toyota Financial Services (TFS) and Volkswagen Financial Services (VWFS) customers to date.

WesBank corporate and commercial also experienced a positive recovery from an arrears perspective (especially customers who are on the annual payment programme) and improved new business levels. The dealer funding solutions business continued to support the industry through the provision of floor plans and showed good growth over the period in terms of the number of releases from the dealer floor. Average inventory days were lower due to the continued impact of new vehicle shortages.

WesBank's normalised PBT increased 16% to R1.1 billion. The period-on-period recovery in impairments related to a marked reduction in inflows of new arrears and an increase in accounts curing out of arrears. Similar to WesBank, the associate investments (TFS and VWFS) also experienced a strong recovery in arrear inflows in the current period and faster curing, leading to releases of impairments. Gross advances growth remained under pressure, as workouts and write-offs continued at higher levels, although performing advances increased across the portfolio.

The insurance business continued to be affected by lower commission income, driven by weak sales and reduced cell captive income due to higher claims and reserves.

The rebound in the economy and a focus on collections resulted in an overall improvement in debit order success rates period-on-period. A high portion of accounts that were previously in arrears are now making payments on a consistent basis. WesBank had a strong focus on resolving defaulted accounts which resulted in higher levels of write-offs.

BREAKDOWN OF PRE-TAX PROFITS BY SEGMENT*

R million	Six months ended 31 December		% change	Year ended 30 June
	2021	2020		2021
Normalised PBT				
Retail VAF**	**937**	783	20	1 477
Corporate and commercial	**169**	170	(1)	246
Total WesBank	**1 106**	953	16	1 723

* *Refer to additional segmental disclosure on page 52.*

** *Includes MotoVantage.*

Retail VAF PBT increased 20% to R937 million, assisted by the improvement in the impairment charge and a similarly strong credit recovery from associates. Corporate and commercial PBT benefited from the improvement in the impairment charge, which was offset by higher expenditure related to a conservative approach to the rapid expansion of the fleet management and maintenance business.

ANALYSIS OF IMPAIRMENT CHARGE

R million	Six months ended 31 December		% change	Year ended 30 June
	2021	2020		2021
Performing book provisions	**170**	(148)	(>100)	11
NPL provision	**(601)**	465	(>100)	98
Credit provision (decrease)/increase	**(431)**	317	(>100)	109
Modification loss	**46**	75	(39)	138
Gross write-off* and other	**1 266**	881	44	2 086
Post write-off recoveries	**(147)**	(130)	13	(259)
Total impairment charge	**734**	1 143	(36)	2 074

* *Write-off of gross balances excluding prior period provisions held.*

The reduction in the arrears book was primarily due to a decrease in arrear inflows and an increase in accounts curing out of arrear status. This led to a continued drop in the credit loss ratio from 1.76% at December 2020 to 1.16%. Forward-looking economic indicators improved when compared to December 2020 and June 2021.

NPLs as a percentage of advances declined to 6.28% from 9.36% in the prior period. The level of NPLs remained elevated relative to pre-pandemic levels, despite absolute inflows into NPLs reducing during the period. Arrears inflows have returned to pre-pandemic levels. Lengthening in repossession timeframes continued due to persistent court delays and, as such, the NPL book continued to age. Auctions (online and physical) continued to benefit from strong demand for used vehicles, supporting recovery rates.

Operating costs were up 6% from the previous period. Investments continued to be made in a new software system in the fleet management business and in growth of certain business lines, and accounted for most of the period-on-period growth. WesBank continues to invest in the growth of digital platforms to support the development of the vehicle ecosystem. This, combined with lower NII margins driven by lower overall advances, led to a deterioration in the cost-to-income ratio. As the proportion of loans to lower-risk customers increased, margins declined although the long-term credit risk profile improved.

UK operations

The UK operations include Aldermore and the MotoNovo front and back books. Aldermore is a UK specialist lender focusing on lending in six areas: asset finance, invoice finance, small- and medium-sized enterprise (SME) commercial mortgages (including property development), residential mortgages, buy-to-let mortgages and vehicle finance (MotoNovo). It is funded primarily by deposits from UK savers. With no branch network, Aldermore serves customers and intermediary partners online and by phone.

UK OPERATIONS FINANCIAL HIGHLIGHTS

	Six months ended 31 December			Year ended 30 June
£ million	**2021**	2020	% change	2021
Normalised earnings	**74**	50	48	132
Normalised profit before tax	**99**	68	46	181
Pre-provision operating profit	**113**	126	(10)	231
Total assets	**17 925**	17 399	3	17 238
Total liabilities	**16 550**	16 256	2	15 968
Stage 3/NPLs as a % of advances (%)	**2.96**	2.89		3.16
Credit loss ratio (%)	**0.20**	0.81		0.35
ROE (%)	**11.8**	8.4		11.1
ROA (%)	**0.83**	0.54		0.76
Cost-to-income ratio (%)	**54.1**	46.7		51.1

BREAKDOWN OF PROFIT CONTRIBUTION BY ACTIVITY

	Six months ended 31 December			Year ended 30 June
£ million	**2021**	2020	% change	2021
Normalised PBT				
Asset finance	**42.6**	23.6	81	55.8
Invoice finance	**10.7**	6.7	60	14.5
SME commercial mortgages	**20.5**	25.1	(18)	39.3
Buy-to-let mortgages	**55.1**	38.0	45	89.5
Residential mortgages	**13.4**	21.4	(37)	48.9
Central functions*	**(61.8)**	(59.1)	5	(127.7)
Aldermore operational PBT	**80.5**	55.7	45	120.3
Fair value hedge portfolio	**(1.1)**	(4.7)	(77)	(0.5)
Aldermore PBT	**79.4**	51.0	56	119.8
MotoNovo PBT	**20.0**	17.1	17	61.2
Total UK operations PBT	**99.4**	68.1	46	181.0

* *Adjusted for the fair value hedge portfolio loss of £1.1 million (December 2020: £4.7 million and June 2021: £0.5 million).*

Normalised earnings increased to £74 million (R1.5 billion). This performance was driven by significantly lower impairment charges as a result of the improved macroeconomic environment, supported by the government's furlough scheme that ended on 30 September 2021. The UK operations produced an ROE of 11.8% (December 2020: 8.4%; June 2021: 11.1%). The operational performance remained resilient, driven by:

> Marginal growth of 1% in advances to £14.6 billion.

> A 14% increase in customer deposits to £13.1 billion. Savings levels in the UK increased given reduced economic activity during lockdown.

> The cost of funding was lower due to the proactive management of the funding mix and the continued benefit of low interest rates.

> The liability gathering strategy continued to attract new customers.

> Operating expenses increased given the ongoing investment in platform and process enhancements.

> The pound credit loss ratio decreased significantly to 20 bps (December 2020: 81 bps; June 2021: 35 bps) as improved macros supported a lower impairment charge. NPLs increased following the UK's ban on motor repossession, which affected the workout process.

ANALYSIS OF IMPAIRMENT CHARGE

£ million	Six months ended 31 December 2021	Six months ended 31 December 2020*	% change	Year ended 30 June 2021*
Performing book provisions	**(6.9)**	(2.5)	(>100)	(42.8)
NPL provision	**22.2**	46.6	(52)	58.3
Credit provision (decrease)/increase	**15.3**	44.1	(65)	15.5
Modification	**–**	–	–	1.9
Gross write-off** and other	**4.9**	19.8	(75)	44.6
Post write-off recoveries	**(5.9)**	(5.5)	7	(12.2)
Total impairment charge	**14.3**	58.4	(75)	49.8

* *December 2020 and June 2021 figures were restated as a result of methodology refinements.*

** *Write-off of gross balances excluding prior period provisions held.*

SEGMENT ANALYSIS OF NORMALISED EARNINGS

R million	Six months ended 31 December 2021	% composition	2020	% composition	% change	Year ended 30 June 2021	% composition
Retail	**5 849**	**37**	4 127	37	42	9 749	37
– FNB*	**5 189**		3 581			8 710	
– WesBank	**660**		546			1 039	
Commercial	**4 493**	**28**	3 808	35	18	7 647	29
– FNB	**4 371**		3 686			7 470	
– WesBank	**122**		122			177	
Corporate and investment banking	**3 644**	**23**	3 159	28	15	7 006	26
– RMB	**3 644**		3 159			7 006	
UK operations**	**1 506**	**10**	1 043	10	44	2 743	10
– Aldermore**,#	**1 164**		770			1 764	
– MotoNovo**	**342**		273			979	
Other	**250**	**2**	(1 095)	(10)	>100	(594)	(2)
– Centre**,#	**576**		(807)			6	
– Other equity instrument holders	**(326)**		(288)			(600)	
Normalised earnings	**15 742**	**100**	11 042	100	43	26 551	100

* *Includes FNB rest of Africa.*

** *During May 2019, a new legal entity, MotoNovo Finance Limited, was established under the Aldermore group, where all new MotoNovo business has been originated since May 2019 (also referred to as the MotoNovo front book). In the UK operations management view, shown in the table above and on pages 53 to 55, Aldermore refers to Aldermore excluding MotoNovo front book and 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 40 to 51, as the MotoNovo front book is included under Aldermore and the MotoNovo back book is included in FCC (including Group Treasury).*

\# *FCC (including Group Treasury) – after the dividend on the contingent convertible securities of R88 million (£4 million) (December 2020: R91 million (£4 million) and June 2021: R177 million (£9 million)).*

Segment report

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 rest of Africa	**Total FNB**
Net interest income before impairment of advances	2 437	1 544	3 172	3 423	**10 576**	6 516	1 950	**19 042**
Impairment charge	(172)	(430)	(1 349)	(707)	**(2 658)**	(60)	(246)	**(2 964)**
Net interest income after impairment of advances	2 265	1 114	1 823	2 716	**7 918**	6 456	1 704	**16 078**
Non-interest revenue	56	1 463	370	7 940	**9 829**	4 857	2 226	**16 912**
Income from operations	2 321	2 577	2 193	10 656	**17 747**	11 313	3 930	**32 990**
Operating expenses	(916)	(1 339)	(1 275)	(7 355)	**(10 885)**	(5 217)	(2 691)	**(18 793)**
Net income from operations	1 405	1 238	918	3 301	**6 862**	6 096	1 239	**14 197**
Share of profit of associates and joint ventures after tax	–	–	54	9	**63**	–	–	**63**
Income before tax	1 405	1 238	972	3 310	**6 925**	6 096	1 239	**14 260**
Indirect tax	(8)	37	(31)	(350)	**(352)**	(25)	(79)	**(456)**
Profit before tax	1 397	1 275	941	2 960	**6 573**	6 071	1 160	**13 804**
Income tax expense	(391)	(357)	(264)	(835)	**(1 847)**	(1 700)	(396)	**(3 943)**
Profit for the period	1 006	918	677	2 125	**4 726**	4 371	764	**9 861**
Attributable to								
Ordinary equityholders	1 006	918	677	2 125	**4 726**	4 371	463	**9 560**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	301	**301**
Profit for the period	1 006	918	677	2 125	**4 726**	4 371	764	**9 861**
Attributable earnings to ordinary equityholders	1 006	918	677	2 125	**4 726**	4 371	463	**9 560**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 006	918	677	2 125	**4 726**	4 371	463	**9 560**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity-related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 006	918	677	2 125	**4 726**	4 371	463	**9 560**

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

* *Refer to additional segmental disclosure on page 52.*

** *Refer to additional segmental disclosure on pages 53 to 55, which includes MotoNovo back book within FCC.*

\# *FCC represents group-wide functions.*

Retail and commercial		Corporate and institutional					
WesBank*	**Retail and commercial**	**RMB**	**Aldermore****	FCC (including Group Treasury) and other#	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
2 216	21 258	4 381	5 055	2 784	33 478	(504)	32 974
(734)	(3 698)	(35)	(229)	(65)	(4 027)	–	(4 027)
1 482	17 560	4 346	4 826	2 719	29 451	(504)	28 947
1 675	18 587	5 574	254	(1 566)	22 849	817	23 666
3 157	36 147	9 920	5 080	1 153	52 300	313	52 613
(2 274)	(21 067)	(5 348)	(2 695)	(815)	(29 925)	(218)	(30 143)
883	15 080	4 572	2 385	338	22 375	95	22 470
253	316	714	–	(220)	810	–	810
1 136	15 396	5 286	2 385	118	23 185	95	23 280
(30)	(486)	(105)	(134)	(40)	(765)	–	(765)
1 106	14 910	5 181	2 251	78	22 420	95	22 515
(309)	(4 252)	(1 451)	(499)	427	(5 775)	(21)	(5 796)
797	10 658	3 730	1 752	505	16 645	74	16 719
782	10 342	3 644	1 664	92	15 742	74	15 816
–	–	–	88	326	414	–	414
15	316	86	–	87	489	–	489
797	10 658	3 730	1 752	505	16 645	74	16 719
782	10 342	3 644	1 664	92	15 742	74	15 816
–	–	–	–	–	–	(40)	(40)
782	10 342	3 644	1 664	92	15 742	34	15 776
–	–	–	–	–	–	(4)	(4)
–	–	–	–	–	–	12	12
–	–	–	–	–	–	(48)	(48)
–	–	–	–	–	–	6	6
782	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 rest of Africa	**Total FNB**
Cost-to-income ratio (%)	36.7	44.5	35.5	64.7	**53.2**	45.9	64.4	**52.2**
Diversity ratio (%)	2.2	48.7	11.8	69.9	**48.3**	42.7	53.3	**47.1**
Credit loss ratio (%)	0.15	2.75	6.88	9.19	**1.69**	0.11	0.96	**1.24**
Stage 3/NPLs as a % of advances	5.43	12.22	17.11	15.05	**7.98**	4.84	6.79	**7.10**
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	38 701	15 046	**317 120**	115 657	51 979	**484 756**
– Normal advances (AC and FV)	232 031	31 342	38 701	15 046	**317 120**	115 657	51 979	**484 756**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	12 594	3 829	6 620	2 264	**25 307**	5 594	3 528	**34 429**
Investment in associated companies	–	–	413	446	**859**	–	–	**859**
Investment in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	632	8 620	6	317 957	**327 215**	348 072	55 139	**730 426**
Total assets	227 760	26 841	31 151	43 494	**329 246**	114 157	57 463	**500 866**
Total liabilities†	227 675	26 826	32 126	34 833	**321 460**	112 056	55 512	**489 028**
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 52.*

** *Refer to additional segmental disclosure on pages 53 to 55, which includes MotoNovo back book within FCC.*

FCC represents group-wide functions.

† *Total liabilities are net of interdivisional balances.*

	Retail and commercial		Corporate and institutional					
	WesBank*	**Retail and commercial**	**RMB**	**Aldermore****	FCC (including Group Treasury) and other#	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
	54.9	**52.5**	**50.1**	**50.8**	81.7	**52.4**	–	**52.5**
	46.5	**47.1**	**58.9**	**4.8**	>100	**41.4**	–	**42.6**
	1.16	**1.22**	**0.02**	**0.16**	0.25	**0.61**	–	**0.61**
	6.28	**6.93**	**0.74**	**2.61**	2.61	**4.02**	–	**4.02**
	(437)	**(1 793)**	**(64)**	**(109)**	(7)	**(1 973)**	–	**(1 973)**
	(26)	**(66)**	**(79)**	**(9)**	(235)	**(389)**	–	**(389)**
	(33)	**(42)**	**(3)**	**–**	(51)	**(96)**	(2)	**(98)**
	126 084	**610 840**	**390 981**	**302 325**	51 520	**1 355 666**	–	**1 355 666**
	117 917	**602 673**	**390 981**	**270 037**	42 831	**1 306 522**	–	**1 306 522**
	8 167	**8 167**	**–**	**32 288**	8 689	**49 144**	–	**49 144**
	7 923	**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**
	128 228	**629 094**	**650 122**	**375 455**	337 578	**1 992 249**	(141)	**1 992 108**
	127 452	**616 480**	**641 728**	**347 262**	208 485	**1 813 955**	–	**1 813 955**
	221	**1 664**	**132**	**58**	47	**1 901**	–	**1 901**

Segment report continued

for the six months ended 31 December 2020

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB rest of Africa	**Total FNB**
Net interest income before impairment of advances	2 577	1 470	3 354	3 399	**10 800**	6 273	1 923	**18 996**
Impairment charge	(529)	(781)	(1 944)	(1 304)	**(4 558)**	(884)	(735)	**(6 177)**
Net interest income after impairment of advances	2 048	689	1 410	2 095	**6 242**	5 389	1 188	**12 819**
Non-interest revenue	62	1 270	421	7 612	**9 365**	4 692	2 232	**16 289**
Income from operations	2 110	1 959	1 831	9 707	**15 607**	10 081	3 420	**29 108**
Operating expenses	(883)	(1 085)	(1 317)	(7 231)	**(10 516)**	(4 941)	(2 654)	**(18 111)**
Net income from operations	1 227	874	514	2 476	**5 091**	5 140	766	**10 997**
Share of profit of associates and joint ventures after tax	–	–	14	23	**37**	–	–	**37**
Income before tax	1 227	874	528	2 499	**5 128**	5 140	766	**11 034**
Indirect tax	(8)	(19)	(53)	(301)	**(381)**	(21)	(57)	**(459)**
Profit before tax	1 219	855	475	2 198	**4 747**	5 119	709	**10 575**
Income tax expense	(341)	(239)	(133)	(616)	**(1 329)**	(1 433)	(260)	**(3 022)**
Profit for the period	878	616	342	1 582	**3 418**	3 686	449	**7 553**
Attributable to								
Ordinary equityholders	878	616	342	1 582	**3 418**	3 686	163	**7 267**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	286	**286**
Profit for the period	878	616	342	1 582	**3 418**	3 686	449	**7 553**
Attributable earnings to ordinary equityholders	878	616	342	1 582	**3 418**	3 686	163	**7 267**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	878	616	342	1 582	**3 418**	3 686	163	**7 267**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity-related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	878	616	342	1 582	**3 418**	3 686	163	**7 267**

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

* *Refer to additional segmental disclosure on page 52.*

** *Refer to additional segmental disclosure on pages 53 to 55, which includes MotoNovo back book within FCC.*

\# *FCC represents group-wide functions.*

	Retail and commercial		Corporate and institutional					
	WesBank*	Retail and commercial	RMB	Aldermore**	FCC (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	2 436	21 432	4 709	4 496	1 380	32 017	(466)	31 551
	(1 143)	(7 320)	(836)	(1 045)	(213)	(9 414)	–	(9 414)
	1 293	14 112	3 873	3 451	1 167	22 603	(466)	22 137
	1 694	17 983	5 256	285	(1 683)	21 841	572	22 413
	2 987	32 095	9 129	3 736	(516)	44 444	106	44 550
	(2 151)	(20 262)	(5 145)	(2 411)	(915)	(28 733)	13	(28 720)
	836	11 833	3 984	1 325	(1 431)	15 711	119	15 830
	150	187	595	6	(195)	593	108	701
	986	12 020	4 579	1 331	(1 626)	16 304	227	16 531
	(33)	(492)	(79)	(106)	(37)	(714)	–	(714)
	953	11 528	4 500	1 225	(1 663)	15 590	227	15 817
	(267)	(3 289)	(1 260)	(249)	1 049	(3 749)	(139)	(3 888)
	686	8 239	3 240	976	(614)	11 841	88	11 929
	668	7 935	3 159	885	(937)	11 042	90	11 132
	–	–	–	91	288	379	–	379
	18	304	81	–	35	420	(2)	418
	686	8 239	3 240	976	(614)	11 841	88	11 929
	668	7 935	3 159	885	(937)	11 042	90	11 132
	–	–	–	–	–	–	22	22
	668	7 935	3 159	885	(937)	11 042	112	11 154
	–	–	–	–	–	–	41	41
	–	–	–	–	–	–	(96)	(96)
	–	–	–	–	–	–	(55)	(55)
	–	–	–	–	–	–	(2)	(2)
	668	7 935	3 159	885	(937)	11 042	–	11 042

Segment report continued

for the six months ended 31 December 2020

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB rest of Africa	**Total FNB**
Cost-to-income ratio (%)	33.5	39.6	34.8	65.5	**52.1**	45.1	63.9	**51.3**
Diversity ratio (%)	2.3	46.4	11.5	69.2	**46.5**	42.8	53.7	**46.2**
Credit loss ratio (%)	0.47	5.14	9.36	15.76	**2.91**	1.65	2.72	**2.61**
Stage 3/NPLs as a % of advances	5.43	12.71	19.19	14.87	**8.45**	6.22	7.74	**7.87**
Consolidated income statement includes								
Depreciation	(4)	(4)	(11)	(1 139)	**(1 158)**	(90)	(228)	**(1 476)**
Amortisation	–	(6)	(4)	(47)	**(57)**	–	(11)	**(68)**
Net impairment charges	–	–	–	(9)	**(9)**	–	–	**(9)**
Consolidated statement of financial position includes								
Advances (before impairments)	224 409	30 535	41 174	16 358	**312 476**	106 012	52 043	**470 531**
– Normal advances (AC and FV)	224 409	30 535	41 174	16 358	**312 476**	106 012	52 043	**470 531**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	12 183	3 882	7 902	2 432	**26 399**	6 594	4 029	**37 022**
Investment in associated companies	–	–	318	426	**744**	–	–	**744**
Investment in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	624	6 622	7	293 453	**300 706**	319 374	50 296	**670 376**
Total assets	220 094	26 169	33 822	43 308	**323 393**	102 922	58 388	**484 703**
Total liabilities†	220 073	26 468	34 591	37 134	**318 266**	101 246	57 454	**476 966**
Capital expenditure	2	5	3	870	**880**	93	219	**1 192**

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

* *Refer to additional segmental disclosure on page 52.*

** *Refer to additional segmental disclosure on pages 53 to 55, which includes MotoNovo back book within FCC.*

\# *FCC represents group-wide functions.*

† *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*	**Retail and commercial**	**RMB**	**Aldermore****	FCC (including Group Treasury) and other#	**FirstRand group – normalised**	Normalised adjustments	**FirstRand group – IFRS**
50.3	51.2	48.7	50.4	(>100)	52.8	–	52.5
43.1	45.9	55.4	6.1	(>100)	41.2	–	42.3
1.76	2.43	0.47	0.78	0.63	1.46	–	1.46
9.36	8.19	1.08	2.60	2.56	4.80	–	4.80
(481)	(1 957)	(75)	(100)	(5)	(2 137)	–	(2 137)
(33)	(101)	(99)	(26)	(206)	(432)	–	(432)
(8)	(17)	(10)	(11)	(187)	(225)	(2)	(227)
128 503	599 034	349 954	265 291	61 231	1 275 510	–	1 275 510
118 529	589 060	349 954	256 651	47 480	1 243 145	–	1 243 145
9 974	9 974	–	8 640	13 751	32 365	–	32 365
12 025	49 047	3 780	6 888	1 570	61 285	–	61 285
2 327	3 071	4 039	111	(19)	7 202	–	7 202
–	–	2 097	–	(17)	2 080	45	2 125
52	670 428	260 333	293 286	332 857	1 556 904	–	1 556 904
130 446	615 149	637 015	326 109	371 504	1 949 777	(8)	1 949 769
129 525	606 491	629 069	302 911	249 856	1 788 327	–	1 788 327
579	1 771	146	312	12	2 241	–	2 241

Segment report continued

for the year ended 30 June 2021

	Retail and commercial							
	FNB							
	Retail							
R million	Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB rest of Africa	**Total FNB**
Net interest income before impairment of advances	5 036	2 993	6 573	6 846	**21 448**	12 555	3 825	**37 828**
Impairment charge	(577)	(1 428)	(3 600)	(1 302)	**(6 907)**	(1 307)	(865)	**(9 079)**
Net interest income after impairment of advances	4 459	1 565	2 973	5 544	**14 541**	11 248	2 960	**28 749**
Non-interest revenue	121	2 605	873	14 893	**18 492**	9 285	4 191	**31 968**
Income from operations	4 580	4 170	3 846	20 437	**33 033**	20 533	7 151	**60 717**
Operating expenses	(1 805)	(2 446)	(2 686)	(14 052)	**(20 989)**	(10 135)	(5 416)	**(36 540)**
Net income from operations	2 775	1 724	1 160	6 385	**12 044**	10 398	1 735	**24 177**
Share of profit of associates and joint ventures after tax	–	–	55	35	**90**	–	–	**90**
Income before tax	2 775	1 724	1 215	6 420	**12 134**	10 398	1 735	**24 267**
Indirect tax	(15)	(38)	(79)	(640)	**(772)**	(48)	(128)	**(948)**
Profit before tax	2 760	1 686	1 136	5 780	**11 362**	10 350	1 607	**23 319**
Income tax expense	(773)	(472)	(302)	(1 618)	**(3 165)**	(2 880)	(548)	**(6 593)**
Profit for the year	1 987	1 214	834	4 162	**8 197**	7 470	1 059	**16 726**
Attributable to								
Ordinary equityholders	1 987	1 214	834	4 162	**8 197**	7 470	513	**16 180**
Other equity instrument holders	–	–	–	–	**–**	–	–	**–**
Non-controlling interests	–	–	–	–	**–**	–	546	**546**
Profit for the year	1 987	1 214	834	4 162	**8 197**	7 470	1 059	**16 726**
Attributable earnings to ordinary equityholders	1 987	1 214	834	4 162	**8 197**	7 470	513	**16 180**
Headline earnings adjustments	–	–	–	–	**–**	–	–	**–**
Headline earnings	1 987	1 214	834	4 162	**8 197**	7 470	513	**16 180**
TRS and IFRS 2 liability remeasurement	–	–	–	–	**–**	–	–	**–**
Treasury shares	–	–	–	–	**–**	–	–	**–**
IAS 19 adjustment	–	–	–	–	**–**	–	–	**–**
Private equity-related	–	–	–	–	**–**	–	–	**–**
Normalised earnings	1 987	1 214	834	4 162	**8 197**	7 470	513	**16 180**

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

* *Refer to additional segmental disclosure on page 52.*

** *Refer to additional segmental disclosure on pages 53 to 55, which includes MotoNovo back book within FCC.*

FCC represents group-wide functions.

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	FCC (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
4 788	42 616	9 097	9 017	3 781	64 511	(1 221)	63 290
(2 074)	(11 153)	(1 448)	(1 076)	17	(13 660)	–	(13 660)
2 714	31 463	7 649	7 941	3 798	50 851	(1 221)	49 630
3 204	35 172	11 530	713	(3 867)	43 548	1 647	45 195
5 918	66 635	19 179	8 654	(69)	94 399	426	94 825
(4 592)	(41 132)	(10 403)	(5 173)	(634)	(57 342)	(214)	(57 556)
1 326	25 503	8 776	3 481	(703)	37 057	212	37 269
465	555	1 356	15	(494)	1 432	106	1 538
1 791	26 058	10 132	3 496	(1 197)	38 489	318	38 807
(68)	(1 016)	(190)	(224)	(86)	(1 516)	–	(1 516)
1 723	25 042	9 942	3 272	(1 283)	36 973	318	37 291
(483)	(7 076)	(2 784)	(690)	1 701	(8 849)	(132)	(8 981)
1 240	17 966	7 158	2 582	418	28 124	186	28 310
1 216	17 396	7 006	2 405	(256)	26 551	192	26 743
–	–	–	177	600	777	–	777
24	570	152	–	74	796	(6)	790
1 240	17 966	7 158	2 582	418	28 124	186	28 310
1 216	17 396	7 006	2 405	(256)	26 551	192	26 743
–	–	–	–	–	–	207	207
1 216	17 396	7 006	2 405	(256)	26 551	399	26 950
–	–	–	–	–	–	(213)	(213)
–	–	–	–	–	–	(66)	(66)
–	–	–	–	–	–	(102)	(102)
–	–	–	–	–	–	(18)	(18)
1 216	17 396	7 006	2 405	(256)	26 551	–	26 551

Segment report continued

for the year ended 30 June 2021

R million	Retail and commercial – FNB – Retail – Residential mortgages	Card	Total personal loans	Retail other	**Retail**	Commercial	FNB rest of Africa	**Total FNB**
Cost-to-income ratio (%)	35.0	43.7	35.8	64.5	**52.4**	46.4	67.6	**52.3**
Diversity ratio (%)	2.3	46.5	12.4	68.6	**46.4**	42.5	52.3	**45.9**
Credit loss ratio (%)	0.26	4.65	8.83	8.03	**2.21**	1.19	1.63	**1.91**
Stage 3/NPLs as a % of advances	5.92	12.91	19.00	15.86	**8.78**	5.74	6.99	**7.88**
Consolidated income statement includes								
Depreciation	(7)	(9)	(19)	(2 388)	**(2 423)**	(176)	(433)	**(3 032)**
Amortisation	–	(25)	(6)	(81)	**(112)**	–	(20)	**(132)**
Net impairment charges	–	–	1	9	**10**	(1)	(1)	**8**
Consolidated statement of financial position includes								
Advances (before impairments)	225 666	31 249	39 709	15 712	**312 336**	111 121	50 487	**473 944**
– Normal advances (AC and FV)	225 666	31 249	39 709	15 712	**312 336**	111 121	50 487	**473 944**
– Securitised advances	–	–	–	–	**–**	–	–	**–**
Stage 3/NPLs	13 356	4 034	7 546	2 492	**27 428**	6 378	3 527	**37 333**
Investment in associated companies	–	–	359	438	**797**	–	–	**797**
Investment in joint ventures	–	–	–	–	**–**	–	–	**–**
Total deposits (including non-recourse deposits)	573	7 423	2	296 754	**304 752**	312 742	49 326	**666 820**
Total assets	221 417	26 679	31 745	42 116	**321 957**	107 558	53 184	**482 699**
Total liabilities†	220 895	26 644	33 087	27 537	**308 163**	103 073	51 583	**462 819**
Capital expenditure	2	17	39	1 881	**1 939**	185	450	**2 574**

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

* *Refer to additional segmental disclosure on page 52.*

** *Refer to additional segmental disclosure on pages 53 to 55, which includes MotoNovo back book within FCC.*

FCC represents group-wide functions.

† *Total liabilities are net of interdivisional balances.*

Retail and commercial		Corporate and institutional					
WesBank*	Retail and commercial	RMB	Aldermore**	FCC (including Group Treasury) and other#	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
54.3	52.5	47.3	53.1	(>100)	52.4	–	52.3
43.4	45.6	58.6	7.5	>100	41.1	–	42.5
1.61	1.84	0.41	0.40	(0.03)	1.06	–	1.06
8.44	8.00	1.04	2.88	2.39	4.76	–	4.76
(906)	(3 938)	(142)	(218)	(12)	(4 310)	–	(4 310)
(67)	(199)	(200)	(42)	(475)	(916)	–	(916)
(18)	(10)	(19)	–	(209)	(238)	(155)	(393)
127 088	601 032	353 174	268 467	51 379	1 274 052	–	1 274 052
117 502	591 446	353 174	245 856	38 050	1 228 526	–	1 228 526
9 586	9 586	–	22 611	13 329	45 526	–	45 526
10 725	48 058	3 679	7 738	1 230	60 705	–	60 705
2 527	3 324	4 065	113	1 142	8 644	–	8 644
7	7	2 081	–	(17)	2 071	45	2 116
47	666 867	256 601	290 191	328 419	1 542 078	–	1 542 078
129 043	611 742	591 309	325 195	358 064	1 886 310	(30)	1 886 280
127 485	590 304	579 835	300 915	247 339	1 718 393	–	1 718 393
1 211	3 785	278	400	65	4 528	–	4 528

Additional segmental disclosure – WesBank

	Six months ended 31 December 2021		
R million	**Retail**	**Corporate and commercial**	**Total WesBank**
NII before impairment of advances	**1 943**	**273**	**2 216**
Impairment of advances	**(794)**	**60**	**(734)**
Normalised profit before tax	**937**	**169**	**1 106**
Normalised earnings	**660**	**122**	**782**
Advances	**99 102**	**26 982**	**126 084**
Stage 3/NPLs	**7 374**	**549**	**7 923**
Advances margin (%)	**3.35**	**1.96**	**3.05**
Stage 3/NPLs as a % of advances	**7.44**	**2.03**	**6.28**
Credit loss ratio (%)	**1.59**	**(0.44)**	**1.16**

	Six months ended 31 December 2020		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	2 143	293	2 436
Impairment of advances	(1 052)	(91)	(1 143)
Normalised profit before tax	783	170	953
Normalised earnings	546	122	668
Advances	101 816	26 687	128 503
Stage 3/NPLs	10 921	1 104	12 025
Advances margin (%)	3.53	2.04	3.22
Stage 3/NPLs as a % of advances	10.73	4.14	9.36
Credit loss ratio (%)	2.04	0.68	1.76

	Year ended 30 June 2021		
R million	Retail	Corporate and commercial	Total WesBank
NII before impairment of advances	4 218	570	4 788
Impairment of advances	(1 968)	(106)	(2 074)
Normalised profit before tax	1 477	246	1 723
Normalised earnings	1 039	177	1 216
Advances	100 102	26 986	127 088
Stage 3/NPLs	9 911	814	10 725
Advances margin (%)	3.58	2.06	3.26
Stage 3/NPLs as a % of advances	9.90	3.02	8.44
Credit loss ratio (%)	1.93	0.39	1.61

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 FCC.

	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	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 tax	74	68	(59)	83	22	105
Indirect tax	–	–	(4)	(4)	(2)	(6)
Profit before tax	74	68	(63)	79	20	99
Income tax expense	–	–	(18)*	(18)	(3)	(21)
Profit 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
Non-controlling interests	–	–	–	–	–	–
Profit 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 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
Total 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	–	306	123	430
Stage 3/NPLs as a % of advances	2.09	3.28	–	2.90	3.11	2.96
Credit loss ratio (%)	(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.*

Additional segmental disclosure – UK operations continued

	Six months ended 31 December 2020					
£ million	Commercial	Retail	Central functions	**Aldermore**	Total MotoNovo	**Total UK operations**
Net interest income before impairment of advances	75	86	(3)	**158**	88	**246**
Impairment charge	(7)	(19)	–	**(26)**	(32)	**(58)**
Net interest income after impairment of advances	68	67	(3)	**132**	56	**188**
Non-interest revenue	3	–	(4)	**(1)**	2	**1**
Income from operations	71	67	(7)	**131**	58	**189**
Operating expenses	(13)	(7)	(57)	**(77)**	(38)	**(115)**
Net income from operations	58	60	(64)	**54**	20	**74**
Share of profit of associates and joint ventures after tax	–	–	–	**–**	–	**–**
Income before tax	58	60	(64)	**54**	20	**74**
Indirect tax	(2)	(1)	–	**(3)**	(3)	**(6)**
Profit before tax	56	59	(64)	**51**	17	**68**
Income tax expense	–	–	(10)*	**(10)**	(4)	**(14)**
Profit for the period	56	59	(74)	**41**	13	**54**
Attributable to						
Ordinary equityholders	56	59	(78)	**37**	13	**50**
Other equity instrument holders	–	–	4	**4**	–	**4**
Non-controlling interests	–	–	–	**–**	–	**–**
Profit for the period	56	59	(74)	**41**	13	**54**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	1 143	**1 143**	65	**1 208**
Derivative financial instruments	–	–	6	**6**	1	**7**
Investment securities	–	–	1 802	**1 802**	–	**1 802**
Advances	3 144	7 342	–	**10 486**	3 644	**14 130**
– Gross advances	3 216	7 397	–	**10 613**	3 794	**14 407**
– Impairment of advances	(72)	(55)	–	**(127)**	(150)	**(277)**
Other assets	–	–	148	**148**	104	**252**
Total assets	3 144	7 342	3 099	**13 585**	3 814	**17 399**
Derivative financial instruments	–	–	78	**78**	2	**80**
Total deposits	–	–	13 900	**13 900**	718	**14 618**
Other liabilities	3 088	7 283	(11 836)	**(1 465)**	3 023	**1 558**
Total liabilities	3 088	7 283	2 142	**12 513**	3 743	**16 256**
Stage 3/NPLs	101	207	–	**308**	108	**416**
Stage 3/NPLs as a % of advances	3.15	2.80	–	**2.90**	2.86	**2.89**
Credit loss ratio (%)	0.46	0.50	–	**0.49**	1.76	**0.81**
Advances margin (%)	4.56	2.32	–	**3.26**	4.52	**3.35**

* *Tax expense reflected in central functions.*

	Year ended 30 June 2021					
£ million	Commercial	Retail	Central functions	**Aldermore**	Total MotoNovo	**Total UK operations**
Net interest income before impairment of advances	145	173	–	**318**	166	**484**
Impairment charge	(11)	(16)	–	**(27)**	(23)	**(50)**
Net interest income after impairment of advances	134	157	–	**291**	143	**434**
Non-interest revenue	7	–	–	**7**	2	**9**
Income from operations	141	157	–	**298**	145	**443**
Operating expenses	(28)	(17)	(129)	**(174)**	(79)	**(253)**
Net income from operations	113	140	(129)	**124**	66	**190**
Share of profit of associates and joint ventures after tax	–	–	1	**1**	–	**1**
Income before tax	113	140	(128)	**125**	66	**191**
Indirect tax	(3)	(2)	–	**(5)**	(5)	**(10)**
Profit before tax	110	138	(128)	**120**	61	**181**
Income tax expense	–	–	(26)*	**(26)**	(14)	**(40)**
Profit for the year	110	138	(154)	**94**	47	**141**
Attributable to						
Ordinary equityholders	110	138	(163)	**85**	47	**132**
Other equity instrument holders	–	–	9	**9**	–	**9**
Non-controlling interests	–	–	–	**–**	–	**–**
Profit for the year	110	138	(154)	**94**	47	**141**
Consolidated statement of financial position includes						
Cash and cash equivalents	–	–	825	**825**	85	**910**
Derivative financial instruments	–	–	19	**19**	1	**20**
Investment securities	–	–	1 999	**1 999**	–	**1 999**
Advances	3 097	7 297	–	**10 394**	3 739	**14 133**
– Gross advances	3 165	7 345	–	**10 510**	3 871	**14 381**
– Impairment of advances	(68)	(48)	–	**(116)**	(132)	**(248)**
Other assets	8	–	28	**36**	140	**176**
Total assets	3 105	7 297	2 871	**13 273**	3 965	**17 238**
Derivative financial instruments	–	–	42	**42**	(1)	**41**
Total deposits	–	–	13 995	**13 995**	719	**14 714**
Other liabilities	2 996	7 157	(12 040)	**(1 887)**	3 100	**1 213**
Total liabilities	2 996	7 157	1 997	**12 150**	3 818	**15 968**
Stage 3/NPLs	107	238	–	**345**	110	**455**
Stage 3/NPLs as a % of advances	3.36	3.24	–	**3.27**	2.86	**3.16**
Credit loss ratio (%)	0.32	0.23	–	**0.25**	0.63	**0.35**
Advances margin (%)	4.55	2.37	–	**3.00**	4.40	**3.36**

* *Tax expense reflected in central functions.*

Additional segmental disclosure – insurance activities

TOTAL INSURANCE PBT

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
FNB	**785**	813	(3)	1 111
Credit life	**566**	667	(15)	938
Core life (including funeral)	**251**	189	33	259
Underwritten	**(79)**	(67)	18	(132)
Commercial	**(20)**	(9)	>100	(22)
Short-term insurance*	**67**	33	>100	68
WesBank	**180**	218	(17)	332
Value-added products and services (VAPS)** and retail VAF credit life	**180**	218	(17)	332
Rest of Africa	**111**	137	(19)	239
Other#	**55**	90	(39)	156
Total	**1 131**	1 258	(10)	1 838

* *Includes homeowners book underwritten by OUTsurance.*

** *MotoVantage provides VAPS products.*

\# *Other includes UK operations and FNB insurance brokers.*

The group's insurance activities' PBT declined 10%. The performance per business line is unpacked below.

> Credit life PBT reduced 15% due to the high number of death claims during the third wave of Covid-19, and a reserve release of R50 million in the prior period. Retrenchment claims paid remained below expected levels.

> FNB's core life book showed strong PBT growth of 33%, despite the increase in claims paid which related to the third Covid-19 wave experienced in the first of quarter of the financial year. Premiums grew 14% driven by increased funeral sales, upgrades and repricing of the in-force book. Mortality claims continued to trend downwards following the third wave and the less-severe fourth wave.

> The FNB commercial book produced a loss of R20 million due to new business strain and increased claims paid.

> The performance of short-term insurance benefited from a strong performance from the homeowners cover book, driven by a better claims experience. This was partly offset by a loss of R70 million (an increase of 54% on the prior period loss) from the on-licence short-term insurance business. There was good growth in sales toward the end of 2021 with the launch of comprehensive motor insurance, with continued momentum in homeowners insurance product sales on the back of mortgage growth in FNB. Revenue growth was ahead of the business case, and overall PBT within expectations.

> WesBank insurance PBT decreased 17% as a result of lower commission income from weaker sales, and a decrease in profit share/cell captive income due to higher claims paid as well as claims-related reserves.

> Rest of Africa's insurance PBT declined 19% as Namibia changed its treatment on the timing of profit recognition, negative sales growth and higher claims in Namibia's credit life book. Commission income also decreased, driven by weaker sales and higher clawbacks.

> Other insurance activities' PBT decreased 39% driven by the UK book. The UK operations' insurance activities were negatively impacted by lower commission income driven by weaker sales and higher clawbacks. Sales leads and conversion rates dropped as consumers in the UK struggled to recover from the pandemic.

FNB Life

FNB LIFE NEW BUSINESS APE

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Core life (including funeral)	**529**	535	(1)	1 086
Underwritten	**139**	165	(16)	310
Commercial	**127**	5	>100	13
Standalone products	**795**	705	13	1 409
Credit life	**278**	191	46	452
Total	**1 073**	896	20	1 861

Core life product sales were lower, partly offset by strong growth in funeral policies due to resilient sales and improved premium rates.

Lower sales volumes in underwritten life products were due to muted sales in branch for limited underwritten products. This was partially offset by growth in fully underwritten products targeted at affluent customers and improved digital sales.

In August 2021, FNB Life was awarded a large group life cover contract, which generated R120 million in APE.

Credit life new business APE grew 46% due to an improvement in new business origination in FNB's retail lending portfolios.

FNB LIFE IN-FORCE APE

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Credit life	**1 732**	1 705	2	1 777
Core life (including funeral)	**2 936**	2 689	9	2 779
Underwritten	**609**	531	15	567
Commercial	**176**	44	>100	52
Total	**5 453**	4 969	10	5 175

In-force APE increased 10%, due to growth across product lines and premium increases.

NUMBER OF LIFE POLICIES

Thousands	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Credit life	**2 366**	2 257	5	2 198
Core life (including funeral)	**1 679**	1 622	4	1 670
Underwritten	**157**	142	11	151
Commercial	**22**	17	29	20
Total policies	**4 224**	4 038	5	4 039

VALUE OF NEW BUSINESS – FNB LIFE*

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Credit life	**137**	39	>100	241
Core life (including funeral)	**140**	124	13	204
Underwritten	**8**	9	(11)	8
Total VNB	**285**	172	66	453

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

Significant growth in the value of new business (VNB) was driven by higher-value funeral sales, an improved mortality and retrenchment outlook, and growth in new business origination in FNB's retail lending portfolio.

Additional segmental disclosure – insurance activities continued

EMBEDDED VALUE – FNB LIFE

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Total	**6 126**	4 072	50	4 843

VNB and EV in accordance with the APN107 standard since June 2020.

Embedded value (EV) growth was driven by positive profit generation, higher VNB, upgrades, the improvement in the mortality and retrenchment outlook, modelling enhancements and improved premium rates.

