FNB

annual report

for the year ended 30 June **2024**

Reporting suite

Our reporting suite caters to the needs of our diverse shareholders and provides a holistic view of the First National Bank of Namibia value creation story in a concise and consistent manner. For the 2024 Financial Year our reporting suite is available at www.fnbnamibia.com.na.

This consists of our:

Annual Integrated Report

The primary report to our stakeholders presenting key aspects of our business and how we deliver sustainable growth and value to our stakeholders.

Navigation icons:

Our capitals:

Manufacturing | Financial | Human | Social | Natural | Intellectual

Our stakeholders:

Customers | Regulators | Employees | Society | Investors | Suppliers

Other icons:

This icon directs the reader to pages

This report is available for download on www.fnbnamibia.com.na

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About our **integrated report**

The objective of this report is to show how First National Bank of Namibia Ltd (FNB Namibia or the group) incorporates the principles of integrated thinking into its business and reporting. FNB Namibia's financial and operational performance is portrayed in this report by highlighting the inter-connected elements of the Group's strategic objectives, governance, and performance considering the economic, social and environmental context in which it operates. Value creation remains the key theme of this report, which is the primary report to stakeholders.

This report is accessible on **www.fnbnamibia.com.na**

About this **integrated report**

REPORTING SCOPE AND BOUNDARY

This report covers the period 1 July 2023 to 30 June 2024 and includes material information, relating to the business model, strategy, and performance of the group including the related risks and opportunities. The data in this report – both financial and non-financial – pertains to the group as the reporting entity and includes all entities over which the group has control.

The financial reporting boundary covers the performance of the group's main operating businesses, FNB and RMB, and focuses on the operations in Namibia where the revenue is generated. The group has 46 branches across the country.

The integrated reporting boundary covers risks, opportunities and outcomes relating to the group's operating environment, its operating businesses and engagement with key stakeholders that could influence the group's ability to create and sustain value.

The integrated report is targeted at the group's investors, who are the groups' primary providers of capital, and the broader investment community. This report highlights how FNB Namibia has impacted customers, employees, suppliers, regulators and funding institutions in the value creation process during the 2024 financial year.

FORWARD LOOKING STATEMENTS

The integrated report includes forward-looking information and results of the group's operations. These statements by their nature involve risk and uncertainty as they relate to events and circumstances that may or may not occur in the future.

Forward-looking statements are not statements of fact, but statements by the management of the FNB Namibia group based on its current estimates, expectations, and assumptions regarding the group's future performance.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise. The forward-looking statements have not been reviewed or reported on by the Group's independent auditors.

FNB

Reporting boundary for our integrated report
(Risks, opportunities, outcomes)

FNB Namibia - Business Brands

FNB - Retail and Commercial
RMB - Corporate and Investment Banking

Capitals applied in the creation, preservation and erosion of value

Manufacturing
Financial
Human
Social
Natural
Intellectual

Primary Stakeholders

Customers
Regulators
Employees
Society
Investors
Suppliers

About this **integrated report** continued

REPORTING PRINCIPLES

Annual Integrated Report (IR): Communication of the inextricable link between the value the Group creates, by applying the capital at its disposal, and its stakeholders, society and the natural environment. Additionally, how the external environment, purpose, business model, governance, risks and opportunities, strategy and resource allocation plans, performance and outlook are impacting operations and performance.

Annual Financial Statements (AFS): The audited Annual Financial Statements for the 2024 financial year of the FNB Namibia Group and Company. The report includes our directors' report and independent auditors' report.

The above reports were compiled in accordance with:

	IR	AFS
Namibia Code of Governance Principles for Namibia 2014 (NamCode)	√	
International Integrated Reporting Council's (IIRC) International <IR> Framework	√	
International Financial Reporting Standards (IFRS)		√
The Banking Institution Act, No 13 of 2023 as amended (Banking's Act)		√
Companies Act of Namibia, of 2004 (Companies Act)		√
NSX Listing Requirements		√

ASSURANCE

We apply a combined assurance model to assess and assure aspects of the group's operations, including the internal controls associated with elements of external reporting. We incorporate and optimise all assurance services and risk functions to enable an effective control environment that ensures the integrity of the information used in our decision-making and reporting. The assurance given to the board is underpinned by executive management (first line of defence), relevant functions (second line) and reviews performed by internal audit (third line).

Our external auditors, Ernst & Young Namibia (EY), independently provided assurance on the fair presentation of the annual financial statements for the year ended 30 June 2024. The external auditors also read the annual integrated report and considered whether any information provided is materially inconsistent with the financial statements or their knowledge obtained during their audit or otherwise appears to be materially misstated. No such misstatement was reported.

Reporting element	Assurance status and provider
Annual Integrated Report	Reviewed by the directors and management but has not been externally assured
Financial information	Annual Financial Statements audited by EY who expressed an unqualified audit opinion thereon
Employee satisfaction	Employee Value Proposition (EVP) Satisfaction Survey included in the Human Capital Report
All other non-financial performance information	Management has verified the processes for measuring all other non-financial information

About this **integrated report** continued

INTEGRATED REPORTING PROCESS

The following processes were employed in the preparation and approval of our reports. The group's integrated reporting process is managed by a working group led by the Chief Financial Officer (CFO). The process commences each year with an evaluation of the previous year's Integrated Report to identify opportunities to enhance disclosure and continually align with best reporting practices. The individual reports included in the Integrated Report are compiled based on discussions with executives, written submissions, internal presentations, and board and committee papers. Draft reports are initially reviewed by responsible executives, including the CFO, and finally by the Chief Executive Officer (CEO).

The draft of the integrated report is provided to all board members for review and their feedback, advice and suggestions are then incorporated into the final report.

MATERIALITY

The annual integrated report focuses on matters that have the potential to materially impact our ability to create and sustain value over the short, medium and long term. Management is not aware of any material information that was unavailable or any legal prohibitions to the publication of any information in this report.

APPROVAL BY THE BOARD

The board acknowledges its responsibility for ensuring the integrity of the Integrated Report. The directors confirm that the report fairly represents the group's performance for the period under review as well as the growth strategies, material issues, risks and opportunities, and the prospects of the group.

The board has applied its collective mind to the preparation and presentation of this report and is confident that it has been prepared in accordance with the Integrated Reporting Framework and approved for publication on 22 August 2024.

P Grüttemeyer

IN Nashandi

LP Smit

C Dempsey

LD Kapere

ON Shikongo

E van Zyl

MJ Lubbe

S Balsdon

R Makanjee

J Coetzee

B

At a **glance**

Overview of the group, our business, market position, differentiators, business model, the needs and expectations of our stakeholders, and how our purpose, vision, strategy and values position us for long-term value creation.

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Who we are and what we do?

OUR PROMISES	OUR PURPOSE	OUR MISSION	OUR BRANDS
Value our differences Always do the right thing Stay curious Be deeply invested Have courage Build trust not territory	Building a globally competitive Namibia, providing access to opportunities	Be the best employer in Namibia to the best people, who are passionate about stakeholder relations and delivering innovative, client-centric value propositions through efficient channels and processes in an organised and sustainable manner	**FNB** – How can we help you? **RMB** – Traditional values, Innovative ideas

Global and local recognition

- Best Bank in Namibia 2024: Global Finance
- Best Local Bank: Namibia Top Company Awards
- Bank of the Year and Customer Excellence: Namibia Premier Business Awards
- NamRA 2024 Top Tax Contributor (2nd place)
- Best Foreign Exchange Bank (RMB Namibia): Global Finance
- Best International Private Bank: Euromoney Award
- 2024 PMR Awards:
  - Diamond Arrow: Private Banking, Digital Banking, Business Banking, Credit Cards
  - Golden Arrow: Personal Banking, Agriculture

Largest banking network in Namibia

- 6 Mobile ATM's
- 132 ADTs (2023: 120)
- 202 ATMs (2023: 213)
- 324 CashPlus Agents (2023: 252)
- 1 534 Cash@Till Merchants (2023: 932)
- 9 942 Point of Sale devices (2023: 9 149)
- 46 Branches including digital hubs (2023: 46)

OUR BUSINESS

FNB	RMB	WesBank
FNB represents activities in retail and commercial banking. Offering a broad range of financial products under the transactional, lending and investment pillars	RMB represents FNB Namibia's corporate and investment banking offering a broad range of financial products to our corporate and institutional clients	WesBank represents FNB Namibia's offerings in the vehicle and asset finance market in the retail and commercial segments

Overview of performance

OVERVIEW OF FNB NAMIBIA GROUP

FNB Namibia is a bank transactional, lending and investment products and services. FNB Namibia's portfolio of businesses includes FNB, RMB and WesBank. Our range of comprehensive products and services, combined with our deep understanding of our customers and communities served through a country-wide network of branches and agencies, sets us apart as a uniquely positioned business able to provide financial services to every sector of the Namibian economy.

What differentiates us?

While financial services have gradually become more commoditised, we possess several distinctive characteristics that differentiate us apart from our peers, including the following:

STRONG BALANCE SHEET

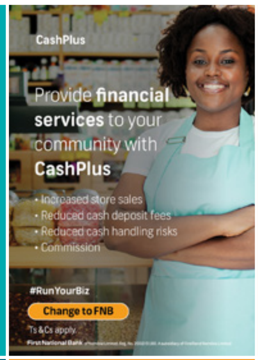
ADVANCES
N$38 billion
(2023: N$35 billion)

DEPOSITS
N$45 billion
(2023: N$43 billion)

VALUE TO SHAREHOLDERS

RETURN ON EQUITY
27.9%
(2023: 26.2%)

EARNINGS
N$1 599 million
(2023: N$1 518 million)



VALUE TO OUR CUSTOMERS

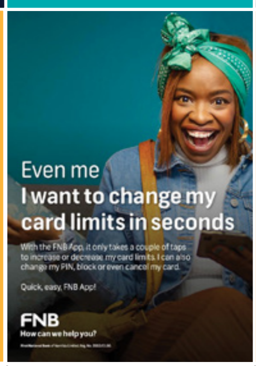
NET PROMOTER SCORE (NPS)
on a scale of -100 to +100

Retail: **42** (2023: 46)
Commercial: **25** (2023: 30)

VALUE TO OUR NATION

N$32 million
in CSI contributions
(2023: N$13 million)
92% localised procurement in Namibia
(2023: 87%)

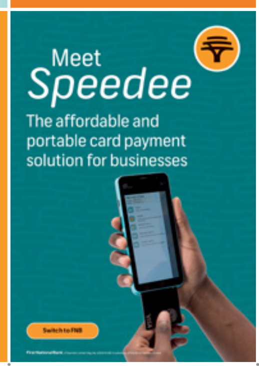
EMPLOYEES
2 161 (2023: 2 138)



SOUND CAPITAL

TIER 1

15.6%
(2023: 16.1%)



STRONG BALANCE SHEET

The strength of our balance sheet sets us apart as a market leader

COMMITMENT TO SUSTAINABILITY AND IMPACT

Sustainable development goals and ESG principles are embedded in our strategy through our approach of shared prosperity

EXPERIENCED MANAGEMENT

Our diverse and experienced management team bring a unique strength to our organisation with people, and their development at the core of our strategy

SOUND RISK MANAGEMENT

Our coverage, liquid and capital ratios, differentiate us in the market, highlighting our strong governance and risk management processes

CLIENT SATISFACTION

Our client focus enables us to remain the leading digital innovator, developing products and platforms key to world-class client experiences

FNB Namibia –
a domestic, systemic important banking group

In 2024, FNB Namibia was awarded the best bank in Namibia by Global Finance

NAMIBIAN BANKING SECTOR

Public sector credit extension (PSCE) continued to show modest single-digit growth. By the end of the 2024 financial year, there were moderate signs of increased demand by the corporate sector although household demand remained subdued despite the government salary adjustments and tax reforms.

Namibian banks offer strong returns on capital and present promising long-term growth prospects. This is due to the pace at which the economy grows, increasing banking penetration, and increasingly sophisticated client needs.

Advances

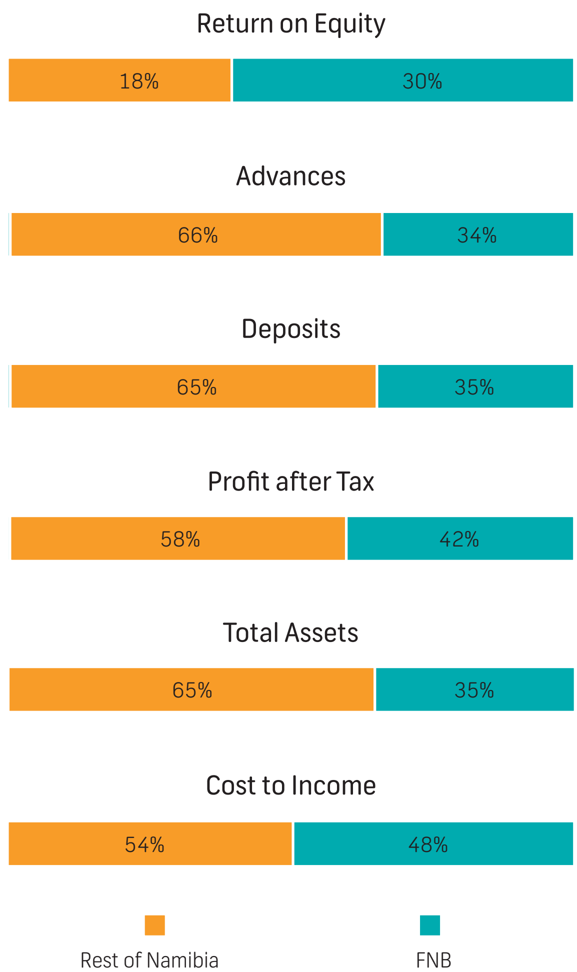
The Namibian banking sector has advances of N$112 billion (up by 2% year-on-year in 2024).

FNB Namibia has a 34% share of advances, representing the credit provided to clients.

Deposits

FNB Namibia's deposits market share is 35% of the N$132 billion Namibian deposit market (up by 6% year-on-year in 2024), which is an important indicator of franchise strength.

Namibian Banking Industry*

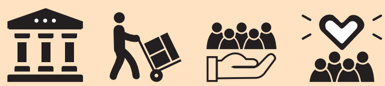


Source: *Bank of Namibia's latest industry regulatory returns (March 2024).*

** FNB is excluded from Rest of Namibia.*

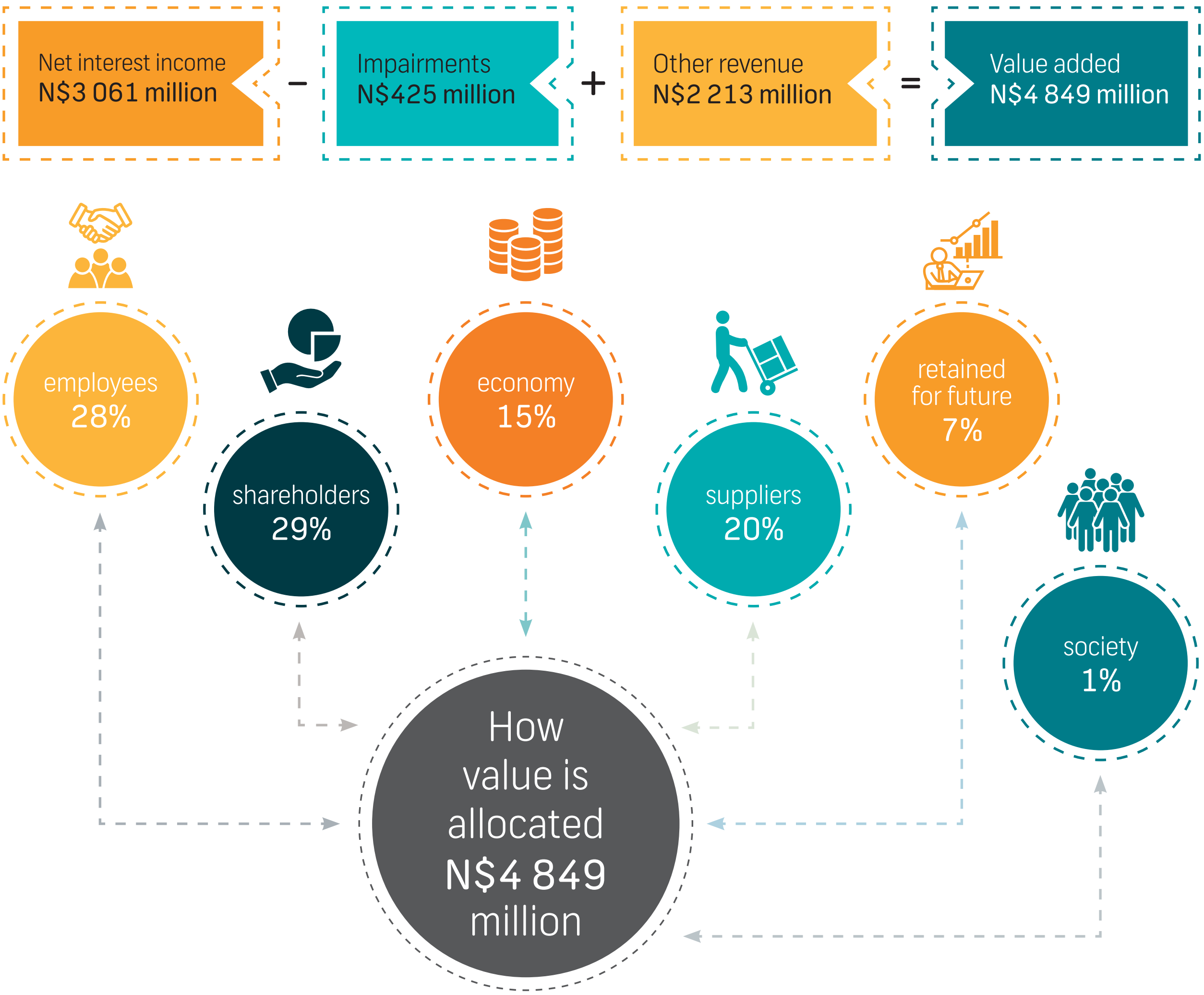
Our business model for value creation

INPUTS	MEASURE	OUTCOME	
FINANCIAL CAPITAL	• Capital base • Balance sheet growth • Profitability	• Equity: N$5.8 billion (2023: N$5.6 billion) • Return On Equity: 27.9% (2023: 26.2%) • Advances growth 7.2% and total deposits growth 4.5% • PBT growth 4.5%	
SOCIAL CAPITAL	• Role in society as a financial services business	• Direct and indirect tax paid: N$529 million (2023: N$578 million) • CSI contributions: N$32 million (2023: N$13 million) • Compliance with regulatory requirements • 92% localised procurement in Namibia (2023: 87%) • Number of customer complaints: 680 (2023: 916) • Facilitated the first Social Bond registered on the NSX, with an issuance size of N$260 million • Participated in Africa's first social bond of N$50 million	
MANUFACTURED CAPITAL	• Business processes and structures • Physical infrastructure	• Technology infrastructure investment: N$593 million (2023: N$400 million) • Large branch network • Digital logins by retail customers up 6.6% year-on-year • New registrations on digital platforms by retail customers up 14% year-on-year	
HUMAN CAPITAL	• Employees, skills and unique culture	• Salaries and benefits paid: N$1.4 billion (2023: N$1.3 billion) • Investment in training: N$23.6 million (2023: N$10.3 million) • 48% women in senior management (2023: 45%) • 53% black senior management (2023: 47%) • Bursaries and Medical Costs: N$6.8 million (2023: N$3.3 million) • Employee value proposition satisfaction survey (80% engagement favorability score) • Launch of new employment management system (Workday)	
NATURAL CAPITAL	• Contribution to the sustainability of our environment	• Five Star Green rated building (FNB @Parkside) • 21.3 tons of waste collected in the Parkside building for financial year 2024, of which approximately 11.8 tons (56%) distributed for recycling • Total solar currently generated in all FNB locations in the region of 257kWp	
INTELLECTUAL CAPITAL	• Strong brand • Development capabilities	• Availability of internet and mobile banking • Best Local Bank (Namibia Top Company Awards) • Tailored digital solutions to customers (Speedee launch) and to employees (Workday) • Launch of listed exchange traded notes (ETNs)	

	IMPACT ON STAKEHOLDERS	IMPACTED STAKEHOLDERS
	• Value created through the deployment of funds • Funding of opportunities (corporates and SMEs) • Housing financing (property ownership and access to housing) • Shareholder returns and contributions to society (government income and CSI contributions)	
	• Value created through CSI contributions and government income • Constructive relationships and on-going dialogue with regulators, governments and other stakeholders	
	• Value created and preserved through financial inclusion, increased access and provision of financial services	
	• Value created and preserved through investing in employees and future talent	
	• Value created and preserved through facilitating environmental sustainability	
	• Value created through long-term sustainability of the business	

Our business model for value creation continued

HOW VALUE FOR STAKEHOLDERS IS DISTRIBUTED



value creation

In fulfilling our promise to our stakeholders, FNB Namibia allocates the value created in appropriate and meaningful ways – and for some stakeholders, beyond financial means. Stakeholders receive incorporeal benefits extending from employee development programmes to various community initiatives, in our effort to support a more sustainable future.

Our stakeholders - their needs and expectations

Stakeholder	Needs and expectations	Key objectives	Metric	Relevant material matters
CUSTOMERS	• Quality products that provide value • Convenient access to products and services through their channel of choice • Exceptional service • A secure environment in which to transact • Simple and transparent banking • Useful information, financial education and advice that leads to financial wellness and peace of mind • Responsible and innovative banking services and solutions • Ethical and fair treatment • Trusted banking relationships	• Impactful solutions that make a difference	• Net Promoter Score (NPS) • Client satisfaction ratings • Client complaints	• Macroeconomic challenges • Digital innovation to meet customer needs • Enhancing customer experiences
EMPLOYEES	• Stimulating work, with prospects to make a difference • A safe and healthy work setting, sustained by flexible work arrangements • Fair remuneration, effective performance management and recognition • Career growth and development opportunities	• An innovative culture that is people and client-focused • A diverse and inclusive employee profile	• Employee attrition • Employee satisfaction metrics	• Embodying sustainability within the workforce • Talent attraction, development and engagement • Diversity - Equity - Belonging - Inclusion
REGULATORS	• Compliance with all legal and regulatory requirements • Effective governance • Financial and operational stability • A responsible taxpayer • Transparent reporting and disclosure • Active participation and contribution to industry and regulatory working groups • Sustainable and responsible banking practices	• Timeous, regular and transparent reporting	• Financial and non-financial targets • CAR 16.6% (2023: 17.1%) • Taxes paid	• Regulatory constraints related to digital transformations • Responsible and ethical banking practices • Financial crime prevention
SOCIETY	• Providing access to financial services, products and solutions that help create positive impact for individuals, their families, business and communities • Using our resources to promote social and environmental issues which contribute to building a thriving society	• Shared prosperity • Inclusive growth supporting National development objectives	• CSI contributions	• Investing in communities • Managing the environmental impact of operations • Developing sustainability-focused products and services
INVESTORS	• Share price growth and a rewarding dividend stream • Sustainable growth in earnings and NAV, and ROE above COE • Strong balance sheet to guard against downside risk • Strong and experienced management, providing sound risk management • Transparent reporting and disclosure • Strategic focus on diversification through partnerships and acquisitions	• Share performance • Profit growth • Strong business performance	• NAV per share • ROE • Dividends paid and dividend cover	• Operational and financial resilience • Partnerships and acquisitions for future growth • Integrated strategy (purpose-led and digitally-enabled)

C

Value created and preserved through strong governance

Overview of how our leadership and strong governance structures support the creation and protection of value.

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Message from our **Chairperson**

Even in the face of interest rate and inflationary pressure, drought and political change, FNB Namibia continues to play a significant role in driving economic development and extending credit throughout the economic cycle, underscoring our dedication to supporting our customers and the broader community in which we operate.

Peter Grüttemeyer

During the period under review, FNB Namibia continued to invest in areas of the business that are well-positioned for Namibia's growth, the technologies that enable this, and the people who continue to deliver our market-leading advice, with a clear understanding that the legacy we leave for future generations, is determined by how we operate today.

Governments and business leaders alike have had to face unplanned outcomes globally while managing new challenges and trade-offs, in a year characterised by a challenging and increasingly complex, macroeconomic backdrop.

In Namibia, the rise of Oil and Gas opportunities has added potentially positive economic growth aspirations into the past year's backdrop of the passing of a sitting president, rising food security concerns amidst drought, and increasing regulatory requirements from the central bank, juxtaposing and highlighting the need for experienced policy input with political stability aspirations in an election year.

However, even in the face of interest rate and inflationary pressure, drought and political change, FNB Namibia continued to play a significant role in driving economic development and extending credit throughout the economic cycle, underscoring our dedication to supporting our customers and the broader community in which we operate.

I am bound to comment on the opportunity set available to Namibia going forward, the roles of the stakeholders to Namibia's success and the role of the group as it continues to lead through its investment in talent, skills and partnerships locally and globally.

Message from our **Chairperson** continued

Considering the systemic reality of the group in Namibia, the local ownership of 100%, and the gravitas of our local shareholders, including the GIPF, the need for strong ties and understanding between the regulator, the fiscus, our enabling ministries, planning commission and the financial sector, cannot be understated.

Recent bank charges and fees scrutiny evidence a lack of understanding of the role and responsibility of banks as the enabler of savings and borrowing costs at a basic level, let alone the complexity and costs of compliance, internationally, regionally and locally, as a necessary feature of ethical banking, and transparent governance to protect customers.

It is hoped that continued engagement will deliver an aligned vision of a stable and forward-looking banking fraternity, complemented by government and regulator policy enablement and partnership. A vision that both enables Namibia's profile expansion to attract suitable and sustainable foreign direct investment, as well as delivers on the national need for financial inclusion across the board.

Financial inclusion is the cornerstone of Namibia's sustainability. I am particularly proud of how the group has assisted our communities and local business with business recovery strategies, focusing specifically on SMEs. Through deliberate interventions we are helping business customers regain momentum and make real financial progress.

As a board we expect FNB Namibia to continue building a portfolio of multi-branded businesses providing a broad range of market-leading financial services.

Going forward, the Board expects to see a disciplined approach to the allocation of scarce financial resources, as well as a continued focus on SME management education, providing plans to help small business owners. At the same time, real investment into skills development and talent retention will continue to set the group apart, attracting and growing individuals who in turn will deliver best-in-class services to all who wish to create value locally, from individuals, to families, and to institutions across all sectors. It stands to reason then that most importantly, across the group, we encourage individual and teams' commitment to provide our customers with outstanding service, putting the customer first, and building trust and loyalty.

With respect to achievement, the group's businesses continued to navigate this low-growth environment with remarkable resilience, as demonstrated in its latest set of results for the year ended 30 June 2024. In the CEO's report, Conrad Dempsey unpacks the strategies that the group executed on during the past year. These strategies were particularly focused on strengthening the balance sheet, building available financial resources and positioning the group to grow opportunistically while yet sustainably.

Following a high-earning year off the back of rising interest rates, this years' results speak more realistically to the competency and consistency of management and leadership in driving long-term growth, and in preparing with agility and investment to play a catalytic role in Namibia's future.

The results themselves were positive and in the CFO's report, Lizette Smit provides a detailed review of the group's performance. Topline growth was healthy, driven in particular by non-interest revenue, solid balance sheet growth, and well managed costs. Pleasingly, at 27.9% the ROE remains well above the target range of 21% to 24%. The group produced N$1 599 million of profit (2023: N$1 518 million) a key performance measure and evidence of its healthy, strongly governed approach to good business practice.

Many developed economies are facing the prospect of outright recession, together with a mix of rising inflation and interest rates, and the Russian-Ukrainian war-induced energy crisis. In Namibia, the challenge is to manage the art of 'going slow to go fast' in a changing economy, fraught with legacy issues and socio-environmental challenges, against the immediacy of the required policy, regulation and economic landscape changes.

With policy and regulation implemented on the basis of consultation and consensus for the betterment of all in a country, Namibia could be the poster-child for Africa for all the right reasons. I look forward to this as a possibility, knowing that the board and management of the group are aligned on its role and what is needed to deliver a globally competitive Namibia.

I would like to acknowledge the immense efforts by the FNB Namibia leadership team, which has been instrumental in delivering the group's strong recovery in earnings and superior returns for shareholders over the past few years.

Finally, I thank each and every employee for their commitment and hard work, our customers for continuing to trust us as their financial partners, and our shareholders, locally and at multinational level, for engaging with us in a robust and honest manner.

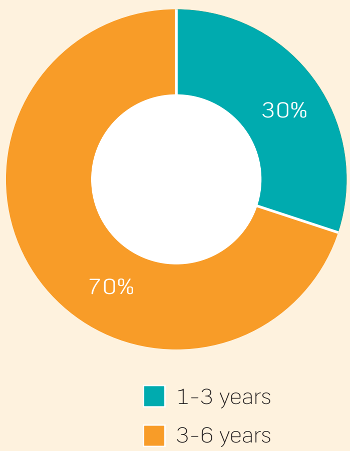
P Grüttemeyer
Chairperson

Corporate governance report
for the year ended 30 June 2024

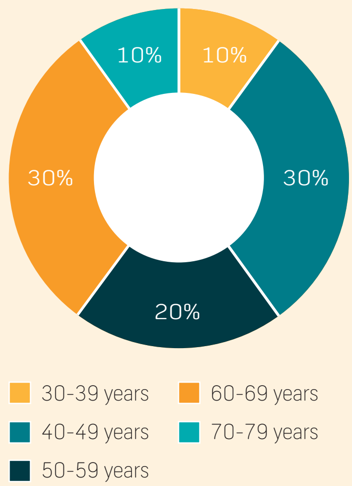
BOARD COMPOSITION
as at 30 June 2024

FNB Namibia's overarching governance objective is to ensure that an adequate and effective process of corporate governance is established and maintained, that is consistent with the nature, size, complexity, and risk inherent to the group and which responds to changes in the group's environment and conditions.

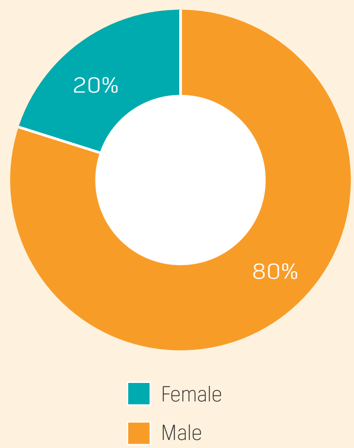
Tenure



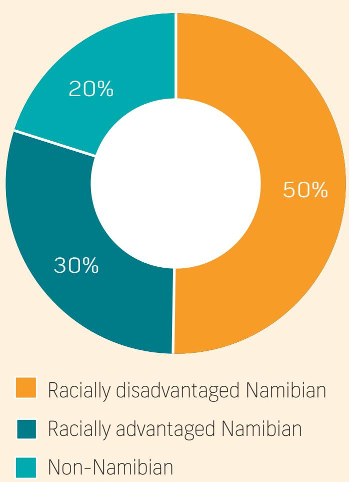
Age



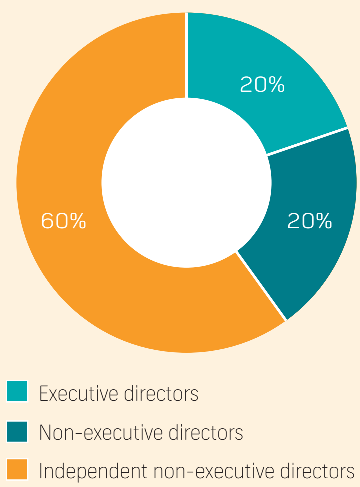
Gender Diversity



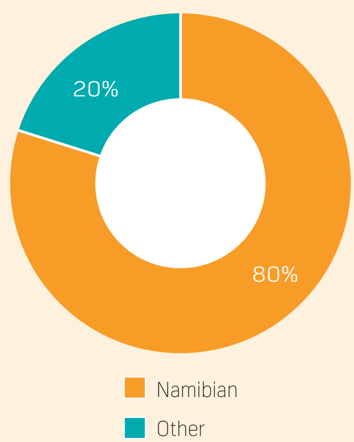
Racial Split



Board Roles



Nationality



Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS

PETER GRÜTTEMEYER

Chairperson
(Independent Non-Executive)

Appointed: April 2020

Namibian

Qualifications: CA (NAM) (SA)

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Talent and Remuneration Committee
- Directors Governance Committee

OTTO SHIKONGO

Deputy-Chairperson
(Independent Non-Executive)

Appointed: February 2023

Namibian

Qualifications: M.Eng, Mechanical Engineers Certificate of Competency, Professional Engineer

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Talent and Remuneration Committee
- Directors Governance Committee

Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS continued

CONRAD DEMPSEY

Chief Executive Officer
(Executive Director)

Appointed: October 2020

Namibian

Qualifications: CA (NAM) (SA), CGMA (UK), AMCT (UK), M.Phil

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Swabou Investments (Pty) Ltd
- RMB Investments (Pty) Ltd

LIZETTE SMIT

Chief Financial Officer
(Executive Director)

Appointment: July 2023

Namibian

Qualifications: CA (NAM) (SA)

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Swabou Investments (Pty) Ltd

Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS continued

I-BEN NASHANDI

Non-Executive Director

Appointed: January 2019

Namibian

Qualifications: Bachelor of Commerce; Master of Science in Financial Economics; Master's in Development Finance

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Social Ethics and Transformation Committee

RAJENDRA MAKANJEE

Non-Executive Director

Appointed: August 2022

South African

Qualifications: CA (SA)

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Talent and Remuneration Committee
- Directors Governance Committee

Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS continued

JAN COETZEE

Independent Non-Executive Director

Appointed: October 2021

Namibian

Qualifications: Microsoft Certified Systems Engineer, ITIL4 Managing Professional and Strategic Leader, Certified Trainer (ITIL, COBIT), Service Desk Manager (SDI), Resilia Cyber Security

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Information Technology Risk and Governance Committee
- Risk, Capital, and Compliance Committee
- Audit Committee

EMILE VAN ZYL

Independent Non-Executive Director

Appointed: March 2022

Namibian

Qualifications: B.Comm, B.Comm (Hons), M.Comm

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Risk, Capital, and Compliance Committee
- Senior Credit Risk Committee

Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS continued

LIBERTHA KAPERE

Independent Non-Executive Director

Appointed: December 2022

Namibian

Qualifications: B Juris, LLB (Hons), Admitted Legal Practitioner (High Court of Namibia)

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Audit Committee
- Risk, Capital, and Compliance Committee

MARKUS LUBBE

Independent Non-Executive Director

Appointed: February 2023

South African with Namibian Permanent Residence

Qualifications: CA (Nam) (SA)

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd
- Audit Committee
- Risk, Capital, and Compliance Committee

Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS continued

SAMANTHA BALSDON

Non-Executive Director

Appointed: July 2024

South African and Irish

Qualifications: B.Comm, Chartered Financial Analyst

Group directorships, trusteeships and memberships:

- First National Bank of Namibia Ltd

Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS continued

Board changes

Changes to the directorate are outlined below:

Appointed		
LP Smit	Executive Director	24 July 2023
SL Balsdon	Non-Executive	15 July 2024
Changes		
ON Shikongo	Deputy-Chairperson	19 October 2023

Director Name	FNB Namibia Board		Board Strategy		Directors Training		Directors Induction	
Number of meetings/training sessions	4	%	1	%	9	%	2	%
Independent Non-Executive Directors								
P Grüttemeyer	4/4	100	1/1	100	9/9	100	N/A	N/A
ON Shikongo	4/4	100	1/1	100	9/9	100	1/1	100
J Coetzee	4/4	100	1/1	100	9/9	100	2/2	100
E van Zyl	4/4	100	1/1	100	9/9	100	1/1	100
MJ Lubbe	4/4	100	1/1	100	9/9	100	2/2	100
LD Kapere	4/4	100	1/1	100	9/9	100	2/2	100
Non-Executive Directors								
IN Nashandi	4/4	100	1/1	100	6/9	67	N/A	N/A
R Makanje	3/4	75	1/1	100	6/9	67	N/A	N/A
Executive Directors								
C Dempsey	4/4	100	1/1	100	8/9	89	N/A	N/A
LP Smit	4/4	100	1/1	100	6/9	67	N/A	N/A

Corporate governance report
for the year ended 30 June 2024 continued

BOARD OF DIRECTORS continued

Induction and ongoing board development programmes

An active, well-informed, and independent board is necessary in ensuring the highest standards of corporate governance. It is well-recognised that an effective Board is a pre-requisite for strong and effective corporate governance. At FNB Namibia, the directors are the core of our corporate governance practices and oversee how management serve and protect the long-term interests of all our stakeholders. The Board is regularly trained on topical issues relating to the business, corporate governance, as well as on relevant legislation affecting the financial services industry. Directors have full and unrestricted access to management, group information and property. They are entitled to seek independent professional advice at the group's expense in support of their duties.

During the financial year the following training topics were covered:

- Determination on the appointment, duties and responsibilities of directors, principal officers, and executive officers of banking institutions and controlling companies (BID-1);
- Compliance training, including financial crime, anti-bribery and corruption, data privacy, business conduct (ethics) and market conduct and compliance risk;
- IFRS 9/credit;
- Operational risk outsourcing and resilience;
- Information technology risk;
- Information security;
- Liquidity simulation, recovery plan and ICAAP;
- Market risk; and
- Forensic/fraud risk.

Committee induction

The FNB Namibia board underwent significant transition over the last few financial years. The board through the Directors Governance Committee took the opportunity to spread the workload between the directors and aligned the skills and capabilities to the board sub-committee functions. During the financial year the following induction sessions took place for Committee members:

- Audit committee induction and training, with a specific focus on Group Internal Audit;
- Risk, Capital and Compliance committee induction, with a specific focus on Risk, Treasury and Compliance; and
- Talent & Remuneration committee induction, with a specific focus on the reward philosophy.

Chief Executive Officer

Conrad Dempsey was appointed as the Chief Executive Officer of FNB Namibia effective 20 October 2020, and he serves as an Executive Director. He is responsible for leading the implementation and execution of approved strategy, policies, and operational planning and is the direct link between management and the Board.

Chief Financial Officer

Lizette Smit was appointed on 28 April 2023 as the Chief Financial Officer of FNB Namibia and subsequently appointed as an Executive Director effective 24 July 2023. She is responsible for overseeing the financial planning and analysis, managing the budgeting process, ensuring accurate financial reporting and regulatory compliance. Additionally she plays a key role in strategic planning and supports the overall financial health and sustainability of the group.

Company Secretary

Nelago Makemba has been FNB Namibia's company secretary since May 2015 and is also the company secretary to the majority of the subsidiaries. The Company Secretary plays a critical role as the gatekeeper of corporate governance and is ultimately responsible for ensuring that the Board and Management have access to professional services and advice on corporate governance principles and practices. In line with good governance practices, the appointment and removal of the company secretary is a board matter. The Board is satisfied with the services provided by the Company Secretary in ensuring that the needs of the Boards are met.

Board Committees

FNB Namibia has various duly constituted board committees to assist and support the board in discharging its duties. Each committee acts in terms of a written charter. The board and subcommittees are satisfied that they have fulfilled their responsibilities during the past financial year in accordance with their terms of reference, as set out in the board and committee reports.

The board is comfortable that the current composition of the board committees contributes to effective collaboration and balance of power, so no individual can dominate decision making and no undue reliance is placed on any individual. Reports from the board subcommittees are provided on pages 26 to 42.

Audit committee report

The Audit Committee is duly constituted in compliance with the Banking Institutions Act, 2023 and assists the Board in fulfilling its oversight responsibilities in areas such as financial reporting, internal control systems, internal and external audit functions for FNB Namibia and its subsidiary. The Committee works closely with the Risk, Capital, and Compliance Committee to identify common risks, control themes and achieve synergy between combined assurance processes. This ensures that these functions can leverage off each other to the extent necessary. The Committee is constituted as a statutory committee of the Board in respect of its duties.

The independence of the Audit Committee is paramount and thus comprises independent directors. The committee is satisfied that the individual members of the committee possess appropriate qualifications and a balance of skills and experience to discharge their responsibilities. The committee composition and the period for which the respective members have served is as follows:

Member	Meeting attendance		Appointment / resignation date
Number of meetings	4	%	
Markus Lubbe (Chairperson)	4/4	100	Appointed 06 April 2023
Libertha Kapere	4/4	100	Appointed 14 March 2023
Jan Coetzee	2/2	100	Appointed 01 January 2024
Emile van Zyl	2/2	100	Resigned 31 December 2023

Standing invitations
Chief Executive Officer
Chief Financial Officer
Chief Audit Executive
Chief Risk Officer
Chief Compliance Officer
Chief Operating Officer
Group Treasurer
External Auditors

Internal Audit Function

The group has an independent in-house internal audit function which operates in terms of an approved Charter that spans across FNB Namibia and its subsidiaries. Group Internal Audit is headed by the Chief Audit Executive, Silvia Rosado, who reports administratively to the Chief Executive Officer and has unrestricted access to the Audit Committee Chairperson. Group Internal Audit provides risk-based and objective assurance, advice, and insight to enhance and protect organisational value with a mandate that spans across FNB Namibia and its subsidiary. Group Internal Audit's approach to audit engagements requires agile risk assessments to ensure focus on key risks. Involvement in key projects and entity-wide areas of risk exposure are incorporated into the audit plans, together with ad-hoc requests from management and regulators for independent assurance.

As a proactive business partner and third line of defence, Internal Audit's scope includes providing independent assurance over the internal control systems and the bank's regulatory and economic capital models, regulatory reporting, capital management, stress testing and the internal capital adequacy assessment process (ICAAP). The internal audit function continues to provide assurance to the Board on the adequacy and effectiveness of the Group's internal control and risk management practices, and the integrity of financial reporting systems. Internal audit duly assisted management by making recommendations for improvements to the control and risk management environment during the year. The Committee received regular reports from Group Internal Audit and where necessary corrective actions were implemented by management.

Shareholders are informed that the Audit Committee discharged its duties by, inter alia, complying with its legal and regulatory responsibilities, and as follows:

August 2023	October 2023	February 2024	April 2024

- Overseeing the internal and external audits, including reviewing and approving of the internal and external audit plans, reviewing of significant audit findings, monitoring progress reports on corrective actions required to rectify any reported internal control shortcomings.
- Monitoring internal control frameworks and procedures, including accounting policies, legislative compliance, regulatory matters and governance.
- Reviewing the effectiveness of the systems of internal control, including IT internal controls and risk management, based on written reports form the Chief Audit Executive.
- Reviewing and approving the Audit Committee Charter, Group Internal Audit Charter and Policy for Non-Audit Services.
- Reviewing legal and compliance matters that could have a significant impact on the Interim Financial Statements and Annual Financial Statements.

Audit committee report continued

August 2023	October 2023	February 2024	April 2024

- Confirming and monitoring the internal audit process and assessing the effectiveness of the internal audit function.
- Ensuring that the internal audit function is subjected to an independent quality review, as a measure to ensure the function remains effective.
- The Committee has assessed and is satisfied with the arrangements of the internal audit function and are further satisfied that the internal audit function is independent and appropriately resourced.
- The committee received regular feedback regarding the progress of the transition of the external auditors who were appointed for the 30 June 2024 financial year audit.
- The Audit Committee has satisfied itself as to the performance and quality of the external audit. The Audit Committee confirmed satisfaction with the efficacy and independence of the independent auditor, Ernst & Young Namibia, who performed the audit for the financial year and further confirms that the appointment of Ernst & Young Namibia, together with that of the designated individual audit partner, was assessed in accordance with the NSX Listings requirements, the Banking Institutions Act, 2023, and the Companies Act, 2004.
- Reviewing and recommending to board the remuneration of the external auditors.
- Recommending the re-appointment of external auditors for approval by shareholders at the Annual General Meeting.
- Reviewing the quality, independence and cost-effectiveness of the statutory audit and non-audit engagements.
- Setting the principles for recommending the use of external auditors for non-audit services in terms of the policy for Non-Audit Services.
- Advising and updating the board on issues ranging from accounting standards to published financial information.
- Providing independent oversight on the integrity of the Interim Financial Statements, Annual Financial Statements, Annual Integrated Report and other external reports issued and recommending same to the Board for approval.
- Providing independent oversight on the integrity of the reviewed 31 December 2023 interim profits for First National Bank of Namibia in accordance with the applicable Banking Determinations.
- Assessing combined assurance from the external auditors, internal auditors and management ensuring that the combined assurance received is adequate to address all material risks.
- Assessing the expertise, resources and experience of the Chief Financial Officer and finance function. The Committee confirmed that they are satisfied that the group Chief Financial Officer possesses the appropriate expertise and experience to perform her duties as the Chief Financial Officer. The Committee confirmed satisfaction with the appropriateness of the expertise and adequacy of resources of the finance function and experience of the members of management responsible for the finance function.
- Following the review of the Annual Financial Statements, the Audit Committee is of the opinion that, in all material respects they comply with the relevant provisions of the Companies Act, 2004, International Financial Reporting Standards (IFRS), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and that they fairly present in all material respects the results of operations, cash flows and financial position of the Company and the Group for the financial year ended 30 June 2024.
- The Committee has reviewed a documented assessment including key assumptions, prepared by management on the going concern status of the Company and accordingly confirmed to the Board that the Company is expected to be a going concern for the foreseeable future.