Short-term insurance

FNB Insure provides short-term insurance products.

FNB SHORT-TERM INSURANCE

Key performance indicators	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
In-force APE (R million)	**349**	254	37	290
Number of in-force policies (thousands)	**243**	229	6	239
New business APE (R million)	**122**	79	54	83

WesBank insurance activities

NUMBER OF POLICIES AND GROSS WRITTEN PREMIUM

	MotoVantage (VAPS)				Retail (credit life)			
	Six months ended 31 December		%	Year ended 30 June	Six months ended 31 December		%	Year ended 30 June
	2021	2020	change	2021	2021	2020	change	2021
Number of policies (thousands)	**610**	661	(8)	633	**38**	47*	(19)	43
Gross written premium (R million)	**719**	770	(7)	1 464	**44**	54	(19)	102

* Prior period number has been restated following a revision to the active policy definition on migration to a new system.

A decrease in new sales linked to lower financed volumes and a decline in VAPS penetration resulted in an overall reduction in in-force policies. This also impacted gross written premium growth.

VAPS CHANNELS

% of sales	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Point of sale	**63**	62	61
Telesales	**32**	33	33
Other	**5**	5	6
Total	**100**	100	100

Additional disclosure – investment management activities

Markets were affected by the spread of the Omicron variant, the spike in US inflation to four-decade highs and the expected tapering of the liquidity provided by global central banks.

Many of the global indices performed well against this backdrop, including the JSE All Share Index, which posted strong returns, up 29%, as valuations attracted investors.

With South African corporates remaining cash flush, the Ashburton fixed income strategies attracted record net flows. The FNB multi-asset offering via the FNB Horizon Series also delivered a strong performance and saw good flows from the retail client base. Offshore funds also delivered a pleasing performance in a very competitive space.

The Ashburton multi-asset onshore and offshore funds performed well, delivering to investment mandate targets and performing well against peers. There has been a pleasing turnaround in the Ashburton Balanced Fund and Absolute Target Return Fund period-on-period, which should support improved inflows into the multi-asset funds.

AUM increased 22% period-on-period as a result of positive market movements and net inflows of R24 billion.

	As at 31 December		%	As at 30 June
R million	**2021**	2020	change	2021
Multi-asset and equity	**24 532**	20 052	22	21 588
Structured products and index	**13 840**	13 263	4	13 188
Alternatives	**43 462**	28 158	54	34 414
Fixed income	**48 790**	42 800	14	42 691
Private client portfolios	**65 706**	56 092	17	59 374
Total group AUM	**196 330**	160 365	22	171 255

Investment management fees increased 7% period-on-period, driven by growth in AUM. Advice fees were down due to the impact of Covid-19 lockdowns resulting in lower client-advisor engagement. Trust and estate income improved from the prior period due to increased estate inflows and activity at the Master's office. Brokerage revenue decreased period-on-period as overall trade activity reduced from the record highs in the previous period.

	Six months ended 31 December		%	Year ended 30 June
R million	**2021**	2020	change	2021
Investment management fees	**369**	345	7	741
Advice fees	**122**	129	(5)	261
Trust and estate income	**127**	115	10	253
Brokerage income	**81**	90	(10)	182
Administration and other income	**94**	79	19	158
Net interest income	**46**	50	(8)	93
Total revenue	**839**	808	4	1 688

Additional information on internal restructures

for the six months ended 31 December 2020

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:

> In line with the group's cost recovery model, AT1 costs are now allocated to the segments. They were previously recognised in FCC; and

> The allocation of investment management activities to the relevant customer segment.

R million	Retail other previously published	AT1 cost adjustment	Reallocation of investment management activities	Retail other after reallocation	FNB previously published	AT1 cost adjustment	Reallocation of investment management activities	FNB after reallocation	WesBank previously published	AT1 cost adjustment	WesBank after reallocation
Net interest income before impairment of advances	3 467	(68)	–	3 399	19 064	(68)	–	18 996	2 450	(14)	2 436
Impairment charge	(1 304)	–	–	(1 304)	(6 177)	–	–	(6 177)	(1 143)	–	(1 143)
Net interest income after impairment of advances	2 163	(68)	–	2 095	12 887	(68)	–	12 819	1 307	(14)	1 293
Non-interest revenue	7 659	–	(47)	7 612	16 336	–	(47)	16 289	1 694	–	1 694
Income from operations	9 822	(68)	(47)	9 707	29 223	(68)	(47)	29 108	3 001	(14)	2 987
Operating expenses	(7 264)	–	33	(7 231)	(18 144)	–	33	(18 111)	(2 151)	–	(2 151)
Net income from operations	2 558	(68)	(14)	2 476	11 079	(68)	(14)	10 997	850	(14)	836
Share of profit of associates and joint ventures after tax	23	–	–	23	37	–	–	37	150	–	150
Income before tax	2 581	(68)	(14)	2 499	11 116	(68)	(14)	11 034	1 000	(14)	986
Indirect tax	(301)	–	–	(301)	(459)	–	–	(459)	(33)	–	(33)
Profit before tax	2 280	(68)	(14)	2 198	10 657	(68)	(14)	10 575	967	(14)	953
Income tax expense	(639)	19	4	(616)	(3 045)	19	4	(3 022)	(271)	4	(267)
Profit for the period	1 641	(49)	(10)	1 582	7 612	(49)	(10)	7 553	696	(10)	686
Attributable to											
Ordinary equityholders	1 641	(49)	(10)	1 582	7 326	(49)	(10)	7 267	678	(10)	668
Other equity instrument holders	–	–	–	–	–	–	–	–	–	–	–
Non-controlling interests	–	–	–	–	286	–	–	286	18	–	18
Profit for the period	1 641	(49)	(10)	1 582	7 612	(49)	(10)	7 553	696	(10)	686
Attributable earnings to ordinary equityholders	1 641	(49)	(10)	1 582	7 326	(49)	(10)	7 267	678	(10)	668
Headline earnings adjustments	–	–	–	–	–	–	–	–	–	–	–
Headline earnings	1 641	(49)	(10)	1 582	7 326	(49)	(10)	7 267	678	(10)	668
TRS and IFRS 2 liability remeasurement	–	–	–	–	–	–	–	–	–	–	–
Treasury shares	–	–	–	–	–	–	–	–	–	–	–
IAS 19 adjustment	–	–	–	–	–	–	–	–	–	–	–
Private equity-related	–	–	–	–	–	–	–	–	–	–	–
Normalised earnings	1 641	(49)	(10)	1 582	7 326	(49)	(10)	7 267	678	(10)	668

							Total restructures				
RMB previously published	AT1 cost adjustment	Reallocation of investment management activities	RMB after reallocation	FCC previously published	AT1 cost adjustment	FCC after reallocation	FNB	WesBank	RMB	FCC	FirstRand group
4 758	(49)	–	4 709	1 249	131	1 380	(68)	(14)	(49)	131	–
(836)	–	–	(836)	(213)	–	(213)	–	–	–	–	–
3 922	(49)	–	3 873	1 036	131	1 167	(68)	(14)	(49)	131	–
5 209	–	47	5 256	(1 683)	–	(1 683)	(47)	–	47	–	–
9 131	(49)	47	9 129	(647)	131	(516)	(115)	(14)	(2)	131	–
(5 112)	–	(33)	(5 145)	(915)	–	(915)	33	–	(33)	–	–
4 019	(49)	14	3 984	(1 562)	131	(1 431)	(82)	(14)	(35)	131	–
595	–	–	595	(195)	–	(195)	–	–	–	–	–
4 614	(49)	14	4 579	(1 757)	131	(1 626)	(82)	(14)	(35)	131	–
(79)	–	–	(79)	(37)	–	(37)	–	–	–	–	–
4 535	(49)	14	4 500	(1 794)	131	(1 663)	(82)	(14)	(35)	131	–
(1 270)	14	(4)	(1 260)	1 086	(37)	1 049	23	4	10	(37)	–
3 265	(35)	10	3 240	(708)	94	(614)	(59)	(10)	(25)	94	–
3 184	(35)	10	3 159	(1 031)	94	(937)	(59)	(10)	(25)	94	–
–	–	–	–	288	–	288	–	–	–	–	–
81	–	–	81	35	–	35	–	–	–	–	–
3 265	(35)	10	3 240	(708)	94	(614)	(59)	(10)	(25)	94	–
3 184	(35)	10	3 159	(1 031)	94	(937)	(59)	(10)	(25)	94	–
–	–	–	–	–	–	–	–	–	–	–	–
3 184	(35)	10	3 159	(1 031)	94	(937)	(59)	(10)	(25)	94	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
3 184	(35)	10	3 159	(1 031)	94	(937)	(59)	(10)	(25)	94	–

Additional information on internal restructures continued

for the six months ended 31 December 2020

R million	Retail other previously published	AT1 cost adjustment	Reallocation of investment management activities	Retail other after reallocation	FNB previously published	AT1 cost adjustment	Reallocation of investment management activities	FNB after reallocation	WesBank previously published	AT1 cost adjustment	WesBank after reallocation
Cost-to-income ratio (%)	65.2			65.5	51.2			51.3	50.1		50.3
Diversity ratio (%)	68.9			69.2	46.2			46.2	42.9		43.1
Credit loss ratio (%)	15.76			15.76	2.61			2.61	1.76		1.76
Stage 3/NPLs as a % of advances	14.87			14.87	7.87			7.87	9.36		9.36
Consolidated income statement includes											
Depreciation	(1 143)	–	4	(1 139)	(1 480)	–	4	(1 476)	(481)	–	(481)
Amortisation	(47)	–	–	(47)	(68)	–	–	(68)	(33)	–	(33)
Net impairment charges	(9)	–	–	(9)	(9)	–	–	(9)	(8)	–	(8)
Consolidated statement of financial position includes											
Advances (before impairments)	16 358	–	–	16 358	470 531	–	–	470 531	128 503	–	128 503
– Normal advances (AC and FV)	16 358	–	–	16 358	470 531	–	–	470 531	118 529	–	118 529
– Securitised advances	–	–	–	–	–	–	–	–	9 974	–	9 974
Stage 3 NPLs	2 432	–	–	2 432	37 022	–	–	37 022	12 025	–	12 025
Investment in associated companies	426	–	–	426	744	–	–	744	2 327	–	2 327
Investment in joint ventures	–	–	–	–	–	–	–	–	–	–	–
Total deposits (including non-recourse deposits)	293 453	–	–	293 453	670 376	–	–	670 376	52	–	52
Total assets	43 308	–	–	43 308	484 703	–	–	484 703	130 446	–	130 446
Total liabilities	37 052	68	14	37 134	476 884	68	14	476 966	129 511	14	129 525
Capital expenditure	870	–	–	870	1 192	–	–	1 192	579	–	579

	RMB previously published	AT1 cost adjustment	Reallocation of investment management activities	RMB after reallocation	FCC previously published	AT1 cost adjustment	FCC after reallocation	Total restructures				
								FNB	WesBank	RMB	FCC	FirstRand group
	48.4			48.7	(>100)		(>100)					
	55.0			55.4	(>100)		(>100)					
	0.47			0.47	0.63		0.63					
	1.08			1.08	2.56		2.56					
	(71)	–	(4)	(75)	(5)	–	(5)	4	–	(4)	–	–
	(99)	–	–	(99)	(206)	–	(206)	–	–	–	–	–
	(10)	–	–	(10)	(187)	–	(187)	–	–	–	–	–
	349 954	–	–	349 954	61 231	–	61 231	–	–	–	–	–
	349 954	–	–	349 954	47 480	–	47 480	–	–	–	–	–
	–	–	–	–	13 751	–	13 751	–	–	–	–	–
	3 780	–	–	3 780	1 570	–	1 570	–	–	–	–	–
	4 039	–	–	4 039	(19)	–	(19)	–	–	–	–	–
	2 097	–	–	2 097	(17)	–	(17)	–	–	–	–	–
	260 333	–	–	260 333	332 857	–	332 857	–	–	–	–	–
	637 015	–	–	637 015	371 504	–	371 504	–	–	–	–	–
	629 034	49	(14)	629 069	249 987	(131)	249 856	82	14	35	(131)	–
	146	–	–	146	12	–	12	–	–	–	–	–

Additional information on internal restructures continued

for the year ended 30 June 2021

R million	Retail other previously published	AT1 cost adjustment	Reallocation of investment management activities	Retail other after reallocation	FNB previously published	AT1 cost adjustment	Reallocation of investment management activities	FNB after reallocation	WesBank previously published	AT1 cost adjustment	WesBank after reallocation
Net interest income before impairment of advances	6 981	(135)	–	6 846	37 963	(135)	–	37 828	4 814	(26)	4 788
Impairment charge	(1 302)	–	–	(1 302)	(9 079)	–	–	(9 079)	(2 074)	–	(2 074)
Net interest income after impairment of advances	5 679	(135)	–	5 544	28 884	(135)	–	28 749	2 740	(26)	2 714
Non-interest revenue	14 991	–	(98)	14 893	32 066	–	(98)	31 968	3 204	–	3 204
Income from operations	20 670	(135)	(98)	20 437	60 950	(135)	(98)	60 717	5 944	(26)	5 918
Operating expenses	(14 146)	–	94	(14 052)	(36 634)	–	94	(36 540)	(4 592)	–	(4 592)
Net income from operations	6 524	(135)	(4)	6 385	24 316	(135)	(4)	24 177	1 352	(26)	1 326
Share of profit of associates and joint ventures after tax	35	–	–	35	90	–	–	90	465	–	465
Income before tax	6 559	(135)	(4)	6 420	24 406	(135)	(4)	24 267	1 817	(26)	1 791
Indirect tax	(640)	–	–	(640)	(948)	–	–	(948)	(68)	–	(68)
Profit before tax	5 919	(135)	(4)	5 780	23 458	(135)	(4)	23 319	1 749	(26)	1 723
Income tax expense	(1 657)	38	1	(1 618)	(6 632)	38	1	(6 593)	(490)	7	(483)
Profit for the year	4 262	(97)	(3)	4 162	16 826	(97)	(3)	16 726	1 259	(19)	1 240
Attributable to											
Ordinary equityholders	4 262	(97)	(3)	4 162	16 280	(97)	(3)	16 180	1 235	(19)	1 216
Other equity instrument holders	–	–	–	–	–	–	–	–	–	–	–
Non-controlling interests	–	–	–	–	546	–	–	546	24	–	24
Profit for the year	4 262	(97)	(3)	4 162	16 826	(97)	(3)	16 726	1 259	(19)	1 240
Attributable earnings to ordinary equityholders	4 262	(97)	(3)	4 162	16 280	(97)	(3)	16 180	1 235	(19)	1 216
Headline earnings adjustments	–	–	–	–	–	–	–	–	–	–	–
Headline earnings	4 262	(97)	(3)	4 162	16 280	(97)	(3)	16 180	1 235	(19)	1 216
TRS and IFRS 2 liability remeasurement	–	–	–	–	–	–	–	–	–	–	–
Treasury shares	–	–	–	–	–	–	–	–	–	–	–
IAS 19 adjustment	–	–	–	–	–	–	–	–	–	–	–
Private equity-related	–	–	–	–	–	–	–	–	–	–	–
Normalised earnings	4 262	(97)	(3)	4 162	16 280	(97)	(3)	16 180	1 235	(19)	1 216

	RMB previously published	AT1 cost adjustment	Reallocation of investment management activities	RMB after reallocation	FCC previously published	AT1 cost adjustment	FCC after reallocation	Total restructures				
								FNB	WesBank	RMB	FCC	FirstRand group
	9 191	(94)	–	9 097	3 526	255	3 781	(135)	(26)	(94)	255	–
	(1 448)	–	–	(1 448)	17	–	17	–	–	–	–	–
	7 743	(94)	–	7 649	3 543	255	3 798	(135)	(26)	(94)	255	–
	11 432	–	98	11 530	(3 867)	–	(3 867)	(98)	–	98	–	–
	19 175	(94)	98	19 179	(324)	255	(69)	(233)	(26)	4	255	–
	(10 309)	–	(94)	(10 403)	(634)	–	(634)	94	–	(94)	–	–
	8 866	(94)	4	8 776	(958)	255	(703)	(139)	(26)	(90)	255	–
	1 356	–	–	1 356	(494)	–	(494)	–	–	–	–	–
	10 222	(94)	4	10 132	(1 452)	255	(1 197)	(139)	(26)	(90)	255	–
	(190)	–	–	(190)	(86)	–	(86)	–	–	–	–	–
	10 032	(94)	4	9 942	(1 538)	255	(1 283)	(139)	(26)	(90)	255	–
	(2 809)	26	(1)	(2 784)	1 772	(71)	1 701	39	7	25	(71)	–
	7 223	(68)	3	7 158	234	184	418	(100)	(19)	(65)	184	–
	7 071	(68)	3	7 006	(440)	184	(256)	(100)	(19)	(65)	184	–
	–	–	–	–	600	–	600	–	–	–	–	–
	152	–	–	152	74	–	74	–	–	–	–	–
	7 223	(68)	3	7 158	234	184	418	(100)	(19)	(65)	184	–
	7 071	(68)	3	7 006	(440)	184	(256)	(100)	(19)	(65)	184	–
	–	–	–	–	–	–	–	–	–	–	–	–
	7 071	(68)	3	7 006	(440)	184	(256)	(100)	(19)	(65)	184	–
	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–
	7 071	(68)	3	7 006	(440)	184	(256)	(100)	(19)	(65)	184	–

Additional information on internal restructures continued

for the year ended 30 June 2021

R million	Retail other previously published	AT1 cost adjustment	Reallocation of investment management activities	Retail other after reallocation	FNB previously published	AT1 cost adjustment	Reallocation of investment management activities	FNB after reallocation	WesBank previously published	AT1 cost adjustment	WesBank after reallocation
Cost-to-income ratio (%)	64.3			64.5	52.2			52.3	54.1		54.3
Diversity ratio (%)	68.3			68.6	45.9			45.9	43.3		43.4
Credit loss ratio (%)	8.03			8.03	1.91			1.91	1.61		1.61
Stage 3/NPLs as a % of advances	15.86			15.86	7.88			7.88	8.44		8.44
Consolidated income statement includes											
Depreciation	(2 395)	–	7	(2 388)	(3 039)	–	7	(3 032)	(906)	–	(906)
Amortisation	(81)	–	–	(81)	(132)	–	–	(132)	(67)	–	(67)
Net impairment charges	9	–	–	9	8	–	–	8	(18)	–	(18)
Consolidated statement of financial position includes											
Advances (before impairments)	15 712	–	–	15 712	473 944	–	–	473 944	127 088	–	127 088
– Normal advances (AC and FV)	15 712	–	–	15 712	473 944	–	–	473 944	117 502	–	117 502
– Securitised advances	–	–	–	–	–	–	–	–	9 586	–	9 586
Stage 3 NPLs	2 492	–	–	2 492	37 333	–	–	37 333	10 725	–	10 725
Investment in associated companies	438	–	–	438	797	–	–	797	2 527	–	2 527
Investment in joint ventures	–	–	–	–	–	–	–	–	7	–	7
Total deposits (including non-recourse deposits)	296 754	–	–	296 754	666 820	–	–	666 820	47	–	47
Total assets	42 116	–	–	42 116	482 699	–	–	482 699	129 043	–	129 043
Total liabilities	27 399	135	3	27 537	462 681	135	3	462 819	127 459	26	127 485
Capital expenditure	1 881	–	–	1 881	2 574	–	–	2 574	1 211	–	1 211

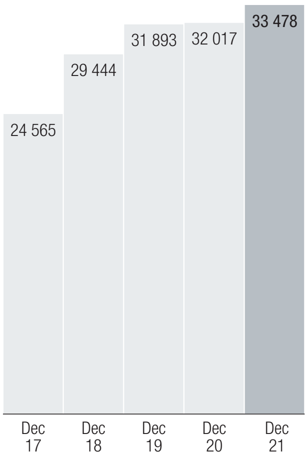
RMB previously published	AT1 cost adjustment	Reallocation of investment management activities	RMB after reallocation	FCC previously published	AT1 cost adjustment	FCC after reallocation	Total restructures				
							FNB	WesBank	RMB	FCC	FirstRand group
46.9			47.3	(75.9)	–	(>100)					
58.2			58.6	>100	–	>100					
0.41			0.41	(0.03)	–	(0.03)					
1.04			1.04	2.39	–	2.39					
(135)	–	(7)	(142)	(12)	–	(12)	7	–	(7)	–	–
(200)	–	–	(200)	(475)	–	(475)	–	–	–	–	–
(19)	–	–	(19)	(209)	–	(209)	–	–	–	–	–
353 174	–	–	353 174	51 379	–	51 379	–	–	–	–	–
353 174	–	–	353 174	38 050	–	38 050	–	–	–	–	–
–	–	–	–	13 329	–	13 329	–	–	–	–	–
3 679	–	–	3 679	1 230	–	1 230	–	–	–	–	–
4 065	–	–	4 065	1 142	–	1 142	–	–	–	–	–
2 081	–	–	2 081	(17)	–	(17)	–	–	–	–	–
256 601	–	–	256 601	328 419	–	328 419	–	–	–	–	–
591 309	–	–	591 309	358 064	–	358 064	–	–	–	–	–
579 744	94	(3)	579 835	247 594	(255)	247 339	138	26	91	(255)	–
278	–	–	278	65	–	65	–	–	–	–	–

analysis of results

Net interest income (before impairment of advances)

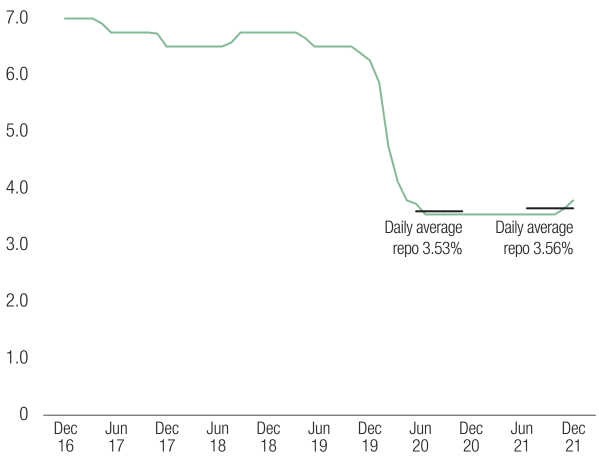
Net interest income (before impairment of advances) – up 5%

Net interest income
R million
CAGR 8%



Note: 2017 figures are based on IAS 39 and 2018 to 2021 figures on IFRS 9.

Repo rate – South Africa
%



Note: The average endowment book for the year was R325 billion excluding UK operations (the average endowment book for the UK operations was £239 million). Rates were higher by 3 bps on average in the current period, which translated into a positive endowment impact of approximately R45 million (R46 million including UK operations) on an unmitigated basis (i.e. gross impact).

MARGIN CASCADE TABLE

Percentage of average interest-earning banking assets (%)	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Opening normalised margin including UK operations	**4.27**	4.64	4.45
UK operations	**0.42**	0.42	0.46
Opening normalised margin excluding UK operations	**4.69**	5.06	4.91
Change in asset base*	**(0.09)**	(0.28)	(0.19)
Capital endowment	**0.06**	(0.23)	(0.14)
– Volume	**0.06**	0.03	0.07
– Average rate	**–**	(0.26)	(0.21)
Lending (interest earning assets)	**(0.07)**	0.03	(0.02)
– Change in volume and mix	**0.06**	0.13	0.05
– Asset pricing	**(0.14)**	(0.02)	(0.04)
– Interest suspended	**0.01**	(0.08)	(0.03)
Deposits	**0.04**	(0.01)	0.04
– Deposit endowment	**(0.01)**	(0.22)	(0.16)
– Change in composition and volume	**0.01**	0.29	0.20
– Deposit pricing	**0.04**	(0.08)	–
Group Treasury activities	**0.20**	0.16	0.26
– Accounting mismatches (MTM vs accrual on term issuance)	**0.05**	0.01	0.03
– FX management	**0.05**	0.02	0.09
– Liquidity management and funding costs	**0.10**	0.13	0.14
FNB rest of Africa	**–**	(0.04)	(0.05)
Normalised operating margin excluding UK operations	**4.83**	4.69	4.81
Impact of UK operations on margin	**(0.46)**	(0.42)	(0.46)
– MotoNovo back book	**(0.01)**	0.01	(0.01)
– MotoNovo front book	**(0.02)**	0.01	–
– Aldermore	**(0.43)**	(0.44)	(0.45)
Closing normalised margin including UK operations	**4.37**	4.27	4.35

* *Calculated as follows:*

R million	*Net interest income*	*Average balance sheet*	*% net interest margin*
December 2020 NII excluding UK operations	*26 816*	*1 133 248*	*4.69*
Average balance sheet increase		*24 043*	*(0.09)*
December 2020 rebased margin	***26 816***	***1 157 291***	***4.60***

Net interest income (before impairment of advances) continued

ACTIVITY ANALYSIS OF NET INTEREST INCOME BEFORE IMPAIRMENT OF ADVANCES

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020*	% change	2021
Net interest income				
Lending	**11 722**	12 115	(3)	22 025
Transactional**	**8 408**	8 099	4	17 685
Deposits	**1 755**	1 802	(3)	3 595
Capital endowment	**2 625**	2 285	15	4 391
Group Treasury	**1 830**	502	>100	2 849
FNB rest of Africa	**1 950**	1 923	1	3 825
Other (negative endowment, e.g. fixed assets)	**(93)**	90	(>100)	139
Total net interest income excluding UK operations	**28 197**	26 816	5	54 509
UK operations	**5 281**	5 201	2	10 002
– MotoNovo back book	**226**	705	(68)	985
– MotoNovo new book	**1 504**	1 171	28	2 445
– Aldermore	**3 551**	3 325	7	6 572
Total net interest income including UK operations	**33 478**	32 017	5	64 511

* *2020 numbers were restated in order to provide better attribution of NII by nature of activity.*

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

KEY DRIVERS

- Overall group NII increased 5% driven by growth across both advances and deposits. Advances grew 6% in the six months since June 2021 (4% if the currency impact of the UK operations and RMB cross-border book is excluded) and overall deposits increased 7% since June 2021 (5% excluding the currency impact of UK operations). The ongoing success of attracting retail, corporate and commercial deposits resulted in growth in the deposit franchise of 9%, resulting in a lower proportion of institutional funding which positively affected cost of funds.
- Average interest rates were largely stable period-on-period at 3.56% (December 2020: 3.53%), as the 25 bps rate hike only occurred in November 2021.
- Lending NII decreased 3%, impacted by a decline in margins despite growth in advances. Margins were lower as the retail business focused on originating lower-risk advances given the economic uncertainties. Furthermore the mix change to secured retail lending, and the contraction in VAF and personal loans, also reduced margins. Overall pricing was also impacted by competitive pressures.
- FNB SA advances margins decreased due to the mix change with lower-margin mortgage loan growth, whilst higher-margin unsecured lending declined. In addition, the deliberate focus on originating to lower-risk customers resulted in some NII drag. Stronger growth in commercial relative to retail also resulted in further margin pressure.
- Advances in FNB's rest of Africa portfolio were flat period-on-period (1% decrease in local currency). Namibia, Eswatini, Lesotho and Mozambique advances increased period-on-period, offset by declines in Botswana, Zambia and Ghana, driving the 1% contraction in NII. Advances margins, however, increased 4 bps as risk premiums increased. Deposits grew 10% (5% in local currency) with margins increasing 6 bps, benefiting from the change in product and country mix and lower funding costs.
- WesBank retail VAF margins also reduced due to the mix change to lower-risk origination and competitive pressures affecting pricing.
- RMB's NII declined 7%, despite advances growth, as most of the growth was only recorded in the last quarter of the period. In addition, lower-margin reverse repo advances marginally inflated growth. Average advances were actually lower period-on-period. Average deposits grew 9% but NII was adversely affected given the downward interest rate cycle and the impact of deep rate cuts in the rest of Africa portfolio.
- FNB SA retail deposit margins declined, driven by competitive pricing and the lag impact of endowment. Commercial deposit margins increased due to growth in the account base, particularly transactional deposits and the 48-hour cash accelerator. Average deposits benefited from good growth in cash investment and transactional products deposits of 6%. Overall FNB SA's deposit NII increased 7%.
- Group Treasury's contribution to the overall margin was influenced by the following factors:
  - support from the ALM strategies including investment in treasury bills and HQLA;
  - the lower requirement for term institutional funding given the strong deposit franchise performance;
  - improvements in liquidity management; and
  - accounting mismatches and certain one-off revenue items.
- UK operations' margins increased 28 bps in pound terms (1 bp in rand terms), largely driven by lower funding costs. Overall MotoNovo margins were affected by the front book origination being weighted towards lower-margin, better credit quality business following the launch of the MotoRate risk-based pricing proposition as well as the run-off of the higher-margin back book. Aldermore's net interest margin increased period-on-period due to improved funding costs, as the group actively responded to market demand and benefited from the low interest rate environment.

Net interest income (before impairment of advances) continued

AVERAGE BALANCE SHEET

R million	Notes	December 2021 Average balance	December 2021 Interest income/ (expense)	December 2021 Average rate %	December 2020* Average balance	December 2020* Interest income/ (expense)	December 2020* Average rate %
INTEREST-EARNING ASSETS							
Average prime rate (RSA)				**7.06**			7.03
Balances with central banks		**32 715**	**–**	**–**	31 027	–	–
Cash and cash equivalents		**42 823**	**549**	**2.54**	39 691	510	2.55
Liquid assets portfolio**		**266 792**	**6 090**	**4.53**	241 710	7 261	5.96
Loans and advances to customers	1	**814 961**	**33 158**	**8.07**	820 820	34 127	8.25
Interest-earning assets		**1 157 291**	**39 797**	**6.82**	1133 248	41 898	7.33
INTEREST-BEARING LIABILITIES							
Average JIBAR				**3.69**			3.67
Deposits due to customers	2	**(885 811)**	**(11 395)**	**2.55**	(831 192)	(10 355)	2.47
Group Treasury funding		**(293 888)**	**(6 702)**	**4.52**	(318 145)	(7 502)	4.68
Interest-bearing liabilities		**(1 179 699)**	**(18 097)**	**3.04**	(1 149 337)	(17 857)	3.08
ENDOWMENT AND TRADING BOOK							
Other assets#		**326 816**	**–**	**–**	276 090	–	–
Other liabilities†		**(146 320)**	**–**	**–**	(130 702)		–
NCNR preference shareholders		**(9 728)**	**–**	**–**	(8 242)	–	–
Equity		**(148 360)**	**–**	**–**	(121 057)	–	–
Endowment and trading book		**22 408**	**6 497**	**57.52**	16 089	2 775	34.21
Total interest-bearing liabilities, endowment and trading book		**(1 157 291)**	**(11 600)**	**1.99**	(1 133 248)	(15 082)	2.64
Net interest margin on average interest-earning assets		**1 157 291**	**28 197**	**4.83**	1 133 248	26 816	4.69
UK operations NIM on average interest-earning assets		**363 322**	**5 281**	**2.88**	353 523	5 201	2.92
– MotoNovo back book		**13 028**	**226**	**3.44**	27 972	705	5.00
– MotoNovo new book		**67 914**	**1 504**	**4.39**	46 309	1 171	5.02
– Aldermore		**282 380**	**3 551**	**2.49**	279 242	3 325	2.36
Net interest margin on average interest-earning assets including UK operations		**1 520 613**	**33 478**	4.37	1 486 771	32 017	4.27

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

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

\# Include preference share advances, trading assets and securitisation notes.

† Include trading liabilities.

NOTE 1 – MARGIN ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

R million	December 2021 Average balance	December 2021 Average margin %	December 2020* Average balance	December 2020* Average margin %
Average prime rate (RSA)		**7.06**		7.03
Advances				
Retail – secured	**330 085**	**2.28**	328 555	2.44
Residential mortgages	**230 692**	**1.82**	226 049	1.95
VAF	**99 393**	**3.35**	102 506	3.53
Retail – unsecured	**85 842**	**10.83**	88 630	10.93
Card	**31 987**	**7.65**	30 495	7.73
Personal loans	**39 121**	**14.23**	42 096	14.08
Retail other	**14 734**	**8.73**	16 039	8.73
Corporate and commercial	**347 593**	**2.54**	348 856	2.59
FNB commercial	**110 682**	**3.45**	104 332	3.59
– Mortgages	**30 030**	**2.17**	28 710	2.21
– Overdrafts	**37 807**	**5.03**	35 504	5.43
– Term loans	**42 845**	**2.95**	40 118	2.95
WesBank corporate	**27 468**	**1.96**	27 143	2.04
RMB CIB	**209 443**	**2.13**	217 381	2.16
FNB rest of Africa	**51 441**	**4.28**	54 779	4.24
Total advances excluding UK operations	**814 961**	**3.42**	820 820	3.54
UK operations	**298 424**	**3.44**	295 452	3.43
– MotoNovo back book	**13 028**	**1.75**	27 972	4.37
– MotoNovo new book	**67 914**	**4.39**	46 309	5.02
– Aldermore	**217 482**	**3.24**	221 171	2.98
Total advances including UK operations	**1 113 385**	**3.42**	1 116 272	3.51

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

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

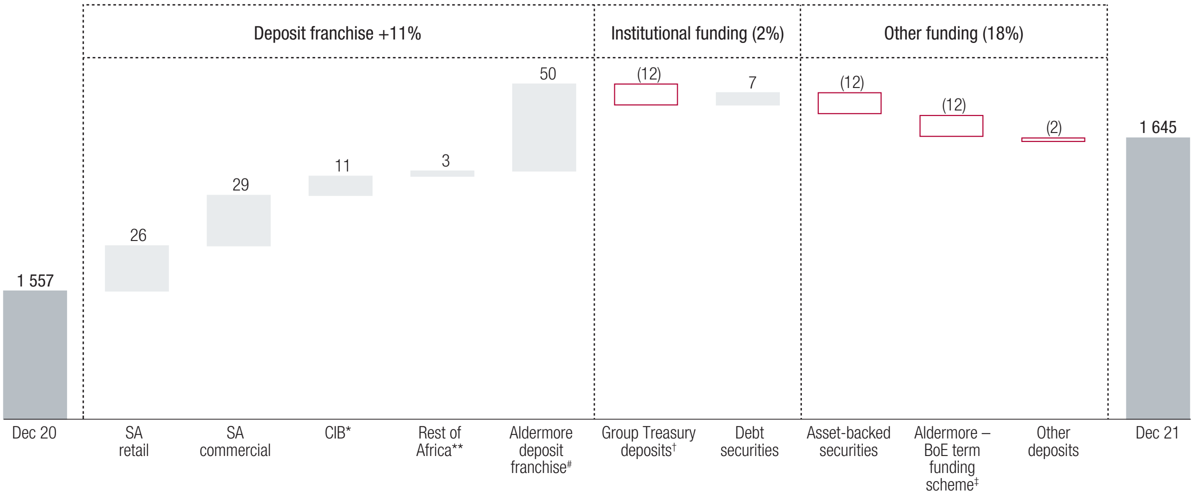
Where fixed-rate commitments are undertaken (fixed-rate loans or fixed deposits), transfer pricing will also include the cost of transferring the interest rate risk.

Net interest income (before impairment of advances) continued

Deposits – up 6%

Deposit growth by segment

R billion



* CIB deposits include South Africa and the London and India branches.

** Rest of Africa deposits include CIB deposits related to the rest of Africa subsidiaries.

\# The Aldermore deposit franchise, including corporate deposits, increased 14% (£1.58 billion) to £13 billion.

† Group Treasury deposits include the funding facility related to the South African Covid-19 government-guaranteed loan scheme.

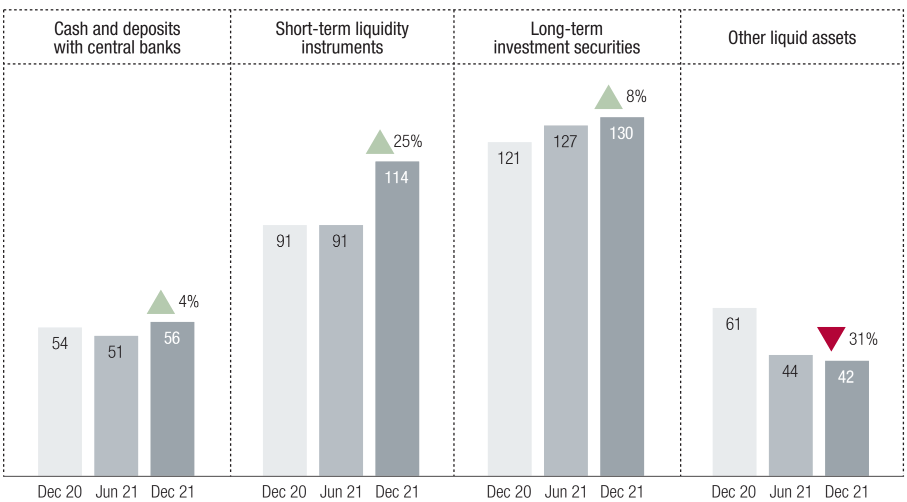
‡ Aldermore's utilisation of the BoE term funding scheme reduced by 35% as planned to £1.3 billion.

Liquidity management

Additional liquidity from higher deposit levels and lower advances growth was invested in short-term liquidity instruments (mainly treasury bills and reverse repos). These investments yield a lower margin.

Liquidity management by investment type

R billion



Note: The chart is based on rand liquid assets in FirstRand Bank (including foreign branches) and all other banking subsidiaries held by Group Treasury only.

NOTE 2 – MARGIN ANALYSIS ON DEPOSITS DUE TO CUSTOMERS

	December 2021		December 2020*	
	Average balance	Average margin %	Average balance	Average margin %
Average JIBAR (RSA)		**3.69**		3.67
Deposits				
Retail	**286 497**	**1.42**	268 462	1.47
Current and savings	**84 700**	**3.39**	75 876	3.52
Call	**108 762**	**0.85**	105 255	0.81
Term	**93 035**	**0.31**	87 331	0.49
Commercial	**334 296**	**1.87**	316 297	1.81
Current and savings	**127 572**	**3.53**	117 065	3.35
Call	**103 652**	**1.34**	102 360	1.37
Term	**103 072**	**0.36**	96 872	0.43
Corporate and investment banking	**212 139**	**0.87**	195 426	0.95
Current and savings	**104 455**	**1.35**	102 135	1.36
Call	**58 722**	**0.54**	52 510	0.58
Term	**48 962**	**0.21**	40 781	0.40
FNB rest of Africa	**52 879**	**2.36**	51 007	2.30
Total deposits excluding UK operations	**885 811**	**1.52**	831 192	1.53
UK operations**	**313 104**	**–**	294 161	–
Total deposits including UK operations	**1 198 915**	**1.12**	1 125 353	1.13

* *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.

Net interest income (before impairment of advances) continued

KEY DRIVERS

- FNB SA's deposit base grew 9%:
  - To meet client needs in a lower interest rate environment, growth in retail deposits was supported by new client acquisition and the development of solutions which included money management initiatives to simplify savings.
  - Another example would be the retirees value proposition launched during July 2020 resulting in good growth with the added benefit of terming out of investments, which underpinned growth in fixed and notice deposits.
  - These initiatives helped FNB to have the largest market share of household deposits per the December 2021 BA900 returns.
  - Commercial deposits increased due to proactive client engagement, cash flow solutioning initiatives and preferential pricing for client relationships. Growth was partially offset by a decrease in public sector deposit balances.
- The rise in RMB CIB core deposits reflects the continued implementation of its deposit strategy, including client focus through compelling product offerings at competitive pricing.
- Aldermore benefited from the increase in demand for savings products in the UK. Targeted strategies and pricing underpinned deposit growth, and client acquisition and retention.
- The relatively stronger growth in the group's deposit franchises enabled Group Treasury to marginally reduce its institutional funding.
- The reduction in other funding was primarily due to ongoing amortisation of structured funding instruments and muted issuances over the period.

Credit

CREDIT HIGHLIGHTS AT A GLANCE

R million	Notes	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Total gross advances	1 on p.100	**1 355 666**	1 275 510	6	1 274 052
– Stage 1		**1 191 016**	1 096 909	9	1 101 949
– Stage 2		**110 172**	117 316	(6)	111 398
– Stage 3/NPLs	3 on p.114	**54 478**	61 285	(11)	60 705
Stage 3/NPLs as a % of advances	3 on p.114	**4.02**	4.80		4.76
Advances (net of impairment)		**1 305 463**	1 222 120	7	1 223 434
Impairment charge	5 on p.122	**4 027**	9 414	(57)	13 660
Credit loss ratio (%)	5 on p.122	**0.61**	1.46		1.06
Impairment charge excluding UK operations	5 on p.122	**3 734**	8 177	(54)	12 630
Credit loss ratio excluding UK operations (%)	5 on p.122	**0.73**	1.64		1.27
Total impairments	4 on p.120	**50 203**	53 390	(6)	50 618
Portfolio impairments	2 on p.112	**23 769**	25 370	(6)	23 142
– Stage 1		**11 587**	11 663	(1)	10 451
– Stage 2		**12 182**	13 707	(11)	12 691
Stage 3 impairments		**26 434**	28 020	(6)	27 476
Specific coverage ratio (%)*		**48.5**	45.7		45.3
Total impairment coverage ratio (%)**	4 on p.120	**92.2**	87.1		83.4
Performing book coverage ratio (%)#	2 on p.112	**1.83**	2.09		1.91

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

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

\# *Portfolio impairments as a % of the performing book (stage 1 and stage 2).*

In summary

The group's credit performance continues to reflect positive underlying trends. Advances growth was strong in the retail mortgage, commercial and corporate portfolios as demand and appetite increased. Retail unsecured and VAF advances growth remained subdued. Growth in the UK operations was driven by vehicle finance (MotoNovo) and the Aldermore commercial business. Growth in advances in the rest of Africa was driven by the Namibia portfolio. Refer to pages 80 and 81 for more detail on advances growth.

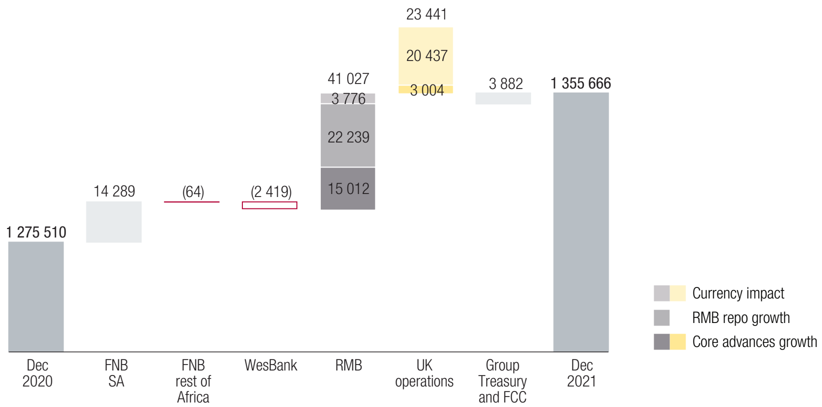
The composition of advances also reflects positive trends, with stage 2 and stage 3 advances declining 1% and 10% since June 2021, respectively. Stage 1 advances grew 8%. The improvement is even more pronounced period-on-period, with a contraction of 6% and 11% in stage 2 and 3 advances, respectively. Refer to pages 82 and 83 for more information on stage 2 and pages 84 to 87 for stage 3/NPL.

The group's credit loss ratio continued to reduce with all segments now at or below through-the-cycle levels. Balance sheet impairment levels remained prudent, with additional judgemental out-of-model impairments recognised during the period. Refer to pages 86 to 90 for additional insight.