The Audit Committee confirms that it was able to carry out its work to fulfil its mandate under normal and unrestricted conditions. The Committee is satisfied that the assurance obtained during the meetings, corroborated by the review of the documentation deemed necessary and its analyses, sustain its conclusion reached for the 2024 financial year end. The Audit Committee is of the opinion that it has discharged its functions in terms of its Charter and as ascribed to it by the Companies Act, 2004 and the Banking Institutions Act, 2023. The Audit Committee confirms that the Company has established appropriate financial reporting procedures and that those procedures are operating effectively.

Markus Lubbe
Chairperson

Risk, Capital and **Compliance** Committee (RCCC) report

The committee provides independent oversight of the group's risk, capital management and compliance activities. This includes ensuring that an effective policy and plan for risk management has been implemented to improve the group's ability to achieve its desired outcomes, and that risk disclosures are timely, sufficiently detailed and relevant to the group's stakeholders.

The committee composition and the period for which the respective members have served is as follows:

Member	Meeting attendance		Appointment date
Number of Meetings	4	%	
Emile van Zyl (Chairperson)	4/4	100	Appointed 19 October 2022
Markus Lubbe	2/2	100	Appointed 01 January 2024
Libertha Kapere	2/2	100	Appointed 01 January 2024
Jan Coetzee	4/4	100	Appointed 9 February 2022

Standing invitations
Chief Executive Officer
Chief Financial Officer
Chief Audit Executive
Chief Risk Officer
Chief Compliance Officer
Chief Operating Officer
Group Treasurer
External Auditors

Risk, Capital and **Compliance** Committee (RCCC) report continued

Shareholders are informed that the Committee discharged its duties by, inter alia, complying with its legal and regulatory responsibilities, and as follows:

August 2023	October 2023	February 2024	April 2024

- Monitored the group's overall risk profile and escalated material matters to the First National Bank of Namibia board and subsidiary.
- Reviewed the group's risk profile related to all principal risk types. Ensured that the various risk types were adequately addressed through the risk management, monitoring and assurance processes.
- Monitored that the group takes appropriate action to manage the various types of risks and that it complies with applicable laws, rules, codes and standards.
- Reviewed and approved changes to board limits, trading limits, and operational risk appetite setting. Approved loss thresholds in terms of the Operational Risk Appetite Policy. The operational loss threshold is used as a continuous risk measure of actual losses against appetite and group strategy to ensure that exposure is managed and kept at an acceptable level.
- Considered the operational control environment, the appropriateness of management actions, and assurance provided by the second line of defence.
- Tested key controls in the Process Based Risk and Control Identification and Assessment (PRCIA).
- Considered group-wide monitoring coverage plans for compliance risk management. Implementation of the Financial Crime Policy, including approval of enhanced due diligence (EDD) reviews.
- Approved the regulatory universe, prioritised universe, compliance monitoring plan, and compliance risk management plan.
- Received updates on changes in legislation, the assessment thereof, and impact rating assigned.
- Identified and assessed the main compliance risks facing the business units and monitored the controls and plans to manage and mitigate identified risks. Addressed any identified shortcomings in the management of existing compliance risks identified as a result of the annual compliance risk assessment.
- Approved the group's ICAAP, including stress testing results, and the recovery and resolution plan.
- Ensured the governance and oversight of technology and information risk, which is executed through the Information Technology, Risk and Governance Committee. Monitored the group's management of IT, information and cybersecurity risk, including policies and response to incidents.
- Provided oversight through the Social, Ethics and Transformation Committee of the climate risk profile, social matters such as corporate social investment, stakeholder relationships, corporate culture, corporate citizenship, and national empowerment imperatives. Oversight over ethics matters such as organisational values, culture, ethics management, conduct and fair treatment of customers.
- Approved frameworks, while noting the policies and other documents approved at the relevant in-country forums. In doing so ensured that framework and policy documents are localised to in-country laws, regulations, and governance arrangements. The Committee as such has continued to provide clear and effective objectives through frameworks and policies, within which the group must operate.

The committee is satisfied that it fulfilled its obligations in terms of its mandate.

Emile van Zyl
Chairperson

Talent and Remuneration Committee report

1. SCOPE

The Talent and Remuneration Committee (Remco) is charged with overseeing group remuneration and ensuring that remuneration practices align between employees and shareholders. Remco promotes fairness of remuneration by ensuring the principle of equal pay for work of equal value is applied, and that remuneration is market related and sustainable.

The Committee assists the board in ensuring that the group meets recommended remuneration guidelines and practices of the NamCode and King IV, where appropriate. The committee is accountable for providing governance oversight over all forms of remuneration and reward for non-executive directors, executive directors, senior management and all employees in the FNB Namibia Group.

The overall intent of the remuneration is to achieve the following objectives:

- Attract, motivate, reward and retain talent;
- Promote the achievement of strategic objectives within the organisation's risk appetite;
- Promote positive outcomes and fair, transparent and consistent remuneration practices; and
- Promote an ethical culture and responsible corporate citizenship.

2. COMMITTEE MEMBERSHIP AND ATTENDANCE

The Talent and Remuneration Committee consists of three members and is chaired by an independent Non-Executive Director. The Chief Executive Officer, the Chief Financial Officer and the Chief Human Capital Officer attend all committee meetings in an ex officio capacity. Management invitees do not have any voting rights. Where there is a conflict or perceived conflict of interest, members of management recuse themselves from the discussion, and deliberation on an individual's performance occurs in the absence of the individual.

The committee met four times during the financial year, attendance at the meetings held during the year is as follows:

Member	Meeting attendance		Appointment date
Number of Meetings	4	%	
Otto Shikongo (Chairperson)	2/2	100%	Appointed 01 January 2024
Peter Grüttemeyer	4/4	100%	Appointed 07 April 2021
Rajendra Makanjee	3/4	75%	Appointed 12 April 2022
Emile van Zyl	2/2	100%	Resigned 31 December 2023

3. REMUNERATION PHILOSOPHY

The group's remuneration philosophy is based on the view that remuneration must align with shareholder value. This ethos has shaped the group's remuneration philosophy and is anchored in the performance management framework through which performance is managed at individual, team, business unit and group levels.

The group performance management process commences with an annual performance planning process whereby an annual operating business plan is informed by the group's long-term strategic blueprint. The Board of Directors sets strategic priority areas and targets for the particular financial year derived from the group's long-term strategy. Group targets are set within the group's overall risk appetite.

The group has adopted the principles of an outcomes-based remuneration philosophy, which it believes to be appropriate given the diverse nature of the businesses that make up its portfolio.

Talent and Remuneration Committee report continued

3. REMUNERATION PHILOSOPHY continued

The group's remuneration philosophy is founded on the following principles:

- Attracting and retaining the best talent in the market is a critical enabler for the group to execute on strategy and deliver on its promises to stakeholders.
- Management should not do better than shareholders. That is, the growth in management remuneration should not exceed the growth in accumulated net asset value and dividends. To this end, the group's key performance measure, net income after cost of capital (NIACC), ensures that employees only receive variable pay after all obligations are met, including "paying" shareholders first for their equity.
- Management is thus expected to produce positive NIACC before they can start sharing.
- Management also has a responsibility to other stakeholders: regulators, customers, deposit holders, employees, and society at large. These are all considered by the Committee when determining and assessing remuneration so that sustainable long-term growth for the benefit of all stakeholders is achieved.
- The Committee considers total remuneration across fixed salaries, STIs and LTIs as encapsulated below.

4. REMUNERATION POLICY AND STRUCTURES

4.1. Guaranteed pay

Cash Package (Based on Cost-to-Company)

The group has a cost-to-company (CTC) remuneration approach designed to attract and retain talent in line with the scope, nature and skills requirement of the role. CTC is generally market-related and reflects the responsibilities of the role, expertise and skills of the individual employee. An individual's guaranteed pay is determined by:

- The appropriate salary range matched to the role using market benchmarks (pay for the role); and
- The value he/she adds to the group (pay for the person) in relation to the expected outcomes for a specific position/role.

Guaranteed Pay Benchmarking

The remuneration policy promotes fairness of remuneration by ensuring that the principle of equal pay for work of equal value is applied. This principle encompasses two main aspects, namely: market-related pay and internal parity.

FNB Namibia engages independent service providers to benchmark market data pertaining to guaranteed remuneration. The PwC Remchannel and Emergence salary surveys are currently used to benchmark against the market information. It also provides each industry with a comparator circle to ensure that benchmarking is done against peers at the correct level. This approach ensures that guaranteed pay packages are competitive allowing the group to attract and retain the right calibre of employees.

In instances where it appears that pay for certain skills has fluctuated rapidly owing to factors such as scarcity of skills, a targeted customized survey may be commissioned. Such surveys are conducted using a reputable consultancy that is independent and does not have an ongoing contract with the group. The results of these ad-hoc surveys serve to either validate existing data or provide intelligence for the business to make decisions.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.1. Guaranteed pay continued

Guaranteed Pay Benchmarking continued

With regards to internal parity, the remuneration committee has taken deliberate steps to ensure that it understands internal pay gaps within the group. The group has robust processes aimed at identifying and correcting any arbitrary inequalities in pay. These processes compare like-for-like objective criteria across the employee base, such as performance, skills and experience. Where unjustified income differentials are identified, adjustments are made as part of the annual remuneration review exercise to the extent that these can be catered for within the staff cost budget.

The group has recognised the Namibia Bank Workers Union (NBWU) as the exclusive bargaining agent for non-managerial employees. The group negotiates salary increases with the NBWU on an annual basis as provided for in the Recognition Agreement. Salary negotiations and resulting settlement are generally informed by prevailing macro-economic factors as well as individual employees' performance.

All remuneration increases are reviewed and approved by the Talent and Remuneration Committee in the context of individual and business unit performance, inflation and specific industry practices and trends as well as the current economic environment.

Retirement contribution

All employees are contractually obliged to contribute to the FirstRand Namibia Retirement Fund under Benchmark Umbrella Fund. An independent Board of Trustees is in place constituted by employer and employee representatives. The Board of Trustees manage the Pension Fund and has been tasked to improve retirement outcomes by maximizing investment returns and minimizing costs.

Medical Aid contribution

All employees are contractually obliged to belong to a medical aid. Employees who are not able to provide proof that they have membership with a medical aid, are obliged to become a member of Namibia Health Plan (NHP). An independent Board of Trustees is in place constituted by employer and employee representatives. The Board of Trustees manages the medical aid to ensure that relevant benefits are provided to the employees at reasonable cost.

4.2. Variable pay

Short-Term Incentive (STI) Scheme

STIs reward both group and individual performance achieved considering the strategic priorities and objectives. The STI pool for both managerial and non-managerial employees of FNB Namibia Group is determined by FNB Namibia Group Talent and Remuneration Committee by using a combination of both financial and non-financial performance measures.

With regard to financial measures, the STI pool is determined using performance measures such as return on equity (ROE), normalised earnings growth and NIACC for the year. STIs that exceed a certain threshold are deferred into cash and share price linked awards.

From 2021, awards with only time-based vesting conditions were introduced as a short-term incentive category for staff not eligible for the conditional incentive plans (CIP). These are referred to as the deferred incentive plan (DIP). Awards that include both performance- and time-based vesting conditions are referred to as CIP.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Long-Term Incentive Scheme

The group operates a Long-Term Incentive (LTI) Scheme which seeks to ensure employees are aligned to shareholder requirements for sustainable earnings growth, sustainable and superior returns and the creation of long-term franchise value. LTIs also support the long-term retention of critical management level employees. The FirstRand Limited Conditional Incentive Plan (CIP) is utilised to achieve these objectives.

The total LTI award pool for the group is approved annually by the FirstRand Limited Remco in South Africa and considers overall headcount growth and salary inflation increases. The allocation of this pool is determined by the value created and the sustainability of the Group's contribution to shareholder value. The Talent and Remuneration Committee has final approval of the pool at a country level.

The allocation to individuals is driven by eligibility criteria with guidance on quantum linked to the guaranteed package of the individual. The performance conditions set for the LTI plans include targets for ROE and earnings growth and are deeply embedded in the performance culture of the group. The group does not assign weightings to the return and earnings growth conditions as it believes this practice creates two separate instruments which could drive behaviour where the one condition is favoured at the cost of the other. The group therefore requires both return and growth conditions to be met. ROE is the prerequisite and must be achieved before the growth metric is assessed. The earnings growth target is measured over a three-year rolling period on a cumulative basis. The return target is measured as the average ROE over the three-year vesting period and positive NIACC is required in line with the group's performance philosophy. The ROE is based on net asset value and not on tangible net asset value and as such includes goodwill.

Performance conditions should support motivation and retention and as such the Talent and Remuneration Committee considers several factors, including:

- The outcomes of the three-year budget process as well as scenario analyses on the budgets with incorporation of risk and stressed views;
- The macroeconomic outlook together with the probabilities assigned to the different scenarios;
- The required investment in platforms and new business development for future growth strategies, with this investment expensed and not capitalised;
- The opportunity to grow in excess of the economy given the group's relative market share; and
- The requirement to protect the return profile as opposed to incentivising earnings growth at the expense of returns.

Participants in the LTI have exposure to fluctuations in the group's share price and the value of the award will either increase or decrease in line with the change in the share price over the vesting period, further supporting the alignment between shareholders and employees.

FirstRand Limited Conditional Incentive Plan (CIP)

The CIP is structured as a conditional incentive plan which is denominated in South African Rands. To align with overall FirstRand Limited group strategic intent, the CIP is linked to the performance of the FirstRand Limited share price (applicable to qualifying employees). For all qualifying employees, 100% of the award has the FirstRand Limited share price as the underlying factor.

Under the group CIP described earlier, the conditional awards vest three years from the award date if the performance and employment conditions have been met. At the date of vesting, the employee will receive the vesting value, based on the share price at the time. Settlement of the vesting value will either be in cash or by acquiring settlement shares if elected by the participant. Shares required for settlement are purchased in the open market, not issued, to avoid shareholder dilution. There is no accrual of dividends over the vesting period and the participating employees remain exposed to fluctuations in the group's share price over the vesting period.

The Talent and Remuneration Committee has changed the vesting conditions for the 2021 Share Scheme Structure. A distinction has been made between professionals, senior leadership and executives.

The award for professionals is 100% de-risked. Individual performance is required to be rated as meets expectations or above. For senior leadership, 50% company and individual performance conditions. For executives (chief executives), 100% of vesting subject on company and individual performance.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Other LTI considerations

Outstanding LTIs

The group has a "good leaver" policy covering remuneration already awarded that has not fully vested. The Talent and Remuneration Committee has discretion in certain circumstances. The categories of good leavers:

1. **Retirement:** The LTI awards of employees who retire in terms of the group's retirement policy continue for the duration of the performance period and remain subject to the normal rules and performance conditions.

2. **Retrenchment and death:** LTI awards are pro-rated and deemed to be vested. From 2018, the awards are pro-rated for the remaining vesting period and a probability of vesting is applied based on performance to date measured against the roll-forward vesting conditions to date.

3. **Injury, disability or ill health:** LTI awards are pro-rated and deemed to be vested. From 2018, the awards are pro-rated for the remaining vesting period and a probability of vesting is applied based on performance to date measured against the roll-forward vesting conditions to date.

4. **Resignation:** Employees who resign before the vesting date of the outstanding LTIs will forfeit these awards. However, on rare occasions, depending on the circumstances, The Talent and Remuneration Committee may apply its discretion to allow some or all the outstanding awards to remain in force until the normal vesting date with specific conditions applicable to the employee's future role.

Corporate performance targets (CPT)

The FirstRand Limited remuneration committee sets the CPTs for each award based on expected macroeconomic conditions, group earnings and returns forecasts over the performance period. These criteria vary from year to year, depending on the expectations for each of the aforementioned variables. For vesting to occur, the criteria must be met or exceeded. If the performance conditions are not met, the award fails. The awards have a graded vesting structure. The level of vesting is correlated to the earnings growth achieved relative to macroeconomic variables or set normalised EPS growth targets and minimum return on equity (ROE) requirements. The vesting outcome is based on the delivery of the performance conditions and this level is finally determined and calculated by the group remuneration committee. The remuneration committee is permitted to adjust the final outcome of the graded vesting level downwards for predetermined issues. In terms of the scheme rules, participants are not entitled to dividends on their conditional share awards during the vesting period. For the 2019 and 2020 awards, 50% of the awards granted to non-senior employees are subject only to continued employment for the award to vest, with the remaining 50% subject to performance conditions.

The criteria for the expired and currently open schemes are set out below.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Expired schemes

2020 (Vesting date in September 2023) – The awards for all top and certain senior management have performance conditions applied to 100% of the award. For all other participants, 50% of the award seeks to drive retention and will vest in three years without performance conditions, provided the participant remains in employment of the group. The remaining 50% of the award is subject to performance conditions. For the awards subject to performance conditions, graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a maximum target with linear grading correlated to normalised EPS growth between targets. If the minimum conditions are met, vesting will commence at 70% and if these are not met, the award will lapse. The Talent and Remuneration Committee (Remco) has the right to adjust the vesting level downward by as much as 20% if material negative outcomes for the business occur that are within management control.

Examples would include:

- Issues that materially damaged the group's businesses, including its reputation;
- Material enterprise-wide risk and control issues, as recommended to it by the risk, capital management and compliance committee (RCCC); and
- Concerns regarding adherence to the liquidity and capital management strategies in place.

The performance conditions for the 2020 award include prudential targets relating to liquidity and capital ratios, a normalised EPS growth target and an ROE target. The table below further stipulates the performance conditions to be fulfilled by the company and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. To achieve minimum vesting of 70%, the group must exceed the liquidity and capital targets set by the board and measured at 31 March 2023. If the conditions set for 70% vesting are not met, the award lapses and none of the other conditions described below are assessed. For any vesting above 70%, both the ROE and normalised earnings growth targets below must be met.

Vesting level *	Performance conditions	
	Minimum ROE requirement at 30 June 2023 **	Normalised earnings per share growth requirement (3-year compound annual growth rate)
70.1% to 99.9%	For grading above 95%, ROE must be more than cost of equity as at issue date of award, i.e. NIACC positive	Grading based on minimum compound annual growth rate of 4.3% up to <13.4%
100%	ROE must be more than cost of equity as at issue date of award, i.e. NIACC positive	Minimum compound annual growth rate of 13.4% up to <17.5% (100% vesting only for all growth outcomes in the range above)
100.1% to 119.9%	ROE of at least 18%	Minimum compound annual growth rate of 17.5% up to <22%
120%	ROE of at least 20%	Minimum compound annual growth rate of 22%
120.1% to 150% (maximum vesting of 150%)	ROE of at least 22%	Minimum compound annual growth rate above 22% and up to 28.2% to calculate linear grading up to 150% vesting.

* *Linear grading between these vesting levels based on the growth achieved.*

** *In the event that the ROE target is not met, the required growth condition will not be considered.*

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Currently open

2021 (Vesting date in September 2024) – From 2021, all CIP awards have performance conditions applied to 100% of the award. Graded vesting applies to all CIP awards. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a maximum (super stretch) target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- Issues that materially damaged the group's businesses, including its reputation;
- Material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- Concerns regarding adherence to the liquidity and capital management strategies in place; and
- Lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

	Performance conditions (both conditions must be met)		
	Vesting level should both conditions be met*	ROE target Minimum ROE requirement at 30 June 2024**	Normalised earnings per share growth requirement (3-year compound annual growth rate)# FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June, as set out for each vesting level indicated below:
Threshold (Minimum vesting, below which the award lapses)	50%	≥ 17%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 1%
On-target performance	100%	≥ 18%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 3%
Stretch †	120%	≥ 20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 5%
Super stretch †	150%	≥ 20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 8%

* *Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.*

** *The ROE target is measured at 30 June 2024. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS changes or changes in volatile reserves.*

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† *For vesting at 120% or above, ROE of ≥20% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 8% over the three-year period.*

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Currently open continued

2022 (Vesting date in September 2025) – All CIP awards are subject to performance conditions. For all the awards graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super stretch target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- Issues that materially damaged the group's businesses, including its reputation;
- Material enterprise-wide risk and control issues, as recommended to it by the risk, capital management and compliance (RCCC) committee;
- Concerns regarding adherence to the liquidity and capital management strategies in place; and
- Lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

	Performance conditions (both conditions must be met)		
	Vesting level*	Minimum ROE requirement**	Normalised earnings per share growth requirement (3-year compound annual growth rate)# FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2022, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥ 19%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 1.5%
On-target performance	100%	≥ 20.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 2.5%
Stretch †	120%	≥ 22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 5%
Super stretch †	150%	≥ 22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 9%

* *Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.*

** *The ROE target is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS changes or volatile reserves.*

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† *For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 9% over the three-year period.*

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Currently open continued

2023 (Vesting date in September 2026) – All CIP awards are subject to performance conditions. For all the awards graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super stretch target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- Issues that materially damaged the group's businesses, including its reputation;
- Material enterprise-wide risk and control issues, as recommended to it by the risk, capital management and compliance (RCCC) committee;
- Concerns regarding adherence to the liquidity and capital management strategies in place; and
- Lack of compliance with the group's climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

	Performance conditions (both conditions must be met)		
	Vesting level*	Minimum ROE requirement**	Normalised earnings per share growth requirement (3-year compound annual growth rate) # FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2026, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥ 19%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 4%
On-target performance	100%	≥ 20.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 4%
Stretch†	120%	≥ 22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 6.5%
Super stretch†	150%	≥ 22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 10.5%

* *Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on the ROE or the vesting outcome based on earnings growth will apply.*

** *The ROE target is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS changes or volatile reserves.*

\# *In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.*

† *For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 10.5% over the three-year period.*

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Overview of retention measures considered

In order to align with market practices for share awards, FirstRand Limited has three types of vesting conditions for CIP share awards.

Employees receiving a share award will be allocated into one of the three categories based on the role that they fulfill:

Professionals	Senior leadership	Executives
De Risked Time based	50% Company performance conditions	100% Company performance conditions
Individual performance requirement to be rated a 3 or above	Individual performance requirement to be rated a 3 or above	Individual performance requirement to be rated a 3 or above
Rest of employees	EXCO	CEO

DIRECTORS REMUNERATION

Executive Directors

Executive Directors are employed on fairly standard employment contracts as all other employees. Remuneration paid is based on the group's remuneration policy as set out above.

The committee took note of the recommendations of NamCode that companies disclose the remuneration of its three highest paid employees who are not directors. After due consideration of this provision the committee, with concurrence of the Board, resolved that the disclosure of the remuneration of the executives sufficiently illustrates the alignment between reward and shareholder return.

The Committee ensures an optimal balance between operational stability, superior value creation and sustaining appropriate alignment of employee performance with the medium-to long-term interests of the group's stakeholders.

The following principles are at the core of the group's remuneration practices:

- Ensuring guaranteed pay is commensurate with the volume of work, level of responsibility and individual performance in the role;
- Protecting stakeholder value through compensation based on performance measured after adjusting for the level of risk assumed and the cost of capital incurred during business; and
- Overseeing the implementation of long-term incentive awards subject to performance criteria that appropriately reflect sustainable value creation over the medium to long term.