Credit continued

Gross advances – up 6%

Gross advances growth by business
R million



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

	As at 31 December			As at	December 2021
R million	**2021**	2020	% change	30 June 2021	vs June 2021 % change
Total advances	**1 355 666**	1 275 510	6	1 274 052	6
Assets under agreements to resell	**(88 160)**	(56 525)	56	(65 584)	34
Total	**1 267 506**	1 218 985	4	1 208 468	5
UK operations and dollar cross-border book currency impact*	**(24 213)**	–	–	6 054	(>100)
Core advances	**1 243 293**	1 218 985	2	1 214 522	2

* *If the exchange rate (pound: R21.47 and dollar: R15.89) had remained unchanged from 31 December 2020 (pound: R20.06 and dollar: R14.68). For further information on exchange rates, refer to page 228.*

Advances growth

Gross advances increased 6% from June 2021. Excluding the currency impact of the UK operations and the RMB cross-border book, gross advances increased 4% from June 2021. This is evidence of a steady uptick in origination in line with measured appetite growth.

FNB SA advances grew 3% period-on-period, with 3% growth in residential mortgages offset by a 3% decline in unsecured advances, driven by a 2% contraction in the personal loans portfolio (excluding the Covid-19 relief advances). Advances growth in the six months to December 2021 showed positive new business flow levels, supported by the continuing moderation in underwriting criteria. Payout levels in residential mortgages for the period under review were at record levels, supported by low interest rates, growth in first-time home buyers and the catch-up at the deeds office, particularly in the most recent quarter. The run-off (repayments) of the personal loans book, however, outpaced origination, given a more cautious approach against a backdrop of unemployment and income uncertainty. In the direct marketing channels, regulatory limitations and lower response rates also contributed to the decline. Card advances grew 3% from December 2020, with stronger growth as consumer card spending recovered. The decline in retail other reflects lower overdraft advances.

WesBank retail VAF advances declined 3%, as the run-off rate of the book (repayments and higher levels of write-offs) exceeded new business inflows. New business is gradually recovering but the volumes lost during the last two years have resulted in a rebasing of the book. New business increased 12% period-on-period, which can be attributed to an increase in average loan value, as reflected by the 6.2% decline in the number of accounts despite the increase in new business. Sales in the new passenger car market grew 22% period-on-period, off a low base. (This increase includes fleet restocking.) Dealers are struggling to meet increased customer demand on both new and used vehicles, primarily due to global supply chain disruptions and insufficient model availability, resulting in increased vehicle pricing pressure. Corporate and commercial advances continued to grow in selected sectors.

FNB commercial advances grew 9% (excluding the SME government-guaranteed loan scheme), reflecting the improvement in economic activity and appropriate risk appetite changes. Growth in commercial property finance (+4%), asset-based finance (+11%), fleet card (+>100%), specialised finance (+24%) and Islamic banking (+13%) was offset by a decline in transactional lending products (-4%) due to lower utilisation of facilities. The agricultural portfolio grew 13% on the back of seasonal growth, a low base in the prior year, a sharp increase in input costs and good new business written. The government-guaranteed loan scheme for SMEs declined 4% to R1.48 billion as the book runs off as payments are received.

RMB core advances increased 6% period-on-period and 9% since June 2021. Growth was mostly driven by working capital facilities. The rand devalued 8% against the dollar period-on-period, contributing to the increase in the RMB cross-border advances book of 4% in rand terms (4% contraction in dollar terms). The reverse repo book increased 45% period-on-period (up 22% since June 2021) driven by client funding requirements. Total RMB advances grew 12% period-on-period, however average advances period-on-period reflected a decline.

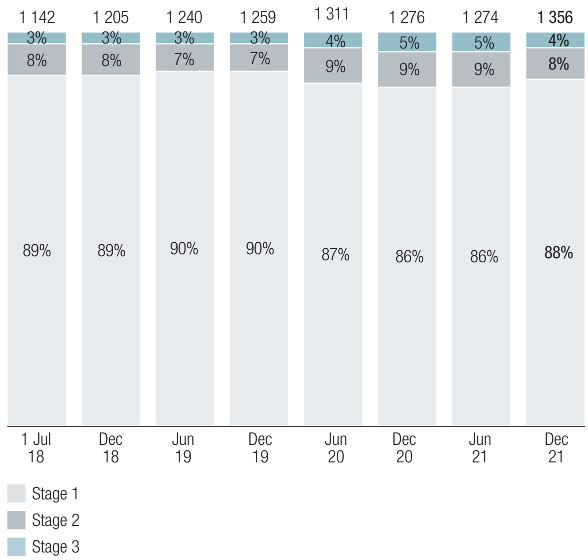
Rest of Africa advances increased 2%, but contracted 1% in local currency terms, impacted by continued cautious appetite and higher write-offs. Namibia's advances grew 2%, supported by the improving macros as the recession ended. Botswana advances contracted 3% (2% in pula terms), reflecting the weak macroeconomic environment, cautious lending and increased competition in high-value schemes. Zambia advances grew 13% (down 18% in kwacha terms). The contraction in local currency reflects the ongoing weak economic environment as well as accelerated write-offs in retail and commercial books, which was partially offset by a strong performance in the corporate portfolio. Mozambique advances contracted 6% (26% in metical) as a result of lower repo transactions despite an increase in retail and commercial advances. This was driven by economic improvement in the agricultural sector and expansion in mining and mineral exports.

Advances grew 1% in the UK operations (8% in rand terms) supported by 4% growth in MotoNovo and 6% in commercial lending as Covid-19 restrictions ended and the UK economy recovered. MotoNovo advances growth was supported by the buoyant second-hand car market and commercial lending by large deals in the mortgage portfolio, wholesale lending in asset finance and improved utilisation levels in invoice finance. Aldermore retail advances contracted 3%, reflecting its risk appetite, higher levels of competition and elevated redemption levels.

Credit continued

Stage distribution

Gross advances by stage
R billion



STAGE 1

Stage 1 advances grew 9% period-on-period. Analyses are contained in note 1, page 100.

STAGE 2 ADVANCES

	As at 31 December 2021			
R million	Stage 2 arrears	Covid-19 relief in current status	Other stage 2 advances in current status	Total stage 2
Residential mortgages	3 424	2 175	9 745	15 344
WesBank VAF	3 370	1 467	6 818	11 655
FNB card	352	546	1 603	2 501
Personal loans	2 097	833	4 147	7 077
Retail other	423	175	1 507	2 105
Total SA retail	**9 666**	**5 196**	**23 820**	**38 682**
FNB commercial	812	1 115	8 643	10 570
WesBank corporate	271	249	1 116	1 636
Total SA commercial	**1 083**	**1 364**	**9 759**	**12 206**
Total SA retail and commercial	**10 749**	**6 560**	**33 579**	**50 888**

STAGE 2

Total stage 2 reflect a marginal increase period-on-period, despite a significant reduction in operational arrears. This is largely related to the June 2021 impact of the significant increase in credit risk (SICR) indicators for the SA retail and commercial portfolios which were refined to incorporate behaviour emerging from data and models, e.g. customers using savings and supporting or relying on family members. The SICR refinements were intended to specifically cater for performing customers given uncertainty related to the length and severity of the third and future Covid-19 waves and the fact that many customers, particularly in the most severely affected sectors, had already utilised their emergency savings. The updated indicators were maintained at December 2021.

The group maintained the application of the stress scenario for the South African retail and commercial portfolios as a temporary measure to capture uncertainty in the South African operating environment and the inability of economic forecasts and existing statistical models to adequately capture short-term shocks. The weighting of the stress scenario has, however, decreased from 11% at June 2021 to 8% at December 2021. Refer to pages 205 to 209 for more detail. The stress scenario resulted in R967 million (June 2021: R1.2 billion) of SA retail advances and R98 million (June 2021: R99 million) of SA commercial advances migrating into stage 2.

Since June 2021 the distribution of the book improved, reflective of the improvement in the operating environment, together with good collection activities.

Residential mortgage stage 2 advances decreased R3.3 billion (18%) since December 2020 (R591 million or 4% decrease since June 2021). Card stage 2 advances decreased R161 million (6%) since June 2021, whilst personal loans increased marginally (1% or R90 million) since June 2021. WesBank VAF stage 2 advances decreased 9% or R1.1 billion since June 2021. Arrears levels continued to trend down, with positive payment behaviour in the relief portfolios. Paying stage 2 accounts now represent the largest category, reflecting positive payment behaviour and cautious SICR indicators.

FNB commercial stage 2 advances increased R345 million since June 2021 as the prudent stage 2 classification remained in place following the watchlist increasing at June 2021 to address high-risk industries, specifically those impacted by the pandemic and lockdowns. Paying Covid-19 relief customers increased, reflecting the continued better-than-expected performance of that portfolio.

RMB CIB stage 2 advances decreased R602 million (2%) period-on-period, however, there was a significant decline of R2.3 billion since June 2021, reflecting the benefit of partial settlements and the curing to stage 1 of a number of counterparties.

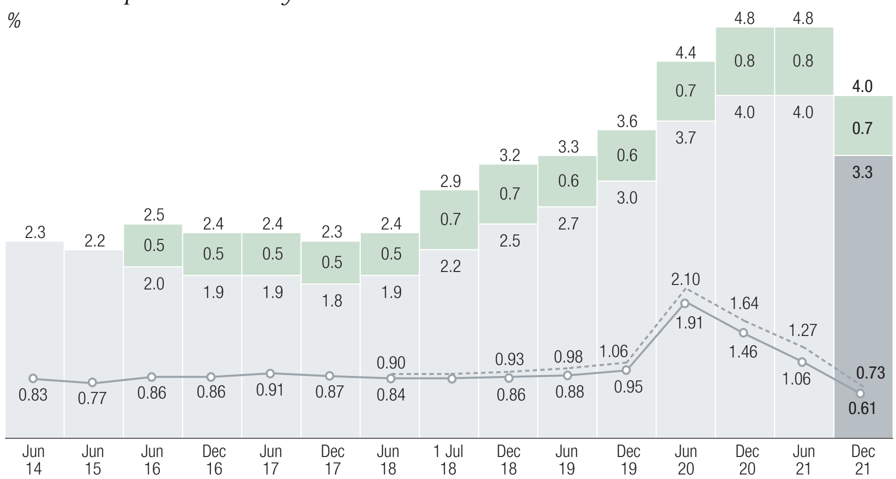
Stage 2 advances in the UK operations contracted 25% in pound terms (20% in rand) reflecting the improved economic environment and the migration to stage 1.

As at 31 December 2020				As at 30 June 2021			
Stage 2 arrears	Covid-19 relief in current status	Other stage 2 advances in current status	Total stage 2	Stage 2 arrears	Covid-19 relief in current status	Other stage 2 advances in current status	Total stage 2
2 542	8 212	7 921	18 675	3 209	2 957	9 769	15 935
4 604	2 603	4 013	11 220	3 642	1 865	7 281	12 788
439	1 010	879	2 328	488	621	1 553	2 662
2 040	1 973	3 287	7 300	1 814	893	4 280	6 987
526	1 673	541	2 740	445	210	1 986	2 641
10 151	15 471	16 641	42 263	9 598	6 546	24 869	41 013
1 153	1 405	4 534	7 092	1 053	694	8 478	10 225
573	168	652	1 393	470	328	1 200	1 998
1 726	1 573	5 186	8 485	1 523	1 022	9 678	12 223
11 877	17 044	21 827	50 748	11 121	7 568	34 547	53 236

Credit continued

STAGE 3: NON-PERFORMING LOANS

NPL and impairment history



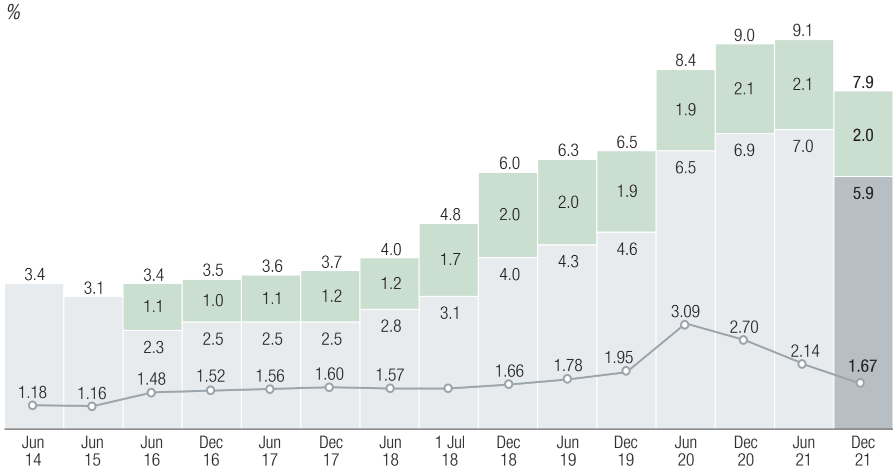
Stage 3/NPLs as a % of advances

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

Impairment charge as a % of average advances

Impairment charge excluding UK operations

SA retail NPLs and impairments



Stage 3/NPLs as a % of advances

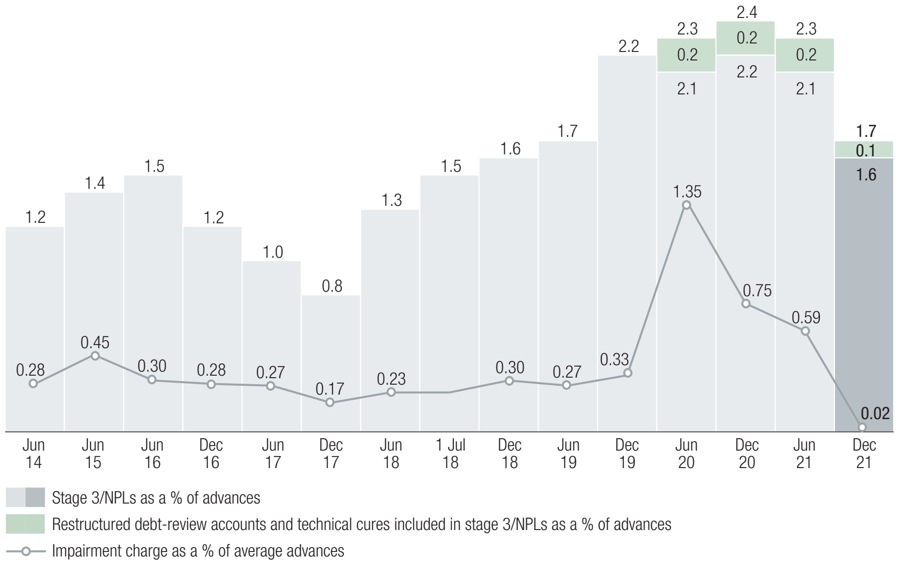
Restructured debt-review accounts and technical cures included in stage 3/NPLs as a % of advances

Impairment charge as a % of average advances

Note: 2014 to 2018 figures are based on IAS 39 and 1 July 2018 to 2021 on IFRS 9.

SA corporate and commercial NPLs and impairments

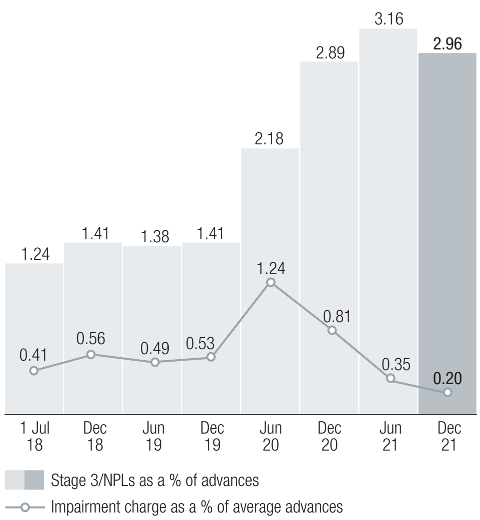
%



Note: 2014 to 2018 figures are based on IAS 39 and 1 July 2018 to 2021 on IFRS 9.

UK operations NPLs and impairments

£%



Credit continued

CHANGE IN NPLs

	31 December 2021 vs 31 December 2020			31 December 2021 vs 30 June 2021		
	R million	**% change**	**Percentage point contribution to overall NPL increase**	R million	% change	Percentage point contribution to overall NPL increase
Operational NPLs*	**(5 217)**	**(13)**	**(8)**	(3 420)	(9)	(5)
Covid-19 relief paying NPLs**	**(1 635)**	**(48)**	**(3)**	(2 411)	(58)	(4)
Other paying NPLs#	**(839)**	**(9)**	**(1)**	(667)	(7)	(1)
NPLs (excluding UK operations)	**(7 691)**	**(15)**	**(12)**	(6 498)	(13)	(10)
UK operations	**884**	**11**	**1**	271	3	–
Total group NPLs	**(6 807)**	**(11)**	**(11)**	(6 227)	(10)	(10)

* *Include advances that received Covid-19 relief, other advances and debt-review ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears still subject to curing criteria.*

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

SA retail NPLs decreased 12% from R37.3 billion in June 2021 to R32.7 billion at December 2021 (December 2020: R37.3 billion). NPLs as a percentage of advances decreased to 7.85% (December 2020: 9.01%; June 2021: 9.05%) reflecting the curing of paying NPLs, slower inflow and strong collections, further supported by the increase in advances.

Residential mortgages NPLs increased R411 million period-on-period, given the expiry of relief periods and ongoing customer strain, but reduced R762 million since June 2021. Personal loans NPLs (excluding Covid-19 relief advances) contracted R1.4 billion and card NPLs decreased R53 million period-on-period. NPLs reduced in personal loans, reflecting the benefit of prior risk cuts implemented. An earlier write-off point of three consecutive months in NPL was applied to the Covid-19 relief portfolio.

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

BALANCE SHEET IMPAIRMENTS

	31 December 2021			
R million	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Opening balance	**50 618**	**10 451**	**12 691**	**27 476**
Transfers between stages	**–**	**1 241**	**(1 778)**	**537**
ECL provided on new business*	**2 897**	**1 674**	**887**	**336**
ECL provided/(released) on back book*	**3 990**	**(1 781)**	**253**	**5 518**
Gross write-off** and other*	**(7 035)**	**191**	**185**	**(7 411)**
Temporary stress scenario	**(267)**	**(189)**	**(56)**	**(22)**
Closing balance	**50 203**	**11 587**	**12 182**	**26 434**

* *Net interest recognised on stage 3 advances of R1 630 million (December 2020: R1 662 million; June 2021: R3 369 million) is included in the expected credit loss (ECL) provided/(released) amounts, but is excluded from gross write-off and other.*

** *Write-off of gross balances excluding prior year provisions held.*

WesBank VAF NPLs decreased due to lower inflows, improved curing and increased write-offs. Lengthening in repossession timeframes continued due to persistent court delays.

FNB commercial NPLs declined 15% to 4.84% of advances (December 2020: 6.22%; June 2021: 5.74%). The decline was driven by:

> high write-offs (based on a 15-month write-off rule);
> lower stage 3 inflows in the transactional lending portfolio (-22%);
> the property finance portfolio (-18%) due to significant recoveries made from a number of clients; and
> recoveries made on the agricultural portfolio (-5%) following the recovery from previous drought conditions and a few large clients curing out of NPL status.

CIB NPLs decreased 24% to 0.76% of advances (December 2020: 1.12%; June 2021: 1.07%), reflecting partial settlement and curing of several counterparties.

The rest of Africa NPL ratio decreased from 5.84% at June 2021 (December 2020: 6.36%) to 5.43%. Namibia NPLs increased driven by retail clients affected by the recession, whilst Botswana and Zambia NPLs decreased, driven by write-offs and a slowdown in new inflows.

UK operations NPLs grew 3% in pound terms (11% in rand terms) driven by the retail business and MotoNovo following the UK's ban on collateral repossession, which stalled the workout process. Aldermore commercial NPLs improved, driven by cures.

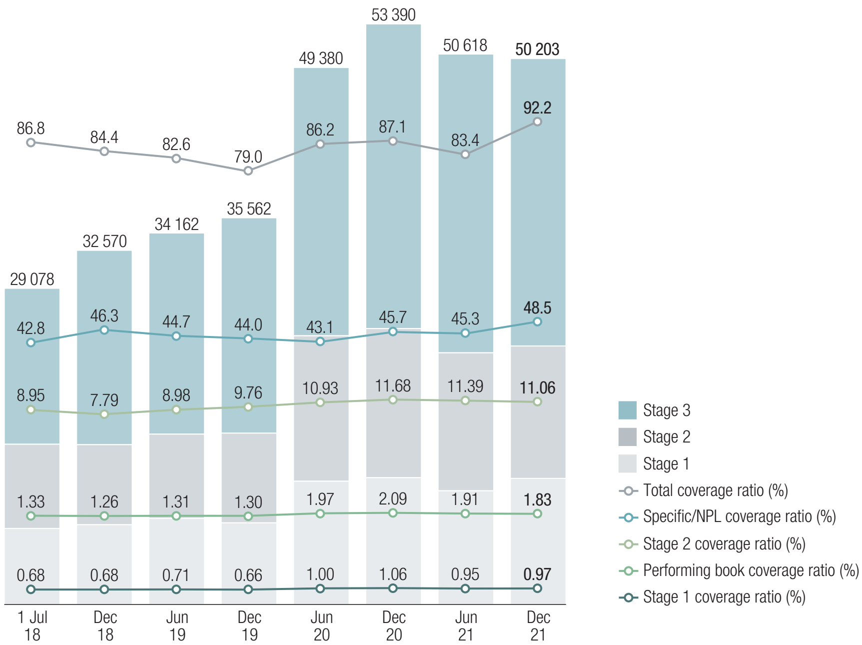
	31 December 2020				30 June 2021			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
	49 380	11 335	13 372	24 673	49 380	11 335	13 372	24 673
	–	403	(3 039)	2 636	–	996	(4 316)	3 320
	2 333	1 436	584	313	4 800	2 321	1 287	1 192
	9 606	(1 269)	3 087	7 788	13 531	(4 140)	2 434	15 237
	(7 929)	(242)	(297)	(7 390)	(17 576)	(314)	(272)	(16 990)
	–	–	–	–	483	253	186	44
	53 390	11 663	13 707	28 020	50 618	10 451	12 691	27 476

Credit continued

Balance sheet impairments and coverage

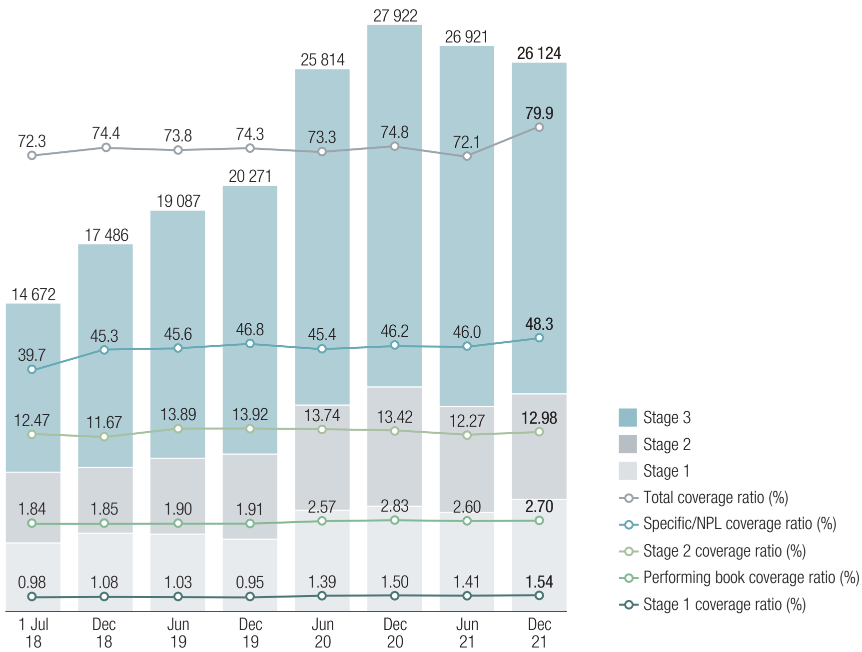
Balance sheet impairments and coverage ratios

R million and %

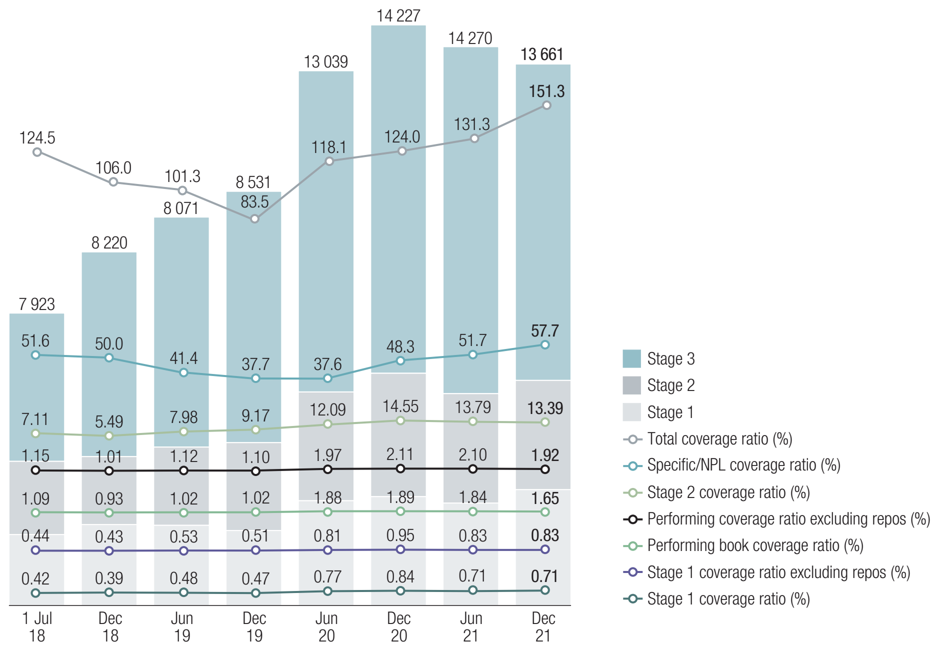


SA retail balance sheet impairments and coverage ratios

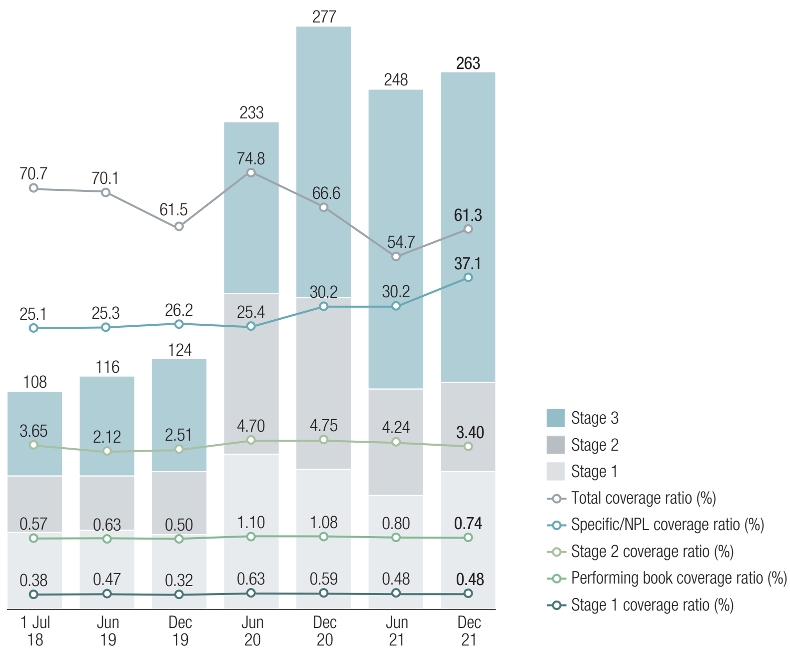
R million and %



SA corporate and commercial balance sheet impairments and coverage ratios
R million and %



UK operations balance sheet impairments and coverage ratios
£ million and %



Credit continued

PERFORMING COVERAGE

The SA retail performing (stage 1 and 2) impairment coverage ratio decreased marginally to 2.70% (December 2020: 2.83%) but is marginally up since June 2021 (2.60%), reflecting the group's continued prudent approach to balance sheet provisioning. Coverage was maintained due to the continued uncertainty associated with Covid-19 and the emergence of other risks in the operating environment, most notably the impact of the revised debit order process, rising inflation and increasing interest rate pressure. Lower coverage since December 2020 resulted from the change in asset mix due to higher growth in secured lending and a contraction in unsecured loans, the deliberate mix change to lower-risk customers, a change in the mix of arrears vs paying stage 2 accounts and an improving macro environment, which improved the FLI position.

The refined SICR indicators and the stress scenario which were implemented at June 2021, remained in place. The unwind of the Covid-19 relief-related provisions and the general improvement in the macroeconomic FLI and LGD levels in the secured portfolios continue to offset the emerging risks. The stress scenario portfolio provisions in the retail portfolio reduced R121 million from R291 million at June 2021 as the macro environment continued to improve.

FNB commercial performing coverage reduced from 2.58% at June 2021 to 2.20% (December 2020: 2.98%) due to the general improvement in FLI, partially offset by industry-specific, post-model adjustments. The change in mix of arrears vs paying stage 2 accounts also impacted coverage, as was the case in retail. The impact of the application of the stress scenario decreased from R148 million at June 2021 to R24 million, following the improvement in the economic outlook and a change in the weightings in the stress scenario from 11% to 8%.

Corporate performing coverage was impacted by R22.2 billion (45%) growth in repos period-on-period and R12.6 billion since June 2021, which have no coverage due to their short-term and highly collateralised nature. Corporate performing coverage, excluding the repo book, decreased from 2.06% to 1.93%, reflecting growth in performing advances, the improvement in the macroeconomic environment and curing from NPLs into stage 2 of highly collateralised counterparties.

Performing coverage in the UK operations declined to 0.74% (December 2020: 1.08%; June 2021: 0.80%), driven by a reduction in MotoNovo's performing coverage, which decreased from 1.44% at June 2021 to 1.26% given the improvement in the macros and the change in FLI. The lower coverage across the portfolios reflects the reduction in Covid-19 relief-related provisions as all active payment holiday periods expired, early-stage arrears improved and the macroeconomic forward-looking view became more favourable.

STAGE 3 COVERAGE

FNB retail stage 3 impairment coverage increased following the curing of a large portion of paying NPLs, in line with expectations and as communicated at the June 2021 year end (lower coverage on paying NPLs/technical cures). Remaining NPLs reflected a marginal deterioration and higher coverage.

Corporate stage 3 coverage increased to 56.8% (December 2020: 42.6%; June 2021: 45.9%), reflecting the settlements in the lending portfolio and the ongoing high coverage on private equity loans and remaining lending counterparties, i.e. mix change.

Stage 3 coverage in the rest of Africa decreased due to the write-off of highly covered NPLs as well as a mix change to lower-coverage NPLs in Namibia (mostly mortgages).

Stage 3 coverage in the UK operations increased from 30.2% to 37.1%, reflecting increased coverage on long-outstanding accounts, particularly in MotoNovo and owner-occupied residential mortgages.

Impairment charge

The group credit loss ratio continues to reduce, reflecting the positive trend in the performance of most portfolios and the improvement in macros. The credit loss ratios for most portfolios are at or below through-the-cycle ranges, despite judgemental out-of-model adjustments recognised across various portfolios.

ANALYSIS OF IMPAIRMENT CHARGE

	Six months ended				December 2021 vs June 2021	June 2021 vs December 2020	December 2020 vs June 2020
	31 December	30 June	31 December	30 June			
R million	**2021**	2021	2020	2020	% change	% change	% change
Performing book provisions	**627**	(2 228)	663	8 950	(>100)	>100	(93)
NPL provision	**(1 042)**	(544)	3 347	4 868	92	(>100)	(31)
Credit provision (decrease)/ increase	**(415)**	(2 772)	4 010	13 818	(85)	(>100)	(71)
Modification loss	**412**	348	294	513	18	18	(43)
Gross write-off* and other**	**5 405**	7 940	6 267	5 115	(32)	27	23
Post write-off recoveries	**(1 375)**	(1 270)	(1 157)	(997)	8	10	16
Total impairment charge	**4 027**	4 246	9 414	18 449	(5)	(55)	(49)
Credit loss ratio (%)	**0.61**	0.67	1.46	2.87			
Credit loss ratio excluding UK operations (%)	**0.73**	0.90	1.64	3.15			

* *Write-off of gross balances excluding prior period provisions held.*

** *Net interest recognised on stage 3 advances of R1 630 million (December 2020: R1 662 million; June 2021: R3 369 million) is excluded from write-off and other and included in the NPL provision.*

Credit continued

The reduction in the FNB retail credit loss ratio (CLR) to 1.69% (2.91% at December 2020) was underpinned by a strong operational performance, as the relief book performed slightly better than expected, with no further impairment charges required in the period. Similarly advances that did not receive relief performed slightly better than expected as consumers continued to benefit from low interest rates. This was further supported by the improvement in the macroeconomic FLI relative to December 2020 and June 2021, positive collections outcomes and reduced roll rates over the period.

The WesBank VAF CLR decreased to 1.64% (2.04% at December 2020), reflecting a significant improvement in arrears as the risk profile of the book and collections improved, offset by higher levels of write-offs.

The FNB commercial credit loss ratio of 0.11% reflects proactive provisioning in previous periods (December 2020: 1.65%). Balance sheet provisions were retained as uncertainty in the operating environment remains, e.g. loadshedding, adverse weather and stress in certain property asset classes.

As explained on page 205, the short-term stress scenario applied at 31 December 2021 resulted in provisions of R216 million, down from R483 million at June 2021. This was due to an improvement in the economic outlook. The weightings for the stress scenario changed from 11% to 8%, benefiting the impairment charge for the period.

The table on the next page analyses the income statement components based on total balance sheet movements. Below are the definitions and key drivers of the income statement components.

INCOME STATEMENT COMPONENT	DEFINITION	KEY DRIVERS
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.	Increase in stage 1 volume reflects advances growth, particularly in the corporate and commercial portfolios and in the UK operations.
Change in stage 1 coverage	Calculated as the difference in coverage period-on-period multiplied by the 31 December 2021 stage 1 advances.	The increase in the stage 1 coverage reflects the remaining uncertainty in the environment particularly relating to rising interest rates and inflation, and management's out-of-model adjustments to address it. In the UK operations the improved FLIs had a larger impact, driven by the significantly improved outlook.
Volume change in stage 2	Determined by using the stage 2 coverage in the prior period applied to the movement between prior and current period stage 2 advances.	The decrease in stage 2 volume is due to cures, slower roll rates and settlements in most of the portfolios.
Change in stage 2 coverage	Calculated as the difference in coverage period-on-period multiplied by the 31 December 2021 stage 2 advances.	The marginal decline in stage 2 coverage reflects lower coverage for commercial paying stage 2 accounts, which carry lower coverage than arrear advances, curing and partial settlement in corporate.
Change in stage 3 provisions (NPLs)	Difference between current and prior period NPLs.	The decrease in stage 3 provisions is as a consequence of the continued contraction in NPLs in the South African portfolios, with coverage in the rest of Africa decreasing following accelerated write-off. The UK operations increased provisions for long outstanding NPLs impacted by the lingering impact of the ban on repossession.
Write-offs and other	Gross advances written off.	Write-offs amounted to R5.4 billion, lower than in the prior period, largely benefiting from collections and the lower-risk origination strategy. This was also due to more write-offs for the six months to June taking place as court backlogs cleared, Covid-19 relief loans (R395 million) were written off earlier and long-outstanding NPLs in the rest of Africa were cleared up.

Credit continued

INCOME STATEMENT ANALYSIS

R million	Six months ended 31 December 2021			
	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage
SA retail	32	586	(288)	276
– Secured	50	71	(127)	237
– Unsecured	7	137	(131)	63
– Temporary stress scenario	(25)	(42)	(30)	(24)
– FNB centre	–	420	–	–
Commercial	48	(4)	30	(367)
Corporate	196	35	(37)	(96)
Rest of Africa	76	52	(41)	82
UK operations	209	(98)	(100)	35
FCC	(94)	98	(25)	22
Total	**467**	**669**	**(461)**	**(48)**

R million	Six months ended 31 December 2020			
	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage
SA retail	(298)	488	531	139
– Secured	(34)	(61)	156	111
– Unsecured	(264)	(71)	375	28
– Temporary stress scenario	–	–	–	–
– FNB centre	–	620	–	–
Commercial	140	(46)	(218)	304
Corporate	4	216	(1 417)	817
Rest of Africa	(87)	115	317	(109)
UK operations	(21)	(202)	33	(69)
FCC	102	(83)	115	(108)
Total	(160)	488	(639)	974

* *Write-off of gross balances excluding prior year provisions held. Net interest recognised on stage 3 advances of R1 630 million (December 2020: R1 662 million; June 2020: R3 369 million) is excluded from write-off and other.*

	Six months ended 31 December 2021					
	Change in stage 3 provisions	**Credit provision decrease**	**Modification loss**	**Gross write-off and other***	**Post write-off recoveries**	**Total**
	(1 403)	**(797)**	**412**	**4 877**	**(1 040)**	**3 452**
	(498)	**(267)**	**66**	**1 365**	**(175)**	**989**
	(883)	**(807)**	**346**	**3 512**	**(865)**	**2 186**
	(22)	**(143)**	**–**	**–**	**–**	**(143)**
	–	**420**	**–**	**–**	**–**	**420**
	(365)	**(658)**	**–**	**714**	**(56)**	**–**
	(49)	**49**	**–**	**1**	**(1)**	**49**
	59	**228**	**–**	**162**	**(158)**	**232**
	716	**762**	**–**	**(349)**	**(120)**	**293**
	–	**1**	**–**	**–**	**–**	**1**
	(1 042)	**(415)**	**412**	**5 405**	**(1 375)**	**4 027**

	Six months ended 31 December 2020					
	Change in stage 3 provisions	Credit provision increase	Modification loss	Gross write-off and other*	Post write-off recoveries	Total
	1 248	2 108	303	4 103	(904)	5 610
	541	713	93	932	(157)	1 581
	707	775	210	3 171	(747)	3 409
	–	–	–	–	–	–
	–	620	–	–	–	620
	356	536	(9)	490	(42)	975
	1 032	652	–	170	(2)	820
	(89)	147	–	676	(72)	751
	828	569	–	785	(117)	1 237
	(28)	(2)	–	43	(20)	21
	3 347	4 010	294	6 267	(1 157)	9 414

Credit continued

R million	Six months ended 30 June 2021			
	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage
SA retail	(21)	(276)	(245)	(393)
– Secured	(5)	183	(1)	(429)
– Unsecured	(16)	30	(244)	(124)
– Temporary stress scenario	–	131	–	160
– FNB centre	–	(620)	–	–
Commercial	42	(379)	674	(540)
Corporate	50	(228)	88	258
Rest of Africa	(49)	6	58	(306)
UK operations	80	(317)	(625)	15
FCC	(64)	(56)	(56)	56
Total	38	(1 250)	(106)	(910)

R million	Year ended 30 June 2020			
	Volume change in stage 1	Change in stage 1 coverage	Volume change in stage 2	Change in stage 2 coverage
SA retail	(306)	199	354	(322)
– Secured	(38)	121	178	(341)
– Unsecured	(268)	(53)	176	(141)
– Temporary stress scenario	–	131	–	160
– FNB centre	–	–	–	–
Commercial	189	(432)	317	(97)
Corporate	34	8	(1 275)	1 021
Rest of Africa	(128)	113	381	(421)
UK operations	79	(539)	(626)	(20)
FCC	27	(128)	20	(13)
Total	(105)	(779)	(829)	148

* *Write-off of gross balances excluding prior year provisions held. Net interest recognised on stage 3 advances of R1 630 million (December 2020: R1 662 million; June 2020: R3 369 million) is excluded from write-off and other.*

Six months ended 30 June 2021					
Change in stage 3 provisions	**Credit provision increase**	Modification loss	Gross write-off and other*	Post write-off	**Total**
(66)	(1 001)	307	4 987	(1 028)	3 265
(84)	(336)	76	1 308	(155)	893
(26)	(380)	231	3 679	(873)	2 657
44	335	–	–	–	335
–	(620)	–	–	–	(620)
(2)	(205)	1	695	(53)	438
80	248	–	364	(4)	608
(588)	(879)	–	1 085	(72)	134
186	(661)	40	549	(135)	(207)
(154)	(274)	–	260	22	8
(544)	(2 772)	348	7 940	(1 270)	4 246

Year ended 30 June 2020					
Change stage 3 provisions	Credit provision increase	Modification loss	Gross write-of and other*	Post write-off recoveries	Total
1 182	1 107	610	9 090	(1 932)	8 875
457	377	169	2 240	(312)	2 474
681	395	441	6 850	(1 620)	6 066
44	335	–	–	–	335
–	–	–	–	–	–
354	331	(8)	1 185	(95)	1 413
1 112	900	–	534	(6)	1 428
(677)	(732)	–	1 761	(144)	885
1 014	(92)	40	1 334	(252)	1 030
(182)	(276)	–	303	2	29
2 803	1 238	642	14 207	(2 427)	13 660

Credit continued

Update on Covid-19 relief

The SA retail and commercial relief arrangements terminated in September 2020, with extended relief periods terminating in March 2021. At 31 December 2021, no customers were still receiving relief. Retail and commercial customers, however, remain classified as in relief until the settlement of the full relief amount granted (payment holidays or liquidity facilities). As such, balances are shown on a cumulative basis, i.e. all prior/closed relief advances.

Refer to pages 104 to 111 for more information on advances where relief was provided, including detail of the underlying advance, the staging and the coverage. Fifteen per cent of retail Covid-19 advances that received relief are in stage 2 and 15% in stage 3, which is a marginal improvement from the 16% in both stage 2 and 3 at June 2021, and indicates that the relief book is stable and performing in line with expectation. Additional information on the paying stage 3 relief advances is provided on pages 116 and 117. Nine per cent of commercial advances that received relief are in stage 2, and 2% are in stage 3. Twenty-three per cent of retail and 8% of commercial stage 3 Covid-19 relief advances are paying customers who have not yet qualified for migration to stage 2 due to the 12-month curing rule, a decrease from the 43% in retail and 29% in commercial at June 2021 following a noticeable number of cures during the six months under review.

	As at 31 December 2021					As at 31 December 2020				
	Number of customers (thousands)	**Number of accounts (thousands)**	**Underlying gross advances for which relief was provided (R million)**	**Total portfolio* (gross advances) (R million)**	**% of portfolio under relief**	Number of customers (thousands)	Number of accounts (thousands)	Underlying gross advances for which relief was provided (R million)	Total portfolio* (gross advances) (R million)	% of portfolio under relief
Retail**	**163.5**	**451.6**	**50 025**	**468 201**	**11**	212.6	694.8	75 763	466 335	16
Commercial	**16.8**	**30.4**	**18 355**	**142 639**	**13**	17.6	32.1	20 824	132 699	16
Corporate	**#**	**#**	**7 610**	**390 981**	**2**	#	#	31 385	349 954	9
UK operations	**63.6**	**63.6**	**60 346**	**312 510**	**19**	85.3	85.3	70 589	289 069	24
– Active relief	**0.2**	**0.2**	**6**	**–**	**–**	8.8	8.8	9 639	–	–
– Closed relief	**63.4**	**63.4**	**60 340**	**–**	**–**	76.4	76.4	60 950	–	–
Total group	**243.9**	**545.6**	**136 336**	**1 355 666**	**10**	315.5	812.2	198 561	1 275 510	16

* Total group portfolio includes FCC advances.
** Includes FNB rest of Africa core banking customers.
# Fewer than 100.