All executive directors and prescribed officers have a notice period of one month. There are no guaranteed compensation awards to executives who voluntarily or involuntarily terminate their employment contract with the group apart from those that have been provided for in their employment contract or is prescribed in the Labour Act. After the group STI pool has been determined, Remco considers STIs for executive directors and prescribed officers using a scorecard. The STI scorecard categories and hurdles are only considered if STI pools are available for the year, i.e. the financial metrics have been met. STI pool determination is based on financial metrics (earnings and NIACC through the cycle). As such achievement of financial metrics is a first requirement before the below scorecards are considered for individual STI allocations.

For key financial performance metrics for the year ended 30 June 2024 and the executive directors' remuneration, the committee believes that this increase and the underlying remuneration mix detailed in this report, are consistent with the group's remuneration governance framework.

Talent and Remuneration Committee report continued

DIRECTORS REMUNERATION continued

Executive Directors continued

STI determination to scorecards

1. If annual financial targets and NIACC (measured through the six-year cycle) are not met, there is NO bonus pool or a reduced bonus pool (dependent on extent of targets not met).
2. Rating implication for STI calculation
   ≤ IME* does not qualify for STI
   > ME** Reduction to flat year-on-year STI change
   > EE# to SEE+ Increase in bonus compared to prior year considering personal performance, pool growth and STI ranges per rating band
3. Remco judgement (increase/decrease) where required
4. Limited to STI caps
5. Limited to STI caps

* *IME stands for Inconsistently Meeting Expectations.*
** *ME stands for Meeting Expectations.*
\# *EE stands for Exceeds Expectations.*
\+ *SEE stands for Significantly Exceeds Expectations.*

The structure of executive scorecards fully incorporates various measures into the main scorecard, resulting in four high-level sections that each contains several categories of metrics that determine executive directors' and prescribed officers' STIs. The Committee further refined executive scorecards in the year under review.

Non-Executive Directors

Non-executive directors receive fees for services as directors and for services provided as members of board committees. These fees are paid on a retainer as well as attendance basis. The fees vary depending on the role of the committee, are based on market comparisons, and are reviewed on an annual basis to meet the remuneration philosophy of the group that advocates for fair and responsible remuneration. The fees are reviewed by the committee and are approved by shareholders at the annual general meeting.

Non-executive directors do not receive share options or other incentive awards.

Actual remuneration paid to non-executive directors is detailed in note 5 to the annual financial statements.

FNB Staff Assistance Trust

The FNB Staff Assistance Trust, which is part of the FirstRand Namibia Group, is mandated to assist non-managerial, racially disadvantaged employees as well as their immediate families, with their tertiary education and healthcare needs. For the 2023/2024 school cycle the trust assisted employees to the value of N$3.5 million.

Annual General Meeting (AGM)

In line with NamCode and the NSX Listings Requirements, the 2023 Remuneration Policy and implementation report were tabled at the Annual General Meeting for separate non-binding advisory votes by shareholders. The group's remuneration policy received an endorsement of 87.68%.

Otto Shikongo
Chairperson

Social, Ethics and Transformation Committee report

The Social, Ethics and Transformation Committee is appointed by the FNB Namibia board as a standing committee whose mandate is to ensure compliance with the Namibia Stock Exchange (NSX) Gazette No. 159. The committee reports into the Risk, Capital and Compliance Committee.

The committee composition is depicted below:

Member	
I-Ben Nashandi (Chairperson)	Non-executive director
Conrad Dempsey	Chief Executive Officer
Nangula Kauluma	Executive Officer: Retail
Philip Chapman	Executive Officer: RMB
Sepo Lamaswala Haihambo	Executive Officer: Commercial

Standing invitations
Chief Financial Officer
Chief Human Resources Officer
Chief Risk Officer
Group Legal Advisor
Chief Compliance Officer
Chief Marketing Officer
Chief Operating Officer
Compliance Manager: Market Conduct Risk
Ethics and Business Conduct Manager

The committee is satisfied that it fulfilled its obligations in terms of its mandate.

I-Ben Nashandi
Chairperson

The Committee discharged its duties during the financial year by:

August 2023	October 2023	February 2024	April 2024

- Provided oversight over social matters such as corporate social investment, stakeholder relationships, corporate culture, corporate citizenship, and national empowerment imperatives. Received regular reports on corporate social investment and monitored the group's progress on corporate social investment activities.
- Ensured the governance and functioning of the group-wide ethics programme, including the code of ethics which is the cornerstone of the groups ethics management framework. Reviewed ethics matters such as organisational values, culture, ethics management, conduct and fair treatment of customers. The board has endorsed the FirstRand Namibia code of ethics, which represents a very important framework for the business. The FirstRand Namibia Code of Ethics sets out the commitment to high levels of ethical behaviour, integrity and fairness in all business dealings. The aim as an organisation is building and retaining the trust that customers place in our ability to manage their assets and to provide financial products and services generally. The building and protection of our reputation is, therefore, of the utmost importance.
- Monitored sustainability matters such as sustainable development objectives, sustainability and integrated reporting, environmental wellbeing, and supply chain integrity.
- Ensured that an effective programme is in place for the management of conflict of interest, while receiving regular reports on the declarations of interests and conflicts management within the group.
- Aligned in country market conduct structures and principles, while receiving regular reports on the various market conduct initiatives, legislative developments and updates on the fair treatment of customers.
- Provided oversight over the environmental and social risk management portfolio, including revision of the Environmental and Social Risk Policy, confirmation of the adequacy of the ESRA credit transactions limit and incorporation of climate risk into the process. Receiving regular reports on climate change and climate risk management.
- Receiving regular reports relating to Human Capital, including transformation, culture, people risk and social support.
- Approved the Do What Matters report, which translates the financial and operational performance into the societal, economic and environmental impact of that performance. FNB Namibia continuously works towards more intentional strategic integration and action creating shared prosperity through its business activities and refining its thinking and processes to better determine and measure societal, economic and environmental impact.

Directors Governance Committee report

Ultimate oversight of corporate governance matters sits with the FNB Namibia and respective subsidiary boards. The boards have delegated authority to the Directors Governance Committee, who assists the board in discharging its duties in respect of governance.

The committee composition and the period for which the respective members have served is as follows:

Member	Meeting Attendance		Appointment/ Resignation Date
Number of Meetings	3	%	
Peter Grüttemeyer (Chairperson)	3/3	100	Appointed 8 February 2022
Otto Shikongo	1/1	100	Appointed 01 January 2024
Rajendra Makanjee	2/3	67	Appointed 19 October 2022
Emile van Zyl	2/2	100	Resigned 31 December 2023

Standing invitations
Chief Executive Officer

The Committee discharged its duties during the financial year by:

August 2023	October 2023	April 2024

- Assisting the board in discharging its duties in respect of governance, board effectiveness, board continuity and director succession planning.
- Monitoring compliance in terms of the Companies Act, 2004 relating to governance, including beneficial ownership lodgements in terms of the Financial Intelligence Act, 2012 and respective statutory lodgements across the Group with the Registrar of Companies/ Business and Intellectual Property Authority (BIPA).
- Evaluating the composition of the board and its subcommittees, considering the First National Bank of Namibia board underwent transitions over the last few years. This included aligning the skills and capabilities to the board sub-committee functions.
- Deliberating and monitoring the progress in resolving any regulatory, audit and/ or compliance findings related to governance.
- Monitoring the director's attendance for board meetings and ensuring that there is no breach to the 75% attendance rule thus ensuring that the individual directors discharge their duties and responsibilities effectively.
- Monitoring individual director tenure and ensuring this does not exceed the Board approved maximum tenure or the tenure as contained in the BID-1.
- Overseeing the continued enhanced due diligence of applicable directors during their tenure.
- Reviewing the Board Chairperson succession progress against plan, having due regard to the legislative considerations contained in the Determination on the Appointment, Duties and Responsibilities of Directors, Principal Officers, and Executive Officers of Banking Institutions and Controlling Companies (BID-1). Monitoring the effectiveness of the transitional arrangements, including appointing the incoming Board Chairperson to targeted committees and specific exposure within the group. Ensuring that the requisite regulatory approvals are obtained prior to formal appointment of the incoming Board Chairperson.
- Considering and conducting the annual assessment of the independence of the non-executive directors. Independence was assessed by weighing all relevant factors that may impair independence. The classification of directors is reflected within this integrated report.
- Monitoring the re-election of directors retiring by rotation in terms of the articles of association and the Companies Act, 2004.
- Following a formal process for the appointment of directors, including the identification of suitable board members, taking cognizance of its need for appropriate skills and diversity, while maintaining a balance between non-executive, executive and independent non-executive directors.
- An external service provider was engaged to conduct the Board Evaluations for the previous financial year. The Committee continued to monitor the progress in implementing the concrete action plans emanating from the prior year assessment to address highlighted areas of improvement. The Committee escalated the evaluation outcome and action plan to the full board of directors for discussion purposes. The evaluation outcome was used as a basis for identifying the training needs for the period under review.
- The current financial year evaluation was conducted in-house and assessed the effectiveness of the board charter, committee charters, board and committee meetings, board and committee responsibilities, board and committee composition, executive director, chairperson, and the company secretary. The Committee reviewed the evaluation and identified no material concerns in respect of the areas assessed. The Committee is satisfied that the evaluation process contributes to its performance and effectiveness.

The committee is satisfied that it fulfilled its obligations in terms of its mandate.

P Grüttemeyer
Chairperson

D

Our strategy to create value

Overview of the context in which we operate, including our material matters, how we manage our risks and our strategic objectives, including the trade-offs made to ensure ongoing value creation.

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Reflections from our **Chief Executive Officer**

Conrad Dempsey

Financial Services that work for Namibia, especially in tough times

Driving access to opportunities so that no-one is left behind

In the period under review, we have been intentional about making financial services more accessible everywhere, broadening our tailored services to new market opportunities nationally, as well as delivering new affordable and accessible, inclusion opportunities to our more vulnerable and rural customers.

The digital solutions we offer our customers through eWallet, cell phone banking and DigiPlus, as well as our agency banking and ADTs provide clients access to financial services without the need to visit a branch. While this allows us to reduce the brick-and-mortar square meters we own, we believe a branch and human engagement will remain very important in the future of financial services. Our CashPlus offering made it possible for agents to provide a range of banking services countrywide to Namibians, facilitated via FNB's existing Cellphone Banking and FNB App channels. These empowered new retailers, the agents, are in turn able to generate an additional revenue stream for their businesses and enable meaningful economic activity in their local community. Our Cash@Till retailer partnerships expanded and continues to allow FNB clients to use their FNB debit card and withdraw cash with their purchase at a point of sale and speedpoints at selected merchants.

Across our lending franchises, we have remained steadfast in our commitment to economic development and credit extension, even amidst tough trading conditions. We recognise the vital role we play in providing access to credit to individuals and businesses, empowering them to pursue their goals and contribute to the growth of the economy.

I am pleased to present our group's performance report for the 2024 financial year, showcasing our resilience and commitment to sustainable growth and value creation.

Reflections from our **Chief Executive Officer** continued

Driving access to opportunities so that no-one is left behind continued

FNB through our lending franchises, FNB and RMB, was the leading credit extender in the market for the financial year, on the back of a very tailored and deliberate approach to maintain credit extension while enhancing the quality of the book. RMBs increased role as an enabler in the mining and energy sectors has become crucial as we assist our clients in navigating the complexities of their operations and expenditure requirements, ensuring a seamless process as Namibia steps up to its new opportunity set. On the cusp of a transformative era, Namibia is harnessing its local partnership skills, and these companies' international experienced partners. RMBs internal skills investment over the period, together with its already extensive local funding aptitude across all sectors, its forex and markets service excellence, have made for an exciting and rewarding year.

Non-Performing Loans

Our continued support to clients throughout the economic cycle underscores our unwavering commitment to fostering sustainable growth and prosperity in the country.

However, this past year delivered an industry-wide rise in non-performing loans as a reflection of the challenging economic conditions prevailing in our market. The group viewed this as an opportunity to further contribute to market development by implementing strategies to manage and mitigate credit risks effectively, supporting clients during these tough times.

Through development and advances in our technological capabilities, we were able to increase access to funding and reduce turnaround times to our customers. A scoring system, that makes use of advanced data analysis and credit scoring models, is used to ensure real-time scoring and decision making on certain credit applications, increasing speed from the application for credit, to payout.

We have also leveraged robotics in the Personal Loan space to provide automated pay outs for loans that have been system scored and approved, enabling loan applications to pay out within minutes. Similarly, robotics has also been employed in Home Loans and WesBank vehicle and asset finance for the automation of statements, settlement queries and instalment letters.

Using data analytics to identify opportunities for clients, we have been able to enhance our offering through pre-approval leads and offering products that are more relevant based on an understanding and analysis of their behaviour. These solutions have resulted in improved turnaround times and increased customer satisfaction.

Through these technological advances, we have been able to extend credit within appetite, but well beyond what the market delivered.

The deliberate approach to balance sheet composition with a larger component of corporate credit, reduced the overall risk profile of the credit book, and opens up further optionality for growth within our defined appetite for risk.

Bolstering Balance Sheet Resilience

Our strategic initiatives reflect our commitment to long-term sustainability and value creation for our stakeholders.

Through the strengthening of our risk management practices and enhancing our credit assessment framework, we continue to navigate these tough economic conditions prudently, intent on supporting the growth of our market.

To deliver sustained earnings with less volatility throughout economic cycles, we made the deliberate decision to bolster the resilience of our balance sheet by introducing hedges to manage interest rate risk in the banking book.

By maintaining a robust capital position, optimising our asset quality, and enhancing our liquidity management, we are well-positioned to weather economic uncertainties and emerge stronger in the long term.

Through development and advances in our technological capabilities, we were able to increase access to funding and reduce turnaround times to our customers. A scoring system, that makes use of advanced data analysis and credit scoring models, is used to ensure real-time scoring and decision making on certain credit applications, increasing speed from the application for credit, to payout.

Reflections from our **Chief Executive Officer** continued

Market development across the financial services continuum

We regularly review all our fees and charges to ensure we remain competitive, fair and priced for risk. Our fees offer market leading value while we are also continuously investing to make financial services as accessible and affordable as possible.

During the period under review FNB Namibia, in partnership with RMB Namibia listed an exchange traded note (ETN) programme on the Namibian Stock Exchange (NSX). This first for Namibia offering provides all Namibians easy and affordable access to invest in high-quality international shares such as Amazon, Berkshire Hathaway, Tesla, and Microsoft. The ETN also provides access to ESG and climate-related exchange-traded notes allowing everyday Namibians to invest sustainably aligned to their own investment goals.

As a testament to its Debt Capital Markets and Sustainable Finance capabilities, RMB also launched a first-to-market corporate social bond to one of the financial service providers in the Namibian market, reflecting RMB's role in supporting clients' sustainability journeys, at the same time as entrenching its own activities countrywide.

Our role in market development goes beyond just enhancing the quality of Namibia's financial and capital markets but also to meaningfully assist in enterprise development. Through our partnerships the FNB Namibia group is the financial services partner from idea through to IPO.

BaseCamp, Harambean Entrepreneurs Alliance and Namibia Business Angels Network (NABAN) continue to be partnership initiatives that provide support and development along the risk curve to start-ups as well as early stage funding. These building blocks are important to nurture new enterprises into the market with support beyond money.

Investment in Talent

Looking ahead to the next economic cycle, we have made strategic investments in talent and technology to position our company for sustained growth and innovation. By staying ahead of the curve, we are preparing to capitalise on emerging opportunities and leverage the anticipated economic activity stemming from low emission hydrocarbon development.

Recognising employees as our most valuable asset, FNB Namibia prioritises employee well-being, growth, and development. The group fosters a supportive work environment that encourages collaboration, innovation, and continuous learning. A recent employee engagement survey indicated a 80% engagement score with high levels of satisfaction at 82% and commitment among staff members, reflecting a strong organisational culture built on mutual respect and inclusivity. The FNB Namibia engagement score is 6% higher than the Global (2023) benchmark and 4% higher than the Finance (2022) and Africa (2023) overall benchmarks for employee engagement.

All of our investments underscore our proactive approach to driving value creation and maintaining our competitive edge in a rapidly evolving market landscape.

How we approach our role as a systemic bank in Namibia matters. The group's considered performance in the face of challenging economic conditions demonstrates our resilience, adaptability, and unwavering commitment to sustainable growth.

As we navigate the complexities of the current environment, we remain focused on leveraging our strengths, managing risks effectively, and seizing opportunities for value creation. With a solid foundation and a clear strategic vision, we remain well-positioned to achieve continued success and deliver long-term value to our shareholders.

A special thank you to the FNB Namibia teams country wide. Each year, you do what matters.

C Dempsey
Group Chief Executive Officer

Material matters

Our materiality themes and top risks

In determining the materiality themes for the reporting period, the Executive Committee evaluated the top risks and opportunities, and material matters in relation to the strategy. The materiality themes are reassessed on a regular basis to take account of an ever-evolving external environment.

The materiality themes, the detailed materiality determination approach and the risk and opportunity management process are outlined in this report. This report explains how the materiality themes influenced the group's strategic review process and informed adjustments to the business model and short and medium-term targets.

Our materiality determination process

The materiality determination process is undertaken as part of a multi-functional review, which evaluates the risks, opportunities and challenges, which could significantly affect the Group's ability to achieve the organisational purpose and strategy and hamper the ability to create and/or preserve value over the short, medium and long term.

The material matters are shaped by the internal and external context, the expectations and concerns of Group stakeholders, as well as the social, economic, governance and environmental conditions in which the Group operates.

The material matters are then categorized into materiality themes. The group Executive Committee (EXCO) assesses the material matters and the proposed materiality themes.

While material issues evolve over time, the broad themes are relatively stable. A review of the material issues are undertaken annually, to identify new and emerging priorities. Minor adjustments have been made to reflect changes in the global and local operating environment, the growing urgency and focus of the climate crisis and sustainable business practices, and industry developments.

	PROCESS	METHOD	STAKEHOLDER ENGAGEMENT
IDENTIFY	Scan the internal and external operating environment	Identify strengths, weaknesses, opportunities and threats and evaluate political, economic, social, governance and technological factors which could threaten sustainability	Stakeholders are engaged in a range of engagements to determine the issues which matter the most to them
PRIORITISE	Formulate the strategic risks and opportunities and list the material matters	Assess materiality of matters and identify those that could threaten the ability of the organisation to deliver value	The material matters are comprehensively assessed, monitored and updated as appropriate by the Board and EXCO as part of the strategic management process
	INFORMS CHANGES TO STRATEGIC DIRECTION AND BUSINESS MODEL		
DEFINE STRATEGY AND TARGETS	Targets are set to define performance measures and set group strategic targets	Segment goals are incorporated into balanced scorecards which align to the overarching organisational scorecard	The EXCO and Board categorises the material matters into materiality themes and ensure they remain pertinent in the rapidly changing operating environment

Material matters continued

SUSTAINABLE ECONOMIC TRANSITION

WHY IS THIS MATERIALITY THEME IMPORTANT?

To build a globally competitive Namibia, providing access to opportunities, requires a healthy social, ecological and economic environment. Taking the responsibility of being environmental guardians is salient to continue to provide opportunities and solutions now and in the future. This requires intentional actions to address climate change and social justice, whilst driving growth and resilience within a shifting local and global economy.

Responses

- Developing a culture of doing what matters within the organisation, ensuring sustainability and shared prosperity are at the core of all decisions and actions
- Ensuring that diversity, equity and inclusion are real in the organisation, by maintaining a workplace where all employees are treated fairly, with dignity and without discrimination
- Diversified solutions, products and services enabling financial inclusion and access to financial services, as well as generational wealth creation across the spectrum, from the traditionally underserved market to high net worth individuals, from micro businesses to corporates
- Focused initiatives, skills development, opportunity identification and solutions that address the shifting Namibian economic landscape
- Innovative products and services that help advance sustainability (i.e. green loans, green bonds, microfinance, etc) and efforts to encourage customers to shift towards more sustainable performance and consumption patterns
- Partnering with service providers and other funding institutions to enable enterprise development
- Enhanced digital capabilities
- Responsible financial resource management
- Optimising resource consumption through better reporting and understanding of the Group's environmental footprint (i.e. energy management, waste management, water consumption, etc.)
- Leveraging social investment to create long-term sustainable impact for vulnerable and under-served communities, including access to affordable housing, sanitation, education, improving financial literacy and understanding

Material matters related to this theme

- Macroeconomic challenges and opportunities
- Financial stability
- Diversity, Equity, Belonging, Inclusion
- Shared prosperity in decisions, actions, practices, products, solutions
- Talent attraction, development and engagement
- Environmental guardianship
- Investing for shared prosperity

Medium to longer-term actions

- Solutions, products and service design that is intentional about societal, environmental and economic impact
- Optimised and enabling resource management
- Talent retention
- Skills and capability development
- Prioritising wellbeing to achieve high levels of staff engagement
- Enhancing business continuity management
- Aligning CSI initiatives to address societal needs as they evolve

Key performance indicators

- Clear plans for the economic transition, shared prosperity and addressing climate change
- Digital channel uptake and activity
- Engagement score
- Growth in advances, deposits, Non-interest revenue (NIR)
- Retention, talent management, succession
- Return on Assets
- Economic profit

Material matters continued

CUSTOMER SATISFACTION

WHY IS THIS MATERIALITY THEME IMPORTANT?

Customers remain core to the existence of the Group. Customers are better connected and provided with more options to choose from in financial services. With shifting customer needs and knowledge, it is imperative to remain focused on better understanding and solving for customers, with relevant solutions, products and service to enable customers to create and take on the opportunities presented to them.

Responses

- A future-fit positioning of the different brands within the Group
- Building relationships with clients across all the brands and financial services offered through the group
- Improved positive customer interactions
- Using data mining and analysis to create relevant products and services that enable financial inclusion, wealth creation and management, and transactional capabilities
- Ensuring ongoing security, cybersecurity and fraud awareness campaigns
- Process optimisation to remove pain-points and reduce customer friction across all channels
- Ongoing investment to ensure continued system stability

Material matters related to this theme

- Enhanced customer experience
- Digital innovation to meet customer needs
- Data as differentiator
- Security and fraud awareness
- Competitive customer value propositions
- Customer complaints' resolution

Medium to longer-term actions

- Digital innovation and transformation
- Enhancing new digital ways of working
- Product design to remove friction points for better customer experience
- Integrating with fintechs and other partners
- Addressing cybersecurity concerns
- Expanding range of distribution points to maximise customer convenience
- Diversified product set that offer clients more options to enable access to opportunities
- Data analysis capability enhancement and build

Key performance indicators

- Net Promotor Score (NPS) score
- Customer Satisfaction Index scores
- Progress individualised digital interactions
- Progress on transition to platform
- Consumer financial education programmes
- Small, medium and micro enterprise (SMME) interventions and customer base growth
- Customer growth
- Minimise fraud
- Market conduct score

Material matters continued

REGULATION AND COMPLIANCE

WHY IS THIS MATERIALITY THEME IMPORTANT?

The importance of vigorous governance, compliance and risk management are at a historic high, together with the need to focus on regulatory matters including digital transformation and cybersecurity, climate change, ESG, and sector-related regulation.

Responses

- Supported government and regulators to mitigate risks contributing to the safety and soundness of the Namibian banking system through good liquidity management, payment relief for qualifying customers and a focus on capital
- Reinforced cybersecurity protocols
- Protection of personal information with systems and policies
- Ensured responsible banking practices
- Addressed conduct standards relating to treating customers fairly
- Implemented additional measures to combat financial crime
- Used technology to assist in managing financial crime prevention
- Regular interactions with regulators to assess and comment on emerging legislation
- Contributed through industry bodies during regulation formulation
- Ensured sound governance capabilities and structures

Material matters related to this theme

- Legal and regulatory requirements
- Regulatory constraints related to digital transformation
- Financial crime prevention through improved effectiveness and efficiencies of financial crime risk management programmes
- Responsible and ethical banking practices
- Customer fair treatment
- Reputation management
- Governance

Medium to longer-term actions

- Managing the regulatory cost of doing business with adequate specialist resources and fit-for-purpose processes
- Ensuring ongoing compliance with improved systems and training
- Mitigating possible breaches of information security and identity theft through technology and early warning mechanisms
- Driving anti-money laundering training and processes

Key performance indicators

- Market conduct metrics
- Business conduct metric
- Control environment scorecard
- Implementing regulated business processes and projects to meet regulatory effective dates and deadlines
- Training and awareness programme implementation and participation
- Risk management metrics
- Relationship with regulators

Material matters continued

FUTURE-FIT ORGANISATION

WHY IS THIS MATERIALITY THEME IMPORTANT?

The world is changing and doing so at a fast pace. For the sustainability of the FNB Namibia Group it is imperative to ensure there is an understanding of this changing context and the future possibilities and context in which the Group will operate. Gearing up to be best positioned to build a globally competitive Namibia, providing access to opportunities requires an understanding of the evolving requirements of existing and prospective customers, capitals, regulation, global and local shifts and likewise the skills and capabilities to be resilient and prosperous into the future.

Responses

- Continuous interrogation of the Group's strategy regarding the requirements for a resilient and future-fit organisation
- Incorporating shared prosperity into core business activities and capital deployment, balancing targeted financial and non-financial outcomes to ensure longevity and responsible management of all resources
- Ensuring organisational and financial sustainability and building resilience; exploring acquisition and partnership opportunities to serve as a springboard for future growth, aligned to the strategy
- Focusing on customers; using data analytics to better understand customer needs and wants, to better address customer needs through to 2027 and beyond
- Clarifying the future skills and capabilities required to continue to excel, aligning development initiatives and investment
- Prioritising transformation imperatives (within the organisation and the board)
- Redeploying skills and capabilities where needed in the organisation

Material matters related to this theme

- Operational and financial resilience
- National competitive posture and stability of our institutions
- Skills development and competencies required in the future
- Partnerships and acquisitions for future growth
- Improved customer insights through enhanced data science and data analytics
- Integrated strategy, which is people-led and digitally enabled
- Transformation imperatives

Medium to longer-term actions

- Driving growth and ensuring competitive advantage
- Promoting adaptability to achieve scale and to expand
- Embedding digital ways of working
- Ongoing evaluation of our strategy and purpose
- Leveraging opportunities
- Mitigating macroeconomic threats
- Aligning our operating model to deliver the FY26 strategy

Key performance indicators

- NIACC
- ROE
- Cost to income ratio
- Customer base

Our operating environment: **FNB**

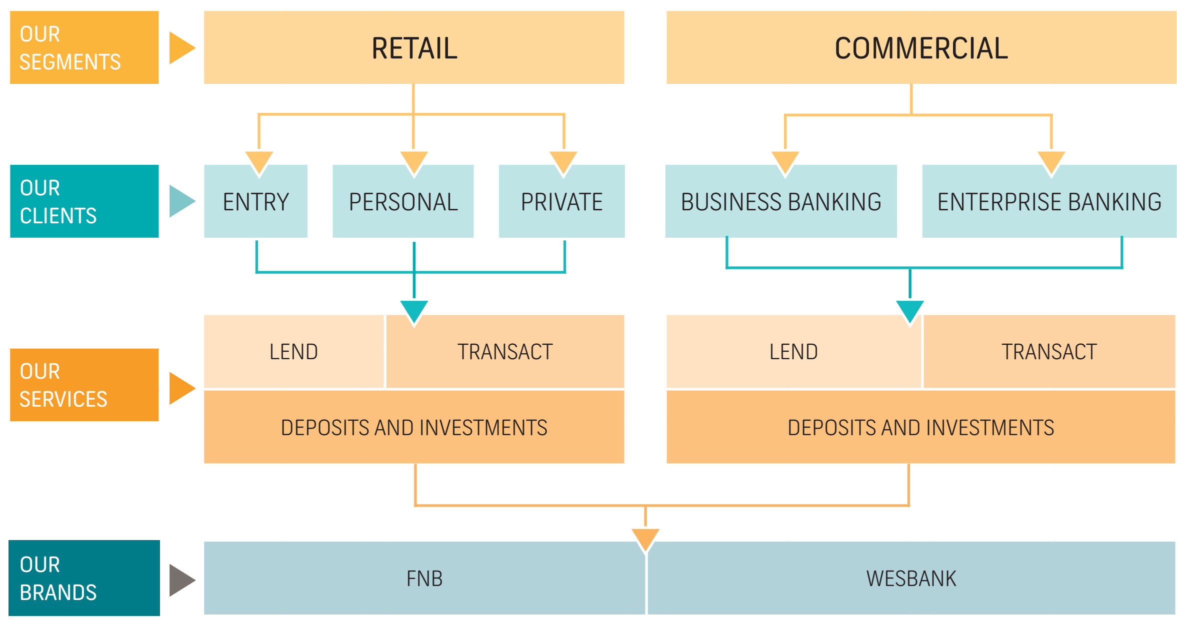
Introduction

Despite lingering challenges that persisted in the Namibian landscape, increasing positivity was evident on the back of the expected recovery and economic growth for the period under review. FNB remained committed to building on the strong foundation laid in previous years which allowed for us to unlock specific opportunities that have contributed to an outstanding set of results.

As the operating landscape continued to evolve, FNB ensured ongoing investment in key areas informing the business' sustainability, such as our people, attractive customer value propositions, extensive technological advancement and maintaining a sound risk and regulatory compliance environment.

Operating model

Our results have been delivered via various brands and entities. This is enabled by a matrix operating construct which enables the delivery of relevant and competitive solutions to an array of clearly defined customer segments.



Our operating environment: FNB continued

Financial performance

FNB continued to deliver strong performance in the period under review, with profit before tax increasing by 7.1% year-on-year. The primary drivers for this growth were:

- 16.5% increase in Net interest income (NII) attributable to growth in the balance sheet and improvements in margins due to pricing adjustments and interest rate hikes.
- 10.5% increase in Non-interest income (NIR) due to growth in our customer base and the resultant increase in transaction volumes.
- Impairment losses increased by 100% mainly due to prolonged strain that was further exacerbated by the interest rate hikes during the preceding financial year.
- Operating cost increased by 10.5% mainly due to investments in systems and compliance related initiatives, however, the cost to income ratio reduced from 51.3% to 49.8%.

Advances increased by 5.3%. In addition to growth in the customer base, new origination strategies that included revised credit appetite, were key to delivering growth above total private sector credit extension.

Deposits increased by 15.7%. Growth in the customer base and targeted initiatives to attract franchise deposits were main contributing factors.

Delivery on strategy

In the period under review, FNB continued to build on the four strategic pillars from the prior year, namely, to deepen a culture of high performance, delight customers, deliver platform-based contextual solutions and to keep building a sustainability mindset. Progress was observed across all four pillars, informing the meaningful outcomes that are evident for the year under review.

High performance culture

The bank remains very aware that the kind of results delivered cannot happen without our people. In line with our commitment to ensuring a culture of high performance for our 2 182 employees and 136 contractors, FNB invested considerable resources in learning and development, staff engagement, a combination of upskilling for future fit capabilities and culture building initiatives, amongst others.

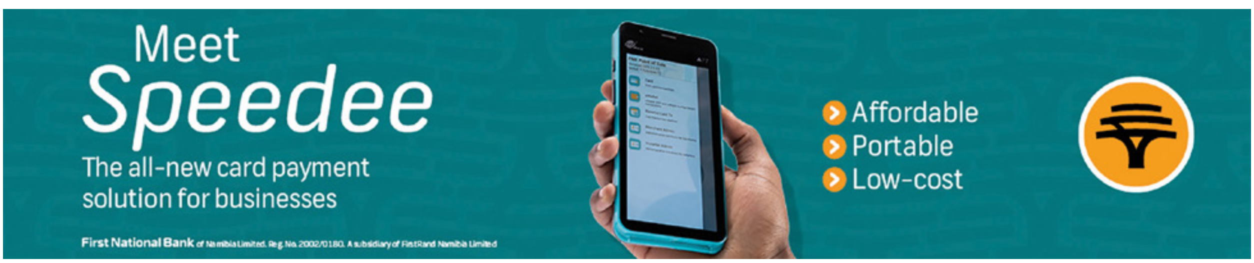
In particular, the Commercial business delivered its third cohort of graduates from the FNB Commercial Relationship Manager Academy. This program focuses on building leadership skills and building technical banking expertise that can be relied on throughout their Banking careers.

FNB's focus on cultivating a workplace ethos of purpose, empathy and accountability received considerable priority in our day-to-day ways of work as well as formally in our performance contracting and measurement. In an employee survey that was conducted during the 2024 financial year, FNB employees indicated very healthy levels of engagement, affirming that their lived work experience is aligned to FNB's strategic intent to maintain and mature its high performance culture.

Delighted customers

Delighting our customers remained a critical focus area in both the Commercial and Retail businesses. This is evidenced by FNB's 7% growth in customers. Closed-loop feedback and continuous improvement disciplines deepened, taking both proactive and reacting insights into consideration when developing and improving customer value propositions, as well as enhancing any other part of FNB's value chain impacting customers.

FNB made significant contributions towards stimulating and facilitating economic recovery, with N$320 million granted SME loans. Furthermore, FNB launched an innovative point of sale solution "Speedee", a safe, cost effective, and convenient pocket size device that accepts card payments and offers dual SIM card capabilities.



Our operating environment: FNB continued

Delighted customers continued

This compact point-of-sale (POS) device enables merchants to accept payments at any location and time, meaningfully enhancing FNB's SME value proposition with 125 units being rolled out within two months of launching.

FNB also partnered with the Namibia Investment Promotion and Development Board (NIPDB) - Micro, Small, and Medium Enterprises (MSME) Development, Innovation and Acceleration team to assist Government with their implementation of the National MSME Policy through targeted support of MSME's and start up's. We provided NIPDB with sponsorship to assist them in running the Donor in Africa Hospitality Investment Forum (AHIF) and the respective evening reception. Other partnerships aimed at fostering growth and supporting the SME ecosystem were the BaseCamp, NABAN and Harambean Alliance partnerships. The BaseCamp partnership is aimed at developing and implementing incubation and acceleration with the primary objective being to build sustainable businesses. To support the ambitions of SMEs that want to attract international venture capital investment, FNB made online learning content available to its clients. This content compiled by the Harambean Entrepreneur Alliance provides lessons on how to scale, attract investment and talent, all of which are frequently identified challenges for small businesses.

Our insurance offering continued to grow, with FNB's funeral cover seeing take-up of 1 597 new policies versus 52 policies in the previous year, reflecting FNB's ongoing commitment to delivering meaningful solutions to our customers.

In line with continued customer migration to newer and more cost-effective channels, the need for capacity in our contact centre grew, necessitating additional contact centre agents to meet this servicing need. As part of efforts to reduce friction in our customer service delivery, FNB's queue management system, Q-man, was expanded to all 46 branches across Namibia resulting in a 10% decrease in average queuing minutes.

Contextual solutions and platform

FNB progressed its platform journey, registering an increase in digital banking users from 87% to 89%, who continued to move their banking activity to digital channels versus traditional branches. These capabilities were designed to deliver products and services on-demand, allowing customers to fulfill their banking needs as and when they choose.

Branch activity continued to reduce as the trend in customers choosing to conduct their transactional banking through alternative channels increased. In addition to 46 branches and 340 SSDs across the country, FNB's merchant and agent base grew from 1 184 in prior year to 1 858, encompassing 324 CashPlus agents, 1 534 Cash@Till and eWallet@Till points. In particular, transactions exceeding N$100 million were processed through the existing CashPlus channel. The number of POS devices in circulation increased from 9 149 in the 2023 financial year to 9 942 in 2024 financial year, supporting the ability for customers to make payments via card swipes and ultimately reduce the need for costly cash transactions.

Sustainability mindset

FNB's commitment to hold shared prosperity at the center of its strategy and the day-to-day management of the business remained firm.

Financial inclusion initiatives progressed with a range of financial literacy workshops delivered across the country. Efforts to make transactional banking more affordable continued, and as efficiencies were unlocked, the value was passed on to customers in the form of flat or reduced fees, and in some instances free transactions.

Furthermore, in an effort to contribute to solving housing needs in the country, FNB facilitated home ownership for 1 185 families, with home loan exposure in the housing segment of <N$500 000 to the value of N$1.9 billion and in the housing segment of N$0.5 million - N$1.5 million to the value of N$12.3 billion.

Conclusion and outlook

In conclusion the rise in interest rates greatly affected the capacity of borrowers to repay, and the bank was able to assist a great number of clients through the cycle. Although non-performing loans did increase, credit appetite remained reasonably strong with the economic resurgence of key sectors and the rise of the Namibian energy sector.

With heightened levels of optimism in the economy, we are confident that FNB will continue to deliver on its strategic objectives of a high performing culture, delighted customers, contextually relevant platform-based solutions, which are all underpinned by a sustainability mindset.

Nangula Kauluma
CEO: FNB Namibia Retail

Sepo Lamaswala Haihambo
CEO: FNB Namibia Commercial

Our operating environment: **RMB**

OPERATIONAL REVIEW

The RMB Namibia team delivered exceptional value to all our stakeholders in the 2024 financial year in pursuit of our purpose to empower talent for a long-term sustainable Namibia. The RMB Namibia team acknowledges and appreciates the systemically important and enabling role we play in the Namibian economy and this is evident in the impact we made in the Namibian society. As an integral player in the economy, we believe that our scale and relevance allows us to positively influence and contribute to a better Namibia, through our core business vis-à-vis attracting and retaining the best-in-market talent.

RMB Namibia continues to leverage off the strategic mix of our transactional banking, lending and markets businesses. This is underpinned by the deep appreciation and understanding of our clients' businesses and macroeconomic contexts. Overall, RMB has been able to increase the number of clients with a primary bank status, a testament of clients' trust in our capabilities. In our pursuit of excellence, we are honoured by the overwhelmingly positive feedback of our clients banking experience and will continue to honour this through continuous improvement. Our deal origination and execution teams maintained their competitive strength in the market.

The RMB Namibia team continues to support the economy through private sector credit extension growth exceeding the industry benchmark and playing a critical role in driving investment in the country in a diverse array of economic sectors, maintaining a well-diversified and high-quality balance-sheet. The Markets business has ridden the wave of volatility through the continuous pursuit of innovation and introduction of new capabilities and solutions to meet our clients' needs. The peer endorsements that we have received, particularly being awarded Global Finance's Best FX Provider for the second time in 2024 and the Best Treasury and Cash Management solutions for four consecutive years, are a testament to our market leading capabilities.

Over and above the fiscal and economic impact created through the core banking services, RMB focused on creating social impact through our core offerings and commitment to ESG. Following the success of the FNB Green bond, RMB further leveraged off its dual capabilities in debt capital markets and sustainable finance and acted as sponsor, arranger and sustainability coordinator for Namibia's first corporate social bond aimed at facilitating financial inclusion. In addition, the RMB team listed the first exchange traded notes on the NSX which was also aimed at the social objective of providing Namibian society with access to financial instruments at low values which can provide exposure and returns to offshore stocks. Moreover, the RMB team continues to leverage off its strength in the energy sector, playing an integral role in Namibia's energy journey and acting as a strategic partner to industry players and a thought leader in various prominent local, regional and international forums such as the Namibia International Energy Conference, Africa Energy Summit and COP28.

The RMB success has been further underpinned by our 'change the bank' investment, particularly in introducing platforms and process optimisation initiatives that allow us to enhance our clients experience and ease of doing business. More so, continuing to leverage off the broader FirstRand ecosystem to solve for our clients holistically in Namibia and across jurisdictions.

People remain at the forefront of our purpose. We believe our success is a factor of our collective knowledge, experience and efforts. The RMB Namibia executive team is humbled by the results of the recent employment engagement survey which highlighted the broader team's perception of our strength being dedicated to meeting clients' needs, believing in the RMB's purpose and direction, engagement levels and empowering people to contribute to the business in meaningful ways. This has come as a result of our dedication and investment in our people and our continuous efforts to empower our talent to positively contribute to the bank and the country.

We believe our set of results are strong testament to our dedication to continuously create positive value for all our stakeholders.

P Chapman
CEO: RMB Namibia

Human capital strategy

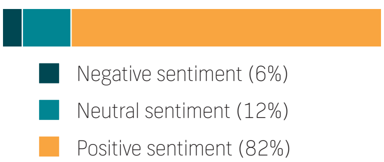
CULTURE AND ENGAGEMENT

People remain core to what we do and our ability to deliver on our purpose and strategy. Remaining resilient and future-fit is dependent on the environment we create and the opportunities we provide to our employees to live full lives and to be prepared for the future of work.

It is with the above in mind that we commissioned the first enterprise-wide assessment in the execution of our Employee Listening Capability survey. The assessment provided us with valuable strategic people insights. The insights assist with key people decisions regarding enabling performance, enhancing transformation, supporting employee energy and sustainability, enhancing managerial effectiveness, managing change, while enhancing our humanity and our employees' wellbeing.

During February 2024 we launched a Group wide employee experience survey, which resulted in excellent results.

FNB Namibia achieved a 89% participation rate with an engagement score of 80%.



The engagement score of 80% is 5% above the FirstRand Group, 6% above the Global benchmark, 4% above the Financial Industry and 4% above African benchmarks.

Two thirds of all vacancies are filled internally, mostly from the talent pipeline. More than 500 people have received direct training through specific training programmes, in addition to mandatory groupwide training. Various online learning and open learning opportunities have also been shared, accessed, and attended across the FNB Namibia Group.

Throughout the year under review, Human Capital launched and successfully landed significant and impactful projects as part of our efforts to execute our people strategy. The Human Capital function implemented new core payroll and Human Capital systems, namely WorkDay and PaySpace to improve our employee management and interaction through enhanced digital platforms as part of our digitisation and platform journey. November 2023 marked the launch of both systems.

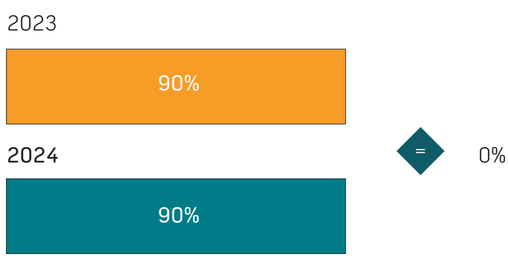
To guarantee that we attract and retain the best-in-class talent, we have refreshed our Employee Value Proposition (EVP) to better meet the demands of our staff. Moving to a new medical aid fund and switching to an umbrella pension fund that permits employees flexibility in contributions, are the two significant changes that occurred in our EVP.

The group also adopted a new performance enablement philosophy, shifting from quantitative ratings to qualitative descriptions to instil a high-performance culture. Rather than only assessing prior performance, the new approach focuses on developing the environment that enables staff members to deliver their best performance and to drive their ongoing development.

OUR EQUITY DISTRIBUTION

As part of our Promises we continue to value our differences, and remain focused on driving employment equity as depicted below.

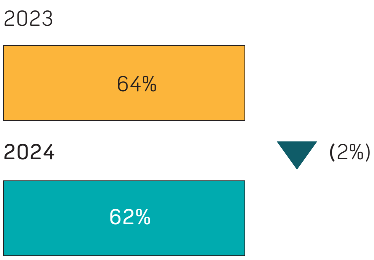
Racial Equity:
Representation of racially disadvantaged employees of total workforce



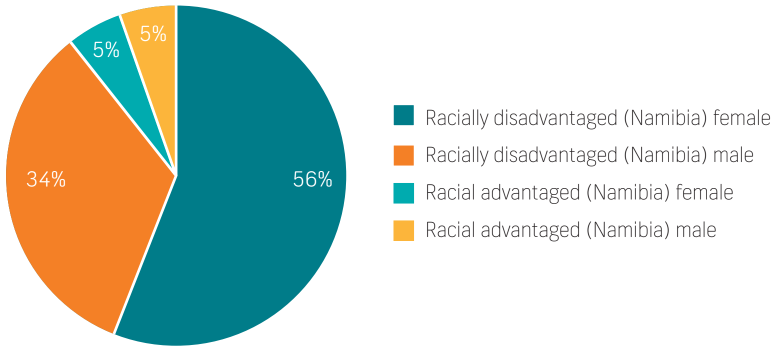
Human capital strategy continued

OUR EQUITY DISTRIBUTION continued

Gender Equity:
Representation of women of total workforce



Total permanent staff presentation:



TALENT MANAGEMENT

Our Philosophy

Talent and people capabilities are core to FNB Namibia group's sustainability.

Succession is an outcome of deliberate strategic talent planning and intentional development. Quality talent and succession planning demonstrates organisational stability and resilience, which breeds market confidence and drives shareholder value.

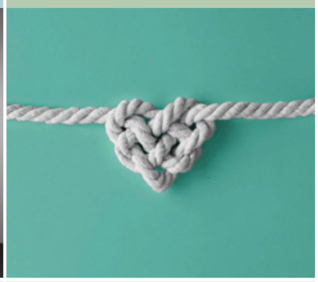
Career progression is an outcome of employee empowerment and an enabling environment. Deep investment in talent engagement and development planning enables talent agency, which signals to employees they have the autonomy to drive and achieve their aspirations and differentiates the group as an employer.

Human capital strategy continued

TALENT MANAGEMENT

Our Principles:

As a large corporate company, FNB Namibia subscribes to strong values, which is encapsulated in the FirstRand Namibia promises.