Due to the fact that corporate relief was provided largely in the form of covenant waivers, facility increases, or new advances, corporate reflects only active relief. The inflow of Covid-19 relief applications dropped significantly, with the relief portfolio reducing from c. R19 billion (33 active counters) at June 2021 to R7.6 billion (17 active counters) at December 2021. At the height of the pandemic, relief amounted to c. R58 billion (142 active counters). NPLs have trended downward, reflecting a combination of the positive migration and de-gearing of certain clients during the period.

In the UK, the last payment holidays were granted in March 2021 (for up to six months).

The table below unpacks the number of customers who utilised Covid-19 relief.

As at 30 June 2021				
Number of customers (thousands)	Number of accounts (thousands)	Underlying gross advances for which relief was provided (R million)	Total portfolio* (gross advances) (R million)	% of portfolio under relief
199.5	676.1	61 406	462 925	13
17.3	31.1	22 627	138 107	16
#	#	19 084	353 174	5
76.2	76.2	63 946	283 616	23
8.8	8.8	1 880	–	–
67.4	67.4	62 066	–	–
293.0	783.4	167 063	1 274 052	13

Credit continued

Note 1: Analysis of advances

SEGMENTAL ANALYSIS OF ADVANCES

	Advances					
	As at 31 December			As at 31 December		
				2021		
R million	2021	2020	% change	Stage 1	Stage 2	Stage 3
SA RETAIL	**416 222**	414 292	–	**344 859**	**38 682**	**32 681**
Retail – secured	**331 133**	326 225	2	**284 267**	**26 898**	**19 968**
Residential mortgages	**232 031**	224 409	3	**204 093**	**15 344**	**12 594**
WesBank VAF	**99 102**	101 816	(3)	**80 174**	**11 554**	**7 374**
Retail – unsecured	**85 089**	88 067	(3)	**61 559**	**10 817**	**12 713**
FNB card	**31 342**	30 535	3	**25 012**	**2 501**	**3 829**
Personal loans	**38 701**	41 174	(6)	**25 004**	**7 077**	**6 620**
– FNB and DirectAxis*	**36 252**	37 161	(2)	**23 409**	**6 558**	**6 285**
– Covid-19 relief	**2 449**	4 013	(39)	**1 595**	**519**	**335**
Retail other	**15 046**	16 358	(8)	**11 543**	**1 239**	**2 264**
Temporary stress scenario	**–**	–	–	**(967)**	**967**	**–**
FNB centre	**–**	–	–	**–**	**–**	**–**
SA CORPORATE AND COMMERCIAL	**520 666**	471 320	10	**473 425**	**38 211**	**9 030**
FNB commercial	**115 657**	106 012	9	**99 493**	**10 570**	**5 594**
– FNB commercial	**114 182**	104 481	9	**98 169**	**10 472**	**5 541**
– SME government-guaranteed loan scheme	**1 475**	1 531	(4)	**1 422**	**–**	**53**
– Temporary stress scenario	**–**	–	–	**(98)**	**98**	**–**
WesBank corporate	**26 982**	26 687	1	**24 797**	**1 636**	**549**
RMB corporate and investment banking**,#	**360 008**	319 352	13	**331 116**	**26 005**	**2 887**
– Lending	**352 054**	311 206	13	**326 558**	**23 926**	**1 570**
– Loans to private equity investee companies	**7 954**	8 146	(2)	**4 558**	**2 079**	**1 317**
HQLA corporate advances#,†	**18 019**	19 269	(6)	**18 019**	**–**	**–**
REST OF AFRICA	**64 933**	63 376	2	**54 892**	**6 513**	**3 528**
FNB	**51 979**	52 043	–	**43 061**	**5 390**	**3 528**
RMB (corporate and investment banking)#	**12 954**	11 333	14	**11 831**	**1 123**	**–**
FCC (INCLUDING GROUP TREASURY)	**41 335**	37 453	10	**41 292**	**43**	**–**
Securitisation notes	**32 964**	25 039	32	**32 964**	**–**	**–**
Other	**8 371**	12 414	(33)	**8 328**	**43**	**–**
Total advances excluding UK operations	**1 043 156**	986 441	6	**914 468**	**83 449**	**45 239**
UK operations (£ million)	**14 556**	14 407	1	**12 881**	**1 245**	**430**
Aldermore retail	**7 206**	7 397	(3)	**6 184**	**785**	**237**
Aldermore commercial	**3 400**	3 216	6	**2 997**	**333**	**70**
Total MotoNovo	**3 950**	3 794	4	**3 700**	**127**	**123**
– MotoNovo (front book)	**3 476**	2 609	33	**3 321**	**95**	**60**
– MotoNovo (back book)	**474**	1 185	(60)	**379**	**32**	**63**
UK operations (R million)	**312 510**	289 069	8	**276 548**	**26 723**	**9 239**
Total advances including UK operations‡	**1 355 666**	1 275 510	6	**1 191 016**	**110 172**	**54 478**
Total advances excluding currency impact of UK operations and RMB cross-border^	**1 331 453**	1 275 510	4	**1 169 475**	**108 104**	**53 874**
Of which:						
Accrual book	**1 238 003**	1 186 488	4	**1 077 390**	**106 325**	**54 288**
Fair value book	**117 663**	89 022	32	**113 626**	**3 847**	**190**

Advances				
As at 31 December			**% com-position**	As at
2020				30 June
Stage 1	Stage 2	Stage 3	**2021**	2021
334 709	42 263	37 320	**30**	412 438
273 226	29 895	23 104	**24**	325 768
193 551	18 675	12 183	**17**	225 666
79 675	11 220	10 921	**7**	100 102
61 483	12 368	14 216	**6**	86 670
24 325	2 328	3 882	**2**	31 249
25 972	7 300	7 902	**3**	39 709
23 903	5 609	7 649	**3**	36 574
2 069	1 691	253	**–**	3 135
11 186	2 740	2 432	**1**	15 712
–	–	–	**–**	–
–	–	–	**–**	–
424 750	35 092	11 478	**39**	481 415
92 326	7 092	6 594	**9**	111 121
90 882	7 007	6 592	**9**	109 522
1 444	85	2	**–**	1 599
–	–	–	**–**	–
24 190	1 393	1 104	**2**	26 986
288 965	26 607	3 780	**27**	326 459
283 787	24 913	2 506	**26**	318 838
5 178	1 694	1 274	**1**	7 621
19 269	–	–	**1**	16 849
52 820	6 527	4 029	**5**	60 353
42 802	5 212	4 029	**4**	50 487
10 018	1 315	–	**1**	9 866
37 271	79	103	**3**	36 230
25 039	–	–	**2**	25 363
12 232	79	103	**1**	10 867
849 550	83 961	52 930	**77**	990 436
12 329	1 662	416		14 381
6 420	770	207		7 345
2 627	488	101		3 165
3 282	404	108		3 871
2 353	221	35		3 103
929	183	73		768
247 359	33 355	8 355	**23**	283 616
1 096 909	117 316	61 285	**100**	1 274 052
1 096 909	117 316	61 285		1 280 106
1 011 048	114 297	61 143	**91**	1 177 722
85 861	3 019	142	**9**	96 330

* *Include DirectAxis loans of R13.0 billion (December 2020: R15.0 billion; June 2021: R13.9 billion).*

** *Includes activities in India and represents the in-country balance sheet.*

\# *Corporate and investment banking, HQLA and RMB Africa advances R391.0 billion (December 2020: R350.0 billion; June 2021: R353.2 billion).*

† *Managed by the Group Treasurer.*

‡ *Included in advances are assets under agreements to resell of R88.1 billion (December 2020: R56.5 billion; June 2021: R65.6 billion).*

^ *If the exchange rate had remained unchanged from 31 December 2020.*

Credit continued

CIB ADVANCES BREAKDOWN

R million	Advances – As at 31 December 2021	Advances – As at 31 December 2020	% change	% composition 2021	As at 30 June 2021
RMB corporate and investment banking core advances	**288 693**	270 276	7	**74**	267 782
– South Africa	**239 302**	222 740	7	**61**	229 078
– Cross-border (rest of Africa) – $ million	**3 108**	3 239	(4)		2 715
– Cross-border (rest of Africa)	**49 391**	47 536	4	**13**	38 704
HQLA corporate advances*	**18 019**	19 269	(6)	**5**	16 849
RMB rest of Africa (in-country)	**12 954**	11 333	14	**3**	9 866
CIB total core advances	**319 666**	300 878	6	**82**	294 497
CIB total lending advances	**311 712**	292 732	6	**80**	286 876
CIB shareholder loans to private equity investing companies	**7 954**	8 146	(2)	**2**	7 621
CIB total core advances	**319 666**	300 878	6	**82**	294 497
CIB core advances – South Africa**	**257 321**	242 009	6	**66**	245 927
CIB core advances – rest of Africa#	**62 345**	58 869	6	**16**	48 570
CIB total core advances	**319 666**	300 878	6	**82**	294 497
Assets under agreements to resell	**71 315**	49 076	45	**18**	58 677
CIB total advances	**390 981**	349 954	12	**100**	353 174
Total advances excluding currency impact of RMB cross-border†	**45 615**	47 536	(4)		39 841

* *Managed by the Group Treasurer.*

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

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

† *If the exchange rate had remained unchanged from 31 December 2020.*

SECTOR AND GEOGRAPHICAL ANALYSIS OF ADVANCES

	Advances				
	As at 31 December			% composition	As at 30 June
R million	**2021**	2020	% change	**2021**	2021
Sector analysis					
Agriculture	**50 115**	44 017	14	**4**	44 062
Banks	**56 462**	40 570	39	**4**	42 931
Financial institutions*	**165 013**	151 375	9	**12**	160 715
Building and property development	**78 489**	72 336	9	**6**	73 988
Government, Land Bank and public authorities	**27 609**	20 526	35	**2**	22 928
Individuals	**652 997**	635 504	3	**48**	632 731
Manufacturing and commerce	**136 829**	132 693	3	**10**	130 911
Mining	**9 917**	15 331	(35)	**1**	9 048
Transport and communication	**35 986**	29 216	23	**3**	29 238
Other services	**142 249**	133 942	6	**10**	127 500
Total advances including UK operations	**1 355 666**	1 275 510	6	**100**	1 274 052
Geographical analysis					
South Africa	**880 465**	827 472	6	**66**	837 912
Rest of Africa	**98 890**	101 918	(3)	**7**	89 937
UK	**343 346**	318 770	8	**25**	323 861
Other Europe	**16 846**	16 044	5	**1**	12 039
North America	**5 083**	3 703	37	**–**	2 760
South America	**2**	3	(33)	**–**	2
Australasia	**92**	145	(37)	**–**	89
Asia	**10 942**	7 455	47	**1**	7 452
Total advances including UK operations	**1 355 666**	1 275 510	6	**100**	1 274 052

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

Credit continued

DISTRIBUTION OF ADVANCES BETWEEN RELIEF PROVIDED AND NO RELIEF PROVIDED

The tables that follow provide additional information on Covid-19 relief provided to customers. They detail:

> Advances for which no relief was provided.

> Advances which received relief.

RETAIL ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

		Stage of underlying gross advance		
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
Retail	366 261	310 234	31 081	24 946
Residential mortgages	204 503	182 549	12 111	9 843
WesBank VAF	89 374	73 979	9 547	5 848
FNB card	27 003	22 230	1 887	2 886
Personal loans	32 924	22 406	5 719	4 799
Retail other	12 457	9 070	1 817	1 570
FNB centre	–	–	–	–

RETAIL ADVANCES WHICH RECEIVED RELIEF

		Stage of underlying gross advance		
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
Retail	49 961	34 625	7 601	7 735
Residential mortgages	27 528	21 544	3 233	2 751
WesBank VAF	9 728	6 094	2 108	1 526
FNB card	4 339	2 782	614	943
Personal loans	3 328	1 003	839	1 486
Personal loans – Covid-19 relief*	2 449	1 595	519	335
Retail other	2 589	1 607	288	694

Total retail advances	416 222	344 859	38 682	32 681

* *Coverage based on exposure at default (EAD).*

Balance sheet impairments			Coverage		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3
21 307	9 126	12 181	85.4	2.67	48.8
3 714	1 283	2 431	37.7	0.66	24.7
4 820	1 862	2 958	82.4	2.23	50.6
3 622	1 353	2 269	125.5	5.61	78.6
6 453	3 009	3 444	134.5	10.70	71.8
2 278	1 199	1 079	145.1	11.01	68.7
420	420	–	–	–	–

Balance sheet impairments			Coverage			Liquidity facility	
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3	Utilised	Committed undrawn
4 817	1 223	3 594	62.3	2.90	46.5	2 449	–
620	237	383	22.5	0.96	13.9	450	–
781	207	574	51.2	2.52	37.6	283	–
961	206	755	101.9	6.07	80.1	588	–
1 273	217	1 056	85.7	11.78	71.1	472	–
484	201	283	144.5	9.51	84.5	–	–
698	155	543	100.6	8.18	78.2	656	–

26 124	10 349	15 775	79.9	2.70	48.3

Credit continued

COMMERCIAL ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

R million	Underlying gross advances	Stage of underlying gross advance: Stage 1	Stage 2	Stage 3/ NPLs
FNB commercial	102 722	88 266	9 249	5 207
Overdrafts	17 550	12 716	3 076	1 758
Agricultural	35 648	31 132	3 161	1 355
Asset-based finance	12 967	10 997	1 590	380
Specialised finance	9 823	9 380	246	197
Commercial property finance	20 038	18 304	750	984
SME government-guaranteed loan scheme	1 475	1 422	–	53
Other	5 221	4 315	426	480
WesBank corporate	21 562	19 730	1 348	484
Total commercial	124 284	107 996	10 597	5 691

COMMERCIAL ADVANCES WHICH RECEIVED RELIEF

R million	Underlying gross advances	Stage of underlying gross advance: Stage 1	Stage 2	Stage 3/ NPLs
FNB commercial	12 935	11 227	1 321	387
Overdrafts	176	150	13	13
Agricultural	630	582	20	28
Asset-based finance	1 745	1 120	530	95
Specialised finance	966	816	92	58
Commercial property finance	9 142	8 286	663	193
Other	276	273	3	–
WesBank corporate	5 420	5 067	288	65
Total commercial	18 355	16 294	1 609	452

Total commercial advances	142 639	124 290	12 206	6 143

Balance sheet impairments			Coverage		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3
5 498	2 312	3 186	105.6	2.37	61.2
2 629	1 080	1 549	149.5	6.84	88.1
647	236	411	47.7	0.69	30.3
330	168	162	86.8	1.33	42.6
259	125	134	131.5	1.30	68.0
655	227	428	66.6	1.19	43.5
103	51	52	194.3	3.59	98.1
875	425	450	182.3	8.96	93.8
395	196	199	81.6	0.93	41.1
5 893	2 508	3 385	103.5	2.11	59.5

Balance sheet impairments			Coverage			SME government-guaranteed loan scheme			
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3	Drawn	Undrawn	Total balance sheet provisions	Total coverage
265	110	155	68.5	0.88	40.1	1 475	–	104	7.1
16	5	11	123.1	3.07	84.6	–	–	–	–
4	4	–	14.3	0.66	–	–	–	–	–
75	33	42	78.9	2.00	44.2	–	–	–	–
65	7	58	112.1	0.77	100.0	299	–	19	6.4
104	60	44	53.9	0.67	22.8	–	–	–	–
1	1	–	–	0.36	–	1 176	–	85	7.2
49	24	25	75.4	0.45	38.5				
314	134	180	69.5	0.75	39.8	1 475	–	104	7.1

6 207	2 642	3 565	101.0	1.94	58.0

Credit continued

CORPORATE AND INVESTMENT BANKING ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

		Stage of underlying gross advance			
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs	
Corporate and investment banking	370 417	344 436	23 094	2 887	

CORPORATE AND INVESTMENT BANKING ADVANCES WHICH RECEIVED RELIEF

		Stage of underlying gross advance			
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs	
Corporate and investment banking	7 610	4 699	2 911	–	

Total corporate and investment banking	378 027	349 135	26 005	2 887	

REST OF AFRICA ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

		Stage of underlying gross advance			
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs	
Rest of Africa	64 869	54 884	6 458	3 527	
FNB	51 915	43 053	5 335	3 527	
RMB	12 954	11 831	1 123	–	

REST OF AFRICA WHICH RECEIVED RELIEF

		Stage of underlying gross advance			
R million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs	
Rest of Africa	64	8	55	1	
FNB	64	8	55	1	
RMB	–	–	–	–	

Total rest of Africa	64 933	54 892	6 513	3 528	

Balance sheet impairments			Coverage		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3
6 885	5 244	1 641	238.5	1.40	56.8

Balance sheet impairments			Coverage			Relief provided		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3	New money	Relaxed payments	Covenant waivers
569	569	–	–	7.48	–	2 681	524	4 054
7 454	5 813	1 641	258.2	1.55	56.8	2 681	524	4 054

Balance sheet impairments			Coverage		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3
4 122	2 096	2 026	116.9	3.42	57.4
3 834	1 808	2 026	108.7	3.74	57.4
288	288	–	–	2.22	–

Balance sheet impairments			Coverage			Relief provided		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3	New money	Relaxed payments	Covenant waivers
7	6	1	700.0	9.52	100.0	–	–	–
7	6	1	700.0	9.52	100.0	–	–	–
–	–	–	–	–	–	–	–	–
4 129	2 102	2 027	117.0	3.42	57.5	–	–	–

Credit continued

UK OPERATIONS ADVANCES FOR WHICH NO RELIEF WAS PROVIDED

		Stage of underlying gross advance		
£ million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
UK operations	**11 745**	**10 740**	**847**	**158**
Aldermore retail	5 231	4 619	534	78
Aldermore commercial	2 808	2 550	233	25
Total MotoNovo	3 706	3 571	80	55

UK OPERATIONS ADVANCES WHICH RECEIVED RELIEF

		Stage of underlying gross advance		
£ million	Underlying gross advances	Stage 1	Stage 2	Stage 3/ NPLs
UK operations	**2 811**	**2 141**	**398**	**272**
Aldermore retail	1 975	1 565	251	159
Aldermore commercial	592	447	100	45
Total MotoNovo	244	129	47	68
Total UK operations	**14 556**	**12 881**	**1 245**	**430**

Balance sheet impairments			Coverage		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3
158	79	79	97.8	0.70	46.4
34	13	21	43.3	0.25	26.3
36	25	11	142.9	0.95	42.6
88	41	47	153.6	1.14	76.9

Balance sheet impairments			Coverage		
Total balance sheet provisions	Portfolio impair-ments	Stage 3	Total coverage	Performing coverage	Stage 3
105	24	81	38.4	0.91	29.9
25	8	17	15.7	0.44	10.7
20	9	11	44.6	1.59	25.1
60	7	53	87.0	3.72	77.4
263	103	160	61.3	0.74	37.1

Credit continued

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

	Total portfolio impairments						
	As at 31 December			As at 31 December			
				2021		2020	
R million	**2021**	2020	% change	**Stage 1**	**Stage 2**	Stage 1	Stage 2
SA RETAIL	**10 349**	10 678	(3)	**5 328**	**5 021**	5 007	5 671
Retail – secured	**3 542**	3 563	(1)	**1 510**	**2 032**	1 211	2 352
Residential mortgages	**1 520**	1 777	(14)	**719**	**801**	669	1 108
WesBank VAF	**2 022**	1 786	13	**791**	**1 231**	542	1 244
Retail – unsecured	**6 217**	6 495	(4)	**3 334**	**2 883**	3 176	3 319
FNB card	**1 559**	1 578	(1)	**919**	**640**	939	639
Personal loans	**3 427**	3 497	(2)	**1 682**	**1 745**	1 566	1 931
– FNB and DirectAxis	**3 226**	2 986	8	**1 612**	**1 614**	1 410	1 576
– Covid-19 relief	**201**	511	(61)	**70**	**131**	156	355
Retail other	**1 231**	1 420	(13)	**733**	**498**	671	749
Temporary stress scenario	**170**	–	–	**64**	**106**	–	–
FNB centre	**420**	620	(32)	**420**	**–**	620	–
SA CORPORATE AND COMMERCIAL	**8 455**	8 685	(3)	**3 340**	**5 115**	3 580	5 105
FNB commercial	**2 422**	2 964	(18)	**1 176**	**1 246**	1 500	1 464
– FNB commercial	**2 346**	2 870	(18)	**1 124**	**1 222**	1 412	1 458
– SME government-guaranteed loan scheme	**52**	94	(45)	**52**	**–**	88	6
– Temporary stress scenario	**24**	–	–	**–**	**24**	–	–
WesBank corporate	**220**	174	26	**133**	**87**	102	72
RMB corporate and investment banking*	**5 813**	5 547	5	**2 031**	**3 782**	1 978	3 569
– Lending	**4 699**	4 473	5	**1 961**	**2 738**	1 882	2 591
– Loans to private equity investee companies	**1 114**	1 074	4	**70**	**1 044**	96	978
HQLA corporate advances	**–**	–	–	**–**	**–**	–	–
REST OF AFRICA	**2 102**	2 224	(5)	**1 120**	**982**	1 035	1 189
FNB	**1 814**	1 936	(6)	**964**	**850**	889	1 047
RMB (corporate and investment banking)	**288**	288	–	**156**	**132**	146	142
FCC (INCLUDING GROUP TREASURY)	**624**	743	(16)	**468**	**156**	584	159
Securitisation notes	**23**	32	(28)	**23**	**–**	32	–
Other	**601**	711	(15)	**445**	**156**	552	159
Total portfolio impairments excluding UK operations	**21 530**	22 330	(4)	**10 256**	**11 274**	10 206	12 124
UK operations	**2 239**	3 040	(26)	**1 331**	**908**	1 457	1 583
Aldermore retail	**452**	578	(22)	**236**	**216**	381	197
Aldermore commercial	**754**	770	(2)	**453**	**301**	379	391
Total MotoNovo	**1 033**	1 692	(39)	**642**	**391**	697	995
– MotoNovo (front book)	**956**	1 152	(17)	**625**	**331**	576	576
– MotoNovo (back book)	**77**	540	(86)	**17**	**60**	121	419
Total portfolio impairments including UK operations	**23 769**	25 370	(6)	**11 587**	**12 182**	11 663	13 707

* *Includes activities in India and represents the in-country balance sheet.*

Total portfolio impairments							
As at 30 June	Performing book coverage ratios (% of performing advances)						As at 30 June
	As at 31 December						
2021	**2021**	**Stage 1**	**Stage 2**	2020	Stage 1	Stage 2	2021
9 743	**2.70**	**1.54**	**12.98**	2.83	1.50	13.42	2.60
3 311	**1.14**	**0.53**	**7.55**	1.18	0.44	7.87	1.09
1 487	**0.69**	**0.35**	**5.22**	0.84	0.35	5.93	0.70
1 824	**2.20**	**0.99**	**10.65**	1.96	0.68	11.09	2.02
6 141	**8.59**	**5.42**	**26.65**	8.79	5.17	26.84	8.46
1 515	**5.67**	**3.67**	**25.59**	5.92	3.86	27.45	5.57
3 333	**10.68**	**6.73**	**24.66**	10.51	6.03	26.45	10.36
3 077	**10.77**	**6.89**	**24.61**	10.12	5.90	28.10	10.45
256	**9.51**	**4.39**	**25.24**	13.59	7.54	20.99	9.41
1 293	**9.63**	**6.35**	**40.19**	10.20	6.00	27.34	9.78
291	**–**	**(6.62)**	**10.96**	–	–	–	–
–	**–**	**–**	**–**	–	–	–	–
8 650	**1.65**	**0.71**	**13.39**	1.89	0.84	14.55	1.84
2 705	**2.20**	**1.18**	**11.79**	2.98	1.62	20.64	2.58
2 481	**2.16**	**1.14**	**11.67**	2.93	1.55	20.81	2.40
76	**3.66**	**3.66**	**–**	6.15	6.09	7.06	4.84
148	**–**	**–**	**24.49**	–	–	–	–
230	**0.83**	**0.54**	**5.32**	0.68	0.42	5.17	0.88
5 715	**1.63**	**0.61**	**14.54**	1.76	0.68	13.41	1.77
4 626	**1.34**	**0.60**	**11.44**	1.45	0.66	10.40	1.46
1 089	**16.78**	**1.54**	**50.22**	15.63	1.85	57.73	17.13
–	**–**	**–**	**–**	–	–	–	–
1 933	**3.42**	**2.04**	**15.08**	3.75	1.96	18.22	3.40
1 659	**3.74**	**2.24**	**15.77**	4.03	2.08	20.09	3.53
274	**2.22**	**1.32**	**11.75**	2.54	1.46	10.80	2.78
623	**1.51**	**1.13**	**362.79**	1.99	1.57	201.27	1.72
24	**0.07**	**0.07**	**–**	0.13	0.13	–	0.09
599	**7.18**	**5.34**	**362.79**	5.78	4.51	201.27	5.51
20 949	**2.16**	**1.12**	**13.51**	2.39	1.20	14.44	2.23
2 193	**0.74**	**0.48**	**3.40**	1.08	0.59	4.75	0.80
422	**0.30**	**0.18**	**1.28**	0.40	0.30	1.27	0.30
703	**1.06**	**0.70**	**4.22**	1.23	0.72	4.00	1.17
1 068	**1.26**	**0.81**	**14.29**	2.29	1.06	12.25	1.44
900	**1.30**	**0.88**	**16.23**	2.23	1.22	13.00	1.49
168	**0.87**	**0.21**	**8.62**	2.42	0.65	11.36	1.21
23 142	**1.83**	**0.97**	**11.06**	2.09	1.06	11.68	1.91

Credit continued

Note 3: Analysis of stage 3/NPLs

SEGMENTAL ANALYSIS OF STAGE 3/NPLS

	Stage 3/NPLs					Stage 3/NPLs as a % of advances		
	As at 31 December			% com-position	As at 30 June	As at 31 December		As at 30 June
R million	**2021**	2020	% change	**2021**	2021	**2021**	2020	2021
SA RETAIL	**32 681**	37 320	(12)	**61**	37 339	**7.85**	9.01	9.05
Retail – secured	**19 968**	23 104	(14)	**37**	23 267	**6.03**	7.08	7.14
Residential mortgages	**12 594**	12 183	3	**23**	13 356	**5.43**	5.43	5.92
WesBank VAF	**7 374**	10 921	(32)	**14**	9 911	**7.44**	10.73	9.90
Retail – unsecured	**12 713**	14 216	(11)	**24**	14 072	**14.94**	16.14	16.24
FNB card	**3 829**	3 882	(1)	**7**	4 034	**12.22**	12.71	12.91
Personal loans	**6 620**	7 902	(16)	**13**	7 546	**17.11**	19.19	19.00
– FNB and DirectAxis	**6 285**	7 649	(18)	**12**	7 131	**17.34**	20.58	19.50
– Covid-19 relief	**335**	253	32	**1**	415	**13.68**	6.30	13.24
Retail other	**2 264**	2 432	(7)	**4**	2 492	**15.05**	14.87	15.86
Temporary stress scenario	**–**	–	–	**–**	–	**–**	–	–
FNB centre	**–**	–	–	**–**	–	**–**	–	–
SA CORPORATE AND COMMERCIAL	**9 030**	11 478	(21)	**16**	10 871	**1.73**	2.44	2.26
FNB commercial	**5 594**	6 594	(15)	**10**	6 378	**4.84**	6.22	5.74
– FNB commercial	**5 541**	6 592	(16)	**10**	6 350	**4.85**	6.31	5.80
– SME government-guaranteed loan scheme	**53**	2	>100	**–**	28	**3.59**	0.13	1.75
– Temporary stress scenario	**–**	–	–	**–**	–	**–**	–	–
WesBank corporate	**549**	1 104	(50)	**1**	814	**2.03**	4.14	3.02
RMB corporate and investment banking*	**2 887**	3 780	(24)	**5**	3 679	**0.80**	1.18	1.13
– Lending	**1 570**	2 506	(37)	**3**	2 414	**0.45**	0.81	0.76
– Loans to private equity investee companies	**1 317**	1 274	3	**2**	1 265	**16.56**	15.64	16.60
HQLA corporate advances**	**–**	–	–	**–**	–	**–**	–	–
REST OF AFRICA	**3 528**	4 029	(12)	**6**	3 527	**5.43**	6.36	5.84
FNB	**3 528**	4 029	(12)	**6**	3 527	**6.79**	7.74	6.99
RMB (corporate and investment banking)	**–**	–	–	**–**	–	**–**	–	–
FCC (INCLUDING GROUP TREASURY)	**–**	103	(100)	**–**	–	**–**	0.28	–
Securitisation notes	**–**	–	–	**–**	–	**–**	–	–
Other	**–**	103	(100)	**–**	–	**–**	0.83	–
Total stage 3/NPLs excluding UK operations	**45 239**	52 930	(15)	**83**	51 737	**4.34**	5.37	5.22
UK operations	**9 239**	8 355	11	**17**	8 968	**2.96**	2.89	3.16
Aldermore retail	**5 078**	4 149	22	**9**	4 688	**3.28**	2.80	3.24
Aldermore commercial	**1 524**	2 032	(25)	**3**	2 096	**2.09**	3.15	3.36
Total MotoNovo	**2 637**	2 174	21	**5**	2 184	**3.11**	2.86	2.86
– MotoNovo (front book)	**1 293**	707	83	**2**	954	**1.73**	1.35	1.56
– MotoNovo (back book)	**1 344**	1 467	(8)	**3**	1 230	**13.20**	6.17	8.12
Total stage 3/NPLs including UK operations	**54 478**	61 285	(11)	**100**	60 705	**4.02**	4.80	4.76
Of which:								
Accrual book	**54 288**	61 143	(11)	**100**	60 520	**4.39**	5.15	5.14
Fair value book	**190**	142	34	**–**	185	**0.16**	0.16	0.19

* *Includes activities in India and represents the in-country balance sheet.*

** *Managed by the Group Treasurer.*

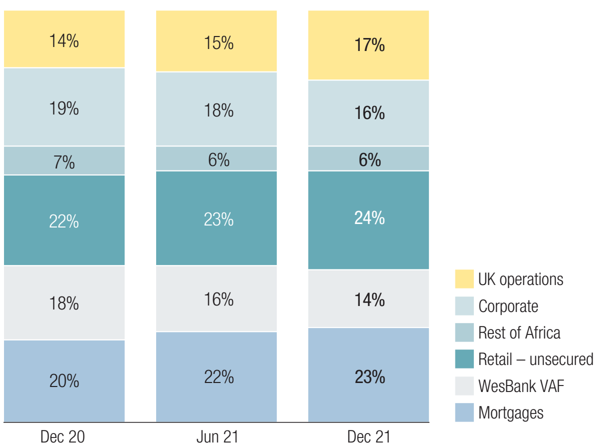
SECTOR AND GEOGRAPHICAL ANALYSIS OF NPLS

R million	Stage 3/NPLs As at 31 December 2021	Stage 3/NPLs As at 31 December 2020	% change	% composition 2021	As at 30 June 2021	Stage 3/NPLs as % of advances As at 31 December 2021	As at 31 December 2020	As at 30 June 2021
Sector analysis								
Agriculture	**1 635**	2 500	(35)	**3**	1 982	**3.26**	5.68	4.50
Financial institutions*,**	**350**	387	(10)	**1**	473	**0.21**	0.26	0.29
Building and property development	**1 459**	2 458	(41)	**3**	1 839	**1.86**	3.40	2.49
Government, Land Bank and public authorities	**327**	518	(37)	**1**	826	**1.18**	2.52	3.60
Individuals	**40 409**	42 543	(5)	**74**	43 609	**6.19**	6.69	6.89
Manufacturing and commerce	**4 511**	5 255	(14)	**8**	5 013	**3.30**	3.96	3.83
Mining	**108**	128	(16)	**–**	111	**1.09**	0.83	1.23
Transport and communication	**1 066**	1 419	(25)	**2**	1 396	**2.96**	4.86	4.77
Other services**	**4 613**	6 077	(24)	**8**	5 456	**3.24**	4.54	4.28
Total stage 3/NPLs including UK operations	**54 478**	61 285	(11)	**100**	60 705	**4.02**	4.80	4.76
Geographical analysis								
South Africa	**41 601**	48 718	(15)	**76**	47 879	**4.72**	5.89	5.71
Rest of Africa	**3 544**	4 133	(14)	**7**	3 682	**3.58**	4.06	4.09
UK	**9 241**	8 354	11	**17**	8 969	**2.69**	2.62	2.77
Other Europe	**3**	1	>100	**–**	4	**0.02**	0.01	0.03
North America	**–**	–	–	**–**	1	**–**	–	0.04
Australasia	**86**	–	–	**–**	85	**93.48**	–	95.51
Asia	**3**	79	(96)	**–**	85	**0.03**	1.06	1.14
Total stage 3/NPLs including UK operations	**54 478**	61 285	(11)	**100**	60 705	**4.02**	4.80	4.76

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

** *Reclassification error corrected for June 2021 relating to real estates incorrectly classified under financial institutions.*

NPL distribution



Credit continued

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

R million	**Operational NPLs***	**Covid-19 relief paying NPLs****	**Other paying NPLs#**	**Total NPLs**
December 2021				
Residential mortgages	**7 844**	**1 089**	**3 661**	**12 594**
WesBank VAF	**4 552**	**118**	**2 704**	**7 374**
FNB card	**3 054**	**49**	**726**	**3 829**
Personal loans	**4 995**	**448**	**1 177**	**6 620**
Retail other	**2 029**	**37**	**198**	**2 264**
Total SA retail NPLs	**22 474**	**1 741**	**8 466**	**32 681**
FNB commercial	**5 234**	**26**	**334**	**5 594**
WesBank corporate	**452**	**12**	**85**	**549**
Total SA commercial	**5 686**	**38**	**419**	**6 143**
Total SA retail and commercial	**28 160**	**1 779**	**8 885**	**38 824**

R million	Operational NPLs*	Covid-19 relief paying NPLs**	Other paying NPLs#	Total NPLs
December 2020				
Residential mortgages	7 821	877	3 485	12 183
WesBank VAF	7 088	708	3 125	10 921
FNB card	3 102	293	487	3 882
Personal loans	5 744	996	1 162	7 902
Retail other	1 751	264	417	2 432
Total SA retail NPLs	25 506	3 138	8 676	37 320
FNB commercial	5 757	175	662	6 594
WesBank corporate	617	101	386	1 104
Total SA commercial	6 374	276	1 048	7 698
Total SA retail and commercial	31 880	3 414	9 724	45 018

* *Include advances that received Covid-19 relief, other advances and debt-review ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears still subject to curing criteria.*

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

R million	Operational NPLs*	Covid-19 relief paying NPLs**	Other paying NPLs#	Total NPLs
June 2021				
Residential mortgages	8 031	1 362	3 963	13 356
WesBank VAF	5 718	1 356	2 837	9 911
FNB card	3 139	237	658	4 034
Personal loans	5 675	895	976	7 546
Retail other	2 053	171	268	2 492
Total SA retail NPLs	24 616	4 021	8 702	37 339
FNB commercial	5 651	116	611	6 378
WesBank corporate	522	53	239	814
Total SA commercial	6 173	169	850	7 192
Total SA retail and commercial	30 789	4 190	9 552	44 531

* *Include advances that received Covid-19 relief, other advances and debt-review ≥90 days in arrears.*

** *Include Covid-19 relief loans <90 days in arrears still subject to curing criteria.*

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

Credit continued

SECURITY AND RECOVERABLE AMOUNTS BY PORTFOLIO

	As at 31 December 2021			As at 31 December 2020		
R million	**Stage 3/ NPLs**	**Security held and expected recoveries**	**Specific impairment**	Stage 3/ NPLs	Security held and expected recoveries	Specific impairment
SA RETAIL	**32 681**	**16 906**	**15 775**	37 320	20 076	17 244
Retail – secured	**19 968**	**13 623**	**6 345**	23 104	16 177	6 927
Residential mortgages	**12 594**	**9 780**	**2 814**	12 183	9 586	2 597
WesBank VAF	**7 374**	**3 843**	**3 531**	10 921	6 591	4 330
Retail – unsecured	**12 713**	**3 305**	**9 408**	14 216	3 899	10 317
FNB card	**3 829**	**805**	**3 024**	3 882	993	2 889
Personal loans	**6 620**	**1 837**	**4 783**	7 902	2 274	5 628
– FNB and DirectAxis	**6 285**	**1 785**	**4 500**	7 649	2 231	5 418
– Covid-19 relief	**335**	**52**	**283**	253	43	210
Retail other	**2 264**	**663**	**1 601**	2 432	632	1 800
Temporary stress scenario	**–**	**(22)**	**22**	–	–	–
FNB centre	**–**	**–**	**–**	–	–	–
SA CORPORATE AND COMMERCIAL	**9 030**	**3 824**	**5 206**	11 478	5 936	5 542
FNB commercial	**5 594**	**2 253**	**3 341**	6 594	3 056	3 538
– FNB commercial	**5 541**	**2 252**	**3 289**	6 592	3 054	3 538
– SME government-guaranteed loan scheme	**53**	**1**	**52**	2	2	–
– Temporary stress scenario	**–**	**–**	**–**	–	–	–
WesBank corporate	**549**	**325**	**224**	1 104	710	394
RMB corporate and investment banking*	**2 887**	**1 246**	**1 641**	3 780	2 170	1 610
– Lending	**1 570**	**1 200**	**370**	2 506	1 922	584
– Loans to private equity investee companies	**1 317**	**46**	**1 271**	1 274	248	1 026
HQLA corporate advances**	**–**	**–**	**–**	–	–	–
REST OF AFRICA	**3 528**	**1 501**	**2 027**	4 029	1 473	2 556
FNB	**3 528**	**1 501**	**2 027**	4 029	1 473	2 556
RMB (corporate and investment banking)	**–**	**–**	**–**	–	–	–
FCC (INCLUDING GROUP TREASURY)	**–**	**–**	**–**	103	(51)	154
Securitisation notes	**–**	**–**	**–**	–	–	–
Other	**–**	**–**	**–**	103	(51)	154
Total excluding UK operations	**45 239**	**22 231**	**23 008**	52 930	27 434	25 496
UK operations	**9 239**	**5 813**	**3 426**	8 355	5 831	2 524
Aldermore retail	**5 078**	**4 277**	**801**	4 149	3 630	519
Aldermore commercial	**1 524**	**1 042**	**482**	2 032	1 340	692
Total MotoNovo	**2 637**	**494**	**2 143**	2 174	861	1 313
– MotoNovo (front book)	**1 293**	**380**	**913**	707	311	396
– MotoNovo (back book)	**1 344**	**114**	**1 230**	1 467	550	917
Total including UK operations	**54 478**	**28 044**	**26 434**	61 285	33 265	28 020

* *Includes activities in India and represents the in-country balance sheets.*

** *Managed by the Group Treasurer.*

Stage 3/ NPLs % change	Specific impairment % change	As at 30 June 2021 Stage 3/ NPLs	Security held and expected recoveries	Specific impairment	Coverage ratios (% of stage 3/NPLs) As at 31 December 2021	2020	As at 30 June 2021
(12)	(9)	37 339	20 161	17 178	**48.3**	46.2	46.0
(14)	(8)	23 267	16 424	6 843	**31.8**	30.0	29.4
3	8	13 356	10 539	2 817	**22.3**	21.3	21.1
(32)	(18)	9 911	5 885	4 026	**47.9**	39.6	40.6
(11)	(9)	14 072	3 781	10 291	**74.0**	72.6	73.1
(1)	5	4 034	866	3 168	**79.0**	74.4	78.5
(16)	(15)	7 546	2 249	5 297	**72.3**	71.2	70.2
(18)	(17)	7 131	2 172	4 959	**71.6**	70.8	69.5
32	35	415	77	338	**84.5**	83.0	81.4
(7)	(11)	2 492	666	1 826	**70.7**	74.0	73.3
–	–	–	(44)	44	**–**	–	–
–	–	–	–	–	**–**	–	–
(21)	(6)	10 871	5 251	5 620	**57.7**	48.3	51.7
(15)	(6)	6 378	2 773	3 605	**59.7**	53.7	56.5
(16)	(7)	6 350	2 773	3 577	**59.4**	53.7	56.3
>100	–	28	–	28	**98.1**	–	100.0
–	–	–	–	–	**–**	–	–
(50)	(43)	814	489	325	**40.8**	35.7	39.9
(24)	2	3 679	1 989	1 690	**56.8**	42.6	45.9
(37)	(37)	2 414	1 935	479	**23.6**	23.3	19.8
3	24	1 265	54	1 211	**96.5**	80.5	95.7
–	–	–	–	–	**–**	–	–
(12)	(21)	3 527	1 559	1 968	**57.5**	63.4	55.8
(12)	(21)	3 527	1 559	1 968	**57.5**	63.4	55.8
–	–	–	–	–	**–**	–	–
(100)	(100)	–	–	–	**–**	149.5	–
–	–	–	–	–	**–**	–	–
(100)	(100)	–	–	–	**–**	149.5	–
(15)	(10)	51 737	26 971	24 766	**50.9**	48.2	47.9
11	36	8 968	6 258	2 710	**37.1**	30.2	30.2
22	54	4 688	4 153	535	**15.8**	12.5	11.4
(25)	(30)	2 096	1 467	629	**31.6**	34.1	30.0
21	63	2 184	638	1 546	**81.3**	60.4	70.8
83	>100	954	352	602	**70.6**	56.0	63.1
(8)	34	1 230	286	944	**91.5**	62.5	76.7
(11)	(6)	60 705	33 229	27 476	**48.5**	45.7	45.3

Credit continued

Note 4: Analysis of balance sheet total impairments and coverage ratios

	Balance sheet impairments					
	As at 31 December		%	As at 31 December		
				2021		
R million	**2021**	2020	change	**Stage 1**	**Stage 2**	**Stage 3**
SA RETAIL	**26 124**	27 922	(6)	**5 328**	**5 021**	**15 775**
Retail – secured	**9 887**	10 490	(6)	**1 510**	**2 032**	**6 345**
Residential mortgages	**4 334**	4 374	(1)	**719**	**801**	**2 814**
WesBank VAF	**5 553**	6 116	(9)	**791**	**1 231**	**3 531**
Retail – unsecured	**15 625**	16 812	(7)	**3 334**	**2 883**	**9 408**
FNB card	**4 583**	4 467	3	**919**	**640**	**3 024**
Personal loans	**8 210**	9 125	(10)	**1 682**	**1 745**	**4 783**
– FNB and DirectAxis	**7 726**	8 404	(8)	**1 612**	**1 614**	**4 500**
– Covid-19 relief	**484**	721	(33)	**70**	**131**	**283**
Retail other	**2 832**	3 220	(12)	**733**	**498**	**1 601**
Temporary stress scenario	**192**	–	–	**64**	**106**	**22**
FNB centre	**420**	620	(32)	**420**	**–**	**–**
SA CORPORATE AND COMMERCIAL	**13 661**	14 227	(4)	**3 340**	**5 115**	**5 206**
FNB commercial	**5 763**	6 502	(11)	**1 176**	**1 246**	**3 341**
– FNB commercial	**5 635**	6 408	(12)	**1 124**	**1 222**	**3 289**
– SME government-guaranteed loan scheme	**104**	94	11	**52**	**–**	**52**
– Temporary stress scenario	**24**	–	–	**–**	**24**	**–**
WesBank corporate	**444**	568	(22)	**133**	**87**	**224**
RMB corporate and investment banking*	**7 454**	7 157	4	**2 031**	**3 782**	**1 641**
– Lending	**5 069**	5 057	–	**1 961**	**2 738**	**370**
– Loans to private equity investee companies	**2 385**	2 100	14	**70**	**1 044**	**1 271**
HQLA corporate advances**	**–**	–	–	**–**	**–**	**–**
REST OF AFRICA	**4 129**	4 780	(14)	**1 120**	**982**	**2 027**
FNB	**3 841**	4 492	(14)	**964**	**850**	**2 027**
RMB (corporate and investment banking)	**288**	288	–	**156**	**132**	**–**
FCC (INCLUDING GROUP TREASURY)	**624**	897	(30)	**468**	**156**	**–**
Securitisation notes	**23**	32	(28)	**23**	**–**	**–**
Other	**601**	865	(31)	**445**	**156**	**–**
Total impairments excluding UK operations	**44 538**	47 826	(7)	**10 256**	**11 274**	**23 008**
UK operations	**5 665**	5 564	2	**1 331**	**908**	**3 426**
Aldermore retail	**1 253**	1 097	14	**236**	**216**	**801**
Aldermore commercial	**1 236**	1 462	(15)	**453**	**301**	**482**
Total MotoNovo	**3 176**	3 005	6	**642**	**391**	**2 143**
– MotoNovo (front book)	**1 869**	1 548	21	**625**	**331**	**913**
– MotoNovo (back book)	**1 307**	1 457	(10)	**17**	**60**	**1 230**
Total impairments including UK operations	**50 203**	53 390	(6)	**11 587**	**12 182**	**26 434**