Leadership	One Bar	Build	Enterprise
			
Talent development is a leadership priority. We hold leaders accountable for nurturing talent.	All talent is held to a single FirstRand definition of potential, performance and leadership. To mitigate against biases, we consistently use a data-driven approach to identify talent and build talent pools.	We grow our own timber. We nurture the talent from an early tenure providing development and career experiences that prepare them for the "top jobs". We buy as a measure of last resort.	The development of talent, once identified, is supported and facilitated across the enterprise through fostering awareness of high potential talent's needs and enabling low friction mobility.

Since the previous financial year, our succession talent pool has expanded significantly. We have 287 potential successors identified for our Executive and critical roles. Development plans and career experience maps were concluded for all Executives and their potential successors. Psychometric Assessments were also completed for selected individuals to identify development gaps.

Over the past 24 months, the Group's EXCO only had one external appointment with six internal promotions. This is aligned to our principle of growing our own timber.

Human capital strategy continued

TALENT MANAGEMENT

Our Principles: continued

Empowered

Employees, supported by their line manager, are accountable for their development. To facilitate this partnership and empower employees there is transparency.

Value our differences

Transforming our talent is the right thing to do. Diversity, equity and inclusion is a critical component of talent pool quality.

Agile and Live

This is a dynamic process that must be engaged with and evolved to ensure relevance and effectiveness as the environment changes.

Total Succession Pool

55%
Male

45%
Female

"Ready Now" Succession Cover for EXCO positions

Out of 3 EXCO roles,
2 Roles have "Ready Now" Successors (67%)

Short Term Succession Cover for EXCO positions

Out of 3 EXCO roles,
3 Roles have Short Term Successors (100%)

Human capital strategy continued

Targeted Development Pipeline Interventions

The FirstJob programme aims to assist unemployed youth by providing them with the skills, mentoring and experience they will need to thrive in the workplace and prepare them for entry into the job market and world of work. FirstJob focuses on three areas of development:

a) Internships
We are currently running our third year of the FirstJob Internship programme with great success. In our first year, a total of 15 interns were appointed of which 2 received permanent positions. In our second year, a total of 28 interns were appointed and in 2024 a further 23 interns were onboarded. This brings the total number to 66.

b) Graduate Trainees
Two of the four Graduate Trainees appointed during 2023 were appointed in permanent roles, whilst the other two are still on the programme. Three new graduate trainees were onboarded during 2024.

c) Experiential Learning
FNB Namibia assisted 5 Namibian students with Work Integrated Learning in 2022. A further 4 students in 2023 and now an additional 3 students in 2024. The number of students to be assisted will depend on a need basis, as we receive requests from Namibian students.

d) Learning and Development
The Group strongly believes in developing and upskilling its employees and therefore invested a total of N$6.4 million on various development interventions. A total of 79 previously disadvantaged non-managerial employees were funded by the Staff Assistance Trust towards tertiary qualification to a total amount of N$3.4 million.

24 Employees were granted bursaries towards tertiary qualifications of which one was allocated to a person living with disabilities.

We continued with the roll-out of our in-house training academies and leadership programmes. These programmes are unique and provide bespoke learning and development experiences designed to equip employees with the skills required for the future of banking and equip employees to have impactful conversations with clients that position the Bank as a trusted partner.

EMPLOYEE WELLBEING

Employee wellbeing remains a paramount focus for the Group. Over the past decade, our external Employee Wellness Program (EWP) provider, LifeAssist, has diligently provided 24/7 wellness services to our staff and their families. Offering telephonic, electronic, and face-to-face assistance, both self-referred and manager-referred, the program includes debriefing sessions to aid employees in coping with personal or work-related traumas.

In the previous year, comprehensive wellness screenings were conducted across all branches and business units, facilitating early detection and effective management of health concerns. Moreover, 41 executives and senior managers participated in detailed medical screenings offered exclusively to our executive team.

To address financial wellness, we initiated a campaign offering employees financial evaluations, personal guidance, training, and post-evaluation support over a six-month period. Additionally, 35 employees and 18 dependents received financial assistance for medical expenses through the Staff Assistance Trust, totalling N$529 876 compared to N$258 649 in the previous financial year.

Managing risk strategically

RISK GOVERNANCE

Risk taking is an essential part of the Group's business and the Group explicitly recognises risk identification, assessment, monitoring and management as core competencies and important differentiators in the competitive environment in which it operates. Through its portfolio of leading operating brands namely FNB, RMB and WesBank, the FNB Namibia Group aims to be appropriately represented in significant financial services in its chosen markets.

FNB Namibia Group believes that effective risk, performance and financial resource management are of primary importance to its success and is a key component of the delivery of sustainable returns to shareholders. These disciplines are, therefore, deeply embedded in the Group's tactical and strategic decision making processes.

Managing the risk profile

The Group's business as a financial intermediary is based on the identification, measurement, pricing, and ultimately the taking and management of risk. It does not aim to eliminate risk entirely but to assume it deliberately in a measured, calculated and controlled fashion pursuant to its business objectives.

Effective risk management is key to the successful execution of strategy and is based on:

- A risk-focused culture and effective risk governance structure with multiple points of control applied consistently throughout the organisation;
- A combined assurance process to integrate, coordinate and align risk management and assurance processes within the Group in order to optimise the level of risk, governance and control oversight of the Group's risk landscape; and
- Strong risk governance through the application of financial and risk management disciplines through frameworks.

The Group believes a strong balance sheet and resilient earnings are key to growth, particularly when entering periods of uncertainty. The Group's deliverables in terms of its strategy are underpinned by the application of critical financial discipline.

Risk universe

The Group recognised the following major risk categories and built risk frameworks to monitor and report on the impact of these risks within the group.

RISK UNIVERSE			
Capital Risk	Liquidity Risk	Market Risk	Information Technology Risk
Operational Risk	Compliance Risk	People Risk	Reputation Risk
Credit Risk	New Business Risk	Strategic Risk	Accounting and Taxation Risk

Managing risk strategically continued

RISK GOVERNANCE continued

Risk appetite

The Group's risk appetite and FRM (Financial Resource Management) process frames all organisational decision making and is fully integrated with the Group's strategic objectives. The risk/reward framework includes the risk appetite statement below and aims to ensure that the Group maintains an appropriate balance between risk and reward. Limits and targets are linked to the statement.

Risk appetite statement

Risk appetite is the aggregate level and the type of risks the Group is willing and able to accept within its overall risk capacity, and is captured by a number of qualitative principles and quantitative measures.

The aim is to ensure that the Group maintains an appropriate balance between risk and reward. Risk appetite limits and targets are set to ensure the Group achieves its overall strategic objectives, namely to:

- Deliver long-term brand value;
- Deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility; and
- Maintain balance sheet strength.

The Group's strategic objectives and financial targets frame its risk appetite in the context of risk and reward and contextualises the level of reward the Group expects to deliver, to its stakeholders under normal and stressed conditions for the direct and consequential risk it assumes in the normal course of business.

The Group's risk appetite frames all organisational decision-making and is fully integrated with the Group's strategic objectives.

The current Risk Appetite Framework as approved by the Board consists of qualitative and quantitative measures. The quantitative measures are mainly focused on credit risk (impairment and NPL tolerance levels) per segment and product, as well as reference to the market risk limits in the trading book. Below is a summary of the qualitative principles:

Qualitative principles

- Always act with a fiduciary mindset;
- Comply with prudential regulatory requirements;
- Comply with the spirit and intention of accounting and regulatory requirements;
- Build and maintain a strong balance sheet which reflects conservatism and prudence across all disciplines;
- No risk taking without a deep understanding thereof;
- Comply with internal targets in various defined states to the required confidence interval;
- No business models with excessive gearing through either on or off-balance sheet leverage;
- Limit concentrations in risky asset classes or sectors;
- Ensure the Group's sources of income remain appropriately diversified across business lines, products, markets and regions;
- Manage the business on a through-the-cycle basis to ensure sustainability;
- Identify, measure, understand and manage the impact of downturn and stress conditions;
- Strive for operational excellence and responsible business conduct; and
- Avoid reputational damage.

The risk appetite statement aims to drive the discipline of balancing risk, return and growth across all the portfolios. It is in this process that the Group ultimately seeks to achieve an optimal trade-off between its ability to take on risk and the sustainability of the returns delivered to stakeholders.

Managing risk strategically continued

RISK GOVERNANCE continued

Business activities and resultant risks

	FNB	RMB	FCC
Key activities	Retail and commercial banking	Corporate and investment banking	Group-wide functions
Market segments	• Consumer • Small business • Agricultural • Medium Corporate • Public Sector	• Financial institutions • Large corporates • Public sector	• Institutional (and internal/intragroup)
Products and services	• Transactional • Deposit taking • Mortgage and personal loans • Credit and debit cards • Investment products • Card acquiring • Credit facilities	• Advisory • Structured finance • Markets and structuring • Transactional banking • Deposit taking • Principle investing solutions and private equity	• Group asset/liability management • Funding and liquidity management • Funding instruments • Capital management • Capital insurance • Foreign exchange management • Tax risk management
Risks	• Retail and commercial credit risk • Operational risk	• Corporate and counterparty credit risk • Market risk in the Trading book	• Interest rate risk in the banking book • Funding and liquidity risk • Structural foreign exchange risk • Equity investment risk
Other risks	Strategic, business, operational, reputational, IT, model, environmental and social, tax, regulatory and conduct risk		

The Group expects the following risks to materialise worldwide and have responded to these risks accordingly:

- Integration of AI into business and risk of disinformation
- Cybercrime and IT related disruptions
- Operational risk including power disruptions, fraud and risk associated with change management
- Environmental and social risk
- Information Governance and risks relating to data quality, data protection and market conduct
- War for scarce talent

These challenges and associated risks are continuously identified, potential impacts determined, and debated by appropriate risk committees and management.

Managing risk strategically continued

RISK GOVERNANCE continued

Business activities and resultant risks continued

Developments in key markets are monitored with appropriate responses, strategic adjustments and proactive financial resource management actions implemented where required.

Credit origination and funding strategies are assessed and adjusted in light of macroeconomic conditions and market liquidity. Actions are in place to ensure a resilient funding model. Significant investment in people, systems, processes and data projects are made to:

- Manage the risks emanating from the large number of regulatory requirements;
- Address possible control weaknesses and improve system security;
- Improve operational resilience; and
- Improve risk data management and reporting.

Risk governance structure

The Group believes that effective risk management is supported by effective governance structures, robust policy frameworks and a risk-focused culture. Strong governance structures and policy frameworks foster the embedding of risk considerations in the business processes and ensure that consistent standards exist across the Group.

In line with the Group's corporate governance framework, the Board retains ultimate responsibility for providing strategic direction, setting risk appetite and ensuring that risks are adequately identified, measured, monitored, managed and reported on. The risk management structure is set out in the Group's Risk Management Framework (GRMF). The framework delineates the roles and responsibilities of key stakeholders in business, support and control functions across the various business units and the Group.

Three lines of defence

The group obtains assurance that the principles and standards in the risk frameworks are being adhered to by the three lines of defence model. In this model, business units own the risk profile as the first line of defence.

In the second line of defence, ERM is responsible for consolidated risk reporting, policy ownership and facilitation and coordination of risk management and governance processes.

GIA as the third line of defence, provides independent assurance of the adequacy and effectiveness of risk management processes and practices.

Managing risk strategically continued

RISK GOVERNANCE continued

Three lines of defence continued

1 FIRST LINE OF DEFENCE

RISK OWNERSHIP

Risk inherent in business activities

Segment Heads Reports to CEO

Group Treasury Supports business heads and Board

Segment Executive Committees

GROUP CEO

Executive Committee

- Financial Resource Management Committee
- Social and Ethics Committee
- Procurement Committee
- Policy Committee

2 SECOND LINE OF DEFENCE

RISK CONTROL

Risk identification, measurement, control and independent oversight and monitoring

Enterprise Risk Management (ERM)

Headed by Group CRO, Specialised Risk Managers for:

IT Risk, Market Risk, People Risk, Legal Risk, Conduct Risk, Liquidity Risk and Credit Risk.

Compliance Risk Management (CRM)
Chief Compliance Officer represented on platform and executive committees.

Deployed Business Unit Risk Managers
- Involved in all business decisions
- Represented at Segment Committees

BOARD

RCC Committee

Specialised Risk Committees

Deployed Risk Managers
Report to franchise CEOs and group CRO

3 THIRD LINE OF DEFENCE

INDEPENDENT ASSURANCE

Adequacy and effectiveness of internal control, governance and risk management

Group Internal Audit (GIA)

Headed by Chief Audit Executive with direct, unrestricted access to Audit Committee Chairman, group CEO, business units, records, property and personnel.

External Advisors

Audit Committee

Combined Assurance Forum

Managing risk strategically continued

RISK GOVERNANCE continued

Combined assurance

The Audit Committee oversees formal enterprise-wide governance structures for enhancing the practice of combined assurance at Group level. The primary objective is for the assurance providers to work together with management to deliver the appropriate assurance cost effectively. The assurance providers in this model include GIA, senior management, ERM and external auditors. The combined outcome of independent oversight, validation and audit tasks performed by the assurance providers ensure a high standard across methodological, operational and process components of the Group's risk and financial resource management.

Combined assurance results in a more efficient assurance process through the elimination of duplication, greater focused risk-based assurance against key control areas and heightened awareness of emerging issues. These actions result in the implementation of appropriate preventative and corrective action plans.

Managing risk strategically continued

CREDIT RISK

INTRODUCTION TO CREDIT RISK

Credit risk refers to the risk of potential financial losses arising from the inability or unwillingness of borrowers, counterparties, or debtors to fulfil their contractual obligations to the bank in terms of credit agreements with the bank. It encompasses the risk of non-repayment, default, or deterioration in the creditworthiness of borrowers and counterparties, leading to a decrease in the loan quality.

Credit risk is a fundamental aspect of the bank's operations, representing the potential for financial loss arising from borrowers or counterparties failing to fulfil their contractual obligations. Given its significance, it is a key risk management focus area in the group. Effective credit risk management is crucial for maintaining the bank's financial stability and ensuring the soundness of its operations, and a stable financial system.

CREDIT RISK MANAGEMENT STRUCTURE

The bank board of directors has the overall responsibility of the oversight of credit risk management in the bank. Furthermore, the bank board has established a senior credit risk committee (SCRC) responsible for overseeing and managing credit risk. This committee operates within the discretionary limits, policies, and procedures approved by the bank board. This governance structure ensures robust oversight and strategic decision-making in credit risk management.

The bank has a well-established and comprehensive credit risk management framework, clearly defining the roles and responsibilities of the board and senior management, which is integrated into the overall risk management framework, ensuring a holistic approach to risk management.

The framework aids the bank with the ability to comply with regulatory requirements and to adhere to industry best practices with respect to credit risk management.

CREDIT RISK MANAGEMENT OBJECTIVES

The bank's credit risk management objectives serve two primary purposes: risk control and management.

I) Risk Control Objectives

The bank sets appropriate limits on assuming credit risk and takes necessary steps to ensure the accuracy of credit risk assessments and reports. This responsibility is fulfilled by dedicated credit risk management teams deployed both centrally and across business units. Through meticulous risk control measures, the bank mitigates the potential negative impacts of credit risk on its financial performance.

II) Management Objectives

Credit risk is managed within the bank's defined risk appetite framework. This framework provides guidelines and parameters for credit risk-taking activities. The credit portfolio is managed at an aggregate level to optimise the bank's exposure to credit risk. Credit risk responsibilities are distributed in the business units and credit teams with oversight from management levels, in alignment with the bank's risk appetite and strategic objectives.

Aligned with the group's credit risk appetite, which is measured based on Return on Equity (ROE), Net income after cost of capital (NIACC), and earnings volatility, credit risk management principles include maintaining adequate capital levels and pricing risk appropriately on both individual and portfolio bases, as well as ensuring accurate provisioning for the credit book. The scope of credit risk identification and management practices encompasses the entire credit value chain, encompassing risk appetite, credit origination strategy, risk quantification and measurement, as well as the collection and recovery of delinquent accounts, and provisioning accordingly throughout the credit value chain.

Managing risk strategically continued

CREDIT RISK continued

CREDIT RISK MANAGEMENT PRINCIPLES

To effectively manage credit risk, the bank adheres to key principles centered around capital and pricing for risk.

i) Capital and Pricing for Risk

The bank maintains an appropriate level of capital to absorb potential credit losses, considering both regulatory requirements and internal assessments. Furthermore, the bank employs risk-based pricing to accurately reflect the inherent credit risk associated with lending activities. This approach ensures that the bank is adequately compensated for the risks it assumes.

ii) Credit Risk Identification and Management Practices

The bank adopts comprehensive credit risk identification and management practices that encompass the entire credit value chain. These practices encompass various aspects, including risk appetite, credit origination strategy, risk quantification and measurement, as well as the collection and recovery of delinquent accounts. By addressing credit risk at each stage of the credit process, the bank enhances its ability to identify, assess, and manage credit risk effectively.

CREDIT RISK PROFILE

To provide transparency on its credit risk exposure, the bank discloses key credit risk indicators for both the group and the company. These indicators include the gross advances, credit loss ratio, non-performing loans (NPLs) as a percentage of advances, specific coverage ratio, total impairments coverage ratio, and performing book coverage ratio. These metrics provide stakeholders with valuable insights into the credit risk profile of the bank and its ability to manage potential credit losses.

	Bank		
	2022	2023	2024
Gross Advances (N$ million)	33 296	36 779	39 416
NPL / Advances %	5.4	4.8	6.1
Portfolio Coverage Ratio %	1.9	1.5	1.6
Specific Coverage Ratio %	43.2	45.6	44.4
Total Coverage Ratio %	4.1	3.6	4.3
Credit Loss Ratio %	0.3	0.6	1.1

STAKEHOLDERS IMPACTED

Customers | Investors | Suppliers

CAPITALS IMPACTED

Financial | Social | Intellectual

Managing risk strategically continued

CREDIT RISK continued

ASSESSMENT AND MANAGEMENT OF CREDIT RISK

The bank implements comprehensive policies, processes, and controls to ensure a sound credit risk management environment. These measures cover credit granting, administration, measurement, monitoring, and reporting of credit risk exposure. The bank relies on internally developed quantitative and statistical models to assess credit risk, which address both regulatory requirements and the bank's specific business needs. These models provide insights into the three primary credit risk components: Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD).

Furthermore, the bank manages its credit portfolio by incorporating these credit risk measures. PD, EAD, and LGD serve as essential inputs for portfolio and group-level credit risk assessments. The bank combines these measures with estimates of correlations between individual counterparties, industries, and portfolios to account for diversification benefits and provide a comprehensive view of credit risk.

We maintain appropriate valuation adjustments and reserves for credit losses in accordance with accounting standards and regulatory requirements, and measure the provisions for impairments in terms of IFRS 9.

CREDIT RISK CLASSIFICATION AND IMPAIRMENT POLICY

The bank follows a robust credit risk classification and impairment policy to accurately reflect potential credit losses.

i) Specific Impairments

Specific impairments represent the quantification of actual and inherent losses arising from individually identified exposures. When determining specific impairments, the bank considers various factors, including its exposure to the customer, the client's cash flow generation capability, the viability of the client's business, expected cash flows, the realizable value of held security, and recovery-related costs. These factors allow the bank to accurately assess the potential credit losses associated with specific exposures.

ii) Portfolio Impairments

In addition to specific impairments, the bank applies portfolio impairments to provide additional coverage based on prevailing market conditions and current default statistics. These impairments incorporate forward-looking information, enabling the bank to account for potential credit losses not captured by specific impairments. By considering broader market trends and future projections, the bank enhances its overall credit risk coverage.

In conclusion, the bank's credit risk management framework emphasises the importance of effectively identifying, assessing, and managing credit risk throughout the organisation. By employing comprehensive policies, processes, and controls, the bank maintains a robust credit risk management environment. Through the diligent application of credit risk management principles, the bank optimises its credit risk exposure while ensuring the adequacy of capital and risk-based pricing. The bank's credit risk management practices, as demonstrated through the credit risk profile and impairment policy, enables the bank to proactively address potential credit losses and maintain the stability and profitability of its operations.

Managing risk strategically continued

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external factors. Operational Risk includes any direct or indirect event that disrupts the normal flow of business processes, and which generates financial loss or damage to the image of the group.

This includes:

- Fraud and criminal activity (internal and external),
- Project risk,
- Legal risk,
- Business continuity risk,
- Information and IT risk, and
- Process and human resources risk.

Strategic, business, and reputational risks are excluded from Operational Risk Management.

Operational risk is governed in terms of the Operational Risk Management Framework (ORMF), which is aligned to the Basel Committee's Principles for the Sound Management of Operational Risk. The Framework outlines the key Principles and Practices fundamental to the effective management of Operational Risk.

The key principles provided in this framework specifically focus on what must be implemented with respect to the risk management philosophy, methodology and strategic objectives of operational risk.

The Operational Risk Management Framework specifically focuses on the following key principles:

Leadership	Tools / Methodology / Key considerations
Risk identification	• Process based risk and control identification and assessment (PRCI&A) • Assessment of audit findings and performance of verifications • Analysis of internal operational events and losses • Data quality assessment and remediation
Risk exposure quantification and measurement	• Assess operational risks from two perspectives: likelihood and impact and use a combination of qualitative and quantitative methods to do so
Risk monitoring	• Use of Key Risk Indicators against pre-determined thresholds (risk appetite) to monitor and measure operational risk • Evaluation of key controls and their operating effectiveness
Risk reporting	• Risk profile reporting to support decision-making • Enable evaluation of actual performance against set thresholds
Capital calculation	• Risk scenario analysis • Assessment of internal loss data • Consideration of external loss data • Evaluation of control environment within the group

OPERATIONAL RISK MEASUREMENT AND MANAGEMENT

FNB Namibia received approval from the regulator to follow the Standardised Approach (TSA) for the measurement and management of operational risk. Under TSA there are various regulatory requirements regarding risk measurement, management, and governance. Minimum regulatory requirements are detailed in BON regulations. FNB Namibia implementation of these minimum standards is described in the ORMF, with supporting policies for individual risk measurement tools. TSA capital is calculated as specified by BON in Regulation BID5.

Managing risk strategically continued

OPERATIONAL RISK continued

RISK APPETITE AND TOLERANCE THRESHOLDS

Establishing a risk appetite that has an adequate balance between risk and reward is a dynamic process that is built on a blend of qualitative and quantitative principles, processes, and guidelines. The aim is not to eliminate all operational risk exposure, but to set a framework for effectively managing and mitigating operational risk within the Group.

The Operational Risk Appetite Policy governs the Group's approach to Risk Appetite. All exceptions and breaches of thresholds are escalated to the respective governance committees.

FNB Namibia aims to maintain a mix of businesses, business activities, income streams and risk exposures to limit earnings volatility. Risk management within risk appetite contributes towards limiting loss of confidence or adverse reputational impacts.