* *Includes activities in India and represents the in-country balance sheet.*

** *Managed by the Group Treasurer.*

Balance sheet impairments						
As at 31 December			As at	Coverage ratios (% of stage 3/NPLs)		
				As at 31 December		As at 30 June
2020			30 June			
Stage 1	Stage 2	Stage 3	2021	**2021**	2020	2021
5 007	5 671	17 244	26 921	**79.9**	74.8	72.1
1 211	2 352	6 927	10 154	**49.5**	45.4	43.6
669	1 108	2 597	4 304	**34.4**	35.9	32.2
542	1 244	4 330	5 850	**75.3**	56.0	59.0
3 176	3 319	10 317	16 432	**122.9**	118.3	116.8
939	639	2 889	4 683	**119.7**	115.1	116.1
1 566	1 931	5 628	8 630	**124.0**	115.5	114.4
1 410	1 576	5 418	8 036	**122.9**	109.9	112.7
156	355	210	594	**144.5**	285.0	143.1
671	749	1 800	3 119	**125.1**	132.4	125.2
–	–	–	335	**–**	–	–
620	–	–	–	**–**	–	–
3 580	5 105	5 542	14 270	**151.3**	124.0	131.3
1 500	1 464	3 538	6 310	**103.0**	98.6	98.9
1 412	1 458	3 538	6 058	**101.7**	97.2	95.4
88	6	–	104	**196.2**	>1000	371.4
–	–	–	148	**–**	–	–
102	72	394	555	**80.9**	51.4	68.2
1 978	3 569	1 610	7 405	**258.2**	189.3	201.3
1 882	2 591	584	5 105	**322.9**	201.8	211.5
96	978	1 026	2 300	**181.1**	164.8	181.8
–	–	–	–	**–**	–	–
1 035	1 189	2 556	3 901	**117.0**	118.6	110.6
889	1 047	2 556	3 627	**108.9**	111.5	102.8
146	142	–	274	**–**	–	–
584	159	154	623	**–**	870.9	–
32	–	–	24	**–**	–	–
552	159	154	599	**–**	839.8	–
10 206	12 124	25 496	45 715	**98.5**	90.4	88.4
1 457	1 583	2 524	4 903	**61.3**	66.6	54.7
381	197	519	957	**24.7**	26.4	20.4
379	391	692	1 332	**81.1**	71.9	63.5
697	995	1 313	2 614	**120.4**	138.2	119.7
576	576	396	1 502	**144.5**	219.0	157.4
121	419	917	1 112	**97.2**	99.3	90.4
11 663	13 707	28 020	50 618	**92.2**	87.1	83.4

Credit continued

Note 5: Analysis of income statement credit impairments

	Total impairment charge			
	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
SA RETAIL	**3 452**	5 610	(38)	8 875
Retail – secured	**989**	1 581	(37)	2 474
Residential mortgages	**172**	529	(67)	577
WesBank VAF	**817**	1 052	(22)	1 897
Retail – unsecured	**2 186**	3 409	(36)	6 066
FNB card	**430**	781	(45)	1 428
Personal loans	**1 349**	1 944	(31)	3 600
– FNB and DirectAxis	**1 209**	1 609	(25)	2 999
– Covid-19 relief	**140**	335	(58)	601
Retail other	**407**	684	(40)	1 038
Temporary stress scenario	**(143)**	–	–	335
FNB centre	**420**	620	(32)	–
SA CORPORATE AND COMMERCIAL	**49**	1 795	(97)	2 841
FNB commercial	**60**	884	(93)	1 307
– FNB commercial	**185**	837	(78)	1 103
– SME government-guaranteed loan scheme	**(1)**	47	(>100)	56
– Temporary stress scenario	**(124)**	–	–	148
WesBank corporate	**(60)**	91	(>100)	106
RMB corporate and investment banking*	**49**	820	(94)	1 428
– Lending	**(6)**	520	(>100)	925
– Loans to private equity investee companies	**55**	300	(82)	503
HQLA corporate advances**	**–**	–	–	–
REST OF AFRICA	**232**	751	(69)	885
FNB	**246**	735	(67)	865
RMB (corporate and investment banking)	**(14)**	16	(>100)	20
FCC (INCLUDING GROUP TREASURY)	**1**	21	(95)	29
Securitisation notes	**(1)**	12	(>100)	5
Other	**2**	9	(78)	24
Total impairment charge excluding UK operations	**3 734**	8 177	(54)	12 630
UK operations	**293**	1 237	(76)	1 030
Aldermore retail	**209**	391	(47)	334
Aldermore commercial	**(198)**	159	(>100)	218
Total MotoNovo	**282**	687	(59)	478
– MotoNovo (front book)	**218**	495	(56)	524
– MotoNovo (back book)	**64**	192	(67)	(46)
Total impairment charge including UK operations	**4 027**	9 414	(57)	13 660
Of which:				
Portfolio impairments charge	**833**	3 868	(78)	2 435
Specific impairments charge	**3 194**	5 546	(42)	11 225

* *Includes activities in India and represents the in-country balance sheet.*

** *Managed by the Group Treasurer.*

As a % of average advances			
Six months ended 31 December		Year ended 30 June	Six months ended 30 June
2021	2020	2021	2021
1.67	2.70	2.14	1.58
0.60	0.97	0.76	0.55
0.15	0.47	0.26	0.04
1.64	2.04	1.86	1.67
5.09	7.71	6.91	6.08
2.75	5.14	4.65	4.19
6.88	9.36	8.83	8.19
6.64	8.39	7.88	7.54
10.03	21.13	22.00	14.89
5.29	8.27	6.40	4.42
–	–	–	–
–	–	–	–
0.02	0.75	0.59	0.44
0.11	1.65	1.19	0.78
0.33	1.58	1.02	0.50
(0.13)	10.02	5.76	1.15
–	–	–	–
(0.44)	0.68	0.39	0.11
0.03	0.51	0.44	0.38
–	0.33	0.29	0.26
1.41	7.35	6.36	5.15
–	–	–	–
0.74	2.32	1.40	0.43
0.96	2.72	1.63	0.51
(0.25)	0.29	0.20	0.08
0.01	0.11	0.08	0.04
(0.01)	0.09	0.02	(0.06)
0.04	0.16	0.22	0.26
0.73	1.64	1.27	0.90
0.20	0.83	0.35	(0.14)
0.28	0.51	0.22	(0.08)
(0.58)	0.47	0.33	0.19
0.70	1.80	0.62	(0.55)
0.64	2.14	1.03	0.10
1.01	1.27	(0.18)	(2.45)
0.61	1.46	1.06	0.67
0.13	0.60	0.19	(0.22)
0.49	0.86	0.87	0.89

Credit continued

TOTAL TEMPORARY STRESS SCENARIO

	As at December 2021						Six months ended 31 December 2021
	Advances	Balance sheet impairments					
R million	**Migration from 1 to 2**	**Total**	**Total portfolio**	**Stage 1**	**Stage 2**	**Stage 3**	**Impairment charge**
Total temporary stress scenario	**1 065**	**216**	**194**	**64**	**130**	**22**	**(267)**
Covid-19 forward-looking uncertainty	**967**	**192**	**170**	**64**	**106**	**22**	**(143)**
Residential mortgages	**652**	**62**	**42**	**10**	**32**	**20**	**(34)**
WesBank VAF	**101**	**48**	**47**	**17**	**30**	**1**	**(23)**
FNB card	**10**	**23**	**23**	**10**	**13**	**–**	**(45)**
Personal loans	**182**	**43**	**43**	**22**	**21**	**–**	**(23)**
– FNB and DirectAxis	**182**	**41**	**41**	**21**	**20**	**–**	**(17)**
– Covid-19 relief	**–**	**2**	**2**	**1**	**1**	**–**	**(6)**
Retail other	**22**	**16**	**15**	**5**	**10**	**1**	**(18)**
FNB commercial	**98**	**24**	**24**	**–**	**24**	**–**	**(124)**

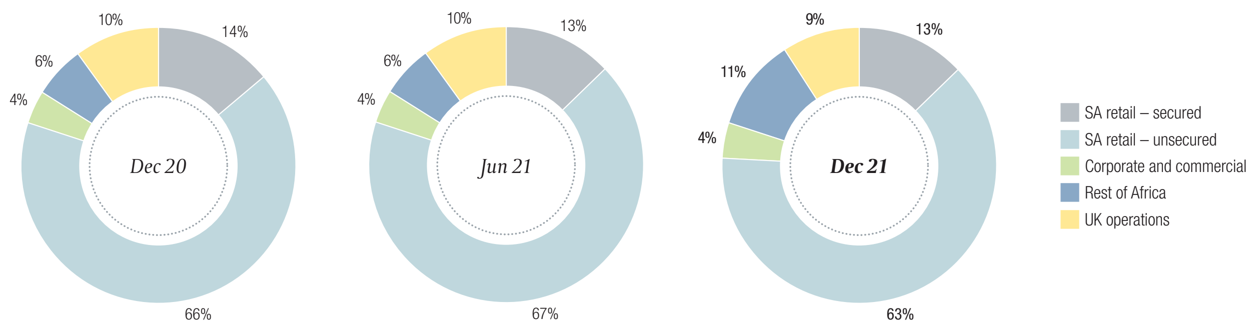
As at 30 June 2021						Year ended 30 June 2021
Advances	Balance sheet impairments					
Migration from 1 to 2	Total	Total portfolio	Stage 1	Stage 2	Stage 3	Impairment charge
1 311	483	439	255	184	44	483
1 212	335	291	131	160	44	335
735	96	59	20	39	37	96
111	71	65	25	40	6	71
88	68	68	37	31	–	68
248	66	66	29	37	–	66
248	58	58	24	34	–	58
–	8	8	5	3	–	8
29	34	33	20	13	1	34
99	148	148	124	24	–	148

Credit continued

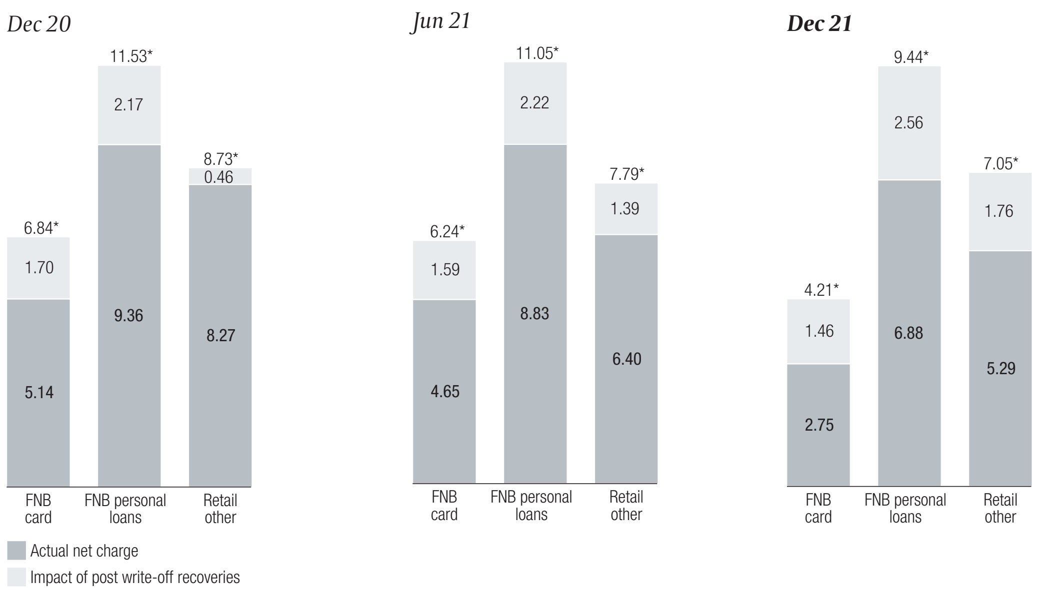
Impact of post write-off recoveries

Post write-off recoveries amounted to R1 375 million (December 2020: R1 157 million) primarily related to personal loans and FNB card.

Post write-off recoveries



SA retail unsecured credit loss ratios and recoveries
%



* Gross of recoveries (%).

Credit overview – total UK operations

£ million	Total UK operations	Aldermore retail	Aldermore commercial	Total MotoNovo	MotoNovo (front book)	MotoNovo (back book)
Six months ended 31 December 2021						
Total gross advances	**14 556**	**7 206**	**3 400**	**3 950**	**3 476**	**474**
– Stage 1	**12 881**	**6 184**	**2 997**	**3 700**	**3 321**	**379**
– Stage 2	**1 245**	**785**	**333**	**127**	**95**	**32**
– Stage 3/NPLs	**430**	**237**	**70**	**123**	**60**	**63**
Stage 3/NPLs as a % of advances*	**2.96**	**3.28**	**2.09**	**3.11**	**1.73**	**13.20**
Impairment charge	**14**	**10**	**(10)**	**14**	**11**	**3**
Credit loss ratio (%)*	**0.20**	**0.28**	**(0.59)**	**0.71**	**0.65**	**1.01**
Total impairments	**263**	**59**	**56**	**148**	**87**	**61**
– Portfolio impairments	**103**	**21**	**34**	**48**	**44**	**4**
– Stage 1	**62**	**11**	**21**	**30**	**29**	**1**
– Stage 2	**41**	**10**	**13**	**18**	**15**	**3**
– Stage 3 impairments	**160**	**38**	**22**	**100**	**43**	**57**
Specific coverage ratio (%)*	**37.1**	**15.8**	**31.6**	**81.3**	**70.6**	**91.5**
Total impairment coverage ratio (%)*	**61.3**	**24.7**	**81.1**	**120.4**	**144.5**	**97.2**
Performing book coverage ratio (%)*	**0.74**	**0.30**	**1.06**	**1.26**	**1.30**	**0.87**
– Stage 1 (%)*	**0.48**	**0.18**	**0.70**	**0.81**	**0.88**	**0.21**
– Stage 2 (%)*	**3.40**	**1.28**	**4.22**	**14.29**	**16.23**	**8.62**
Six months ended 31 December 2020						
Total gross advances	14 407	7 397	3 216	3 794	2 609	1 185
– Stage 1	12 329	6 420	2 627	3 282	2 353	929
– Stage 2	1 662	770	488	404	221	183
– Stage 3/NPLs	416	207	101	108	35	73
Stage 3/NPLs as a % of advances*	2.89	2.80	3.15	2.86	1.35	6.17
Impairment charge	58	19	7	32	23	9
Credit loss ratio (%)*	0.81	0.50	0.46	1.76	2.08	1.25
Total impairments	277	55	72	150	77	73
– Portfolio impairments	152	29	38	85	57	28
– Stage 1	73	19	19	35	28	7
– Stage 2	79	10	19	50	29	21
– Stage 3 impairments	125	26	34	65	20	45
Specific coverage ratio (%)*	30.2	12.5	34.1	60.4	56.0	62.5
Total impairment coverage ratio (%)*	66.6	26.4	71.9	138.2	219.0	99.3
Performing book coverage ratio (%)*	1.08	0.40	1.23	2.29	2.23	2.42
– Stage 1 (%)*	0.59	0.30	0.72	1.06	1.22	0.65
– Stage 2 (%)*	4.75	1.27	4.00	12.25	13.00	11.36

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

Credit continued

£ million	Total UK operations	Aldermore retail	Aldermore commercial	Total MotoNovo	MotoNovo (front book)	MotoNovo (back book)
Year ended 30 June 2021						
Total gross advances	14 381	7 345	3 165	3 871	3 103	768
– Stage 1	12 761	6 514	2 694	3 553	2 926	627
– Stage 2	1 165	593	364	208	129	79
– Stage 3/NPLs	455	238	107	110	48	62
Stage 3/NPLs as a % of advances*	3.16	3.24	3.36	2.86	1.56	8.12
Impairment charge	50	16	11	23	25	(2)
Credit loss ratio (%)*	0.35	0.23	0.32	0.63	1.46	(0.12)
Total impairments	248	48	68	132	76	56
– Portfolio impairments	110	21	36	53	45	8
– Stage 1	61	12	21	28	27	1
– Stage 2	49	9	15	25	18	7
– Stage 3 impairments	138	27	32	79	31	48
Specific coverage ratio (%)*	30.2	11.4	30.0	70.8	63.1	76.7
Total impairment coverage ratio (%)*	54.7	20.4	63.5	119.7	157.4	90.4
Performing book coverage ratio (%)*	0.80	0.30	1.17	1.44	1.49	1.21
– Stage 1 (%)*	0.48	0.18	0.78	0.82	0.93	0.28
– Stage 2 (%)*	4.24	1.62	4.02	12.08	14.22	8.57

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

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.

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 2021		December 2020		June 2021
Sector *R million*	**Drawn exposure**	**% of total group loans**	Drawn exposure	% of total group loans	Drawn exposure
Upstream oil and gas*	**3 211**	**0.2**	5 474	0.4	2 883
Down- and midstream oil and gas**	**10 066**	**0.7**	7 575	0.6	5 757
Thermal coal mines#	**2 061**	**0.2**	1 659	0.1	2 009
Fossil fuels excluding natural gas	**15 338**	**1.1**	14 708	1.1	10 649
Natural gas	**1 312**	**0.1**	862	0.1	933
Total fossil fuels†	**16 650**	**1.2**	15 570	1.2	11 582
Solar	**10 331**	**0.8**	10 363	0.8	10 342
Wind	**4 612**	**0.3**	4 791	0.4	4 933
Hydro	**158**	**–**	162	–	162
Other renewable energy	**212**	**–**	–	–	123
Total renewable energy	**15 313**	**1.1**	15 316	1.2	15 560
Electricity utilities	**7 868**	**0.6**	7 431	0.6	5 870

* *The decline in exposures is primarily driven by settlements and prepayments of several large client facilities.*

** *Changes in exposure reflect movements in the general liquidity needs of clients and thus relate primarily to shorter-term funding provided.*

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

† *The increase in overall fossil fuel exposures are primarily a result of the seasonal utilisation of working capital lines.*

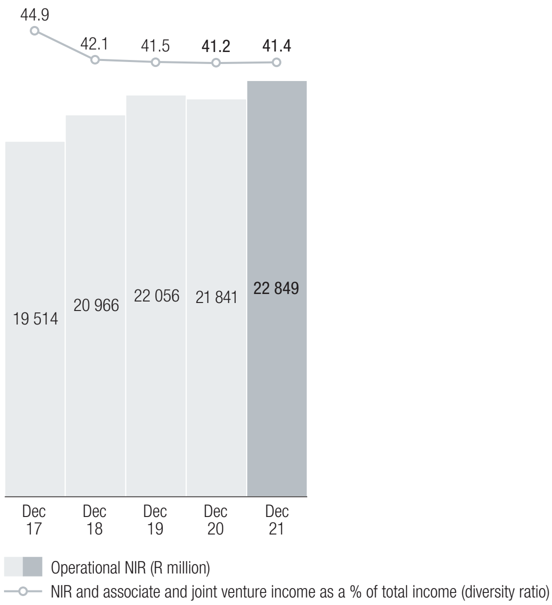
Note: The identification and categorisation of climate exposures have been refined, including the reclassification of certain diversified counterparts based on a reassessment of their underlying operations. Comparative periods have been restated accordingly.

Non-interest revenue

Total non-interest revenue – up 5%

OPERATIONAL NON-INTEREST REVENUE – UP 5%

*Operational non-interest revenue and diversity ratio**
R million
NIR CAGR 4%



* *Excluding income from associates and joint ventures.*

Note: 2017 figures are based on IAS 39 and 2018 to 2021 figures on IFRS 9.

ANALYSIS OF OPERATIONAL NIR*

		Six months ended 31 December			Year ended 30 June
R million	Notes	**2021**	2020	% change	2021
Net fee, commission and insurance income		**18 451**	18 060	2	35 021
– Fee and commission income	1	**16 571**	16 031	3	31 686
– Insurance income	2	**1 880**	2 029	(7)	3 335
Trading and other fair value income	3	**2 521**	2 206	14	4 885
Investment income	4	**282**	50	>100	321
Other non-interest revenue	5	**1 595**	1 525	5	3 321
Operational non-interest revenue		**22 849**	21 841	5	43 548

* *Excluding income from associates and joint ventures.*

NOTE 1 – FEE AND COMMISSION INCOME – UP 3%

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Bank fee and commission income	**17 484**	16 608	5	32 853
– Card commissions	**3 013**	2 553	18	5 069
– Cash deposit fees	**931**	956	(3)	1 798
– Electronic transaction fees*	**1 730**	1 694	2	3 387
– Bank charges	**11 810**	11 405	4	22 599
– Commitment fees	**802**	733	9	1 500
– Other bank charges**	**11 008**	10 672	3	21 099
Knowledge-based fees	**500**	542	(8)	1 118
Management and fiduciary fees	**1 269**	1 251	1	2 526
– Investment management fees	**809**	789	3	1 611
– Management fees from associates and joint ventures	**380**	377	1	752
– Other management and brokerage fee income	**80**	85	(6)	163
Other non-bank commissions	**485**	489	(1)	965
Gross fee and commission income	**19 738**	18 890	4	37 462
Fee and commission expenditure	**(3 167)**	(2 859)	11	(5 776)
– Transaction-related fees	**(827)**	(683)	21	(1 369)
– Commission paid	**(155)**	(148)	5	(302)
– Customer loyalty programmes	**(1 046)**	(904)	16	(1 874)
– Cash sorting, handling and transportation charges	**(579)**	(578)	–	(1 090)
– Card-related	**(197)**	(216)	(9)	(485)
– Other	**(363)**	(330)	10	(656)
Net fee and commission income	**16 571**	16 031	3	31 686

* *The description of the line has been updated to more appropriately reflect the nature of the income earned. This line was previously titled "Commissions on bills, drafts and cheques". The amount that was reported in the prior periods 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.*

Non-interest revenue continued

KEY DRIVERS

> FNB NIR grew 4%, reflecting higher transaction volumes and 3% growth in the customer base.

> FNB transaction volumes increased 12% overall. Electronic platform logins grew 13% in total across all interfaces, whilst manual volumes declined 1%. Branch and cash centre transaction volumes decreased 45% and 11%, respectively.

> Card swipe volumes increased 12% reflecting the rebound in overall customer activity to pre-pandemic levels, contributing to the 18% overall growth in card commissions.

> FNB did not increase headline fees in the entry and consumer customer bundles. Sub-inflation fee increases were effective for premium and commercial customers. Further, there was a R600 million negative impact from a reduction in certain fees.

%	Change in transaction volumes
ATM/ADT	**–**
Digital	**13**
Point of sale merchants	**24**
Card swipes	**12**

> RMB's fee income was supported by resilient origination activities, providing an uplift to both structuring and commitment fee income. This was, however, partly offset by the non-repeat of material advisory fees reported in the prior period.

> RMB's domestic transactional volumes were impacted by social unrest early in the reporting period and pricing impacts which impacted volumes. Rest of Africa volumes increased following client acquisitions.

> Knowledge-based fees declined 8%, a resilient performance considering the tough operating environment.

> The group's management and fiduciary fee income was driven by 12% growth in AUM and positive market movements offset by a switch by customers to new-generation products with lower fees.

> The increase in fee and commission expenses was linked to higher transactional activity levels and larger customer rewards earned as a consequence.

NOTE 2 – INSURANCE INCOME – DOWN 7%

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Commissions, brokerage and cell captives	**791**	847	(7)	1 478
Insurance risk-related income	**1 089**	1 182	(8)	1 857
– Insurance premiums received	**2 620**	2 369	11	4 848
– Reinsurance expenses	**(366)**	(197)	86	(368)
– Insurance benefits and claims paid	**(1 417)**	(1 097)	29	(2 387)
– Reinsurance recoveries	**247**	82	>100	217
– Transfers to policyholder liabilities (gross)	**(193)**	(109)	77	(631)
– Transfer from policyholder liabilities (reinsurance)	**198**	134	48	178
Total insurance income	**1 880**	2 029	(7)	3 335

KEY DRIVERS

- The 7% reduction in insurance income was mainly due to the ongoing impact of the pandemic, which resulted in an increase in mortality and retrenchment claims and claims provisions.
- Premium income grew strongly at 11% driven by good growth in core life products due to increased funeral sales, upgrades and repricing. Premium income was further supported by growth in the commercial and credit life book, and the start of short-term insurance.
- The growth in premium income was offset by a 29% increase in claims paid due to the impact of the third wave of the pandemic. Mortality claims continued but started to trend downwards post the third wave and a less severe fourth wave. In addition, reinsurance expenses increased following a decision to increase risk mitigation during the pandemic and growth in products that are reinsured.
- Future claims provisions totalled R924 million at 31 December 2021 (December 2020: R2.0 billion; June 2021: R1.3 billion) following ongoing releases driven by lower claims and lapses. However, because FirstRand does not recognise the insurance margin asset (i.e. zerorising the negative liability), the recognition of the liability and any releases do not impact the income statement or balance sheet.
- Commissions, brokerage and cell captive income is derived from all other insurance businesses and arrangements entered into by WesBank, MotoVantage, various cell captives and the group's subsidiaries in the rest of Africa. Furthermore, cell captive income continues to be negatively impacted by claims paid and reserves raised by insurance partners and policy cancellations, resulting in a substantial decrease in distributable profit.

Non-interest revenue continued

NOTE 3 – TRADING AND OTHER FAIR VALUE INCOME – UP 14%

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Trading income	**2 349**	2 261	4	4 943
– Equities	**90**	31	>100	49
– Commodities	**283**	224	26	446
– Fixed income	**895**	1 213	(26)	2 315
– Currencies	**1 081**	793	36	2 133
Other fair value income	**172**	(55)	(>100)	(58)
– RMB banking activities and other	**196**	251	(22)	434
– Aldermore fair value hedge	**(22)**	(100)	(78)	(10)
– Group Treasury economic hedges and other	**(2)**	(206)	(99)	(482)
Total trading and other fair value income	**2 521**	2 206	14	4 885

KEY DRIVERS

> Despite the tough operating environment, RMB trading activities delivered another strong performance.

> Trading income was supported by:
- a good currency desk performance as a result of exchange rate volatility;
- the equity desk benefiting from the increased market volumes and corporate activity; and
- strong client flow and corporate hedging in hard commodities; partially offset by
- a decline in fixed income, affected by the start of an interest rate hiking cycle in the latter part of the period.

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

> The Aldermore fair value hedge portfolio incurred a loss of £1.1 million, compared to a £4.7 million loss in the prior period. This improvement is due to a relatively less volatile macroeconomic environment.

> Group Treasury economic hedges and other fair value income performance improved, mainly due to the non-repeat of FX losses in the African subsidiaries that occurred in the prior period, increased FX income on the net open foreign position, as well as dividend income received on the total return swap (TRS) which was not received in the prior period due to regulatory authority guidance issued.

NOTE 4 – INVESTMENT INCOME – UP >100%

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Private equity realisations and dividends received	**5**	5	–	8
– Profit on realisation of private equity investments	**1**	–	–	–
– Dividends received	**2**	5	(60)	8
– Other private equity income	**2**	–	–	–
Other investment income	**277**	45	>100	313
– Profit on assets held against employee liabilities	**144**	33	>100	209
– Other investment income	**133**	12	>100	104
Total investment income	**282**	50	>100	321

KEY DRIVERS

> There were no significant realisations in the current or prior periods. New private equity investments of c. R500 million were made in the current financial period (December 2020: nil). The unrealised value in the portfolio was c. R4.8 billion at December 2021 (December 2020: R3.9 billion; June 2021: R4.4 billion) reflective of the improving underlying performance.

> The performance of the group's post-retirement employee liability asset portfolio improved from the prior period, largely due to market value increases in inflation-linked bonds as the economic environment stabilises.

> Other investment income includes profits of c. R100 million as a result of participation in National Treasury bond switches.

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

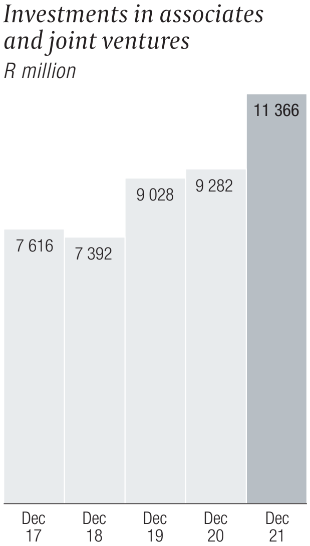
KEY DRIVERS

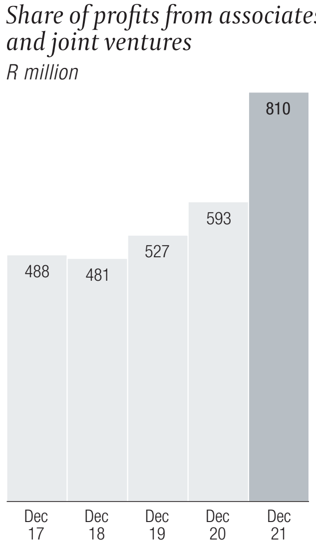
> Rental income represents 55% (2020: 61%) of other NIR.

> Improved other NIR performance was driven by FNB Connect as a result of better pricing of products and lower costs, and an increase in managed maintenance revenue.

Non-interest revenue continued

Share of profits from associates and joint ventures – up 37%





Note: 2017 figures are based on IAS 39 and 2018 to 2021 figures on IFRS 9.

SHARE OF PROFITS FROM ASSOCIATES AND JOINT VENTURES

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Private equity associates and joint ventures	**476**	545	(13)	1 245
– Equity-accounted income	**489**	555	(12)	1 324
– Impairments	**(13)**	(10)	30	(79)
Other operational associates and joint ventures	**578**	250	>100	707
– TFS	**130**	31	>100	168
– VWFS	**115**	110	5	250
– RMB Morgan Stanley	**151**	69	>100	157
– Other	**182**	40	>100	132
Share of profits from associates and joint ventures before tax	**1 054**	795	33	1 952
Tax on profits from associates and joint ventures	**(244)**	(202)	21	(520)
Share of profits from associates and joint ventures after tax	**810**	593	37	1 432

KEY DRIVERS

- The annuity share of profits from associates and joint ventures from the RMB private equity portfolio was resilient, however total income reflected lower levels of one-off income compared with the prior period.
- TFS delivered a strong performance mainly driven by lower impairment charges raised in the current period.
- RMB Morgan Stanley's performance benefited from improved market and corporate activity during the period.

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.

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
RMB private equity division	**481**	550	(13)	1 253
Income from associates and joint ventures	**476**	545	(13)	1 245
– Equity-accounted income*	**489**	555	(12)	1 324
– Impairments*	**(13)**	(10)	30	(79)
Realisations and dividends**	**3**	5	(40)	8
Other private equity income**	**2**	–	–	–
Other business units	**51**	(22)	(>100)	(38)
Income from associates and joint ventures and other investments	**105**	9	>100	(2)
– Equity-accounted income*	**91**	4	>100	(85)
– (Impairments)/reversals of impairments*,#	**(2)**	(22)	(91)	39
– Other investment income**	**16**	27	(41)	44
Consolidated other income#	**(54)**	(31)	74	(36)
Private equity activities before tax	**532**	528	1	1 215
Tax on equity-accounted private equity investments	**(109)**	(134)	(19)	(322)
Private equity activities after tax	**423**	394	7	893

* *Refer to analysis of income from associates and joint ventures on page 136.*

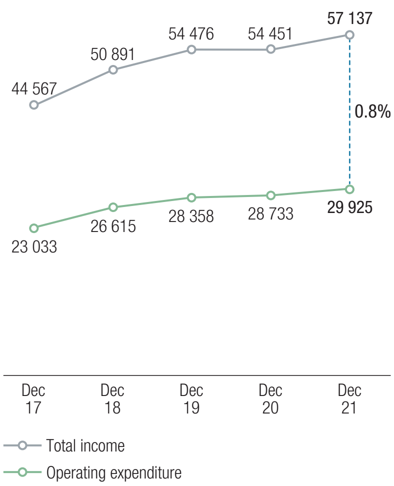
** *Refer to investment income analysis on page 135.*

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

Operating expenses

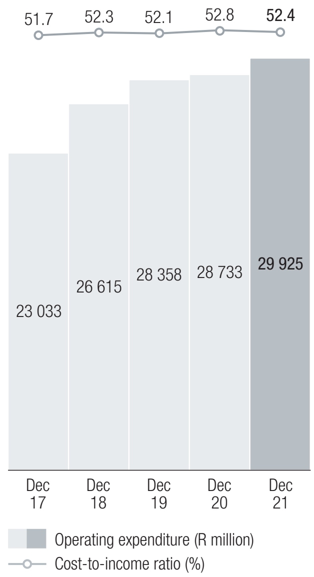
Operating expenses – up 4%

Operating jaws
R million



Note: 2017 figures are based on IAS 39 and 2018 to 2021 figures on IFRS 9.

Operating efficiency
R million



R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Staff expenditure	**17 835**	17 021	5	34 311
– Direct staff expenditure	**13 542**	13 071	4	26 037
– Variable staff expenditure	**3 257**	2 931	11	5 739
– Short-term incentive payments	**2 320**	2 071	12	4 768
– Long-term incentive payments	**937**	860	9	971
– Other staff-related expenditure	**1 036**	1 019	2	2 535
Depreciation of property and equipment	**1 973**	2 137	(8)	4 310
Amortisation of intangible assets	**389**	432	(10)	916
Advertising and marketing	**796**	654	22	1 566
Insurance	**66**	60	10	109
Lease charges	**287**	235	22	472
Professional fees	**1 314**	1 192	10	2 328
Audit fees	**240**	271	(11)	544
Computer expenses	**2 065**	1 971	5	4 296
Repairs and maintenance	**686**	657	4	1 313
Telecommunications	**293**	317	(8)	621
Cooperation agreements and joint ventures	**22**	(9)	(>100)	(24)
Property	**610**	612	–	1 126
Business travel	**79**	52	52	108
Assets costing less than R7 000	**135**	130	4	306
Stationery and printing	**63**	70	(10)	132
Donations	**183**	159	15	258
Loss on disposal group held for sale (Tanzania exit)	**50**	187	(73)	208
Legal fees	**383**	336	14	933
Other expenditure	**2 456**	2 249	9	3 509
Total operating expenses	**29 925**	28 733	4	57 342

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	**2021**	2020	% change	2021
IT-related staff cost	**2 483**	2 244	11	4 839
Non-staff IT-related costs	**3 848**	3 889	(1)	8 193
– Computer expenses	**2 065**	1 971	5	4 296
– Professional fees	**546**	560	(3)	1 127
– Repairs and maintenance	**243**	218	11	453
– Depreciation of equipment	**560**	616	(9)	1 182
– Amortisation of software	**145**	218	(33)	377
– Other expenditure	**289**	306	(6)	758
Total IT spend	**6 331**	6 133	3	13 032

KEY DRIVERS

- Cost growth of 4% includes an overall 5% increase in staff costs as well as ongoing investment in growth strategies and platform infrastructure.
- Staff costs represent 60% (December 2020: 59%) of the group's operating expenses.

	% CHANGE	REASONS
Direct staff costs	4	Annual salary increases averaged 4% (unionised staff at 4.5%), with headcount (excluding FirstJobs employees) flat since June 2021, but 1.6% lower since December 2020.
Short-term incentive expenses	12	With the improvement in NIACC (the group's measure of economic profit), the overall short-term incentive (STI) pool increased.
Long-term incentive expenses	9	The increase reflects the combination of a larger long-term incentive (LTI) pool together with higher staff participation.

- Accelerated amortisation and depreciation as a result of a revision to the useful lives of certain assets led to a 10% decline in amortisation of intangible assets and an 8% reduction in depreciation.
- Lease charges increased 22%, mainly due to connectivity infrastructure implementation costs for client-facing employees working from home.
- Advertising and marketing costs increased 22% due to a new marketing campaign and sports sponsorships, which were reinstated in the current period as event-related restrictions were lifted.
- Professional fees increased mainly due to finance ledger and reporting projects in the UK operations.
- The decrease in audit fees reflect overruns and special audits in the prior period following the additional audit requirements brought on by Covid-19 that were not repeated.
- Computer expenses grew 5%, slightly ahead of inflation.
- Business travel increased as borders reopened and certain restrictions were lifted.
- A 15% increase in donations was as a result of payments made to the Solidarity Fund and the FNB Philanthropy Trust, in addition to the usual contribution to the FirstRand Foundation linked to increased profitability.
- The increase in legal fees was due to higher debt collection and related fees.
- Other expenditure includes various items such as entertainment, bank charges, insurance-related acquisition costs, subscriptions and membership fees.

financial resource management

Economic view of the balance sheet

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

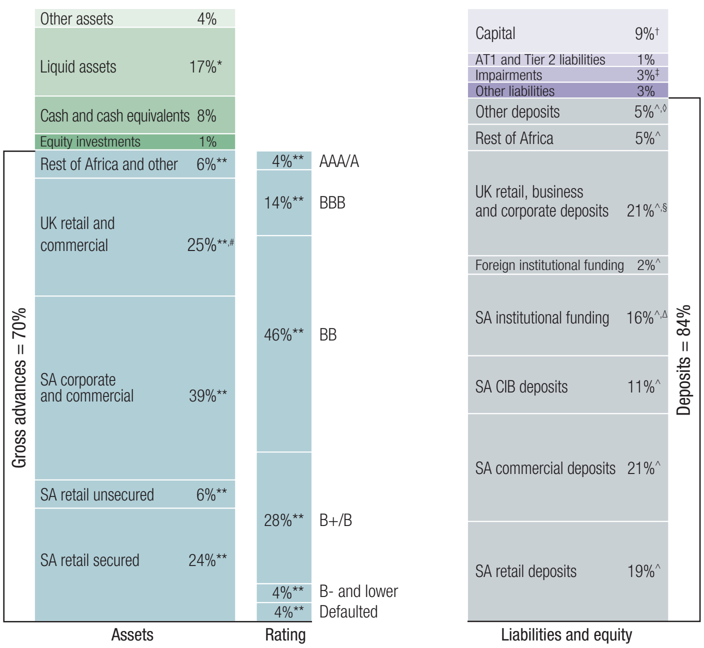
When assessing the underlying risk in the balance sheet, the group's asset profile reflects a diversified advances portfolio, which constitutes 70% of total assets. The composition of the gross advances portfolio consists of SA retail secured (24%), SA retail unsecured (6%), SA corporate and commercial (39%), UK retail and commercial (25%), and rest of Africa and other (6%). At December 2021, the group reported total NPLs of R54 478 million (4.02% of advances) and a credit loss ratio of 61 bps.

Cash and cash equivalents, and liquid assets represent 8% and 17%, 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 targeting a lower proportion of institutional funding and growing its deposit franchise. The weighted average remaining term of domestic institutional funding was 40 months at December 2021 (December 2020: 42 months). The reduction reflects a marginal increase in money market issuances relative to the longer-dated Tier 2 capital refinancing and senior debt issuances.

The group remained strongly capitalised with a CET1 ratio of 13.6%, a Tier 1 ratio of 14.3% and a total capital adequacy ratio of 16.5%. Gearing decreased to 12.4 times (December 2020: 13.7 times), driven by 11% growth in average total equity, while average total assets remained flat.

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

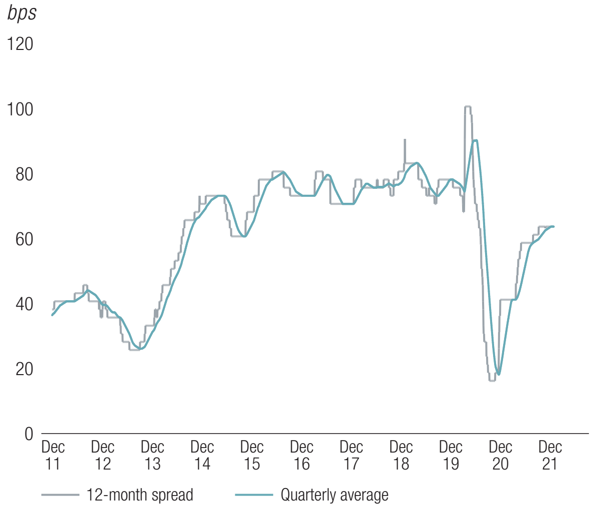
Funding and liquidity management approach

A comprehensive overview of the group's current funding and liquidity management approach is provided in the Basel Pillar 3 disclosure for the year ended 30 June 2021, which is available at *www.firstrand.co.za/investors/basel-pillar-3-disclosure/*.

Funding conditions

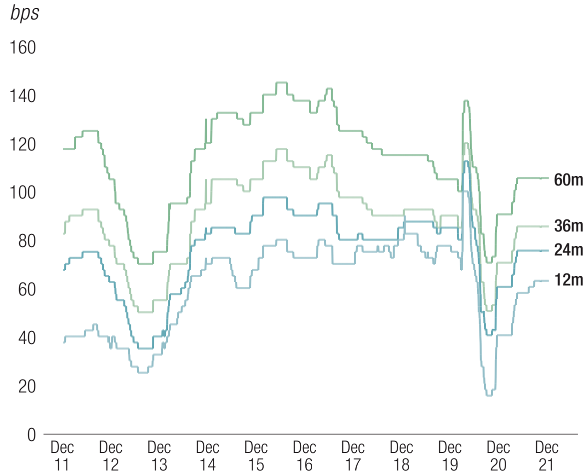
Liquidity conditions and funding markets have normalised following the disruptions caused by the Covid-19 pandemic. The spread to the three-month Johannesburg Interbank Average Rate (JIBAR) paid on 12-month money market instruments is most representative of bank funding costs in the money markets. During the period under review, increased economic activity led to elevated funding demand which, coupled with improved liquidity conditions, saw further normalisation in funding spread levels as banks competed for marginal savings flows. Longer-dated funding spreads increased, but FirstRand's demand in this area of the curve remained muted. Deposit franchise growth provided a natural buffer to the group and limited negative repricing effects. The post-crisis period has been characterised by funding conditions that have seen bank spreads falling below government bond spreads in certain tenors as well as general compression of spreads across banks and corporate issuers.