OPERATIONAL LOSSES

	% Change Year on Year	2024	2023
Total Operational Losses as a % of Gross Income	(13%)	0.31%	0.44%

CURRENT AND EMERGING CHALLENGES AND OPPORTUNITIES

Current and Emerging Challenges	Opportunities and Risk Management Principles applied
Operational risk is driven by ongoing challenges in IT risk and cyber security with growing sophistication of cybercrime involving the use of robotics.	• Well established and globally acknowledged cyber security standards and frameworks in place. Further aided by a robust process for the selection and maintenance of strategic partners and vendors. • Targeted HR interventions in place to ensure the promotion of a culture of security awareness amongst all employees. • Continued focus on enhancing the internal control environment, improve system security, IT risk processes and operational business resilience capability.
Operational challenges in meeting various regulatory requirements including vendor risk and outsourcing risk.	• Management strategies and processes implemented to ensure compliance with the regulatory requirements and general risks associated with outsourcing. All outsourcing arrangements conducted in line with outsourcing policy aligned to regulatory requirements. • Effective business resilience principles implemented to ensure seamless business continuity by strategically choosing our business partners and vendors.
Energy crisis within the Southern African region requiring proactive contingency planning.	• Business resilience plans with specific focus on alternative energy sources developed and implemented. • Specific contingency planning developed around energy crises.

Managing risk strategically continued

INFORMATION GOVERNANCE RISK

Information (includes records, data, information and knowledge owned or processed by or on behalf of the Group), whether its own or that entrusted into its care by customers, staff or business partners, is a valuable and strategic product, essential to its business.

As data and analytics become a core part of digital business and data is more and more recognised as an asset, new roles are required and executives and employees' ability to communicate and understand conversations about data, in short, the ability to "speak data", is becoming an integral aspect of most day-to-day jobs. The use of information as a strategic enabler by competitors and the increased focus on information from a regulatory perspective, necessitates the need to further formalise and embed the governance and management of information.

The Information Governance Framework makes provision for strategic enablers, agreed information management domains, key outcomes, scope and operational enablers.

Strategic enablers:

The successful implementation of information governance is underpinned by data literacy, executive commitment, directed and enabled by data strategy, sustainable governance structures and supporting processes, information management roles, principles, policies and supporting standards.

Information management:

The Information governance framework is owned by the Chief Data and Analytics Officer (CDAO) and makes provision for several information management domains to ensure the holistic management of information over time. Implementation priorities may be different for the various segments and business capabilities and the group rightly invests more attention, time and effort in some domains and less in others and the implementation approach is consistent with its size, goals, resources and complexity.

Operational enablers:

Efficient operational practices are essential to support and enable effective information management. Operational enablers include training and awareness interventions, metrics and measures, information technologies e.g. data profiling tools, data integration, information-related initiatives and projects in support of the information strategy. Operational enablers are ultimately required for all components of the Information Governance framework. Implementation across the group is in an incremental fashion, driven by data and business strategy and monitored at the Information Governance Committee.

Key outcomes:

The outcomes of the governance and management of information is in line with the business and data strategies of the group and cannot be achieved in isolation. Key expected outcomes include optimised information value, accountability for information, managed information related risks and the ethical use of information. A successful information governance and data management approach, which builds trust and meets legal requirements, will lead to improved decision-making, operational efficiency, understanding of data and regulatory compliance.

Information Risk Maturity:

Information Risk Maturity is rated as managed and the group continues to invest in staff with the right skills to drive data quality and Information Governance into the future.

Managing risk strategically continued

INFORMATION TECHNOLOGY (IT) AND CYBER RISK

In the financial year ending 30 June 2024, the group has enhanced the IT and Cyber Risk Management Frameworks by defining the risk appetite statements and maturing risk practices. The Cyber Risk Management Framework is a sub risk type of the IT Risk Management Framework. These frameworks are managed by the Group IT risk function and the controls are implemented at business unit and segment level. The enhancements include the governance, management and reporting of IT and cyber risks which may exist because of new and emerging technologies.

The IT and Cyber Risk Management function framework focuses on enhancing the five IT and Cyber risk management core principles and guidelines:

Develop IT & cyber risk appetite

FNB Namibia must define and quantify business risk appetite for cyber risk and ensure that it's consistent with the business strategy and risk appetite setting process. The cyber risk appetite:

- Must define the level of cyber risk FNB Namibia is willing to accept.
- Must be aligned to the overall strategic direction of FNB Namibia and its business objectives.
- Must be appropriate for FNB Namibia's financial condition.

IT & cyber risk management strategy

FNB Namibia's second line risk management functions must:

- Establish and maintain IT and cyber risk management strategy that is aligned with the first line of business as well as the IT and cyber security and resilience strategies that have been approved by the relevant management functions and governance bodies.
- Review the cyber risk strategy regularly, but at least annually, to address changes in the business and cyber threat landscape.

Enhance IT & cyber risk management identification criteria

Risk management criteria provides a standard by which the cyber risks should be evaluated. It forms a basis of measurement to identify, aggregate, treat and communicate cyber risks across FNB Namibia:

Risk evaluation and risk rating criteria

Refer to the FNB Namibia Risk Rating Methodology for risk evaluation and risk rating criteria. This provides a standard by which the identified operational risks should be evaluated. It forms the basis of measurement to compare, aggregate and communicate cybersecurity and cyber resilience risks across the bank.

Information (and related assets) valuation and classification criteria

FNB Namibia must have formal criteria defined and used as the basis for assigning a value to the relevant cyber dependent business information and IT assets. The criteria will be used to determine the priority, the level of cyber security resources necessary for protecting the assets and the ongoing risk exposure of the assets to the prevailing cyber threats.

IT & Cyber risk tolerance criteria

FNB Namibia must define and quantify business risk tolerance relative to cybersecurity and ensure that it's consistent with the FNB Namibia strategy, IT and cyber risk appetites.

IT & Cyber risk acceptance criteria

FNB Namibia recognises that there may be instances where management takes decisions to accept certain identified IT and cyber risks, however such risk acceptances must comply with the requirements of the FNB Namibia operational risk acceptance policy.

STAKEHOLDERS IMPACTED

Customers | Employees | Suppliers

CAPITALS IMPACTED

Intellectual | Manufacturing | Natural

Managing risk strategically continued

INFORMATION TECHNOLOGY (IT) AND CYBER SECURITY RISK continued

IT & cyber risk assurance activities

- Third party risk monitoring – on-going monitoring of the Group's key outsourced and critical 3rd-party cyber risk exposure.
- External threat data feeds monitoring and processing - discover prevailing cyber threats and trends from external threat feeds.
- Continuous security controls monitoring – modelling operational security process data (e.g. vulnerability and patch management, AV, PAM) for continuous controls effectiveness testing and monitoring.
- Cyber security event simulations – perform ad-hoc cyber incident simulation exercises to assess the group's cyber readiness and resilience.
- Red-team assessments - independent cyber controls testing exercises that simulate realistic cyber-attacks based on the known techniques of threat actors.
- Staff awareness exercises – simulated testing of staff susceptibility to phishing and other cyber-attacks.
- Cyber maturity attestations – assess the organisation's cybersecurity and cyber risk maturity in line with the organisation's requirements.
- Independent controls attestations – testing and confirmation of FNB Group / segment / BU risks and controls posture by independent assurance providers.

IT & cyber risk management process

Key risk management processes must be in place to facilitate the identification of key cyber risks, guide the risk analysis and identification of key controls, and enable the communication and effective treatment of risks. The level of risk management discipline applied to each of the cybersecurity and cyber resilience management practices and capabilities will vary based on the inherent and residual risk exposure of a particular business function, process, system per the outcomes of the FNB Namibia Information (and the related assets classifications standard(s)).

Future enhancements

- The group's information technology risk management framework and cyber risk management frameworks will be benchmarked in alignment with international best practices and standards (ISO/IEC 27001, ISO/IEC 27701).
- The group's continued enhancement of information technology and cyber security internal controls by performing control effectiveness assessments.
- The group's enhancement of the cybersecurity incident management process and resilience.
- The disaster recovery plan testing will be enhanced to test resilience based on risk scenarios and industry best practices.
- Enhance IT & Cyber Risk Management Frameworks to include the governance, management, monitoring and reporting of all new technologies like Artificial Intelligence (AI), Machine Learning (ML), Blockchain, Fintech and new technologies that may potentially disrupt the group's operations.

Managing risk strategically continued

LEGAL RISK

Legal risk is defined as the risk of financial loss, or diminished opportunity for gain, indirect or reputational loss, which could have an adverse impact on the objectives or sustainability of a business unit, that may result from the non-compliance of, lack of awareness of, failure to understand, indifference to, or ambiguities to legal or statutory requirements. New laws, case law and changes to the interpretation of laws by appropriate authorities have a significant impact on legal risk.

Legal risk generally arises through:

- Agreements entered or to be entered into and the content of the resultant written documents embodying the arrangements captured in these agreements;
- Potential and actual disputes and/or litigation, enforcement actions, and the management of such disputes, enforcement actions and/or litigation;
- The breakdown in business operations, including a breakdown in legal operations;
- The protection of assets, including intellectual property, through registration as permitted by law and enforcement of any rights relating to such property; and
- Non-compliance with laws or failure to account for the impact of the law, regulations or changes in the law brought about by legislation or judgments.

GROUP LEGAL SERVICES RISK MANAGEMENT

The mandate of the Group Legal Office is contained in the Legal Framework Policy which sets out the core responsibility to the group. The Group Legal Office has adopted the following measures to fulfil its mandate:

- Adopting electronic platforms that empower business to effectively continue operations and conclude agreements;
- Effectively manage a group wide service level agreement SharePoint repository for all the service level agreements within the group;
- Ensure that all the divisions within the group are kept abreast of all legislative developments that have or may potentially have an impact on business operations. Monitor and adapt to changes in laws, public policy and the context within which it operates, and establish appropriate early warning indicators;
- Defend the group in litigation and other proceedings against the group by ensuring adequate representation and effective management of these proceedings by Group Legal Service at different forums;
- Take account of what is just, fair and equitable as well as treat customer fairly principles (TCF) and includes managing conflicts of interest by providing an unbiased, independent voice in decisions and due diligence and fairness for the best interests of FNB Namibia.
- Reduce the group exposure to legal risks by managing potential risks and resolving existing risks amicably; and
- Maintaining valuable stakeholder relationships that play a key role within the industry and ensuring that the group is represented at the respective and applicable forums.

Managing risk strategically continued

LEGAL RISK continued

YEAR UNDER REVIEW

- Notable legal targets such as the digitisation of contract management and collateral digitisation that was successfully implemented during the course of the year driving business into the digital era;
- Ensured that all the divisions within the group were kept abreast of all legislative developments that had an impact on business operations. Proactively assisted business in interpreting and understanding the impact that new pieces of legislation (inclusive of amendments) had on the business operations.

The following key pieces of legislation are currently under review:

- Consumer Credit Bill;
- Outsourcing by non-bank financial institutions under Financial Institutions and Markets Act Standard;
- Regulations on Fees & Charges by Banks; and
- Determination on Issuing of Electronic Money in Namibia.

- Litigation matters in which the group is involved were approached with an effective defence strategy to minimise the pending legal risk by seeking alternative litigious solutions.
- Maintained valuable stakeholder relationships that play a key role within the industry and ensured that the group is represented at the respective and applicable forums.
- Reduced the group exposure to legal risks by managing potential risks and resolving existing risks amicably.

EMERGING CHALLENGES AND OPPORTUNITIES

Group Legal Services has identified the following notable items for the new financial year:

- Emerging legislation – responsibility of Group Legal Services to remain ahead and updated on all emerging legislation that will have an impact on the group. This is achieved by vigorous participation in various forums.
- Increase internal awareness on implemented processes and controls to effectively manage legal risks within the group.
- Leverage tools and technologies to effectively manage legal risk group wide.
- Propel the group into a secure legal and digital environment.

Managing risk strategically continued

CLIMATE RISK

The impact of climate change over time will compel significant changes in the global economy, which will undoubtedly influence institutional operations and balance sheets. It is therefore paramount that financial institutions should enable rather than undermine the necessary transition to a low carbon economy, while also building climate resilience through the funding of adaptation measures.

The group acknowledges that climate change is a rapidly evolving area that requires the intervention of both public and private sectors and society at large to address this global crisis successfully. In response thereto, the group has adopted and implemented a climate-related risk management programme which focuses on governance, strategy, risk management, risk metrics, risk targets and disclosures.

As part of the development of a comprehensive group climate risk management programme, the following principles are considered:

- Initial vision setting: Leadership supports an enhanced focus on climate-related risks and opportunities and supports the building and development of climate risk capacity in the group.
- Risk-based prioritisation: Resource allocation to develop climate risk capabilities is prioritised for areas with the highest potential impacts.

The group's climate risk assessment considers the following objectives:

- Protect the group's balance sheet and capital;
- Include a climate filter in the credit risk management process;
- Report the group's climate exposure, vulnerability and opportunities; and
- Actively seek green and climate financing opportunities to support clients' climate resilience.

The group's climate risk strategy is centred on the following pillars:

1. **Managing our own operations** - monitoring and assessing the group's emissions;
2. **Supporting clients' transition** - developing financial products to assist clients with their climate transition journey;
3. **Risk management** - ensuring that the group's balance sheet is resilient against the impact of physical and transition climate risks; and
4. **Governance** - embedding climate risk with governance structures and appropriate reporting.

To understand and manage its own emissions, the group has embarked on a journey to measure its operational greenhouse gas emissions in the following fields; business air travel, fleet vehicles, car rental, travel re-imbursement, car allowance, electricity usage, shuttles, paper usage, refrigerant gas and diesel usage. The carbon emissions data will provide a view of FNB Namibia's emissions and inform its strategy and initiatives to reduce its greenhouse gas emissions.

FNB Namibia has a climate change policy which stipulates its climate change approach. It applies to all of the group's legal entities and third-party funds under management. The policy is anchored in science and data, and the commitments, as well as FNB Namibia's transition path, are grounded in credible and industry specific transition scenarios, informed by specialist input, engagement with clients, government bodies and broader stakeholders.

Managing risk strategically continued

ENVIRONMENTAL AND SOCIAL RISK

The group is committed to effectively managing the environmental and social risk of its lending and investment decisions, its product and service offerings, its organisational impacts and the promotion of responsible practice through its supply and value chains. To achieve this, the group has adopted and implemented an Environmental and Social Risk Assessment ('ESRA") on credit transactions; and introduced environmental and social performance standards that clients are expected to meet.

The assessment is designed to identify the risks associated with a transaction and the client's ability to manage environmental and social issues, as well as the risks associated with the transaction itself such as the nature and value of the loan, and the industry sector involved. If a client's operations and practices do not align with conducive environmental standards and practices, for example, how waste is disposed of, as well as standards set by the group, both the transaction team and the ESRA specialists work with the client to adopt

OPERATIONAL RISK	MARKET RISK	LEGAL RISK	LIQUIDITY RISK	REPUTATIONAL RISK
Climate vulnerability of infrastructure and business continuity risk	Identifying potential sources of market-related risk due to environmental and social issues that may lead to changes in customer behaviours, market signals and increased cost of raw materials	Risks due to environmental-related policy requirements such as the impact of carbon taxes, prudential requirements, emissions reporting requirements or exposure to litigation	Risks related to changes in investor sentiment regarding the level of environmental and social risk management in the group, or climate-related activities (positive and negative) funded by the group, and the impact these may have in terms of accessing investments	Mitigating reputational risks due to environment-related issues such as shifts in consumer preferences, stigmatisation of a specific sector or increased stakeholder/ shareholder concern, or negative feedback
Identifying areas of impact of environmental issues on operating costs and revenues	Identifying and highlighting potential changes in investment market sentiment			
Identifying costs related to the group infrastructure to transition to a low-carbon economy				

Managing risk strategically continued

ENVIRONMENTAL AND SOCIAL RISK continued

environmentally friendly practices and resolve any issues. Submission of an environmental and social action plan developed by the client may be required for compliance monitoring. The ESRA processes are integrated into the group's risk governance process, which is monitored by the group's social, conduct and ethics committee.

The identification, management and mitigation of environmental and social risks are fully integrated into the group's risk management processes and designed to manage and mitigate the following risks:

CREDIT RISK	
Transactional risk	Portfolio risk
Identifying, mitigating and managing environmental, social and climate-related risks associated with investment, portfolios, client transactions and risk through transactional due diligence	Identifying and managing environmental, social and climate-related risks that may impact the structuring of lending and investment portfolios
	Conducting stress testing of the lending and investment portfolios in relation to identified environmental, climate and social risks
	Reviewing the impact of environmental, climate and social issues in relation to acquisitions or divestments and capital allocation

Managing risk strategically continued

MARKET RISK

Market risk in the banking book mainly emanates from interest rate risk (IRRBB), that is the effect that changes in interest rate will have on the financial position and earnings of the group. Market risk in the banking book also includes currency risk. The risk is expressed in the form of Net Open Foreign Exchange Position (NOFP). The latter is however insignificant for the group.

Sources of Interest rate risk in the banking book (IRRBB):

- **Repricing risk** - Repricing risk arises when assets and liabilities reprices or resets at different dates.
- **Yield curve risk** - Yield curve risk is the unanticipated shifts in the yield curve.
- **Basis risk** - The risk arises when different yield curves sets are used for the pricing of assets and liabilities.
- **Optionality** - The risk emanates from the difference in the actual client behavior from the contractual profile in terms of prepayments and withdrawals.

To reduce volatility in earnings emanating from IRRBB, the risk is managed dynamically within approved board limits.

Measurement of IRRBB

Net interest income (NII) sensitivity (earnings sensitivity) and the value at risk sensitivity (economic value of equity (EVE) using the Price Value for a 01 change in yield (PV01) metric) are the two measurement techniques used to monitor IRRBBs and reported quarterly to the Asset, Liabilities and Capital Committee (ALCCO). The NII sensitivity measures the 12-month impact on NII using various interest rate scenarios. The scenarios being used are instantaneous parallel shifts in the yield curve of 100, 200 and 300 basis points.

The EVE sensitivity estimates the present value of the banking book assets and liabilities and measures how sensitive the Group's net asset value is to changes in the yield curve.

Interest income sensitivities incorporate additional behavioural assumptions as to the timing and how individual products would reprice in response to changing interest rates. Reported sensitivities are however not necessarily predictive of future performance as they do not capture additional management actions that would be taken in response to an immediate and large movement in interest rates.

Risks emanating from asset and liability mismatches are being managed dynamically using structured hedging products and interest rate swaps. In line with our ALM strategy, FNB Namibia entered in a series of fully collateralised repo/reverse trade to protect and enhance earnings on a through the cycle basis whilst strengthening the Balance Sheet.

Risk appetite

IRRBB is being managed within board approved limit for both NII sensitivity and EVE sensitivity.

Emerging Risk

The world seems to be entering into an unchartered and treacherous geopolitical arena since the turn of the century. These events are occurring against a backdrop of high levels of debt and elevated interest rates and inflation. It is imperative thereof from an Asset Liability Management (ALM) perspective to continuously assess the maturity mismatch between assets and liabilities as well as any changes in client behavior which determines the maturity profile of some of the bank products.

The NII sensitivity measures the 12-month impact on NII using various interest rate scenarios. The scenarios being used are instantaneous parallel shifts in the yield curve of 100, 200 and 300 basis points.

STAKEHOLDERS IMPACTED

Customers | Suppliers | Investors

CAPITALS IMPACTED

Financial | Intellectual

Managing risk strategically continued

LIQUIDITY RISK

Liquidity risk is the risk that the bank, although solvent, will not be able to meet its contractual and contingent obligations as they arise or can only meet obligations under materially unfavorable terms. Liquidity risk is inherent in the operations of the bank and may also arise as a result of unforeseen disruptions in asset markets which affects their liquidity or due to unexpected withdrawals by the providers of short-term funding.

Management and Measurement of Liquidity risk

The bank liquidity risk is managed as part of the ALM risk management function within Treasury whose primary objective is to:

- Provide an assessment, measurement and monitoring of liquidity risk for the bank. Define, monitor and report on liquidity risk metrics;
- Establish and monitor liquidity risk limits and indicators, including liquidity risk appetite in line with regulatory requirements and ALCCO approvals;
- Perform a review of liquidity risk management processes; and
- Facilitate the performance of liquidity stress testing for the bank and implement improvements recommended.

Liquidity risk is managed through a series of measures, stress tests and reports that are primarily based on contractual maturities with behavioural adjustments as appropriate. Daily monitoring and forecasts of liquidity positions is performed and includes the following key liquidity risk indicators:

- **Liquidity Coverage Ratio (LCR)** - which measures the high-quality liquid assets against the net stressed cash outflows over the next 30 days. The actual position is monitored against management and board limits and escalated as per the governance framework and appetite statement; LCR became a regulatory limit in Namibia with the implementation of Determination 6A effective 31 March 2024.
- **Net Stable Funding Ratio (NSFR)** – which requires banks to hold enough stable funding to cover the duration of their long-term assets. NSFR became a regulatory limit in Namibia with the implementation of Determination 6A effective 31 March 2024.
- **Term and Source Diversification measures** - which measure the diversification of funding by term and source against pre-determined limits; and
- **Available Sources of Stress funding** - This measure compares the stressed balance sheet to the available sources of stress funding and indicates whether the bank has sufficient sources of stress funding as per the Contingency Funding Plan to fund the bank in an idiosyncratic stress event.

The Determination 6A had a phased in approach for LCR and NSFR as follows at the end of March:

Ratio	Mar 2024	Mar 2025	Mar 2026	Mar 2027
LCR	75%	85%	95%	100%
NSFR	75%	85%	95%	100%

Emerging Risk

The promulgation of in-country regulations such as LCR may lead to a large concentration of sovereign exposures. The inability to diversify away from these sovereign exposures may create liquidity risk if the debt pressures lead to repayment problems.

Considering the global trend, the Namibian banking system will not be of exception, the regulations requiring a higher level of inventory in high quality liquid assets may negatively impact the banks' ability to support clients in times of stress due to rigid liquidity requirements.

STAKEHOLDERS IMPACTED

Regulators
Investors

CAPITALS IMPACTED

Financial
Intellectual

Managing risk strategically continued

COMPLIANCE, REGULATORY AND CONDUCT RISK

Compliance risk refers to FirstRand Namibia Group's adherence to applicable laws, regulations, regulatory requirements/expectations, rules, directives, guidelines and other applicable specifications such as codes of conduct relevant to specific businesses. Compliance risk therefore includes regulatory, conduct and financial crime risk. FirstRand Namibia seeks to manage the compliance risk resulting from potential or actual instances of non-compliance with all applicable legislation and manage regulatory supervisory expectations. FirstRand Namibia will:

- Ensure that conditions are met to retain its various licenses
- Limit significant financial losses, civil liability and the risk of imprisonment of directors, key persons and staff.
- Endeavor to treat its customers and third-parties fairly in all respects.
- Minimise reputational damage to the group as a result of compliance risk.
- Limit abuse of platforms for financial crime or non-compliance.