12-month mid-market funding spread



Sources: Bloomberg (RMBP screen) and Reuters.

Long-term funding spreads



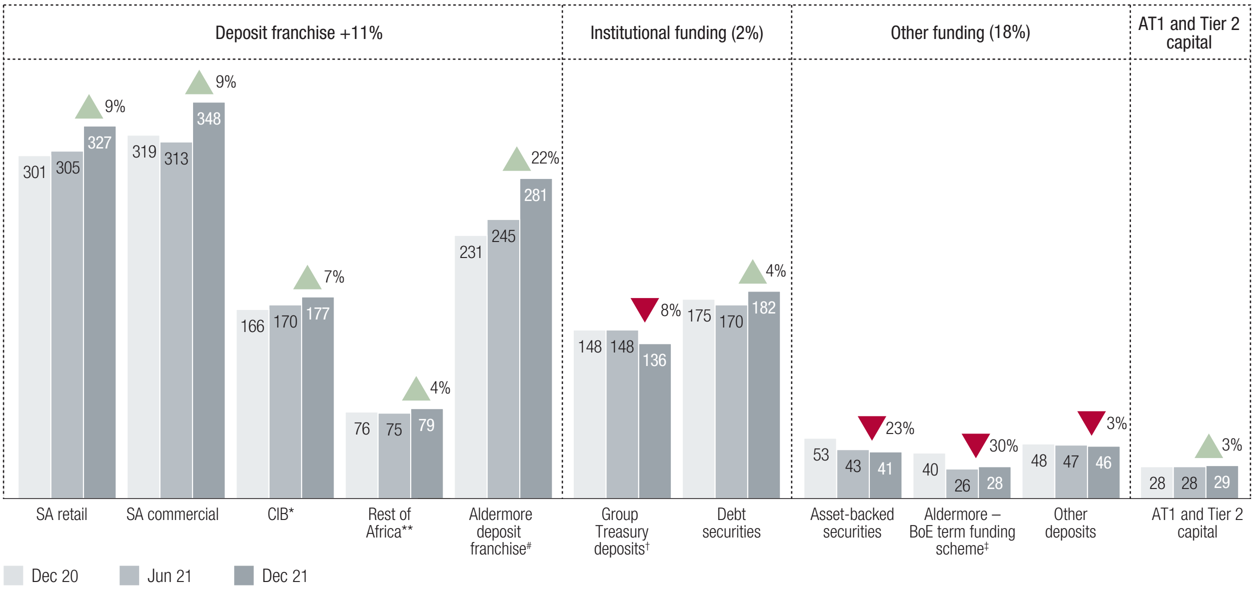
Sources: Bloomberg (RMBP screen) and Reuters.

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 (not rounded) numbers shown in the bar graphs above and reflects period-on-period growth.

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

* *CIB deposits include South Africa and the London and India branches.*

** *Rest of Africa deposits include CIB deposits related to the rest of Africa subsidiaries.*

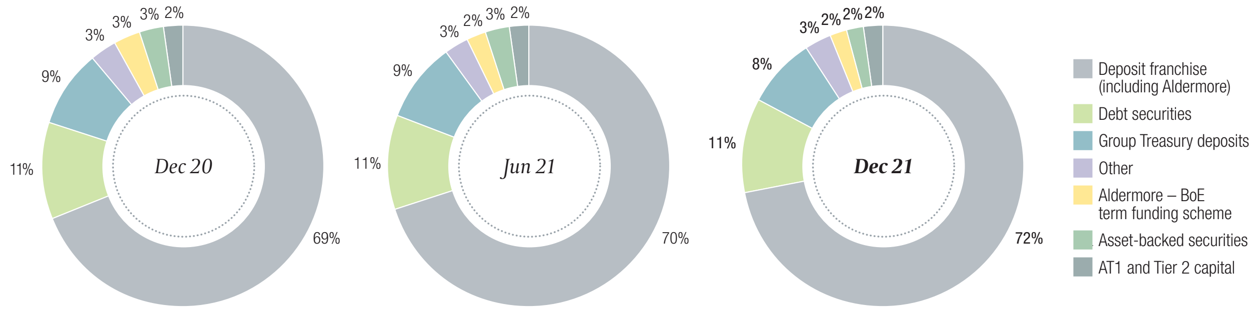
Aldermore deposit franchise, including corporate deposits, increased 14% to £13 billion.

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

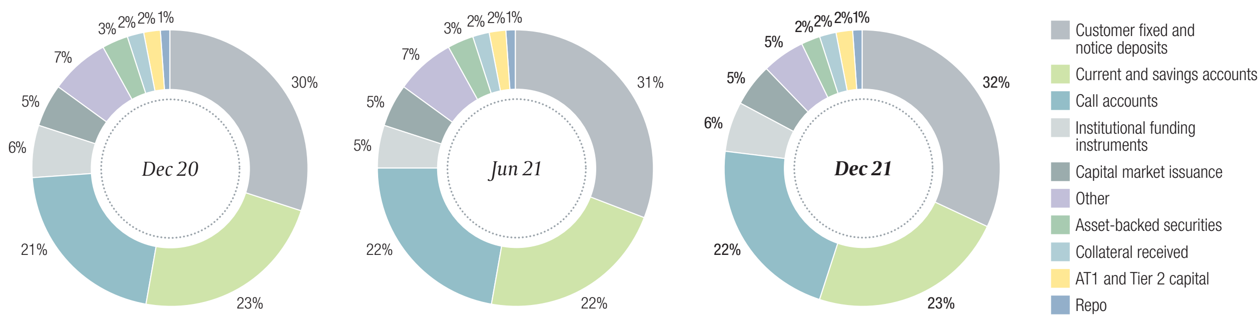
‡ *Aldermore's utilisation of the BoE term funding scheme reduced by 35% as planned to £1.3 billion.*

The group's funding mix reflects the strength of its deposit franchises, which have continued to grow faster than institutional funding.

Funding mix



Funding by instrument type



Funding and liquidity continued

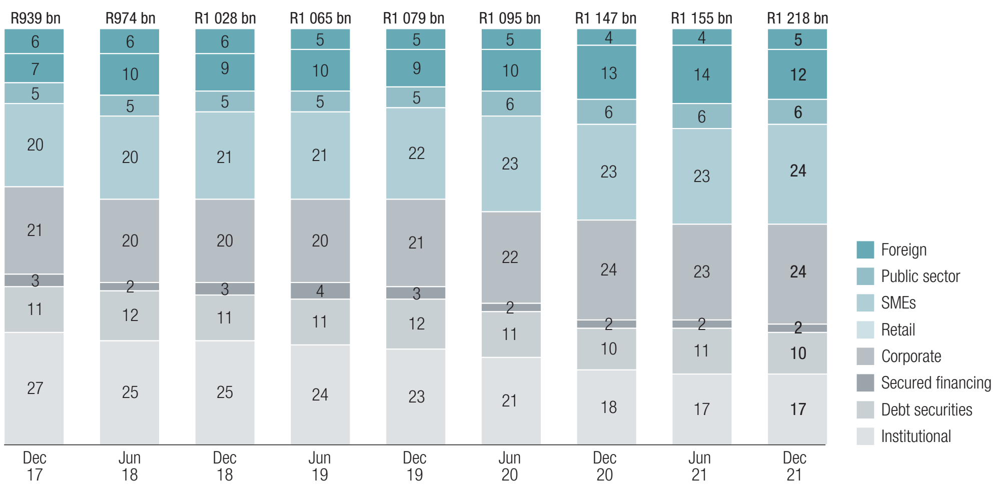
The group's focus on growing main-banked transactional accounts and investment deposits naturally results in a significant proportion of contractually short-dated funding. Although these deposits are cyclical in nature, reflecting each customer's individual transactional and savings requirements, when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

BANK* COUNTERPARTY FUNDING ANALYSIS

	As at 31 December					As at 30 June
	2021				2020	2021
% of funding liabilities	Total	Short term	Medium term	Long term	Total	Total
Institutional	**17.1**	**8.8**	**2.7**	**5.6**	17.5	17.3
ZAR	**16.8**	**8.5**	**2.7**	**5.6**	17.0	17.0
FX	**0.3**	**0.3**	**–**	**–**	0.5	0.3
Debt securities	**10.5**	**0.2**	**0.6**	**9.7**	10.4	10.6
Secured financing	**1.6**	**1.2**	**0.1**	**0.3**	1.9	2.0
Corporate	**24.2**	**22.2**	**1.8**	**0.2**	23.6	23.3
ZAR	**23.0**	**21.0**	**1.8**	**0.2**	22.1	21.9
FX	**1.2**	**1.2**	**–**	**–**	1.5	1.4
Retail	**23.7**	**18.7**	**3.1**	**1.9**	23.2	23.4
ZAR	**23.1**	**18.1**	**3.1**	**1.9**	22.6	22.8
FX	**0.6**	**0.6**	**–**	**–**	0.6	0.6
SMEs	**5.9**	**5.0**	**0.6**	**0.3**	5.7	5.9
Public sector	**11.9**	**10.1**	**1.1**	**0.7**	13.3	13.4
Foreign	**5.1**	**3.3**	**0.5**	**1.3**	4.4	4.1
Total	**100.0**	**69.5**	**10.5**	**20.0**	100.0	100.0

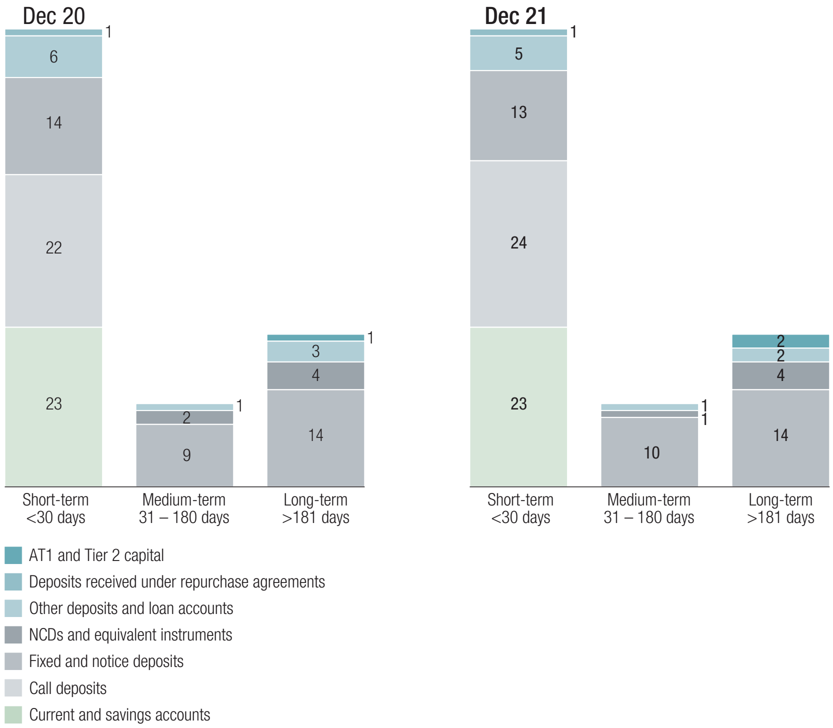
* *Excluding foreign branches.*

Bank funding analysis by source*



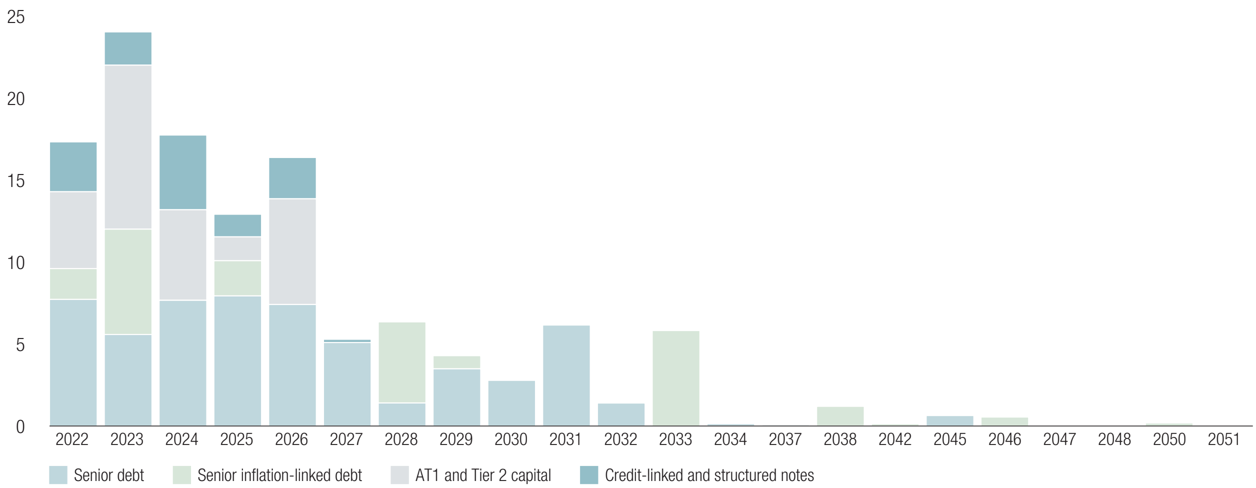
* *Excluding foreign branches.*

Group 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 the maturity spectrum, taking pricing and investor demand into consideration.

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



* *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 the rest of Africa.

ALDERMORE

Aldermore has a diversified and flexible funding strategy. Its deposit franchise totalled £13 billion at December 2021 with retail, business and corporate deposits representing 84% of total funding.

Aldermore's funding strategy is complemented by its continued access to institutional funding, looking to the capital markets as and when opportunities arise to optimise its funding profile and cost of funds.

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

Liquidity risk position

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

COMPOSITION OF LIQUID ASSETS*

	As at 31 December	
R billion	**2021**	2020
Cash and deposits with central banks	**56**	54
Short-term liquidity instruments	**114**	91
Long-term investment securities	**130**	121
Other liquid assets	**42**	61
Total liquid assets	**342**	327

* *The composition of liquid assets is calculated as a simple average of 92 days of daily observations over the period ended 31 December 2021 for FirstRand Bank South Africa and the London branch, as well as Botswana and Namibia. The remaining banking entities, including Aldermore, and the India and Guernsey branches, are based on quarter-end values.*

Liquidity ratios for the group and bank at December 2021 are summarised below.

LIQUIDITY RATIOS

	Group*		Bank*	
%	**LCR****	**NSFR**	**LCR****	**NSFR**
Regulatory minimum#	**80**	**100**	**80**	**100**
Actual	**118**	**125**	**124**	**121**

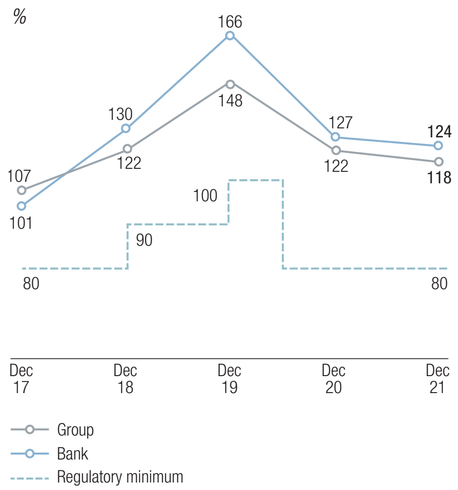
* *The group's LCR and NSFR include FirstRand Bank (including foreign branches) and all other banking subsidiaries. The bank's LCR and NSFR reflect South African operations only.*

** *The LCR is calculated as a simple average of 92 days of daily observations over the period ended 31 December 2021 for FirstRand Bank South Africa and the London branch, as well as Botswana and Namibia. The remaining banking entities, including Aldermore, and the India and Guernsey branches, are based on quarter-end values. The figures are based on the regulatory submissions to the PA.*

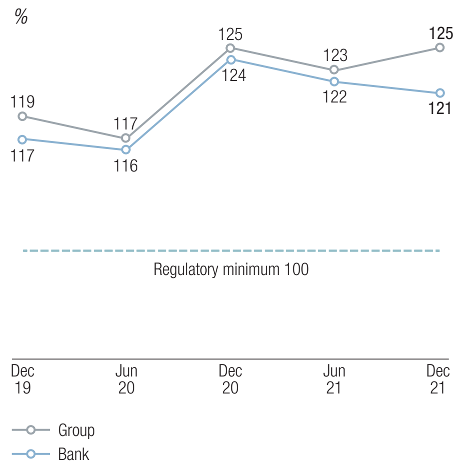
\# *In line with Directive 1 of 2020, the LCR requirement reduced from 100% to 80%, effective 1 April 2020. There were no changes to the NSFR minimum requirement.*

The graphs below provide an overview of the group's and bank's liquidity ratios.

LCR



NSFR



Capital

Capital management approach

A comprehensive overview of the group's current capital management approach was provided in the Basel Pillar 3 disclosure for the year ended 30 June 2021, 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 appropriate leverage ratios in excess of regulatory minimums and internal targets.

CAPITAL ADEQUACY AND LEVERAGE

	Capital			Leverage
%	**CET1**	**Tier 1**	**Total**	**Total**
Regulatory minimum*	8.0	10.0	12.0	4.0
Internal target	11.0 – 12.0	>12.0	>14.25	>5.5
Actual – including unappropriated profits**				
As at 31 December 2021	**13.6**	**14.3**	**16.5**	**7.9**
As at 31 December 2020	12.4	13.1	15.3	7.3

* *Excluding the individual capital requirement (Pillar 2B). The domestic systemically important bank (D-SIB) requirement for the group is 1.5%. The group's countercyclical buffer requirement remained at 0%.*

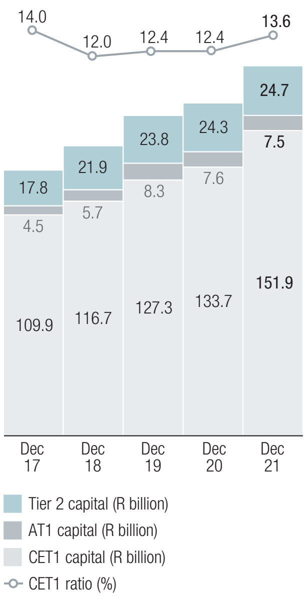
** *Refer to the Basel Pillar 3 standardised disclosures at www.firstrand.co.za/investors/basel-pillar-3-disclosure/ for ratios excluding unappropriated profits.*

The PA published *Directive 5 of 2021*, *Capital framework for South Africa based on the Basel III framework*, which reinstated the Pillar 2A requirement of 1% on 1 January 2022. The group's internal targets remain appropriate as these were not adjusted for any temporary Covid-19 relief measures.

The group continues to enhance the use of economic capital by facilitating risk-based decisions, 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 businesses, 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.

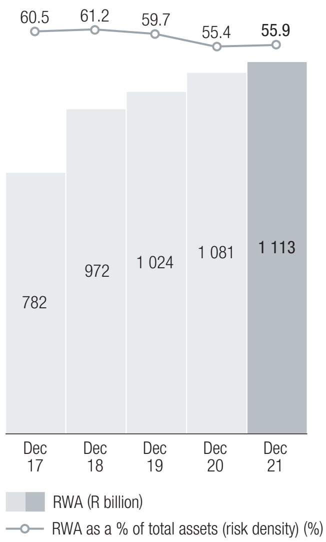
The graphs below provide a historical overview of the group's capital adequacy, RWA and leverage positions.

*Capital adequacy**



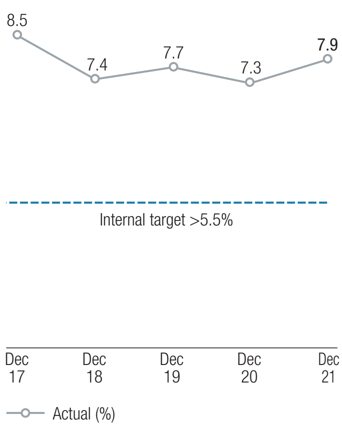
* *Including unappropriated profits.*

RWA history



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

*Leverage**



* *Including unappropriated profits.*

The Basel III leverage ratio is a supplementary measure to the risk-based capital ratios and is a function of Tier 1 capital, and total on- and off-balance sheet exposures. The movement in the leverage ratio to December 2021 mainly related to an increase in Tier 1 capital which was partly offset by an increase in total exposures.

Capital continued

Supply of capital

COMPOSITION OF CAPITAL*

	As at		
	31 December		30 June
R million	**2021**	2020	2021
CET1 capital excluding unappropriated profits	**130 810**	121 902	124 445
Unappropriated profits	**21 125**	11 812	17 991
CET1 capital including unappropriated profits	**151 935**	133 714	142 436
Tier 1 capital	**159 390**	141 349	149 527
Total qualifying capital	**184 135**	165 690	172 967

* *Refer to https://www.firstrand.co.za/investors/basel-pillar-3-disclosure/ for further detail.*

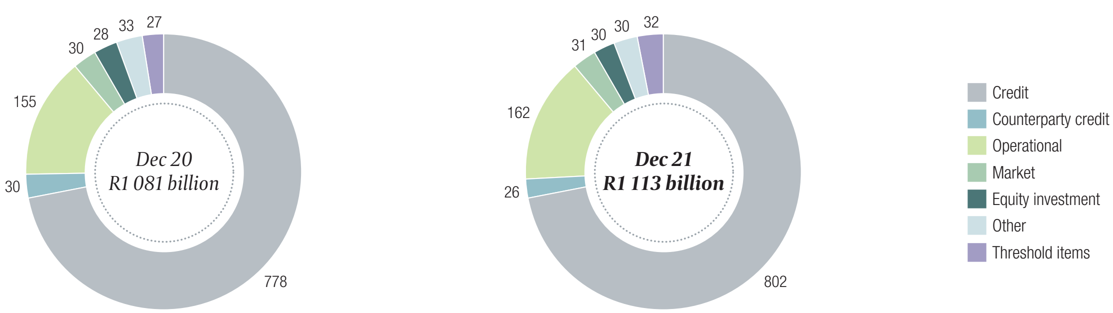
KEY DRIVERS: DECEMBER 2021 VS DECEMBER 2020		
CET 1	▲	> Positive earnings partly offset by the payment of dividends for the 2021 financial year. > An increase in the foreign currency translation reserve due to the rand's depreciation, partly reduced by the final transitional impact of IFRS 9.
AT1	▼	> Additional 10% haircut on the group's NCNR preference shares.
Tier 2	▲	> Tier 2 issuance in FRB and rand depreciation, partly offset by the redemption of Tier 2 instruments in FRB and Aldermore.

Additional detail on the group's capital instruments is included on page 232.

Demand for capital

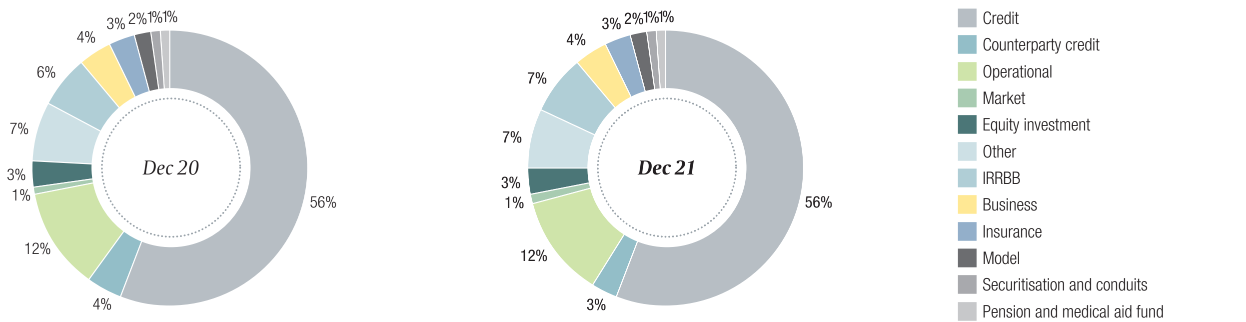
This section provides an analysis of the regulatory RWA and economic capital.

Regulatory RWA analysis



KEY DRIVERS OF REGULATORY RWA: DECEMBER 2021 VS DECEMBER 2020		
Credit	▲	> Increase due to rand depreciation against other currencies. > Higher volumes, partly offset by model updates and capital optimisation.
Counterparty credit	▼	> Decrease driven by implementation of the standardised approach for measuring counterparty credit risk (SA-CCR), which resulted in reduced effective exposures at default considering collateral offsets.
Operational	▲	> Increase in advanced measurement approach capital due to changes in operational risk scenarios and internal loss data. > Movement in gross income for entities on basic approaches (basic indicator and the standardised approach).
Market	▲	> The interest rate asset class was the main contributor towards the increased capital with non-traded foreign exchange risk providing a partial offset.
Equity investment	▲	> Fair value movements and acquisitions, as well as the implementation of the equity investment in funds regulations in January 2021.
Other	▼	> Movement in other assets, and property and equipment.
Threshold items	▲	> Increase in the 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 of FirstRand and its regulated entities

	As at 31 December					As at 30 June
	2021				2020	2021
	Total minimum requirement*	**RWA** R million**	**Tier 1**	**Total capital adequacy**	Total capital adequacy	Total capital adequacy
BANKING (%)						
Basel III (PA regulations)						
FirstRand#	12.0	**1 113 206**	**14.3**	**16.5**	15.3	16.3
FirstRand Bank#,†		**730 706**	**14.7**	**17.6**	16.7	17.8
FirstRand Bank South Africa#		**706 143**	**14.4**	**17.3**	16.6	17.6
FirstRand Bank London		**24 029**	**22.4**	**23.5**	18.0	22.0
FirstRand Bank India		**690**	**>100**	**>100**	39.3	82.9
FirstRand Bank Guernsey		**441**	**39.5**	**39.5**	19.4	27.5
Basel III (local regulations)						
Aldermore Bank	**12.0**	**130 133**	**16.7**	**18.4**	17.3	18.1
FNB Namibia	**10.0**	**30 283**	**16.7**	**20.0**	18.5	19.5
Basel II (local regulations)						
FNB Mozambique	**12.0**	**2 134**	**29.8**	**29.8**	21.4	23.7
RMB Nigeria	**10.0**	**4 647**	**43.1**	**43.1**	38.6	49.4
FNB Botswana	**12.5**	**24 629**	**14.1**	**19.7**	23.6	18.0
FNB Eswatini	**8.0**	**4 723**	**22.6**	**23.5**	22.8	20.4
First National Bank Ghana	**11.5**	**3 063**	**36.4**	**36.4**	37.4	38.4
Basel I (local regulations)						
FNB Tanzania	**14.5**	**747**	**41.8**	**41.8**	25.0	60.1
FNB Lesotho	**8.0**	**803**	**18.0**	**19.9**	18.0	16.5
FNB Zambia	**10.0**	**3 844**	**28.8**	**31.3**	23.2	27.3
INSURANCE (TIMES)‡						
FirstRand Life Assurance (FNB Life)	**1.0**	**1.8**			1.5	1.7
FirstRand STI (FNB Insure)		**2.3**			2.9	3.3
FRISCOL		**1.7**			2.0	1.2

* *Excluding the individual capital requirement (Pillar 2B) for PA regulated entities.*

** *RWA for entities outside of South Africa converted to rand using the closing rate at 31 December 2021.*

Including unappropriated profits.

† *Including foreign branches.*

‡ *December 2021 ratios – as per the quarterly returns. June 2021 ratios – restated as per the final audited prudential returns.*

Regulatory update

Basel III reforms

PROPOSED IMPLEMENTATION DATES

2022	2023 onwards
April 2022*	**1 January 2023****
> Large exposures framework > Total loss-absorbing capacity (TLAC) holdings	> Revised standardised approach for credit risk framework > Revised internal ratings based approach framework > Revised operational risk framework > Leverage ratio – revised exposure definition
1 June 2022**	**1 January 2024****
> Interest rate risk in the banking book (including disclosure requirements) > Revisions to the securitisation framework	> Minimum capital requirements for market risk > Revised credit valuation adjustment framework
	1 January 2023 to 2028**
	> Output floor

* *As per Prudential Communication 2 of 2022 (27 January 2022).*

** *Guidance Note 4 of 2021, Proposed implementation dates in respect of specified regulatory reforms (9 July 2021).*

The group continues to participate in quantitative impact studies to assess the impact of the proposed reforms on the group's capital and leverage positions.

Financial conglomerates

The Financial Sector Regulation Act empowers the PA to designate a group of companies as a financial conglomerate and to also regulate and supervise such designated financial conglomerates. The PA is also empowered to issue prudential standards relating to financial conglomerates, and these must be complied with by the holding companies of such financial conglomerates.

The PA published the following documents in the last six months:

> January 2022: Draft prudential capital standard for financial conglomerates and the regulatory return were published. The draft capital standard and return will be tested over a period of two years from 1 February 2022. Formal consultation of the standard will commence thereafter.

> December 2021: Final standards for intragroup transactions and exposure requirements, auditor requirements for holding companies of financial conglomerates, governance and risk management requirements, and risk concentration requirements were published.

FirstRand has not been designated as a financial conglomerate, however, its designation will be reassessed on a frequent basis and FirstRand will voluntarily participate in the field testing of the proposed capital standards.

Resolution framework

The FSLAB proposed a new chapter to be inserted into the Financial Sector Regulations Act, i.e. *Chapter 12A – Resolution of Designated Institutions,* to strengthen the ability of the SARB to manage the orderly resolution of a failed bank. The bill also introduced a new tranche of loss-absorbing instruments, i.e. Flac instruments, which are subordinated to other unsecured creditors and intended for bail-in in resolution. Flac requirements will be applicable to banks with open-bank resolution plans. Another key amendment contained in the FSLAB is the establishment of the CoDI. The CoDI will be a separate entity within the SARB, mandated to manage a deposit insurance scheme in South Africa which is designed to protect depositors' funds and enhance financial stability.

On 27 January 2022 the President assented the FSLAB and it is now an Act, i.e. the FSLA. 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 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 due to be gazetted by the Minister of Finance in the near future.

The SARB has published a series of discussion papers focusing on the key aspects that will affect and facilitate the implementation of the resolution framework in South Africa, and also commenced the project to begin operationalising the DIS in South Africa.

Performance measurement

The group aims to deliver sustainable returns to its shareholders. Each business unit is evaluated on the group's specific performance measure of economic profit, NIACC.

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 an internal assessment of capital requirements.

The growth in NIACC was driven by the increase in normalised earnings and a reduction in the cost of equity from 15% to 14.25%.

NIACC AND ROE

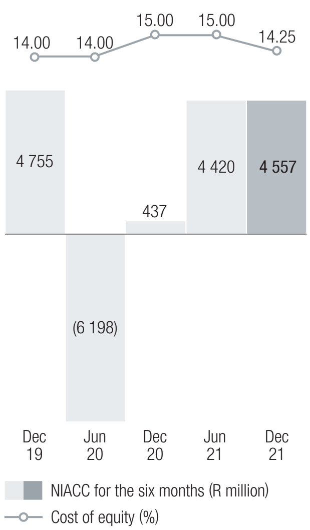
	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Normalised earnings attributable to ordinary shareholders	**15 742**	11 042	43	26 551
Capital charge*	**(11 185)**	(10 605)	5	(21 694)
NIACC**	**4 557**	437	>100	4 857
Average ordinary shareholders' equity and reserves	**156 981**	141 397	11	144 627
ROE (%)	**20.1**	15.6		18.4
Cost of equity# (%)	**14.25**	15.0		15.0
Return on average RWA	**2.90**	2.01		2.44

* *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% (December 2020:10%) 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% (December 2020: 5.00%) is determined using the FirstRand beta and equity risk premium.*

NIACC and cost of equity



Shareholder value creation

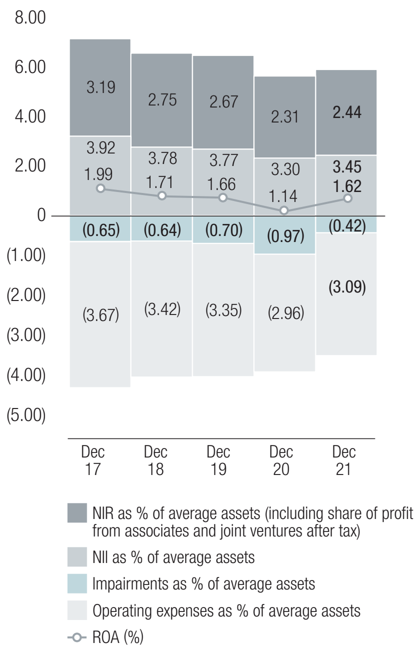
Decomposition of the ROE in the table below indicates that the increase in ROE was driven by an improvement in return on assets (ROA) despite a reduction in gearing.

	Six months ended 31 December					Year ended 30 June
	2021	2020	2019	2018	2017	2021
ROA (%)	**1.62**	1.14	1.66	1.71	1.99	1.39
Gearing*	**12.4**	13.7	12.8	13.0	11.3	13.2
ROE (%)	**20.1**	15.6	21.2	22.3	22.5	18.4

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

The following graph provides a summary of the drivers of ROA over time. The increase in ROA from 1.14% at 31 December 2020 to 1.62% at 31 December 2021 was primarily driven by lower impairments. Average total assets remained flat for the period while average assets, excluding derivative assets, increased 4%.

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.

The 2017 figures are based on IAS 39 and 2018 to 2021 on IFRS 9.

Performance measurement continued

Operating business performance

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

ROE AND NORMALISED EARNINGS PER BUSINESS

	Six months ended 31 December				Year ended 30 June	
	2021		2020		2021	
R million	**Normalised earnings**	**ROE %**	Normalised earnings*,**	ROE %**	Normalised earnings*,**	ROE %**
FNB	**9 560**	**39.7**	7 226	29.7	16 091	33.2
RMB	**3 644**	**20.1**	3 089	16.3	6 913	18.7
WesBank	**782**	**20.2**	668	15.4	1 216	14.5
UK operations#	**1 484**	**11.8**	1 023	8.4	2 687	11.1
Centre†	**272**	**1.4**	(964)	(8.6)	(356)	(1.3)
FirstRand group	**15 742**	**20.1**	11 042	15.6	26 551	18.4
Rest of Africa strategy‡	**1 412**	**16.4**	919	10.2	2 614	14.5

* *Include the allocation of other capital costs and, therefore, differ from business normalised earnings in the segment report on pages 40 to 51.*

** *The comparatives were restated for segmentation changes and the alignment to current period capital allocation approaches.*

Aldermore and MotoNovo front and back books. In the segment report on pages 53 to 55, the MotoNovo back book is included in FCC. 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 FCC/Group Treasury as well as unallocated surplus capital.*

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

BUSINESS ROAs

	ROA		
	Six months ended 31 December		Year ended 30 June
%	**2021**	2020*	2021*
FNB	**3.89**	2.97	3.32
RMB	**1.17**	0.97	1.12
WesBank	**1.22**	1.01	0.93
UK operations**	**0.83**	0.54	0.76
Centre#	**0.16**	(0.60)	(0.11)
FirstRand group	**1.62**	1.14	1.39

* *The comparatives were restated for segmentation changes.*

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

FCC including Group Treasury.

The table below provides a geographical analysis of capital allocated.

GEOGRAPHICAL ANALYSIS OF AVERAGE CAPITAL ALLOCATED

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
South Africa and other*	**114 517**	99 515	15	102 578
Rest of Africa**	**17 236**	18 020	(4)	17 995
UK operations#,†	**25 228**	23 862	6	24 054
FirstRand group†	**156 981**	141 397	11	144 627

* *Exclude cross-border deals.*

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

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

† *Average capital for December periods is calculated as the average of the December and preceding June period ends. Average capital for the June financial year is calculated as the average of the June 2021 and June 2020 financial year ends.*

The table below provides a geographical ROE analysis.

GEOGRAPHICAL ROE ANALYSIS

%	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
South Africa and other*	**22.4**	18.3	20.7
Rest of Africa**	**16.4**	10.2	14.5
UK operations#	**11.8**	8.4	11.1
FirstRand group	**20.1**	15.6	18.4

* *Exclude cross-border deals.*

** *Comprises in-country as well as cross-border deals booked on the South African, London branch and RMB Mauritius balance sheets, where the deal originated in a rest of 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 *Interim Financial Reporting*;

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

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

The condensed consolidated interim financial statements for the six months ended 31 December 2021 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 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 2021.

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

There were no new or amended IFRS standards that became effective for the six months ended 31 December 2021.

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 2021, remain unchanged.

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 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, then 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.

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.

Presentation continued

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.

Covid-19 impact

While the specific areas of judgement used at 31 December 2021 have not changed from those used as at 30 June 2021, the dynamic and evolving nature of Covid-19, combined with limited recent experience of the economic and financial impact of such a pandemic, resulted in additional judgement being applied.

Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the group's forward-looking assumptions for the purposes of expected credit loss (ECL) calculations has been provided. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty about the social and economic consequences of Covid-19, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Condensed consolidated income statement – IFRS

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Interest income calculated using effective interest rate	**52 281**	53 181	(2)	103 912
Interest on other financial instruments and similar income	**752**	771	(2)	2 023
Interest and similar income	**53 033**	53 952	(2)	105 935
Interest expense and similar charges	**(20 059)**	(22 401)	(10)	(42 645)
Net interest income before impairment of advances	**32 974**	31 551	5	63 290
Impairment and fair value of credit on advances	**(4 027)**	(9 414)	(57)	(13 660)
– Impairment on amortised cost advances	**(3 863)**	(9 416)	(59)	(13 400)
– Fair value of credit on advances	**(164)**	2	(>100)	(260)
Net interest income after impairment of advances	**28 947**	22 137	31	49 630
Non-interest revenue	**23 666**	22 413	6	45 195
– Net fee and commission income	**16 571**	16 031	3	31 686
– Fee and commission income	**19 738**	18 890	4	37 462
– Fee and commission expense	**(3 167)**	(2 859)	11	(5 776)
– Insurance income	**1 880**	2 029	(7)	3 335
– Fair value income	**3 271**	2 791	17	6 574
– Fair value gains or losses	**6 202**	4 717	31	10 900
– Interest expense on fair value activities	**(2 931)**	(1 926)	52	(4 326)
– Gains less losses from investing activities	**322**	41	>100	271
– Other non-interest revenue	**1 622**	1 521	7	3 329
Income from operations	**52 613**	44 550	18	94 825
Operating expenses	**(30 143)**	(28 720)	5	(57 556)
Net income from operations	**22 470**	15 830	42	37 269
Share of profit of associates after tax	**588**	381	54	1 133
Share of profit of joint ventures after tax	**222**	320	(31)	405
Income before indirect tax	**23 280**	16 531	41	38 807
Indirect tax	**(765)**	(714)	7	(1 516)
Profit before tax	**22 515**	15 817	42	37 291
Income tax expense	**(5 796)**	(3 888)	49	(8 981)
Profit for the period	**16 719**	11 929	40	28 310
Attributable to				
Ordinary equityholders	**15 816**	11 132	42	26 743
Other equity instrument holders	**414**	379	9	777
Equityholders of the group	**16 230**	11 511	41	27 520
Non-controlling interests	**489**	418	17	790
Profit for the period	**16 719**	11 929	40	28 310
Earnings per share (cents)				
– Basic	**282.1**	198.5	42	476.9
– Diluted	**282.1**	198.5	42	476.9
Headline earnings per share (cents)				
– Basic	**281.4**	198.9	41	480.5
– Diluted	**281.4**	198.9	41	480.5

Condensed consolidated statement of other comprehensive income – IFRS

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Profit for the period	**16 719**	11 929	40	28 310
Items that may subsequently be reclassified to profit or loss				
Cash flow hedges	**(636)**	1 048	(>100)	(640)
(Losses)/gains arising and reclassification adjustment included in profit and loss*	**(883)**	1 315	(>100)	(923)
Deferred income tax	**247**	(267)	(>100)	283
FVOCI debt reserve	**(116)**	220	(>100)	392
(Losses)/gains arising and reclassification adjustment included in profit and loss*	**(159)**	292	(>100)	550
Deferred income tax	**43**	(72)	(>100)	(158)
Exchange differences on translating foreign operations	**4 327**	(4 756)	(>100)	(5 872)
Gains/(losses) arising during the period	**4 297**	(4 718)	(>100)	(5 830)
Deferred income tax	**30**	(38)	(>100)	(42)
Share of other comprehensive income of associates and joint ventures after tax and non-controlling interest	**16**	57	(72)	90
Items that may not subsequently be reclassified to profit or loss				
FVOCI equity reserve	**3**	(119)	(>100)	(271)
Gains/(losses) arising during the period	**4**	(153)	(>100)	(351)
Deferred income tax	**(1)**	34	(>100)	80
Remeasurements on defined benefit post-employment plans	**(45)**	(26)	73	(177)
Losses arising during the period	**(57)**	(36)	58	(252)
Deferred income tax	**12**	10	20	75
Other comprehensive income/(loss) for the period	**3 549**	(3 576)	(>100)	(6 478)
Total comprehensive income for the period	**20 268**	8 353	>100	21 832
Attributable to				
Ordinary equityholders	**19 322**	7 679	>100	20 408
Other equity instrument holders	**414**	379	9	777
Equityholders of the group	**19 736**	8 058	>100	21 185
Non-controlling interests	**532**	295	80	647
Total comprehensive income for the period	**20 268**	8 353	>100	21 832

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

Condensed consolidated statement of financial position – IFRS

	As at 31 December		As at 30 June
R million	**2021**	2020	2021
ASSETS			
Cash and cash equivalents	**146 844**	144 173	135 059
Derivative financial instruments	**74 059**	142 863	82 728
Commodities	**22 261**	20 046	18 641
Investment securities	**383 793**	361 102	368 187
Advances	**1 305 463**	1 222 120	1 223 434
– Advances to customers	**1 234 121**	1 152 658	1 152 956
– Marketable advances	**71 342**	69 462	70 478
Other assets	**9 602**	11 141	9 216
Current tax asset	**375**	440	409
Non-current assets and disposal groups held for sale	**587**	802	565
Reinsurance assets	**514**	373	387
Investments in associates	**9 075**	7 202	8 644
Investments in joint ventures	**2 336**	2 125	2 116
Property and equipment	**19 976**	20 812	20 190
Intangible assets*	**10 259**	10 723	9 932
Investment properties	**659**	714	659
Defined benefit post-employment asset	**10**	–	9
Deferred income tax asset	**6 295**	5 133	6 104
Total assets	**1 992 108**	1 949 769	1 886 280
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	**15 831**	17 035	18 945
Derivative financial instruments	**76 463**	145 522	84 436
Creditors, accruals and provisions	**27 142**	20 763	22 765
Current tax liability	**534**	1 290	1 280
Liabilities directly associated with disposal groups held for sale	**728**	908	613
Deposits	**1 644 630**	1 556 904	1 542 078
Employee liabilities	**10 053**	8 327	11 319
Other liabilities	**8 003**	8 611	7 741
Policyholder liabilities	**7 833**	6 583	7 389
Tier 2 liabilities	**21 956**	21 168	20 940
Deferred income tax liability	**782**	1 216	887
Total liabilities	**1 813 955**	1 788 327	1 718 393
Equity			
Ordinary shares	**56**	56	56
Share premium	**7 871**	7 968	7 973
Reserves	**154 246**	137 156	143 588
Capital and reserves attributable to equityholders of the group	**162 173**	145 180	151 617
Other equity instruments	**11 645**	11 645	11 645
Non-controlling interests	**4 335**	4 617	4 625
Total equity	**178 153**	161 442	167 887
Total equities and liabilities	**1 992 108**	1 949 769	1 886 280

* *Includes net goodwill of R8 300 million (December 2020: R7 587 million; June 2021: R7 726 million).*

Condensed consolidated statement of cash flows – IFRS

	Six months ended 31 December		Year ended 30 June
R million	**2021**	2020	2021
Cash flows from operating activities			
Interest and fee commission receipts	**67 632**	67 554	131 715
– Interest received	**49 539**	49 494	97 326
– Fee and commission received	**19 738**	18 890	37 462
– Insurance income received	**1 522**	2 029	2 703
– Fee and commission paid	**(3 167)**	(2 859)	(5 776)
Trading and other income	**1 683**	1 365	3 238
Interest payments	**(17 482)**	(19 020)	(36 499)
Other operating expenses	**(27 458)**	(21 958)	(43 677)
Dividends received	**1 598**	1 350	2 929
Dividends paid	**(8 997)**	(379)	(6 947)
Dividends paid to non-controlling interest	**(720)**	(195)	(489)
Taxation paid	**(7 221)**	(4 065)	(10 698)
Cash generated from operating activities	**9 035**	24 652	39 572
Movement in operating assets and liabilities	**1 344**	(9 042)	(30 434)
– Liquid assets and trading securities	**(6 408)**	(71 123)	(75 198)
– Advances	**(55 499)**	(23 669)	(44 458)
– Deposits	**60 359**	87 047	82 663
– Other assets	**(52)**	228	2 472
– Creditors	**1 798**	(976)	864
– Employee liabilities	**(1 820)**	(3 438)	(4 079)
– Total other liabilities	**2 966**	2 889	7 302
– Other operating liabilities*	**2 649**	2 869	6 490
– Reinsurance assets	**(127)**	(133)	(147)
– Policyholder liabilities	**444**	153	959
Net cash generated from operating activities	**10 379**	15 610	9 138

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

Condensed consolidated statement of cash flows – IFRS continued

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Cash flows from investing activities			
Acquisition of investments in associates	**(122)**	(81)	(93)
Proceeds on disposal of investments in associates	**1**	–	37
Acquisition of investments in joint ventures	**(19)**	(45)	(45)
Acquisition of investments in subsidiaries	**(226)**	–	(31)
Proceeds on disposal of subsidiaries	**–**	–	(2)
Acquisition of property and equipment	**(1 452)**	(2 077)	(3 160)
Proceeds on disposal of property and equipment	**129**	217	539
Acquisition of intangible assets and investment properties	**(171)**	(179)	(257)
Proceeds on disposal of non-current assets held for sale	**24**	–	–
Net cash outflow from investing activities	**(1 836)**	(2 165)	(3 012)
Cash flows from financing activities			
Proceeds on the issue of other financial liabilities	**326**	2 188	1 306
Redemption of other financial liabilities	**(395)**	(989)	(1 110)
Principal payments towards lease liabilities	**(407)**	(543)	(1 053)
Proceeds from issue of Tier 2 liabilities	**2 475**	–	3 111
Capital repaid on Tier 2 liabilities	**(2 917)**	(2 289)	(4 903)
Acquisition of additional interest in subsidiaries from non-controlling interest	**(7)**	–	(139)
Proceeds from issue of AT1 equity instruments	**–**	1 400	1 400
Net cash outflow from financing activities	**(925)**	(233)	(1 388)
Net increase in cash and cash equivalents	**7 618**	13 212	4 738
Cash and cash equivalents at the beginning of the period	**135 059**	136 002	136 002
Effect of exchange rate changes on cash and cash equivalents	**4 065**	(4 775)	(5 594)
Transfer to non-current assets held for sale	**102**	(266)	(87)
Cash and cash equivalents at the end of the period	**146 844**	144 173	135 059
Mandatory reserve balances included above*	**33 641**	30 855	39 627

* *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 2020	56	8 008	**8 064**	(420)	1 995
Disposal of subsidiaries	–	–	**–**	–	–
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	–	(40)	**(40)**	–	–
Total comprehensive income for the period#	–	–	**–**	(26)	1 048
– Profit for the period	–	–	**–**	–	–
– Other comprehensive income for the period	–	–	**–**	(26)	1 048
Balance as at 31 December 2020	56	7 968	**8 024**	(446)	3 043
Balance as at 1 July 2021	56	7 973	**8 029**	(597)	1 355
Disposal of subsidiaries	–	–	**–**	–	–
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

* *Other reserves include the FVOCI reserve.*

** *Other equity instruments at 31 December 2021 include 4 519 million (December 2020: R 4 519 million; June 2021: R4 519 million) of non-cumulative, non-refundable preference shares and R7 126 million (December 2020: R7 126 million; June 2021: R7 126 million) of AT1 instruments.*

\# *Total comprehensive income for the period has been disaggregated into profit for the period and other comprehensive income for the period. The total comprehensive income for the period as previously reported has not changed.*

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**
24	8 486	790	118 590	**129 465**	**10 245**	**4 146**	**151 920**
–	–	–	–	**–**	**–**	**372**	**372**
–	–	–	–	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**1 400**	**–**	**1 400**
10	–	(12)	1	**(1)**	**–**	**1**	**–**
–	–	–	–	**–**	**–**	**(195)**	**(195)**
–	–	–	–	**–**	**(379)**	**–**	**(379)**
–	–	79	(79)	**–**	**–**	**–**	**–**
–	–	–	–	**–**	**–**	**(2)**	**(2)**
–	–	–	13	**13**	**–**	**–**	**(27)**
–	(4 631)	156	11 132	**7 679**	**379**	**295**	**8 353**
–	–	–	11 132	**11 132**	**379**	**418**	**11 929**
–	(4 631)	156	–	**(3 453)**	**–**	**(123)**	**(3 576)**
34	3 855	1 013	129 657	**137 156**	**11 645**	**4 617**	**161 442**
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**

Statement of headline earnings – IFRS

	Six months ended 31 December			Year ended 30 June
R million	**2021**	2020	% change	2021
Profit for the period (refer to page 167)	**16 719**	11 929	40	28 310
Other equity instrument holders	**(414)**	(379)	9	(777)
Non-controlling interests	**(489)**	(418)	17	(790)
Earnings attributable to ordinary equityholders	**15 816**	11 132	42	26 743
Adjusted for	**(40)**	22	(>100)	207
Loss/(gain) on disposal of non-private equity associates	**1**	–	–	(40)
Impairment of non-private equity associates	**–**	–	–	1
Loss on disposal of investments in subsidiaries	**–**	2	(>100)	3
(Gain)/loss on disposal of property and equipment	**(4)**	2	(>100)	17
Fair value movement on investment properties	**–**	7	(100)	89
Transfer from foreign currency translation reserve	**–**	9	(100)	8
Loss on disposal of investments in joint ventures	**–**	7	(100)	7
Impairment of goodwill	**–**	–	–	112
Impairment of assets in terms of IAS 36	**3**	3	–	43
Gain from a bargain purchase	**–**	–	–	(1)
Other	**(40)**	(4)	>100	(4)
Tax effects of adjustments	**–**	(2)	(100)	(22)
Non-controlling interests adjustments	**–**	(2)	(100)	(6)
Headline earnings	**15 776**	11 154	41	26 950

Reconciliation from headline to normalised earnings

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	% change	Year ended 30 June 2021
Headline earnings	**15 776**	11 154	41	26 950
Adjusted for	**(34)**	(112)	(70)	(399)
TRS and IFRS 2 liability remeasurement*	**(4)**	41	(>100)	(213)
Treasury shares**	**12**	(96)	(>100)	(66)
IAS 19 adjustment	**(48)**	(55)	(13)	(102)
Private equity-related#	**6**	(2)	(>100)	(18)
Normalised earnings	**15 742**	11 042	43	26 551

* *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. The 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 increased R7.21 and during the prior period increased R12.98.*

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 165.

** *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 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 continued

for the six months ended 31 December 2020

R million	Normalised	Private equity expenses	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	32 017	–	–	(503)
Impairment charge	(9 414)	–	–	–
Net interest income after impairment of advances	22 603	–	–	(503)
Total non-interest revenue	22 434	10	96	503
– Operational non-interest revenue	21 841	10	(12)	503
– Share of profit of associates and joint ventures after tax	593	–	108	–
Income from operations	45 037	10	96	–
Operating expenses	(28 733)	(8)	–	–
Income before indirect tax	16 304	2	96	–
Indirect tax	(714)	–	–	–
Profit before tax	15 590	2	96	–
Income tax expense	(3 749)	–	–	–
Profit for the period	11 841	2	96	–
Attributable to				
Other equity instrument holders	(379)	–	–	–
Non-controlling interests	(420)	–	–	–
Ordinary equityholders	11 042	2	96	–
Headline and normalised earnings adjustments	–	(2)	(96)	–
Normalised earnings attributable to ordinary equityholders of the group	11 042	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
–	–	37	31 551
–	–	–	(9 414)
–	–	37	22 137
–	(23)	94	23 114
–	(23)	94	22 413
–	–	–	701
–	(23)	131	45 251
76	(3)	(52)	(28 720)
76	(26)	79	16 531
–	–	–	(714)
76	(26)	79	15 817
(21)	2	(120)	(3 888)
55	(24)	(41)	11 929
–	–	–	(379)
–	2	–	(418)
55	(22)	(41)	11 132
(55)	22	41	(90)
–	–	–	11 042

Reconciliation of normalised to IFRS condensed consolidated income statement continued

for the year ended 30 June 2021

R million	Normalised	Private equity expenses	Treasury shares*	Margin-related items included in fair value income
Net interest income before impairment of advances	64 511	–	–	(1 433)
Impairment charge	(13 660)	–	–	–
Net interest income after impairment of advances	50 851	–	–	(1 433)
Total non-interest revenue	44 980	36	92	1 433
– Operational non-interest revenue	43 548	36	(15)	1 433
– Share of profit of associates and joint ventures after tax	1 432	–	107	–
Income from operations	95 831	36	92	–
Operating expenses	(57 342)	(12)	–	–
Income before indirect tax	38 489	24	92	–
Indirect tax	(1 516)	–	–	–
Profit before tax	36 973	24	92	–
Income tax expense	(8 849)	(6)	(26)	–
Profit for the year	28 124	18	66	–
Attributable to				
Other equity instrument holders	(777)	–	–	–
Non-controlling interests	(796)	–	–	–
Ordinary equityholders	26 551	18	66	–
Headline and normalised earnings adjustments	–	(18)	(66)	–
Normalised earnings attributable to ordinary equityholders of the group	26 551	–	–	–

* *FirstRand shares held for client trading activities.*

IAS 19 adjustment	Headline earnings adjustments	TRS and IFRS 2 liability remeasurement	IFRS
–	–	212	63 290
–	–	–	(13 660)
–	–	212	49 630
–	(79)	271	46 733
–	(78)	271	45 195
–	(1)	–	1 538
–	(79)	483	96 363
142	(156)	(188)	(57 556)
142	(235)	295	38 807
–	–	–	(1 516)
142	(235)	295	37 291
(40)	22	(82)	(8 981)
102	(213)	213	28 310
–	–	–	(777)
–	6	–	(790)
102	(207)	213	26 743
(102)	207	(213)	(192)
–	–	–	26 551

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	74 059	–	74 059
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	1 992 249	(141)	1 992 108
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	15 831	–	15 831
Derivative financial instruments	76 463	–	76 463
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	–	1 813 955
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	1 992 249	(141)	1 992 108

* *FirstRand shares held for client trading activities.*

Reconciliation of normalised to IFRS condensed consolidated statement of financial position continued

as at 31 December 2020

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	144 173	–	144 173
Derivative financial instruments	142 863	–	142 863
Commodities	20 046	–	20 046
Investment securities	361 181	(79)	361 102
Advances	1 222 120	–	1 222 120
– Advances to customers	1 152 658	–	1 152 658
– Marketable advances	69 462	–	69 462
Other assets	11 141	–	11 141
Current tax asset	440	–	440
Non-current assets and disposal groups held for sale	802	–	802
Reinsurance assets	373	–	373
Investments in associates	7 202	–	7 202
Investments in joint ventures	2 080	45	2 125
Property and equipment	20 812	–	20 812
Intangible assets	10 723	–	10 723
Investment properties	714	–	714
Defined benefit post-employment asset	–	–	–
Deferred income tax asset	5 107	26	5 133
Total assets	1 949 777	(8)	1 949 769
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	17 035	–	17 035
Derivative financial instruments	145 522	–	145 522
Creditors, accruals and provisions	20 763	–	20 763
Current tax liability	1 290	–	1 290
Liabilities directly associated with disposal groups held for sale	908	–	908
Deposits	1 556 904	–	1 556 904
Employee liabilities	8 327	–	8 327
Other liabilities	8 611	–	8 611
Policyholder liabilities	6 583	–	6 583
Tier 2 liabilities	21 168	–	21 168
Deferred income tax liability	1 216	–	1 216
Total liabilities	1 788 327	–	1 788 327
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(88)	7 968
Reserves	137 076	80	137 156
Capital and reserves attributable to equityholders of the group	145 188	(8)	145 180
Other equity instruments	11 645	–	11 645
Non-controlling interests	4 617	–	4 617
Total equity	161 450	(8)	161 442
Total equities and liabilities	1 949 777	(8)	1 949 769

* *FirstRand shares held for client trading activities.*

Reconciliation of normalised to IFRS condensed consolidated statement of financial position continued

as at 30 June 2021

R million	Normalised	Treasury shares*	IFRS
ASSETS			
Cash and cash equivalents	135 059	–	135 059
Derivative financial instruments	82 728	–	82 728
Commodities	18 641	–	18 641
Investment securities	368 262	(75)	368 187
Advances	1 223 434	–	1 223 434
– Advances to customers	1 152 956	–	1 152 956
– Marketable advances	70 478	–	70 478
Other assets	9 216	–	9 216
Current tax asset	409	–	409
Non-current assets and disposal groups held for sale	565	–	565
Reinsurance assets	387	–	387
Investments in associates	8 644	–	8 644
Investments in joint ventures	2 071	45	2 116
Property and equipment	20 190	–	20 190
Intangible assets	9 932	–	9 932
Investment properties	659	–	659
Defined benefit post-employment asset	9	–	9
Deferred income tax asset	6 104	–	6 104
Total assets	1 886 310	(30)	1 886 280
EQUITY AND LIABILITIES			
Liabilities			
Short trading positions	18 945	–	18 945
Derivative financial instruments	84 436	–	84 436
Creditors, accruals and provisions	22 765	–	22 765
Current tax liability	1 280	–	1 280
Liabilities directly associated with disposal groups held for sale	613	–	613
Deposits	1 542 078	–	1 542 078
Employee liabilities	11 319	–	11 319
Other liabilities	7 741	–	7 741
Policyholder liabilities	7 389	–	7 389
Tier 2 liabilities	20 940	–	20 940
Deferred income tax liability	887	–	887
Total liabilities	1 718 393	–	1 718 393
Equity			
Ordinary shares	56	–	56
Share premium	8 056	(83)	7 973
Reserves	143 535	53	143 588
Capital and reserves attributable to equityholders of the group	151 647	(30)	151 617
Other equity instruments	11 645	–	11 645
Non-controlling interests	4 625	–	4 625
Total equity	167 917	(30)	167 887
Total equities and liabilities	1 886 310	(30)	1 886 280

* *FirstRand shares held for client trading activities.*

Advances

R million	As at 31 December 2021	2020	% change	As at 30 June 2021
Category analysis				
Overdrafts and cash management accounts	**72 739**	68 205	7	67 798
Term loans	**66 110**	67 188	(2)	66 714
Card loans	**35 371**	33 428	6	35 025
Instalment sales, hire purchase agreements and lease payments receivable	**243 537**	237 485	3	233 533
Property finance	**472 217**	451 657	5	449 012
Personal loans	**51 598**	55 138	(6)	53 281
Preference share agreements	**39 808**	47 401	(16)	48 097
Assets under agreements to resell	**88 160**	56 525	56	65 584
Investment bank term loans	**155 479**	146 005	6	143 230
Long-term loans to group associates and joint ventures	**2 523**	2 615	(4)	2 508
Other	**56 782**	40 401	41	38 792
Total customer advances	**1 284 324**	1 206 048	6	1 203 574
Marketable advances	**71 342**	69 462	3	70 478
Gross value of advances	**1 355 666**	1 275 510	6	1 274 052
Impairment and fair value of credit of advances	**(50 203)**	(53 390)	(6)	(50 618)
Net advances	**1 305 463**	1 222 120	7	1 223 434

Advances continued

Note 1 – Impairment of advances

	Six months ended 31 December						Year ended 30 June		
	2021			2020			2021		
R million	**Total**	**Amortised cost**	**Fair value**	Total	Amortised cost	Fair value	Total	Amortised cost	Fair value
Increase in loss allowance	**(4 990)**	**(4 826)**	**(164)**	(10 277)	(10 279)	2	(15 445)	(15 185)	(260)
Recoveries of bad debts	**1 375**	**1 375**	**–**	1 157	1 157	–	2 427	2 427	–
Modification loss	**(412)**	**(412)**	**–**	(294)	(294)	–	(642)	(642)	–
Impairment of advances recognised in the income statement	**(4 027)**	**(3 863)**	**(164)**	(9 414)	(9 416)	2	(13 660)	(13 400)	(260)

Note: Refer to note 3 on pages 190 to 195 for a reconciliation of the loss allowance per class.

Basis of presentation of analysis of advances per class

RMB CORPORATE AND INVESTMENT BANKING

In determining classes of advances, the type of customer is used as a primary indicator and then the type of loan provided to that type of customer is then reflected as a sub-class.

As at 30 June 2021, due to a change in internal structures, the group no longer made a distinction between RMB corporate and RMB investment banking clients and concluded that a single class of customer would be shown. The group has therefore combined RMB corporate and RMB investment banking, which had been presented separately in the prior interim period. The group has voluntarily updated the comparative information and presented totals of the two classes combined.

TEMPORARY STRESS SCENARIO

Despite improvements in the country's balance of payments it remains evident that the loss of economic activity, tax revenue and household and corporate income as a result of the pandemic has left the economy structurally weakened relative to an already weak position before the pandemic. Therefore, uncertainty continues to persist and the group incorporated an additional stress scenario to the retail and commercial portfolios as at 30 June 2021 and 31 December 2021. The group believes that the advances within the South African retail and commercial portfolios will be hardest hit in the short term and as such, the stress scenario has only been applied to these portfolios. Due to the temporary nature of this stress scenario, the impact on the staging of the gross carrying amount and the additional ECL attributed, this scenario has been separately presented in all tables where information per class is shown in the line *Temporary stress scenario.*

Advances continued

Note 2 – Analysis of advances per class

R million	As at 31 December 2021 Total	Amortised cost	Fair value through profit or loss	Loss allowance
Residential mortgages	227 697	232 031	–	(4 334)
WesBank VAF	93 549	99 102	–	(5 553)
Total retail secured	**321 246**	**331 133**	**–**	**(9 887)**
FNB Card	26 759	31 342	–	(4 583)
Personal loans	30 491	38 701	–	(8 210)
Retail other**	11 794	15 046	–	(3 252)
Total retail unsecured	**69 044**	**85 089**	**–**	**(16 045)**
Temporary stress scenario	(192)	–	–	(192)
Total retail secured and unsecured	**390 098**	**416 222**	**–**	**(26 124)**
FNB Commercial	109 894	115 520	137	(5 763)
– FNB commercial excluding scheme	108 547	114 045	137	(5 635)
– Government guaranteed loan scheme	1 371	1 475	–	(104)
– Temporary stress scenario	(24)	–	–	(24)
WesBank corporate	26 538	26 982	–	(444)
RMB corporate and investment banking	370 573	260 846	117 181	(7 454)
Total corporate and commercial	**507 005**	**403 348**	**117 318**	**(13 661)**
Rest of Africa	60 804	64 895	38	(4 129)
Group treasury and other	40 711	41 028	307	(624)
UK operations	306 845	312 510	–	(5 665)
– Retail*	235 093	239 522	–	(4 429)
– Commercial	71 752	72 988	–	(1 236)
Total advances	**1 305 463**	**1 238 003**	**117 663**	**(50 203)**

* *Includes total MotoNovo of R84 817 million (£3 950 million) (December 2020: R76 130 and £3 794 million and June 2021: R76 346 million and £3 871 million).*

** *Loss allowance includes R420 million (December 2020: R620 million and June 2021: R0 million) relating to the FNB centre as disclosed separately on pages 120 to 123.*

	As at 31 December 2020				As at 30 June 2021			
	Total	Amortised cost	Fair value through profit or loss	Loss allowance	Total	Amortised cost	Fair value through profit or loss	Loss allowance
	220 035	224 409	–	(4 374)	221 362	225 666	–	(4 304)
	95 700	101 816	–	(6 116)	94 252	100 102	–	(5 850)
	315 735	326 225	–	(10 490)	315 614	325 768	–	(10 154)
	26 068	30 535	–	(4 467)	26 566	31 249	–	(4 683)
	32 049	41 174	–	(9 125)	31 079	39 709	–	(8 630)
	12 518	16 358	–	(3 840)	12 593	15 712	–	(3 119)
	70 635	88 067	–	(17 432)	70 238	86 670	–	(16 432)
	–	–	–	–	(335)	–	–	(335)
	386 370	414 292	–	(27 922)	385 517	412 438	–	(26 921)
	99 510	105 925	87	(6 502)	104 811	111 030	91	(6 310)
	98 073	104 394	87	(6 408)	103 464	109 431	91	(6 058)
	1 437	1 531	–	(94)	1 495	1 599	–	(104)
	–	–	–	–	(148)	–	–	(148)
	26 119	26 687	–	(568)	26 431	26 986	–	(555)
	331 464	251 385	87 236	(7 157)	335 903	248 091	95 217	(7 405)
	457 093	383 997	87 323	(14 227)	467 145	386 107	95 308	(14 270)
	58 596	63 107	269	(4 780)	56 452	60 133	220	(3 901)
	36 556	36 023	1 430	(897)	35 607	35 428	802	(623)
	283 505	289 069	–	(5 564)	278 713	283 616	–	(4 903)
	220 435	224 537	–	(4 102)	217 617	221 188	–	(3 571)
	63 070	64 532	–	(1 462)	61 096	62 428	–	(1 332)
	1 222 120	1 186 488	89 022	(53 390)	1 223 434	1 177 722	96 330	(50 618)

Advances continued

Note 3 – Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2021

	31 December 2021				
	Gross advances				
R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impairment
Amortised cost	1 177 722	1 009 147	108 055	59 704	816
Fair value	96 330	92 802	3 343	103	82
Amount as at 1 July 2021	1 274 052	1 101 949	111 398	59 807	898
Current period movement in the back book					
Stage 1	(116 086)	(91 157)	(22 393)	(2 536)	–
Transfer from stage 2 to stage 1	–	22 393	(22 393)	–	–
Transfer from stage 3 to stage 1	–	2 536	–	(2 536)	–
Current period change in exposure and net movement on GCA and ECL provided/(released)	(116 086)	(116 086)	–	–	–
Stage 2	(16 025)	(26 263)	14 199	(3 961)	–
Transfer from stage 1 to stage 2	–	(26 263)	26 263	–	–
Transfer from stage 3 to stage 2	–	–	3 961	(3 961)	–
Current period change in exposure and net movement on GCA and ECL provided/(released)	(16 025)	–	(16 025)	–	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(7 989)	–	(7 989)	–	–
– Other changes in stage 2 exposures and ECL	(8 036)	–	(8 036)	–	–
Stage 3	(4 745)	(4 226)	(6 931)	6 412	–
Transfer from stage 1 to stage 3	–	(4 226)	–	4 226	–
Transfer from stage 2 to stage 3	–	–	(6 931)	6 931	–
Current period change in exposure and net movement on GCA and ECL provided/(released)	(4 745)	–	–	(4 745)	–
Purchased or originated credit-impaired	(56)	–	–	–	(56)
Current period change in exposure and net movement on GCA and ECL provided/(released)	(56)	–	–	–	(56)
New business	195 638	183 011	11 515	1 112	–
Current period change in exposure and net movement on GCA and ECL provided/(released)	195 638	183 011	11 515	1 112	–
Other movements applicable to new business and back book	22 888	27 456	2 630	(7 198)	–
Acquisition/(disposal) of advances	166	166	–	–	–
Transfers from/(to) other divisions	–	–	–	–	–
Transfers (to)/from non current assets or disposal groups held for sale	(123)	(139)	20	(4)	–
Modifications that did not give rise to derecognition	(412)	(1)	(43)	(368)	–
Exchange rate differences	31 053	27 430	2 653	970	–
Bad debts written off	(7 796)	–	–	(7 796)	–
Temporary stress scenario	–	246	(246)	–	–
Amount as at 31 December 2021	1 355 666	1 191 016	110 172	53 636	842
Amortised cost	1 238 003	1 077 390	106 325	53 533	755
Fair value	117 663	113 626	3 847	103	87

The basis of preparation of this reconciliation remains unchanged from June 2021 and December 2020.

31 December 2021				
Loss allowance				
Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impairment
49 612	10 183	12 054	27 285	90
1 006	268	637	19	82
50 618	10 451	12 691	27 304	172
(1 782)	(21)	(1 299)	(462)	–
–	1 299	(1 299)	–	–
–	462	–	(462)	–
(1 782)	(1 782)	–	–	–
253	(372)	1 259	(634)	–
–	(372)	372	–	–
–	–	634	(634)	–
253	–	253	–	–
(23)	–	(23)	–	–
276	–	276	–	–
5 518	(147)	(1 486)	7 151	–
–	(147)	–	147	–
–	–	(1 486)	1 486	–
5 518	–	–	5 518	–
–	–	–	–	–
–	–	–	–	–
2 898	1 675	887	336	–
2 898	1 675	887	336	–
(7 035)	191	184	(7 410)	–
(37)	(37)	–	–	–
–	–	–	–	–
(4)	(4)	7	(7)	–
–	–	–	–	–
802	232	177	393	–
(7 796)	–	–	(7 796)	–
(267)	(190)	(54)	(23)	–
50 203	11 587	12 182	26 262	172
48 999	11 181	11 486	26 242	90
1 204	406	696	20	82

Advances continued

Note 3 – Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2020 continued

	31 December 2020				
	Gross advances				
R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Amortised cost	1 240 659	1 065 670	117 896	56 192	901
Fair value	70 436	65 843	4 405	61	127
Amount as at 1 July 2020	1 311 095	1 131 513	122 301	56 253	1 028
Current period movement in the back book					
Stage 1	(110 316)	(84 286)	(25 202)	(828)	–
Transfer from stage 2 to stage 1	–	25 202	(25 202)	–	–
Transfer from stage 3 to stage 1	–	828	–	(828)	–
Current period change in exposure and net movement on GCA and ECL provided/(released)	(110 316)	(110 316)	–	–	–
Stage 2	(23 983)	(48 028)	25 726	(1 681)	–
Transfer from stage 1 to stage 2	–	(48 028)	48 028	–	–
Transfer from stage 3 to stage 2	–	–	1 681	(1 681)	–
Current period change in exposure and net movement on GCA and ECL provided/(released)	(23 983)	–	(23 983)	–	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(9 022)	–	(9 022)	–	–
– Other changes in stage 2 exposures and ECL	(14 961)	–	(14 961)	–	–
Stage 3	(4 563)	(8 099)	(10 322)	13 858	–
Transfer from stage 1 to stage 3	–	(8 099)	–	8 099	–
Transfer from stage 2 to stage 3	–	–	(10 322)	10 322	–
Current period change in exposure and net movement on GCA and ECL provided/(released)	(4 563)	–	–	(4 563)	–
Purchased or originated credit-impaired	(182)	–	–	–	(182)
Current period change in exposure and net movement on GCA and ECL provided/(released)	(182)	–	–	–	(182)
New business	142 181	132 603	8 502	884	192
Current period change in exposure and net movement on GCA and ECL provided/(released)	142 181	132 603	8 502	884	192
Other movements applicable to new business and back book	(38 722)	(26 794)	(3 689)	(8 239)	–
Acquisition/(disposal) of advances	(1 567)	(1 567)	–	–	–
Transfers (to)/from non current assets or disposal groups held for sale	64	103	(28)	(11)	–
Modifications that did not give rise to derecognition	(294)	–	(31)	(263)	–
Exchange rate differences	(30 061)	(25 330)	(3 630)	(1 101)	–
Bad debts written off	(6 864)	–	–	(6 864)	–
Temporary stress scenario	–	–	–	–	–
Amount as at 31 December 2020	1 275 510	1 096 909	117 316	60 247	1 038
Amortised cost	1 186 488	1 011 048	114 297	60 222	921
Fair value	89 022	85 861	3 019	25	117

The basis of preparation of this reconciliation remains unchanged from June 2021 and December 2020.

31 December 2020				
Loss allowance				
Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
48 447	10 943	12 961	24 543	–
933	392	411	10	120
49 380	11 335	13 372	24 553	120
(1 268)	715	(1 782)	(201)	–
–	1 782	(1 782)	–	–
–	201	–	(201)	–
(1 268)	(1 268)	–	–	–
3 087	(1 170)	4 552	(295)	–
–	(1 170)	1 170	–	–
–	–	295	(295)	–
3 087	–	3 087	–	–
630	–	630	–	–
2 457	–	2 457	–	–
7 788	(410)	(2 722)	10 920	–
–	(410)	–	410	–
–	–	(2 722)	2 722	–
7 788	–	–	7 788	–
–	–	–	–	–
–	–	–	–	–
2 332	1 435	584	313	–
2 332	1 435	584	313	–
(7 929)	(242)	(297)	(7 390)	–
(3)	(3)	–	–	–
(5)	5	(7)	(3)	–
–	–	–	–	–
(1 057)	(244)	(290)	(523)	–
(6 864)	–	–	(6 864)	–
–	–	–	–	–
53 390	11 663	13 707	27 900	120
52 483	11 322	13 247	27 890	24
907	341	460	10	96

Advances continued

Note 3 – Reconciliation of the gross advances and loss allowance on total advances as at 30 June 2021 continued

	30 June 2021				
	Gross advances				
R million	Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
Amortised cost	1 240 659	1 065 670	117 896	56 192	901
Fair value	70 436	65 843	4 405	61	127
Amount as at 1 July 2020	1 311 095	1 131 513	122 301	56 253	1 028
Current year movement in the back book					
Stage 1	(234 515)	(189 737)	(43 148)	(1 630)	–
Transfer from stage 2 to stage 1	–	43 148	(43 148)	–	–
Transfer from stage 3 to stage 1	–	1 630	–	(1 630)	–
Current year change in exposure and net movement on GCA and ECL provided/(released)	(234 515)	(234 515)	–	–	–
Stage 2	(28 376)	(54 903)	29 565	(3 038)	–
Transfer from stage 1 to stage 2	–	(54 903)	54 903	–	–
Transfer from stage 3 to stage 2	–	–	3 038	(3 038)	–
Current year change in exposure and net movement on GCA and ECL provided/(released)	(28 376)	–	(28 376)	–	–
– Exposures with a change in measurement basis from 12 months to lifetime ECL	(12 247)	–	(12 247)	–	–
– Other changes in stage 2 exposures and ECL	(16 129)	–	(16 129)	–	–
Stage 3	(5 700)	(16 109)	(13 045)	23 454	–
Transfer from stage 1 to stage 3	–	(16 109)	–	16 109	–
Transfer from stage 2 to stage 3	–	–	(13 045)	13 045	–
Current year change in exposure and net movement on GCA and ECL provided/(released)	(5 700)	–	–	(5 700)	–
Purchased or originated credit-impaired	(221)	–	–	–	(221)
Current year change in exposure and net movement on GCA and ECL provided/(released)	(221)	–	–	–	(221)
New business	287 987	266 837	17 959	3 100	91
Current year change in exposure and net movement on GCA and ECL provided/(released)	287 987	266 837	17 959	3 100	91
Other movements applicable to new business and back book	(56 218)	(34 341)	(3 545)	(18 332)	–
Acquisition/(disposal) of advances	(3 107)	(3 074)	(11)	(22)	–
Transfers (to)/from non current assets or disposal groups held for sale	429	365	80	(16)	–
Modifications that did not give rise to derecognition	(642)	(19)	(76)	(547)	–
Exchange rate differences	(36 701)	(31 613)	(3 538)	(1 550)	–
Bad debts written off	(16 197)	–	–	(16 197)	–
Temporary stress scenario	–	(1 311)	1 311	–	–
Amount as at 30 June 2021	1 274 052	1 101 949	111 398	59 807	898
Amortised cost	1 177 722	1 009 147	108 055	59 704	816
Fair value	96 330	92 802	3 343	103	82

The basis of preparation of this reconciliation remains unchanged from June 2021 and December 2020.

30 June 2021				
Loss allowance				
Total	Stage 1	Stage 2	Stage 3	Purchased or originated credit impaired
48 447	10 943	12 961	24 543	–
933	392	411	10	120
49 380	11 335	13 372	24 553	120
(4 140)	(1 199)	(2 591)	(350)	–
–	2 591	(2 591)	–	–
–	350	–	(350)	–
(4 140)	(4 140)	–	–	–
2 434	(903)	3 828	(491)	–
–	(903)	903	–	–
–	–	491	(491)	–
2 434	–	2 434	–	–
64	–	64	–	–
2 370	–	2 370	–	–
15 188	(1 042)	(3 119)	19 349	–
–	(1 042)	–	1 042	–
–	–	(3 119)	3 119	–
15 188	–	–	15 188	–
49	–	–	–	49
49	–	–	–	49
4 800	2 321	1 287	1 189	3
4 800	2 321	1 287	1 189	3
(17 576)	(314)	(272)	(16 990)	–
(44)	(26)	(4)	(14)	–
(44)	10	(1)	(53)	–
–	–	–	–	–
(1 291)	(298)	(267)	(726)	–
(16 197)	–	–	(16 197)	–
483	253	186	44	–
50 618	10 451	12 691	27 304	172
49 612	10 183	12 054	27 285	90
1 006	268	637	19	82

Advances continued

Note 4 – Reconciliation of the loss allowance on total advances per class

AMORTISED COST

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other*	Temporary stress scenario
Reported as at 1 July 2021	4 304	5 850	4 683	8 630	3 119	335
– Stage 1	646	743	861	1 611	718	131
– Stage 2	841	1 081	654	1 722	575	160
– Stage 3	2 817	4 026	3 168	5 297	1 826	44
Acquisition/(disposal) of advances	–	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(242)	(1 369)	(829)	(2 593)	(982)	–
Current period provision created/(released)**	272	1 072	729	2 173	1 115	(143)
– Stage 1	(36)	(135)	(41)	37	410	(67)
– Stage 2	112	332	217	491	6	(54)
– Stage 3	196	875	553	1 645	699	(22)
Amount as at 31 December 2021	4 334	5 553	4 583	8 210	3 252	192
– Stage 1	719	791	919	1 682	1 153	64
– Stage 2	801	1 231	640	1 745	498	106
– Stage 3	2 814	3 531	3 024	4 783	1 601	22

* *Loss allowance includes R420 million relating to the FNB centre as disclosed separately on pages 120 to 123.*

** *Current period provision created/(released) reflects the net of the following items:*

- *ECL impact of net settlements and changes in exposures of advances included in the opening balance, including changes in ECL on amended off-balance sheet facilities.*
- *The increase or decrease of the opening balance ECL due to transfers between the stages, for example the release of ECL on transfer from stage 2 to stage 1, or the increase in ECL on transfer from stage 1 to stage 2.*
- *ECL on new business originated during the financial period and the transfers between stages of the new origination.*
- *Impact of changes in models and risk parameters, including forward-looking macroeconomic information.*

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Rest of Africa	Group Treasury and other	Retail	Commercial	Total
6 162	148	555	6 510	3 901	512	3 571	1 332	49 612
1 033	124	108	1 636	992	360	805	415	10 183
1 524	24	122	3 285	941	152	685	288	12 054
3 605	–	325	1 589	1 968	–	2 081	629	27 375
–	–	–	(37)	–	–	–	–	(37)
–	–	–	–	(4)	–	–	–	(4)
–	–	–	64	246	–	348	111	769
(909)	–	(56)	(115)	(492)	–	(139)	(70)	(7 796)
478	(124)	(55)	(52)	478	–	649	(137)	6 455
(174)	(124)	(13)	38	8	(2)	(114)	(193)	(406)
96	–	(22)	(180)	10	2	27	(7)	1 030
556	–	(20)	90	460	–	736	63	5 831
5 731	24	444	6 370	4 129	512	4 429	1 236	48 999
1 168	–	133	1 736	1 120	365	878	453	11 181
1 222	24	87	3 095	982	147	607	301	11 486
3 341	–	224	1 539	2 027	–	2 944	482	26 332

Advances continued

Note 4 – Reconciliation of the loss allowance on total advances per class continued

FAIR VALUE

R million	FNB commercial	RMB corporate and investment banking	Group Treasury and other	Total
Reported as at 1 July 2021	**–**	**895**	**111**	**1 006**
– Stage 1	**–**	**164**	**104**	**268**
– Stage 2	**–**	**630**	**7**	**637**
– Stage 3	**–**	**101**	**–**	**101**
Exchange rate differences	**–**	**33**	**–**	**33**
Current period provision created/(released)	**8**	**156**	**1**	**165**
– Stage 1	**8**	**100**	**–**	**108**
– Stage 2	**–**	**56**	**1**	**57**
– Stage 3	**–**	**–**	**–**	**–**
Amount as at 31 December 2021	**8**	**1 084**	**112**	**1 204**
– Stage 1	**8**	**295**	**103**	**406**
– Stage 2	**–**	**687**	**9**	**696**
– Stage 3	**–**	**102**	**–**	**102**

R million	RMB corporate and investment banking	Group Treasury and other	Total
Reported as at 1 July 2020	688	245	933
– Stage 1	147	245	392
– Stage 2	411	–	411
– Stage 3	130	–	130
Exchange rate differences	(24)	–	(24)
Bad debts written off	–	–	–
Current period provision created/(released)	(19)	17	(2)
– Stage 1	(82)	12	(70)
– Stage 2	87	5	92
– Stage 3	(24)	–	(24)
Amount as at 31 December 2020	645	262	907
– Stage 1	84	257	341
– Stage 2	455	5	460
– Stage 3	106	–	106

Note 4 – Reconciliation of the loss allowance on total advances per class continued

FAIR VALUE

R million	RMB corporate and investment banking	Group Treasury and other	Total
Reported as at 1 July 2020	688	245	933
– Stage 1	147	245	392
– Stage 2	411	–	411
– Stage 3	130	–	130
Exchange rate differences	(39)	–	(39)
Bad debts written off	–	(148)	(148)
Current period provision created/(released)	246	14	260
– Stage 1	6	7	13
– Stage 2	268	7	275
– Stage 3	(28)	–	(28)
Amount as at 30 June 2021	895	111	1 006
– Stage 1	164	104	268
– Stage 2	630	7	637
– Stage 3	101	–	101

Advances continued

Note 4 – Reconciliation of the loss allowance on total advances per class continued

AMORTISED COST

	Retail secured		Retail unsecured		
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other*
Reported as at 1 July 2020	3 916	5 861	4 201	8 697	3 139
– Stage 1	731	575	917	1 812	782
– Stage 2	777	1 308	562	1 653	701
– Stage 3	2 408	3 978	2 722	5 232	1 656
Acquisition/(disposal) of advances	–	–	–	–	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Bad debts written off	(138)	(1 006)	(849)	(2 358)	(919)
Current period provision created/(released)**	596	1 261	1 115	2 786	1 620
– Stage 1	(38)	(179)	(63)	(64)	596
– Stage 2	448	282	442	805	120
– Stage 3	186	1 158	736	2 045	904
Amount as at 31 December 2020	4 374	6 116	4 467	9 125	3 840
– Stage 1	669	542	939	1 566	1 291
– Stage 2	1 108	1 244	639	1 931	749
– Stage 3	2 597	4 330	2 889	5 628	1 800

* *Loss allowance includes R620 million relating to the FNB centre as disclosed separately on pages 120 to 123.*

** *Current period provision created/(released) reflects the net of the following items:*

- *ECL impact of net settlements and changes in exposures of advances included in the opening balance, including changes in ECL on amended off-balance sheet facilities.*
- *The increase or decrease of the opening balance ECL due to transfers between the stages, for example the release of ECL on transfer from stage 2 to stage 1, or the increase in ECL on transfer from stage 1 to stage 2.*
- *ECL on new business originated during the financial period and the transfers between stages of the new origination.*
- *Impact of changes in models and risk parameters, including forward-looking macroeconomic information.*

Corporate and commercial					UK operations		
FNB commercial	WesBank corporate	RMB corporate and investment banking	Rest of Africa	Group Treasury and other	Retail	Commercial	Total
6 028	506	5 817	4 633	654	3 453	1 542	48 447
1 394	114	1 611	1 007	320	1 116	564	10 943
1 339	111	3 758	981	152	1 148	471	12 961
3 295	281	448	2 645	182	1 189	507	24 543
–	–	(3)	–	–	–	–	(3)
–	–	–	(5)	–	–	–	(5)
–	–	(206)	(433)	–	(283)	(111)	(1 033)
(730)	(42)	42	(340)	(44)	(269)	(211)	(6 864)
1 204	104	862	925	25	1 201	242	11 941
(321)	(21)	382	67	6	76	(206)	235
744	(5)	138	373	2	208	23	3 580
781	130	342	485	17	917	425	8 126
6 502	568	6 512	4 780	635	4 102	1 462	52 483
1 500	102	1 894	1 035	327	1 078	379	11 322
1 464	72	3 114	1 189	154	1 192	391	13 247
3 538	394	1 504	2 556	154	1 832	692	27 914

Advances continued

Note 4 – Reconciliation of the loss allowance on total advances per class continued

AMORTISED COST

	Retail secured		Retail unsecured			Retail secured and unsecured
R million	Residential mortgages	WesBank VAF	FNB card	Personal loans	Retail other	Temporary stress scenario
Reported as at 1 July 2020	3 916	5 861	4 201	8 697	3 139	–
– Stage 1	731	575	917	1 812	782	–
– Stage 2	777	1 308	562	1 653	701	–
– Stage 3	2 408	3 978	2 722	5 232	1 656	–
Acquisition/(disposal) of advances	–	–	–	–	(41)	–
Transfers from/(to) other divisions	–	–	182	–	(66)	–
Transfers from/(to) non-current assets or disposal groups held for sale	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Bad debts written off	(366)	(2 373)	(1 790)	(5 293)	(1 778)	–
Current period provision created/(released)*	754	2 362	2 090	5 226	1 865	335
– Stage 1	(335)	80	(137)	197	6	131
– Stage 2	389	92	477	700	19	160
– Stage 3	700	2 190	1 750	4 329	1 840	44
Amount as at 30 June 2021	4 304	5 850	4 683	8 630	3 119	335
– Stage 1	646	743	861	1 611	718	131
– Stage 2	841	1 081	654	1 722	575	160
– Stage 3	2 817	4 026	3 168	5 297	1 826	44

* *Current period provision created/(released) reflects the net of the following items:*

- *ECL impact of net settlements and changes in exposures of advances included in the opening balance, including changes in ECL on amended off-balance sheet facilities.*
- *The increase or decrease of the opening balance ECL due to transfers between the stages, for example the release of ECL on transfer from stage 2 to stage 1, or the increase in ECL on transfer from stage 1 to stage 2.*
- *ECL on new business originated during the financial period and the transfers between stages of the new origination.*
- *Impact of changes in models and risk parameters, including forward-looking macroeconomic information.*

Corporate and commercial						UK operations		
FNB commercial	Temporary stress scenario	WesBank corporate	RMB corporate and investment banking	Rest of Africa	Group Treasury and other	Retail	Commercial	Total
6 028	–	506	5 817	4 633	654	3 453	1 542	48 447
1 394	–	114	1 611	1 007	320	1 116	564	10 943
1 339	–	111	3 758	981	152	1 148	471	12 961
3 295	–	281	448	2 645	182	1 189	507	24 543
–	–	1	(4)	–	–	–	–	(44)
–	–	–	–	–	(116)	–	–	–
–	–	–	–	(9)	(35)	–	–	(44)
–	–	–	(210)	(581)	(5)	(319)	(138)	(1 253)
(1 686)	–	(84)	(306)	(1 369)	–	(591)	(412)	(16 048)
1 820	148	132	1 213	1 227	14	1 028	340	18 554
(947)	124	(18)	(271)	86	44	(352)	(209)	(1 601)
1 003	24	27	729	286	–	(186)	(66)	3 654
1 764	–	123	755	855	(30)	1 566	615	16 501
6 162	148	555	6 510	3 901	512	3 571	1 332	49 612
1 033	124	108	1 636	992	360	805	415	10 183
1 524	24	122	3 285	941	152	685	288	12 054
3 605	–	325	1 589	1 968	–	2 081	629	27 375

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

Overview of forward-looking information included in the 31 December 2021 provisions

The global economic recovery continues to normalise from the elevated levels that followed the initial "technical bounce" out of the Covid-19 shock experienced in 2020. Although the Omicron variant has resulted in a notable increase in Covid-19 cases, this has not translated into significantly weaker real economic activity as economies continue to adapt relatively effectively to pandemic-related constraints. With economic demand returning to normal, supply side factors continue to drive near-term inflation higher. This was expected to have peaked towards the end of 2021 and should begin to soften over the course of 2022 as supply chains catch up with pent-up demand.

Monetary policy guidance from several global central banks, the US Federal Reserve in particular, suggests that central banks will be less tolerant of above-target inflation than they had previously communicated. This signals concern among central banks that significantly elevated near-term inflation could translate into higher longer-term inflation expectations. The US Federal Reserve has clearly signalled its vigilance to the risk of rising inflation expectations. Global fiscal policy settings are still extremely supportive, and it remains clear that governments plan to reduce fiscal stimulus as their economies recover from the depths of the pandemic. The complexity of these policy signals will continue to drive market volatility as financial markets adjust to changes in the expected monetary and fiscal policy environment. A relative tightening in financial conditions, albeit from an extremely accommodative base, is expected to reduce demand for risk assets and support demand for safe-haven assets such as the US dollar in the near term. Commodity prices are in turn likely to soften somewhat off a high base but still remain high compared to pre-pandemic levels. This should still provide some support to commodity-producing countries.

SOUTH AFRICA

High commodity prices for South Africa's main exports have helped to drive a relatively robust rebound from the deep contractions experienced in 2020. As commodity prices begin to soften, the country's growth drivers are expected to shift from being externally driven to internally driven. Domestic inflation is expected to have peaked at the end of 2021 and should soften gradually from the relatively elevated levels observed over the last few months. Although oil prices are also expected to lower from current elevated levels, these are expected to remain high by historical standards.

Against this backdrop, short-term interest rates are expected to lift from the extremely supportive policy stance induced by the pandemic towards higher, but still accommodative levels, to cater for elevated inflation and elevated global policy rates.

High-frequency household data confirms that income levels among the employed now continue to normalise after an initial improvement coming out of the pandemic-induced contractions. Although real income growth remains low, the normalising of income levels and low interest rates, along with higher-than-normal household savings, are contributing to an ongoing lift in household credit extension. Against this backdrop, the house price outlook remains positive although house prices are expected to continue to vary greatly across regions and price segments. Price growth in the lower end of the market should be the most supported by low interest rates, plus the persistent supply deficit, while higher-end property prices are likely to remain under pressure.

Industry data shows that transactional volumes at a national level are now also normalising across industries. Corporate incomes continue to improve from heavily depressed levels. While investor confidence remains low, corporate credit demand has started to lift slightly as economic activity stabilises. This pick-up in credit should in time accompany a slight draw on precautionary savings.

With an extremely high unemployment rate it remains crucial to differentiate between households with secure employment and irregular or unstable employment. Industry-level data shows that employment remains under considerable strain in industries that are sensitive to Covid-19 disruptions, such as hospitality and tourism, while other firms are increasing headcount tentatively.

UNITED KINGDOM

The uneven UK economic recovery is slowing as the country continues to lag behind other G7 nations. Underlying growth remains weak, most recently driven by pent-up demand in the consumer facing sectors most impacted by previous restrictions. The increased cost of living and supply chain disruptions are set to remain key themes in 2022, and could restrain consumption, production and business investment. As such, consumer and business confidence measures are weakening. The labour market continues to tighten, with job security high and wage growth elevated, however the manner in which unemployment has fallen presents the risk of increased under-employment. Inflation is set to rise further in 2022 due to building supply side factors, such as commodity, food and energy prices. This should allow the Bank of England to gradually normalise policy as the labour market tightens, however there is the risk of higher rates than anticipated should domestic pressures build more than expected, or headline inflation surprises to the upside. Property market growth continues to be driven by pandemic-related factors. Elevated growth is expected to continue into 2022 before moderating as pandemic-related demand dissipates, mortgage rates rise and the increased cost of living hits household balance sheets.

OTHER AFRICA

General

The outlook for the rest of Africa is largely driven by the recovery in commodity prices and the overall recovery in economic activity domestically, further supported by the recovery in global demand. An important determinant of and risk to the outlook, is the impact of subsequent waves of Covid-19 infections and the slow pace of vaccination in a number of countries. Additionally, the rises in administered prices, prices of basic foodstuffs and fuel prices should be noted, with the latter affecting all countries in the region. A slow normalisation of monetary policy is expected across the region in 2022, in line with global monetary policy development. Central banks in Zambia, Lesotho and Ghana raised interest rates over the course of 2021. Structural weaknesses in the bulk of the countries pre-date the pandemic and will continue to constrain the recovery in the medium term, e.g. Zambia and Ghana's debt distressed positions and further fiscal pressures in Southern African Customs Union (SACU) countries. A key concern is the insecurity in Mozambique, which has blighted the outlook for the liquefied natural gas sector and thereby delayed the expected positive impact of that sector on the economy.

Namibia

The Covid-19 pandemic and associated lockdown measures exacerbated the existing weakness in the economic base in Namibia, with the country posting its largest contraction in real GDP on record at -8.00% for 2020, and a small contraction for 2021. The rebound in 2021 was expected to be significant due to base effects, but it was clouded by the weak domestic demand backdrop, which continues to disappoint its rebound to significantly higher levels as consumer and investor confidence remains low. The rebound in the second half of 2021 was driven by the mining sector. The government still faces funding constraints and is unable to provide enough fiscal support to lift activity meaningfully and attract investment. With inflation lifting and low growth likely in the medium term, the expected rise in policy rates by the Bank of Namibia in 2022 may further constrain a full recovery in consumption, given the high household indebtedness ratios in the country.

Botswana

Botswana experienced a significant contraction in GDP in 2020, but with the diamond mining and sales sectors having posted a strong recovery, the economy is expected to record GDP growth close to 11% for 2021. The tourism sector continues to be severely affected by the pandemic, with travel bans limiting anticipated growth within the local hospitality and aviation industries. In order to mitigate the impact of Covid-19 on the economy, the government drafted an economic recovery and transformation plan aimed at supporting businesses and the economy through this pandemic. The fiscal package proposes several interventions and projects that span most industries, with the hope of transforming Botswana from a mineral-led, public-sector dominated economy to a more diversified, export-oriented economy. Implementation challenges, however, have been noted with regards to similar development plans in the past. With the government having raised various administered prices and taxes to address its revenue declines, coupled with higher oil prices, inflation lifted meaningfully in the latter part of 2021 and is expected to remain elevated into the first half of 2022, with overshoots outside the target band of the Bank of Botswana limiting the scope for rate cuts to support the economy.

Forward-looking information and the temporary stress scenario

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 2021, but there have been changes to the probabilities assigned to the scenarios and the inputs used.

For the group's South African and rest of Africa operations, three macroeconomic scenarios are utilised, namely a base scenario, an upside scenario and a downside scenario. Despite improvements in the country's balance of payments it remains evident that the loss of economic activity, tax revenue and household and corporate income as a result of the pandemic has left the economy structurally weakened relative to an already delicate position before the pandemic. Therefore, uncertainty continues to persist, which is non-linear to the developments in the known macroeconomic environment noted in the scenario descriptions below. Given the inability of economic forecasts and existing statistical models to adequately capture short-term shocks, an additional stress scenario was added to the macroeconomic scenarios applied to the retail and commercial portfolios as at 30 June 2021 and 31 December 2021. The reason for including the temporary stress scenario to only these portfolios is that the RMB corporate and investment portfolio already incorporates stressed scenarios for high-risk industries and the impact within rest of Africa was not found to be material.

The ECL impact of the temporary stress scenario as well as its impact on staging of the GCA has been tracked separately for classes of advances within the retail and commercial portfolios, where the stress scenario continues to have a material impact. Therefore, for the retail and commercial portfolios a weighting of 8% (June 2021: 11%) has been attributed to the temporary scenario, 26% (June 2021: 26%) to the downside, 53% (June 2021: 52%) to the baseline scenario and 13% (June 2021: 11%) to the upside scenario. The group's expectation is that the temporary stress scenario will not permanently form part of the core scenarios utilised by the group.

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

The table below sets out the scenarios and the probabilities assigned to each scenario as at 31 December 2021 for the group's South African and Africa operations. During the period to 31 December 2021 the probabilities assigned to the macro scenarios were adjusted slightly towards the upside regime. These adjustments were made to cater for the change in the perceived balance of risk to the domestic economy resulting from the effectiveness of global policy measures to support the global economy, and the effectiveness of domestic policy measures to manage the economic impact of the pandemic and lift the country's potential growth rate over time.

Although reduced, significant macroeconomic uncertainty remains as it is evident that the loss of economic activity, tax revenue and household and corporate income as a result of the pandemic has left the global economy substantially weakened, which is a key risk to the macroeconomic outlook.

Scenario	Probability	Description
Baseline regime	**58% (June 2021: 58%; December 2020: 57%)**	Assumes that global growth improves gradually. Developed market (DM) inflation lifts but remains low by historical standards and global interest rates remain accommodative. The South African economy continues to show a slow recovery. Inflation continues to lift but remains within the SARB's target band. The outlook is characterised by a slow recovery in income and a slight improvement in policy uncertainty.
Upside regime	**14% (June 2021: 13%; December 2020: 16%)**	Assumes that global growth improves gradually. DM inflation lifts but remains low by historical standards and global interest rates remain accommodative. The South African domestic economy experiences a significant lift in economic activity and inflation remains low by historical standards. Policy certainty is gradually restored, and confidence-boosting economic reforms are implemented.
Downside regime	**28% (June 2021: 29%; December 2020: 27%)**	Assumes that global growth improves gradually. DM inflation lifts but remains low by historical standards and global interest rates remain accommodative. The South African domestic economy experiences ongoing contractions in economic activity, which are compounded by policy mistakes and extremely low confidence, which prevent the economy from recovering fully from the Covid-19-induced shock.

The table sets out the scenarios and the probabilities assigned to each scenario at 31 December 2021, for the UK operations:

Scenario	Probability	Description
Base	**50% (June 2021: 50%; December 2020: 45%)**	Global growth experiences a significant rebound in 2021 and recovers gradually thereafter. The economy grows rapidly as it unlocks, while government support continues, enabling the release of pent-up demand. GDP returns to pre-pandemic levels but continues to grow more slowly. Supply side factors drive inflation higher, impacting the cost of living, while the labour market continues to tighten.
Upside	**10% (June 2021: 10%; December 2020: 0%)**	Global growth continues to bounce back, driven by the Covid-19 vaccine and/or significant fading of the pandemic, and trade becomes significantly more robust following Brexit. Global inflation remains low but does not fall towards a deflationary environment, and major central banks (G3) and governments are successful in lifting potential growth. The UK services sector achieves an efficient and beneficial outcome for the trade relationship with the European Union (EU) while health risks fade considerably. Fiscal austerity continues to be relaxed further to boost economic activity and wage growth picks up along with labour productivity, while a combination of higher consumer and business confidence and pent-up productive capacity lifts economic activity, allowing the Bank of England to normalise policy.
Downside	**25% (June 2021: 25%; December 2020: 10%)**	Global growth recovers slowly into 2022 while China's economy continues to rebalance gradually, and trade tensions escalate in bouts. Global inflation remains extremely low and risks falling into deflation, and the G3 continues to ease monetary policy to cushion its economies into the global slowdown, risking getting stuck near-zero rates. In the UK supply chain disruptions and labour shortages significantly intensify, driving inflation higher. The Bank of England believes it has to respond aggressively to rapidly rising inflation expectations and rising domestic wage growth at risk of the two spiralling out of control. Together, this means that the UK falls into a mild recession, with rising insolvencies, rising unemployment and falling house prices.
Severe downside	**15% (June 2021: 15%; December 2020: 25%)**	After an initial and severe shock, geopolitical risk and trade tensions push global growth into a deep recession. The US and EU economies fail to recover from the Covid-19 shocks, sustaining further deep recessions, pushing consumer and investor confidence to levels last seen in the global financial crisis. Global inflation remains low and falls towards deflation in large, developed economies. The G3 eases monetary policy to cushion the global slowdown but risks broadening the base of debt-yielding negative interest rates. In the UK new variants of Covid-19 and/or a vaccine programme failure result in ongoing iterations of lockdown and social distancing. Brexit legacy issues continue to plague services sector confidence and activity. Consumer and investor sentiment falls further and spare capacity in the economy increases significantly.

December 2020 included two additional scenarios that are no longer applied, namely a stagnation and mild upside scenario with a weighting of 10% each.

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

SIGNIFICANT MACROECONOMIC FACTORS AS AT 31 DECEMBER 2021

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.

South Africa (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
	Applicable across all portfolios								
Real GDP growth	3.70	3.40	3.30	2.20	1.70	1.60	(0.30)	(1.80)	1.10
CPI inflation	3.50	3.70	3.50	4.30	4.50	4.80	5.30	7.10	7.00
Repo rate	3.75	4.25	4.25	4.25	5.00	5.00	5.50	7.50	8.50
	Retail-specific								
Retail real growth	3.70	3.40	3.30	1.40	1.50	1.20	(1.30)	(2.80)	0.10
House price index growth*	5.40	4.50	5.00	3.20	2.20	2.40	(0.40)	(2.40)	1.60
Household debt to income	72.30	70.80	70.80	75.80	75.80	75.80	72.30	70.80	70.80
Employment growth	0.70	0.70	0.80	0.40	0.40	0.40	(0.10)	(0.40)	0.20
	Wholesale-specific								
Fixed capital formation	2.40	5.60	5.10	1.40	2.80	2.40	(0.20)	(3.10)	4.60
Foreign exchange rate (USD/ZAR)	12.20	12.80	13.30	14.70	15.10	16.10	17.20	22.60	23.60

* *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 growth**	**House price index growth***	**Household debt to income**	**Employment growth**
2022	(1.50)	8.00	8.50	(2.00)	(2.20)	(76.40)	(0.30)
2023	(3.00)	8.30	11.00	(4.00)	(4.00)	(76.70)	(0.70)
2024	(0.10)	6.70	8.50	(0.20)	(0.20)	(76.70)	(0.00)

* *Applicable to the secured portfolio.*

UK (%)	Upside scenario			Baseline scenario			Downside scenario			Severe scenario		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Real GDP growth	8.55	4.18	3.29	6.13	2.08	1.46	2.46	1.00	2.12	(4.83)	(0.42)	0.20
BoE base rate	0.72	1.04	1.19	0.10	0.10	0.21	(0.50)	(0.25)	0.00	(0.21)	(0.69)	(0.50)
Household disposable income growth	2.63	1.60	2.07	1.54	2.26	1.85	(4.39)	1.01	0.95	(4.83)	(0.42)	0.20
House price index growth*	3.38	2.30	8.64	1.98	(0.88)	1.20	(2.75)	(8.25)	(2.43)	(8.12)	(17.76)	(11.75)
Employment growth	1.63	2.21	0.45	1.01	0.47	0.55	(0.77)	0.07	0.21	(2.30)	0.34	0.71

* *Applicable to the secured portfolio.*

Other Africa

Namibia (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Real GDP growth	4.00	3.50	6.00	2.80	3.00	3.30	(1.20)	(0.50)	(0.30)
CPI inflation	3.00	3.00	3.00	4.60	4.90	4.90	6.00	7.00	7.00
Repo rate	4.00	4.50	4.50	4.50	5.00	5.00	5.75	7.75	8.75

Botswana (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Real GDP growth	6.00	7.00	7.50	4.00	3.80	3.70	2.00	0.75	0.20
CPI inflation	3.05	2.55	2.55	5.40	4.50	4.35	7.52	7.02	6.82
Repo rate	3.25	3.00	3.00	4.50	5.00	5.00	5.50	6.00	6.50

SIGNIFICANT MACROECONOMIC FACTORS AS AT 30 JUNE 2021

South Africa (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
	Applicable across all portfolios								
Real GDP growth	4.20	4.70	4.20	3.10	1.70	1.20	(1.90)	(5.00)	(2.90)
CPI inflation	3.10	3.60	4.10	4.10	4.60	5.00	7.20	7.60	8.10
Repo rate	3.25	2.75	2.50	3.50	3.75	3.75	6.35	6.50	6.50
	Retail-specific								
Retail real growth	4.20	4.70	4.20	1.10	1.30	0.80	(1.90)	(5.00)	(2.90)
House price index growth*	3.50	7.50	10.90	2.60	2.80	3.10	(1.60)	(8.00)	(7.50)
Household debt to income	75.90	76.00	76.00	75.80	75.80	75.80	76.20	76.50	76.50
Employment growth	0.60	1.00	1.30	0.45	0.39	0.36	(0.30)	(1.10)	(0.90)
	Wholesale-specific								
Fixed capital formation	0.90	7.10	10.90	0.70	2.60	3.10	(0.40)	(7.50)	(7.50)
Foreign exchange rate (USD/ZAR)	12.00	11.90	12.00	15.20	15.90	16.60	19.70	22.00	23.00

* *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 growth**	**House price index growth***	**Household debt to income**	**Employment growth**
2022	(1.20)	7.60	3.50	(0.40)	(1.00)	75.90	(0.20)
2023	(5.10)	10.30	6.00	(3.80)	(8.20)	76.00	(1.90)
2024	(6.20)	11.80	8.50	(4.10)	(16.00)	76.00	(1.10)

* *Applicable to the secured portfolio.*

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

UK *(%)*	Upside scenario			Baseline scenario			Downside scenario			Severe scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Real GDP growth	10.78	4.18	3.29	7.73	2.08	1.46	3.09	0.75	2.37	(6.13)	(1.53)	1.06
Household disposable income growth	2.63	1.60	2.07	(0.81)	1.94	1.18	(3.69)	0.04	0.95	(1.03)	0.09	(1.18)
House price index growth*	3.38	2.30	8.64	(0.57)	(2.25)	0.54	(2.75)	(7.50)	(2.43)	(8.12)	(17.76)	(11.75)
Employment growth	1.63	2.21	0.45	(0.26)	0.30	0.51	0.06	(0.20)	0.44	(2.54)	0.49	1.06

* *Applicable to the secured portfolio.*

Other Africa

Namibia *(%)*	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Real GDP growth	3.25	3.75	4.50	1.40	2.30	2.00	(3.00)	(1.50)	(1.00)
CPI inflation	3.00	3.00	3.00	3.80	4.00	4.10	5.92	6.75	7.00
Repo rate	2.75	2.50	2.50	3.75	4.00	4.00	6.25	6.50	6.50

Botswana *(%)*	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Real GDP growth	8.00	7.00	6.30	5.10	4.10	3.70	2.34	2.30	2.20
CPI inflation	3.90	2.80	2.60	5.50	4.00	3.60	6.40	5.50	5.30
Repo rate	3.25	3.00	3.00	3.75	3.75	3.75	5.50	5.50	5.50

Fair value measurements

Valuation methodology

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

Fair value hierarchy and measurements

LEVEL 2 AND LEVEL 3 VALUATION TECHNIQUES AND SIGNIFICANT INPUTS

		Level 2	Level 3
Instrument	**Valuation technique**	**Significant observable inputs**	**Significant unobservable inputs**
Derivative financial instruments			
Forward rate agreements, forwards and swaps	Discounted cash flow	Market interest rates, credit and currency basis curves, volatilities, dividends and share prices	Volatilities and unlisted share prices
Options and equity derivatives	Option pricing and industry standard models	Strike price of the option, market-related discount rate, spot or forward rate, the volatility of the underlying, dividends and share prices	Volatilities, dividends and unlisted share prices
Advances			
Corporate and investment banking book	Discounted cash flow	N/A	Credit inputs
Advances under repurchase agreements and other advances		Commodity prices, market interest rates and credit spreads	Credit inputs and market risk correlation factors
Investment securities			
Equities listed in an inactive market	Discounted cash flow	Market interest rates	Unobservable P/E ratios
Unlisted equities	Price earnings (P/E) model and discounted cash flow	Market transactions	Growth rates and P/E ratios
Unlisted bonds or bonds listed in an inactive market NCD	Discounted cash flow	Market interest rates, credit spreads and market quotes for NCD instruments	Credit inputs
Treasury bills and other government and government-guaranteed stock	JSE debt market bond pricing model	Market quotes for money market and fixed income instruments	N/A

Fair value measurements continued

		Level 2	Level 3
Instrument	**Valuation technique**	**Significant observable inputs**	**Significant unobservable inputs**
Investments in funds and unit trusts	Third-party valuations	Market transactions (listed)	Third-party valuations used, minority and marketability adjustments
Non-recourse investments	Discounted cash flow	Market interest rates	N/A
Investment properties			
Investment properties	Discounted cash flow	N/A	Expected rentals, capitalisation, and exit/terminal rates
Deposits			
Call and non-term deposits	Discounted cash flow or the undiscounted amount is used	Discounting curve	N/A
Non-recourse deposits and other liabilities	Discounted cash flow	Market interest rate curves or performance of underlying	Performance of underlying contracts
Deposits referencing credit-linked instruments and other deposits	Discounted cash flow	Market interest rates	Credit inputs, market risk and correlation factors
Policyholder liabilities under investment contracts			
Unit-linked contracts or contracts without fixed benefits	Adjusted value of underlying assets	Spot price of underlying	N/A
Contracts with fixed and guaranteed terms	Discounted cash flow	Market interest rates	N/A
Financial assets and liabilities not measured at fair value but for which fair value is disclosed			
Various	Discounted cash flow	Market interest rates	N/A

Fair value measurements continued

Fair value hierarchy

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

	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	72 010	2 016	74 059
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	242 980	50 989	440 220
Liabilities				
Recurring fair value measurements				
Short trading positions	15 831	–	–	15 831
Derivative financial instruments	175	74 794	1 494	76 463
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	134 643	6 209	157 957

Fair value measurements continued

R million	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	29	140 949	1 885	142 863
Advances	–	47 469	40 647	88 116
Investment securities	117 912	100 045	3 071	221 028
Non-recourse investments	–	11 198	–	11 198
Commodities	20 046	–	–	20 046
Investment properties	–	–	714	714
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	51	–	51
Total fair value assets	137 987	299 712	46 317	484 016
Liabilities				
Recurring fair value measurements				
Short trading positions	17 035	–	–	17 035
Derivative financial instruments	1 184	142 585	1 753	145 522
Deposits	1 268	44 241	3 297	48 806
Non-recourse deposits	–	11 144	–	11 144
Other liabilities	–	35	102	137
Policyholder liabilities under investment contracts	–	5 045	–	5 045
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	2	–	2
Total fair value liabilities	19 487	203 052	5 152	227 691

R million	As at 30 June 2021 Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Derivative financial instruments	41	81 481	1 206	82 728
Advances	–	61 106	34 218	95 324
Investment securities	118 080	100 310	3 165	221 555
Non-recourse investments	329	8 688	–	9 017
Commodities	18 641	–	–	18 641
Investment properties	–	–	659	659
Non-recurring fair value measurements				
Disposal groups held for sale – financial assets	–	–	19	19
Total fair value assets	137 091	251 585	39 267	427 943
Liabilities				
Recurring fair value measurements				
Short trading positions	18 945	–	–	18 945
Derivative financial instruments	41	82 800	1 595	84 436
Deposits	1 046	39 989	4 471	45 506
Non-recourse deposits	–	9 017	–	9 017
Other liabilities	–	50	2	52
Policyholder liabilities under investment contracts	–	5 378	–	5 378
Non-recurring fair value measurements				
Disposal groups held for sale – financial liabilities	–	1	–	1
Total fair value liabilities	20 032	137 235	6 068	163 335

Fair value measurements continued

ADDITIONAL DISCLOSURES FOR LEVEL 3 FINANCIAL INSTRUMENTS

Transfers between fair value hierarchy levels

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

	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 has 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 have become observable as the financial instruments approach their respective maturity dates, 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 31 December 2020		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	–	(319)	There were no transfers into level 1.
Level 2	108	–	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2.
Level 3	319	(108)	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	427	(427)	

	As at 30 June 2021		
R million	Transfers in	Transfers out	Reasons for significant transfers in
Level 1	945	(24)	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 and level 2 into level 1.
Level 2	210	(1 025)	Increased liquidity in the market for certain investment securities resulted in transfers from level 3 to level 2.
Level 3	607	(713)	Investment securities whose fair value had been observable in a traded market no longer met the criteria for level 1 and level 2, as active trading ceased during the year and the fair value was determined using significant observable inputs.
Total transfers	1 762	(1 762)	

Changes in level 3 instruments with recurring fair value measurements

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

R million	**Derivative financial assets**	**Advances**	**Investment securities**	**Investment properties**	**Derivative financial liabilities**	**Other liabilities**	**Deposits**
Balance as at 1 July 2021	**1 206**	**34 218**	**3 165**	**659**	**1 595**	**2**	**4 471**
Gains/(losses) recognised in profit or loss	**1 361**	**1 882**	**344**	**–**	**672**	**–**	**592**
Gains/(losses) recognised in other comprehensive income	**–**	**–**	**4**	**–**	**–**	**–**	**–**
Purchases, sales, issue and settlements	**(370)**	**7 510**	**159**	**–**	**(284)**	**–**	**909**
Acquisitions/(disposals) of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net transfer to level 3	**(181)**	**–**	**629**	**–**	**(489)**	**–**	**(1 259)**
Exchange rate differences	**–**	**412**	**(9)**	**–**	**–**	**–**	**–**
Balance as at 31 December 2021	**2 016**	**44 022**	**4 292**	**659**	**1 494**	**2**	**4 713**

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Derivative financial liabilities	Other liabilities	Deposits
Balance as at 1 July 2020	925	48 633	3 886	722	1 856	300	5 063
Gains/(losses) recognised in profit or loss	1 058	194	26	(8)	117	(29)	(162)
Gains/(losses) recognised in other comprehensive income	–	–	(134)	–	–	–	–
Purchases, sales, issue and settlements	(98)	(7 253)	(875)	–	(220)	(169)	(1 586)
Acquisitions/(disposals) of subsidiaries	–	–	(15)	–	–	–	–
Net transfer to level 3	–	–	211	–	–	–	–
Exchange rate differences	–	(927)	(28)	–	–	–	(18)
Balance as at 31 December 2020	1 885	40 647	3 071	714	1 753	102	3 297

R million	Derivative financial assets	Advances	Investment securities	Investment properties	Derivative financial liabilities	Other liabilities	Deposits
Balance as at 1 July 2020	925	48 633	3 886	722	1 856	300	5 063
Gains/(losses) recognised in profit or loss	816	669	280	(89)	319	(47)	(215)
Gains/(losses) recognised in other comprehensive income	–	–	(356)	–	–	–	–
Purchases, sales, issue and settlements	(535)	(14 146)	(509)	26	(580)	(251)	(351)
Acquisitions/(disposals) of subsidiaries	–	–	2	–	–	–	–
Net transfer to level 3	–	–	(106)	–	–	–	–
Exchange rate differences	–	(938)	(32)	–	–	–	(26)
Balance as at 30 June 2021	1 206	34 218	3 165	659	1 595	2	4 471

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 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 fair value through other comprehensive income (FVOCI) debt instruments, all gains or losses are recognised in NIR.

	Six months ended 31 December 2021		Six months ended 31 December 2020		Year ended 30 June 2021	
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	**1 160**	**–**	1 139	–	782	–
Advances*	**1 773**	**–**	108	–	799	–
Investment securities	**398**	**4**	(12)	(134)	287	(300)
Investment properties	**(15)**	**–**	(7)	–	(89)	–
Total	**3 316**	**4**	1 228	(134)	1 779	(300)
Liabilities						
Derivative financial instruments	**(128)**	**–**	164	–	(288)	–
Deposits	**(583)**	**–**	(137)	–	86	–
Other liabilities	**–**	**–**	(29)	–	–	–
Total	**(711)**	**–**	(2)	–	(202)	–

* *Mainly accrued interest on fair value loans and advances and movements in interest rates 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.*

R million	Reasonably possible alternative fair value								
	As at 31 December 2021			As at 31 December 2020			As at 30 June 2021		
	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	**2 016**	**2 063**	**1 968**	1 885	1 927	1 843	1 206	1 344	1 067
Advances	**44 022**	**44 074**	**43 936**	40 647	40 757	40 547	34 218	34 295	34 152
Investment securities	**4 292**	**4 405**	**4 105**	3 071	3 150	2 951	3 165	3 290	2 921
Investment properties	**659**	**724**	**593**	714	786	643	659	724	593
Total financial assets measured at fair value in level 3	**50 989**	**51 266**	**50 602**	46 317	46 620	45 984	39 248	39 653	38 733
Liabilities									
Derivative financial instruments	**1 494**	**1 473**	**1 516**	1 753	1 702	1 806	1 595	1 508	1 680
Deposits	**4 713**	**4 708**	**4 719**	3 297	3 282	3 312	4 471	4 441	4 501
Other liabilities	**2**	**2**	**2**	102	101	104	2	2	2
Total financial liabilities measured at fair value in level 3	**6 209**	**6 183**	**6 237**	5 152	5 085	5 222	6 068	5 951	6 183

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 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 31 December 2020	
R million	Carrying value	Total fair value
Assets		
Advances	1 134 005	1 148 449
Investment securities	128 875	130 243
Total financial assets at amortised cost	1 262 880	1 278 692
Liabilities		
Deposits	1 496 954	1 502 478
Other liabilities	5 343	5 294
Tier 2 liabilities	21 168	21 714
Total financial liabilities at amortised cost	1 523 465	1 529 486

	As at 30 June 2021	
R million	Carrying value	Total fair value
Assets		
Advances	1 128 110	1 147 500
Investment securities	137 615	137 071
Total financial assets at amortised cost	1 265 725	1 284 571
Liabilities		
Deposits	1 487 555	1 491 024
Other liabilities	4 808	4 823
Tier 2 liabilities	20 940	21 397
Total financial liabilities at amortised cost	1 513 303	1 517 244

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	**2021**	2020	2021
Opening balance	**108**	197	197
Day 1 profits or losses not initially recognised on financial instruments recognised in the current period	**150**	116	281
Amount recognised in profit or loss as a result of changes which would be observable by market participants	**(73)**	(119)	(370)
Closing balance	**185**	194	108

Contingencies and commitments

R million	As at 31 December 2021	As at 31 December 2020	% change	As at 30 June 2021
Contingencies and commitments				
Guarantees (endorsements and performance guarantees)	**48 547**	35 708	36	49 943
Letters of credit	**14 434**	8 707	66	10 059
Total contingencies	**62 981**	44 415	42	60 002
Irrevocable commitments*	**183 483**	146 549	25	166 397
Committed capital expenditure approved by the directors**	**2 421**	2 816	(14)	3 133
Legal proceedings[#,†]	**287**	433	(34)	316
Other	**37**	45	(18)	54
Contingencies and commitments	**249 209**	194 258	28	229 902

* *Irrevocable commitments have been restated, following the identification of R5 840 million that had been incorrectly omitted from the December 2020 numbers. The ECL relating to this restatement was recorded in the prior period and as such, the restatement does not require additional ECL to be raised.*

** *Committed capital approved by the directors has been restated, following the identification of R500 million that had been incorrectly included in the June 2021 numbers.*

Legal proceedings was previously shown in a separate section of the note. It has been updated to be included as part of contingencies and commitments.

† *There are 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.*

Events after the reporting period

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

Condensed segment report

REPORTABLE SEGMENTS

R million	Six months ended 31 December 2021										
	Retail and commercial					RMB	Aldermore	FCC (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	FNB			WesBank	Retail and commercial						
	FNB SA	FNB rest of Africa	Total FNB								
Profit before tax	12 644	1 160	**13 804**	**1 106**	**14 910**	**5 181**	**2 251**	78	**22 420**	95	**22 515**
Total assets	443 403	57 463	**500 866**	**128 228**	**629 094**	**650 122**	**375 455**	337 578	**1 992 249**	(141)	**1 992 108**
Total liabilities*	433 516	55 512	**489 028**	**127 452**	**616 480**	**641 728**	**347 262**	208 485	**1 813 955**	–	**1 813 955**

* *Total liabilities are net of interdivisional balances.*

R million	Six months ended 31 December 2020										
	Retail and commercial					RMB	Aldermore	FCC (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	FNB			WesBank	Retail and commercial						
	FNB SA	FNB rest of Africa	Total FNB								
Profit before tax	9 866	709	**10 575**	**953**	**11 528**	**4 500**	**1 225**	(1 663)	**15 590**	227	**15 817**
Total assets	426 315	58 388	**484 703**	**130 446**	**615 149**	**637 015**	**326 109**	371 504	**1 949 777**	(8)	**1 949 769**
Total liabilities*	419 512	57 454	**476 966**	**129 525**	**606 491**	**629 069**	**302 911**	249 856	**1 788 327**	–	**1 788 327**

* *Total liabilities are net of interdivisional balances.*

R million	Year ended 30 June 2021										
	Retail and commercial					RMB	Aldermore	FCC (including Group Treasury and other)	FirstRand group – normalised	Normalised adjustments	FirstRand group – IFRS
	FNB			WesBank	Retail and commercial						
	FNB SA	FNB rest of Africa	Total FNB								
Profit before tax	21 712	1 607	**23 319**	**1 723**	**25 042**	**9 942**	**3 272**	(1 283)	**36 973**	318	**37 291**
Total assets	429 515	53 184	**482 699**	**129 043**	**611 742**	**591 309**	**325 195**	358 064	**1 886 310**	(30)	**1 886 280**
Total liabilities*	411 236	51 583	**462 819**	**127 485**	**590 304**	**579 835**	**300 915**	247 339	**1 718 393**	–	**1 718 393**

* *Total liabilities are net of interdivisional balances.*

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	**2021**	2020	% change	2021
Aggregate cost of portfolio	**2 779**	2 705	3	2 702
Aggregate carrying value	**5 869**	5 516	6	5 535
Aggregate fair value*	**11 783**	10 399	13	11 309
Equity-accounted income**	**457**	394	16	877
Profit on realisation#	**(54)**	–	(>100)	(1)

* *Aggregate fair value is disclosed including non-controlling interests.*

** *Income from associates and joint ventures is disposed post-tax.*

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	**2021**	2020	% change	2021
Carrying value of investment properties	**659**	714	(8)	659
Fair value of investment properties	**659**	714	(8)	659

Number of ordinary shares in issue

	As at 31 December				As at 30 June	
	2021		2020		2021	
	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	**(3 073 815)**	**–**	(1 563 150)	–	(1 391 191)	–
– Shares for client trading*	**(3 073 815)**	**–**	(1 563 150)	–	(1 391 191)	–
Number of shares in issue (after treasury shares)	**5 606 414 186**	**5 609 488 001**	5 607 924 851	5 609 488 001	5 608 096 810	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	**(2 295 490)**	**–**	(1 314 697)	–	(1 249 055)	–
– Shares for client trading*	**(2 295 490)**	**–**	(1 314 697)	–	(1 249 055)	–
Basic and diluted weighted average number of shares in issue	**5 607 192 511**	**5 609 488 001**	5 608 173 304	5 609 488 001	5 608 238 946	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
	2021	2020	% change	2021
Market indicators				
$/R exchange rate				
– Closing	**15.89**	14.68	8	14.26
– Average	**15.00**	16.21	(7)	15.33
£/R exchange rate				
– Closing	**21.47**	20.06	7	19.72
– Average	**20.45**	21.18	(3)	20.66
SA prime overdraft (%)	**7.25**	7.00		7.00
SA average prime overdraft (%)	**7.06**	7.03		7.02
SA average CPI (%)	**5.15**	3.15		3.56
JSE All Share Index	**73 709**	59 409	24	66 249
JSE Banks Index	**8 823**	6 849	29	7 618
Share statistics				
Share price				
– High for the year (cents)	**6 524**	5 347	22	5 796
– Low for the year (cents)	**5 180**	3 552	46	3 552
– Closing (cents)	**6 080**	5 104	19	5 359
Shares traded				
– Number of shares (millions)	**1 627**	2 199	(26)	3 792
– Value of shares (R million)	**95 362**	93 235	2	176 035
– Turnover in shares traded (%)	**17.00**	16.63		31.39
Share price performance				
FirstRand average share price (cents)	**5 831**	4 219	38	4 703
JSE Bank Index (average)	**8 168**	5 719	43	6 416
JSE All Share Index (average)	**67 855**	56 221	21	61 146

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, TS Mashego, Z Roscherr, SP Sibisi, LL von Zeuner, T Winterboer

Company secretary and registered office

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Tel: +27 11 282 1808
Fax: +27 11 282 8088
Website: www.firstrand.co.za

JSE sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
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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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

Non-cumulative non-redeemable B preference shares		
Issuer	**Share code**	**ISIN code**
FirstRand Limited	FSRP	ZAE000060141

NAMIBIAN STOCK EXCHANGE (NSX)

Ordinary shares		
Issuer	**Share code**	**ISIN code**
FirstRand Limited	FST	ZAE000066304
FirstRand Namibia Limited	FNB	NA0003475176

BOTSWANA STOCK EXCHANGE (BSE)

Ordinary shares		
Issuer	**Share code**	**ISIN code**
First National Bank of Botswana Limited	FNBB	BW0000000066

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/jse-listed-instruments/*

– *www.rmb.co.za/page/krugerrand-custodial-certificate*

– *www.rmb.co.za/page/dollar-custodial-certificate*

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)

REST OF AFRICA

Issuer: First National Bank of Namibia Limited

NSX

Domestic medium-term note programme

ISIN code	
Subordinated debt	
NA000A19FKV1	NA000A19FKU3

JSE

ISIN code
Senior unsecured
ZAG000142902

Issuer: First National Bank of Botswana Limited

BSE

Domestic medium-term note programme

Bond code	ISIN code
Subordinated debt	
BW 000 000 2997 (unlisted)	BW 000 000 2989 (unlisted)
BW 000 000 2377	

Bond code	ISIN code
Senior unsecured	
BW 000 000 1528	BW 000 000 1916

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

	Maturity date	Call date	Currency (million)	As at 31 December		As at 30 June
				2021	2020	2021
FirstRand Bank						
AT1						
FRB24	Perpetual	8/11/2023	ZAR	**2 265**	2 265	2 265
FRB25	Perpetual	19/9/2024	ZAR	**3 461**	3 461	3 461
FRB28	Perpetual	2/12/2025	ZAR	**1 400**	1 400	1 400
Tier 2						
FRB13	2/6/2026	2/6/2021	ZAR	**–**	148	–
FRB14	2/6/2026	2/6/2021	ZAR	**–**	125	–
FRB17	8/1/2027	8/1/2022	ZAR	**601**	601	601
FRB18	13/4/2026	13/4/2021	ZAR	**–**	1 500	–
FRB19	14/4/2026	14/4/2021	ZAR	**–**	500	–
FRB20	15/4/2026	15/4/2021	ZAR	**–**	645	–
FRB21	24/11/2026	24/11/2021	ZAR	**–**	1 000	1 000
FRB22	8/12/2027	8/12/2022	ZAR	**1 250**	1 250	1 250
FRB23	20/9/2027	20/9/2022	ZAR	**2 750**	2 750	2 750
FRB26	3/6/2029	3/6/2024	ZAR	**1 910**	1 910	1 910
FRB27	3/6/2031	3/6/2026	ZAR	**715**	715	715
FRB29	19/4/2031	19/4/2026	ZAR	**2 374**	–	2 374
FRB30	19/4/2031	19/4/2026	ZAR	**698**	–	698
FRB31	24/11/2031	24/11/2026	ZAR	**2 500**	–	–
Reg S	23/4/2028	23/4/2023	USD	**500**	500	500
Aldermore Group plc						
Tier 2	28/10/2026	28/10/2021	GBP	**–**	60	60
FirstRand group*						
Total AT1**			**ZAR**	**7 126**	**7 126**	**7 126**
Total Tier 2**			**ZAR**	**20 744**	**19 686**	**19 611**

* *Excluding the group's NCNR preference shares.*

** *Dollar and pound instruments translated at the closing rates at 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	NCNR preference share capital and AT1 capital instruments, as well as 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
Contingent convertible securities	Fixed-rate perpetual subordinated contingent convertible securities issued by Aldermore. These instruments qualify as AT1 capital.
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 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 plus qualifying capital instruments issued out of fully consolidated subsidiaries to third parties plus 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
ALM	Asset and 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
CET1	Common Equity Tier 1
CIB	Corporate and investment banking
CPI	Consumer price inflation
CLR	Credit loss ratio
CoDI	Corporation for Deposit Insurance
Covid-19	Coronavirus disease
DM	Developed market
Directive 3	Covid-19 relief loans
DIS	Deposit insurance scheme
D-SIB	Domestic systemically important bank
DWT	Dividend withholding tax
EAD	Exposure at default
ECL	Expected credit loss
EU	European Union
EV	Embedded value
FCC	FirstRand Corporate Centre
Flac	First loss after capital
FLI	Forward-looking information
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 resources management
FRN	Floating rate note
FSLA	Financial Sector Laws Amendment Act 23 of 2022
FSLAB	The Financial Sector Laws Amendment Bill
FSR	FirstRand Limited
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
GCA	Gross carrying amount
G3	Major central banks

HQLA	High-quality liquid assets
IRVP	Independent retirees value proposition
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LCH	London Clearing House
LCR	Liquidity coverage ratio
LDI	Liability-driven investment
LGD	Loss given default
LSE	London Stock Exchange
LTI	Long-term incentive
LTV	Loan to value
MTM	Mark-to-market
MVNO	Mobile virtual network operator
NCD	Negotiable certificate of deposit
NCNR	Non-cumulative non-redeemable
NAV	Net asset value
NIACC	Net income after cost of capital
NII	Net interest income
NIM	Net interest margin
NIR	Non-interest revenue
NPLs	Non-performing loans
NSFR	Net stable funding ratio
NSX	Namibian Stock Exchange
OEM	Original equipment manufacturer
P_2P	Private-to-private
P/E	Price earnings
PA	Prudential Authority
PBT	Profit before tax
PHI	Permanent health insurance
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 incentive
TCFD	Task Force in Climate-related Financial Disclosures

TFS	Toyota Financial Services (Pty) Ltd
TLAC	Total loss-absorbing capacity
TRS	Total return swap
UK	United Kingdom
VAF	Vehicle asset finance
VAPS	Value-added products and services
VNB	Value of new business
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
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IFRS Interpretations Committee Interpretations

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

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