Ethical behavior is both a keystone and an important contributor to the success of the entire compliance process. In view thereof, FirstRand Namibia Group expects all employees and entities to maintain standards of honesty, integrity and fair dealing and to act with due skill, care and diligence. The group fosters a compliance culture striving to observe both the purpose and the letter of the law as an integral part of its business activities. Deliberate or willful acts of non-compliance will not be tolerated. The group seeks to achieve full compliance with applicable laws, regulations and supervisory requirements. In cases where there is legal uncertainty, a proper assessment of the facts, compliance obligations and related risks must be undertaken and where appropriate, external legal and/or regulatory opinions should be obtained.

Over the last 12 months the below strategic focus areas from our approved three-year strategic plan has seen steady progress being made. Below is a status update as at 30 June 2024:

Strengthening partnerships

- Embed new compliance target operating model with revised compliance structure and updated job profiles – In progress with positive results already noted within the business segments.
- Execute on approved combined assurance plan and strengthen relationship with other assurance providers – completed with ongoing refinement to the plan being made on an annual basis.

Enhancing Regulatory Engagement

- Manage regulatory inspections, progress reports, issue remediation and repository of regulatory correspondence and artifacts – completed with on-going engagements. A total of 11 regulatory inspections over the period indicates a need to further strengthen capacity within the compliance department given the increased regulatory intensity.
- Provide substantive inputs on emerging/draft legislation and new draft national policies – completed and embedded in the business as usual process.

Risk Based Approach

- Update and maintain Financial Crime Risk Assessment (FCRA) - completed
- Conduct Culture Risk Assessment and Anti-Bribery and Corruption (ABC) risk assessment – a group survey was completed which included an assessment on culture risk.
- Refine Compliance Risk Register and profile per legal entity within the FirstRand Namibia Group – completed.

Digital Enablement

- Digitise Compliance Risk Management Plans (CRMPs) – in progress with a simplified CRMP template approved and implemented. Automation is planned for the new financial year.
- Move Financial Crime Operations onto Platform – in progress and on track.
- Migrate all regulatory reporting onto platform – in progress and on track.
- Establish an ESG hub on FirstRand Namibia website – in progress.

E

Delivering promises and **creating value**

Assessment of value creation, protection and erosion for stakeholders

Reflections from our Chief Financial Officer 84

Reflections from our **Chief Financial Officer**

Lizette Smit

We are confident that our prudent financial management, robust risk management framework, and continued investment in human capital will support our objectives of increasing shareholder value and delivering exceptional service to our customers.

The FNB Namibia group has made substantial strides towards delivering on its strategic targets and growing the business. Our full year results, for the reporting period, shows a net profit after tax of N$1 599 million (2023: N$1 518 million), a 5.3% improvement on the previous year. Our return on equity (ROE) also improved to 27.9% (2023: 26.2%).

A number of key factors have contributed to the group's strong position, including credit extension continuing to exceed total PSCE, strong balance sheet growth, and the effective containment of operating costs. Pre-provision profit before tax increased by 12.4% driven primarily by net interest income increasing with 14.2%, and cost increasing with 11.6%.

ROE and ROA improved to 27.9% and 2.7% respectively. We remain well capitalised, with our Tier 1 ratio standing at 15.6% from 16.1%, given strong capital creation and management of risk-weighted assets. This is still above our Board target of 14.0% and exceeds regulatory requirements. We remain capital generative, with current profits adding 4.3% to the Tier 1 ratio over the year.

Reflections from our **Chief Financial Officer** continued

EARNINGS DRIVERS

Net Interest income

Taking into account a higher repo rate for the reporting period, net interest income grew by 14.2% to N$3 062 million. Key drivers of our net interest income (NII) were good average advances growth, strategic and agile pricing and the higher rate environment. Interest expense increased by 31.5% and interest income increased by 22.1%. Interest income performance is mostly driven by the increase in advances of 7.2% and strategic pricing aligned with our risk appetite.

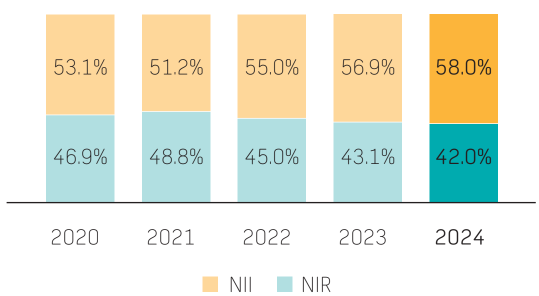
FNB Namibia approaches the management of its endowment profile through its asset-liability management strategy (ALM) which forms the cornerstone of the group's FRM process and is to ensure the returns are optimised to its shareholders on the through-the-cycle basis. The absolute year-on-year rate of growth in the group's endowment NII for the current financial year will therefore not reflect the full extent of the rise in interest rates.

Impairment losses

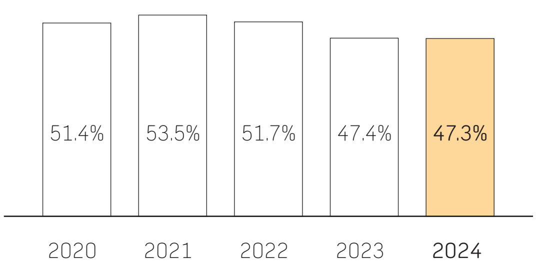
The impairment charge for the year increased with 99.5% to N$425 million driven by client strain experienced as a result of higher interest rates, sticky inflation and as a result we saw increased defaults in commercial business banking and SME sectors and in personal loans and home loan products for retail customers. The impairment charge is 1.1% (2023: 0.6%) of gross advances. It is anticipated that the high interest rate environment will continue into the new financial year, thus customers will continue to be under strain until such time that the rates reduce, and inflation is not as sticky. Various initiatives are being deployed by the group to ensure the impairment charge is contained within our set credit appetite.

Specific impairment provision increased by 31.7% to N$1 063 million and Portfolio provisions (Model driven) increased by 16.5% to N$608 million. The non-performing loans (NPLs) was N$2 394 million for June 2024 representing a 6.1% NPL ratio which is inline with market NPLs of 6.1% (March 2024 BoN data). Refer to note 13 of the annual financial statements for detail on the impairments.

Revenue contribution



Cost to income ratio



Reflections from our **Chief Financial Officer** continued

EARNINGS DRIVERS continued

Operating expenses

Operating expenses increased with 11.6% to N$2 495 million with the continuation of investment in technology and digital solutions, costs related to regulatory projects and some expenses increasing above inflation due to customer investment required. CTI ratio decreased to 47.3% for the year inline with our targeted ranges. Cost management remains top of mind as inflation remains sticky and thus continued focus and efforts on cost optimisation remain in place.

Staff costs increased by 10.8% to N$1 351 million, accounting for 54.2% of total operating expenses. Annual salary increases averaged 6.2%. Other operating costs grew 12.6%. IT spend increased year-on-year which is reflective of the focused investment in digital platforms. Total IT spend, including IT staff costs, stood at N$572 million making up 21.1% of group expenses.

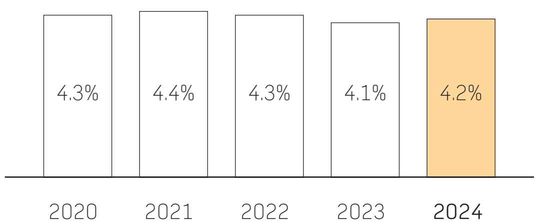
Non-interest revenue

Non-interest revenue (NIR) continues to deliver strong growth with investments made in previous years starting to materialise. NIR increased by 9.0%, mostly driven by volume growth as pricing for the year only increased between 4% - 6%.

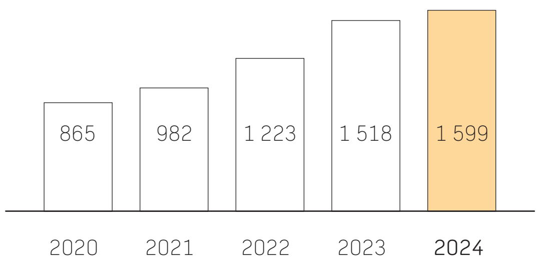
Total transaction volumes amounted to 196 million (2023: 175 million), an increase of 12% from prior year. The continued growth in our active client base and the optimisation of existing clients were the primary drivers behind the increase. Customer numbers were 754 876 as at June 2024 up 6.5% from last year.

This year we exceeded N$100 million in CashPlus transactions which is a significant milestone for the group as we continue to drive financial inclusion and accessibility to banking. Our DigiPlus accounts grew with 11% for the year and we successfully launched Speedee, a mobile vendor payment solution for customers.

Opex as % to assets (%)



Earnings growth (N$ million)



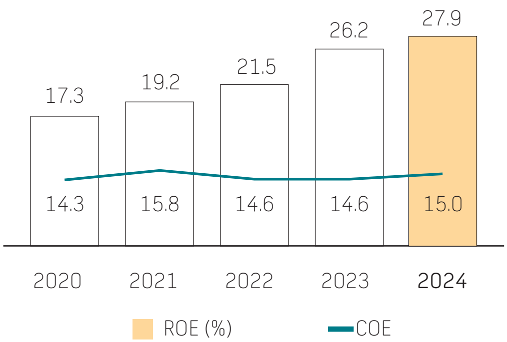
Reflections from our **Chief Financial Officer** continued

EARNINGS DRIVERS continued

Non-interest revenue continued

Branch, cash, and self-service transactions, which attract a higher fee from our clients, comprise 20% (2023: 20%) of the total transaction income. Our leading rewards program continue to produce meaningful results for our clients, with cash rewards paid out to the customers savings pockets of N$30 million, a growth of 3% from 2023. Net fee and commission income are up 7.4% to N$1.9 billion. Fee and commission income make up 87.1% (2023: 88.4%) of total NIR.

ROE and cost of equity (COE) (%)



STATEMENT OF FINANCIAL POSITION

Advances

The group's total assets increased by 4.1% to N$60.5 billion (2023: N$58.1 billion). Net advances, making up 62.4% (2023: 61.0%) of the balance sheet, reflected a year-on-year increase of 6.5% to N$37.7 billion. Growth in private sector credit extension recorded at 1.8%, of which FNB and RMB extended 43.9% during the year.

When assessing the underlying risk in the balance sheet, the group's asset profile is dominated by a diversified advances portfolio. The composition of the gross advances' portfolio consists of FNB retail secured (48%), FNB retail unsecured (11%), FNB commercial (23%), and RMB corporate (18%). Mortgage loans increased year-on-year by 2.3% to N$16.8 billion and constitute 42.6% (2023: 44.6%) of gross advances.

Through providing credit to individuals, the group continues to enable home ownership across the social spectrum. Our exposure to home loans is reflective of the Namibian banking industry where home loans tend to average 50% of credit extended in the local market. In the face of increasing competition, WesBank focused on protecting its origination franchise and return profile through disciplined risk appetite. This resulted in vehicle and assets financing increasing by 18.2% to N$4.1 billion, the main driver being Commercial VAF which has seen clients replacing fleets due to improvement in Tourism and other sectors. RMB has seen growth of 11.9% in their advances as their bespoke offering continues to deliver on their growth objectives.

Reflections from our Chief Financial Officer continued

STATEMENT OF FINANCIAL POSITION continued

Deposits and funding

Deposits grew by 4.5% to N$45 billion with FNB deposits growing by 15.8% offsetting a decline in RMB deposits which saw a decrease of 11.6% year-on-year. The increase in retail and commercial deposits was driven by experience aided by the increased demand for savings and investment products on the back of product innovation, improved utilisation of channels and cross-selling to existing customers.

Capital and regulation

Total regulated capital amounted to N$6.1 billion (2023: N$5.9 billion) and has increased by 3.3%. Prior year capital was lower due to the increased dividend payment in the prior year as part of our capital optimisation strategy, which has been concluded. The group has remained well capitalised throughout the period, with industry leading levels well above the minimum regulatory requirements. Capital adequacy ratio was 16.6% (2023: 17.1%) and Tier 1 capital 15.6% (2023: 16.1%). Refer to page 245 of the annual financial statements for detail on capital management.

2025 Outlook

The 2024/2025 budget speech provided tax relief to individuals and much anticipated relief to corporates which will be implemented in phases. We expect the group to benefit from the reduced corporate income tax in the 2025 financial year once it is gazetted with further tax relief anticipated in the subsequent financial years.

The theme of the budget speech was to stimulate economic activity creating a favourable business environment for local businesses and foreign direct investment. At the back of this economic activity will be the financial sector within which the group continues to position itself for sustainable growth through the group's comprehensive suite of financial services.

While we anticipate continued headwinds due to changing market conditions and regulation, our strategic initiatives, including digital transformation and revenue diversification, position us well for sustainable growth. Our commitment to enhancing customer delight, coupled with our investment in technology and operational efficiency, will drive our competitive edge in the coming years.

We are confident that our prudent financial management, robust risk management framework, and continued investment in human capital will support our objectives of increasing shareholder value and delivering exceptional service to our customers. Additionally, our dedication to sustainability and corporate social responsibility will not only contribute positively to the communities we serve, but also align us with global best practices in ESG.

As we move forward, we remain focused on executing our strategic priorities, navigating the evolving economic landscape, and leveraging opportunities for growth. We are optimistic about our future and believe that with our strong foundation and innovative approach we are well-positioned to achieve our long-term goals.

L Smit
Chief Financial Officer

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FNB Namibia group **annual financial statements**

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Directors' responsibility and approval

To the shareholders of FirstRand Namibia Limited

The directors of First National Bank of Namibia Limited are responsible for the preparation of the consolidated and separate annual financial statements comprising the consolidated and separate statements of financial position, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows and the notes to the consolidated and separate annual financial statements. These annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including interpretations issued by the IFRS Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Namibia Stock Exchange (NSX) Listing Requirements, Banking Institutions Act and the requirements of the Companies Act of Namibia.

In discharging this responsibility, the directors rely on management to prepare the consolidated and separate annual financial statements and for keeping adequate accounting records in accordance with the group's system of internal control. Lizette Smit, CA (SA)(NAM), (Group Chief Financial Officer) supervised the preparation of the annual financial statements for the year.

In preparing the consolidated and separate annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The consolidated and separate annual financial statements incorporate full and responsible disclosure in line with the group philosophy on corporate governance and as required by the Namibian Stock Exchange. The group has complied in all material respects with the requirements set out in BID2 with regards to asset classification, suspension of interest and provisioning. The group's policies with this regard are stated in the notes on accounting policies, disclosed on pages 96 to 130.

The directors are responsible for the group's internal controls and systems. These internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements of the group and to adequately safeguard, verify and maintain accountability of the group's assets. To enable the directors to meet these responsibilities, the directors set the standards for internal control, policies and procedures, implemented by trained and skilled management, to reduce the risk of error or loss in a cost effective manner. The standards include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. Effective risk management requires various points of control. The directors and management are the risk owners, assisted by risk management and internal audit. The directors ensure internal control and systems of the group are continuously monitored through the risk committee structures and provide independent oversight and monitoring of controls through the risk, capital and compliance committee, who oversee the group's risk governance structures and processes. Internal audit provides independent assurance on the adequacy and effectiveness of controls and reports to the Audit Committee. The board has adopted and is committed to the principles in the NamCode report on Corporate Governance.

Based on the information and explanations given by management and the internal auditors, nothing has come to the attention of the directors to indicate that the internal controls are inadequate and that the financial records may not be relied on in preparing the consolidated and separate annual financial statements in accordance with IFRS and the Companies Act of Namibia and maintaining accountability for the group's assets and liabilities. Nothing has come to the attention of the directors to indicate any breakdown in the functioning of internal controls, resulting in a material loss to the group, during the year and up to the date of this report. Based on the effective internal controls implemented by management, the directors are satisfied that the consolidated and separate annual financial statements fairly present the state of affairs of the group and company at the end of financial year and the net income and cash flows for the year.

The directors have reviewed the group and company's budgets and flow of funds forecasts and considered the group and company's ability to continue as a going concern in the light of current and anticipated economic conditions. On the basis of this review, and in light of the current financial position and profitable trading history, the directors are satisfied that the group and company have adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the consolidated and separate annual financial statements.

The group's external auditors, Ernst & Young Namibia, have audited the consolidated and separate annual financial statements and their report appears on page 91 to 92.

Approval of financial statements

The consolidated and separate annual financial statements of the group, which appear on pages 93 to 248 were approved by the board of directors on 22 August 2024 and signed on its behalf by:

P Grüttemeyer
Chairperson

C Dempsey
Chief Executive Officer

Windhoek
22 August 2024

Independent auditor's report

To the shareholder of First National Bank of Namibia Limited

Opinion

We have audited the consolidated and separate annual financial statements of First National Bank of Namibia Limited and its subsidiary ("the group") set out on pages 93 to 248, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including a summary of material accounting policy information and the directors' report.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements" section of our report. We are independent of the group and company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information compromises the "About this integrated report", "At a glance", "Value created and preserved through strong governance", "Our strategy to create value", "Delivering promises and creating value" and "Corporate information" as well as the Directors' responsibility statement which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The consolidated and separate annual financial statements of the Group for the year ended 30 June 2023, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate annual financial statements on 28 September 2023.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the directors either intend to liquidate the group and company and/or to cease operations or have no realistic alternative but to do so.

Independent **auditor's report** continued

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young Namibia
Partner: Jaco Coetzee
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Windhoek, Namibia
Date: 24 September 2024

Directors' report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of First National Bank of Namibia Limited for the year ended 30 June 2024.

1. Nature of business

First National Bank of Namibia Limited is a registered bank incorporated in Namibia offering a full range of banking services to retail, commercial and corporate and public sector customers through its portfolio of market leading franchises; FNB the retail and commercial bank; RMB the corporate and investment bank and Wesbank the instalment finance provider. The group operates in Namibia.

There have been no material changes to the nature of the group's business from the prior year.

Refer to page 9 for a simplified group structure.

2. Review of financial results and activities

These annual financial statements have been prepared in accordance with IFRS Accounting Standards, including interpretations issued by the IFRS Interpretations Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the NSX Listing Requirements, Banking Institutions Act and the requirements of the Companies Act of Namibia.

The consolidated and separate annual financial statements on pages 93 to 252 set out fully the financial position, results of operations and cash flows of the company and the group. Your attention is also drawn to the chairperson's report (page 15), the chief executive officer's report (page 44) and the chief financial officer's report (page 84).

3. Share capital

The company's authorised share capital remained unchanged at N$4 000.

The company's authoirsed share capital at year end consists of 4 000 (2023: 4 000) ordinary shares of N$1 each.

The issued ordinary share capital remained unchanged at 1 200 ordinary shares.

4. Dividends

During the current year cash dividends of N$1 423 million (2023: N$1 871 million) were declared in respect of the currect and previous financial years.

5. Interest of directors

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

Directors' report continued

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation
P Grüttemeyer	Chairperson	Non-executive Independent
C Dempsey	Chief Executive Officer	Executive
J Coetzee	Other	Non-executive Independent
LP Smit	Chief Financial Officer	Executive
IN Nashandi	Other	Non-executive
ON Shikongo *	Deputy Chairperson	Non-executive Independent
R Makanjee **	Other	Non-executive
LD Kapere	Other	Non-executive Independent
MJ Lubbe #	Other	Non-executive Independent
E van Zyl	Other	Non-executive Independent
SL Balsdon**	Other	Non-executive

* *Appointed as Board Deputy Chairperson effective 19 October 2023.*

** *South African.*

South African with Namibian permanent residence.

Board changes

During the period under review and at the date of this report, the following changes to the board of directors took place in respect of First National Bank of Namibia Limited.

Resignations

E Tjipuka (04 September 2023)

Appointments of directors

LP Smit (24 July 2023)
SL Balsdon (15 July 2024)

Directors' emoluments

Directors' emoluments are disclosed in note 5 to the annual financial statements.

Directors' report continued

7. Management by third parties

No part of the business of the company or of its subsidiary has been managed by a third party or by a company in which a director had a direct or indirect interest during this financial year.

8. Insurance

Comprehensive cover in respect of the bankers' bond, computer crime and professional indemnity risk is in place.

9. Property and equipment

There was no change in the nature of the property and equipment or in the policy regarding their use.

10. Holding company

The holding company of First National Bank of Namibia Limited is FirstRand Namibia Limited a Namibia Stock Exchange (NSX) listed company and its ultimate holding company is FirstRand Limited which is incorporated in the Republic of South Africa.

11. Subsidiary

Interest in and aggregate profits of the subsidiary is set out in note 15 to the annual financial statements..

12. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

13. Company secretary and registered office

The company secretary is Mrs N Makemba.

Postal address
P O Box 195
Windhoek
Namibia

Registered office
130 Independence Avenue
Windhoek
Namibia

Accounting policies

1. INTRODUCTION AND BASIS OF PREPARATION

The group's consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), including IFRIC Interpretations, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, NSX Listings Requirements, the Banking Institutions Act and requirements of the Companies Act of Namibia. First National Bank of Namibia Limited is a limited company, domiciled and incorporated in Namibia.

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 30 June 2024; the statement of comprehensive income; statements of changes in equity and statements of cash flows for the year ended; as well as the notes, which comprise a summary of significant accounting policies and other explanatory notes.

The consolidated and separate financial statements including accounting policies and other methods of computation applied in the preparation of the consolidated and separate financial statements are consistent with those applied for the year ended 30 June 2023, with the exception of:

- The presentation of the statement of cash flows.

During the current year the group has changed the basis of presentation of the statement of cash flows to the indirect method. The change in the presentation allows for simpler collation of information and enhanced reliability. The change in the presentation only impacted net cash flows from operating activities within the statement of cash flows for the group.

The group prepares consolidated financial statements which include the assets, liabilities and results of the operations of First National Bank of Namibia Limited and, its subsidiary. To compile the consolidated financial statements the following information is used:

- Audited information about the financial position and results of operations at 30 June each year for all subsidiaries in the group.

The segmental analysis included in the segment report is based on the information reported to the chief operating decision maker for the respective segments under the current operating business management structures. The information is prepared in terms of IFRS and certain adjustments are made to the segment results in order to eliminate the effect of non-taxable income and other segment-specific items that impact certain key ratios reviewed by the chief operating decision maker when assessing the operating segments' performance (chief operating decision maker is set out in note 32).

1.1 Application of the going concern principle

The directors reviewed the group's and company's budgets and flow of funds forecasts for the next three years and considered the group's and company's ability to continue as a going concern. Based on the projections of the impact on the group's capital, funding and liquidity requirements, all have remained within internal targets and above regulatory requirements.

Forecast growth in earnings and balance sheet risk weighted assets (RWA) is based on the group's macroeconomic outlook and is evaluated against available financial resources, considering the requirements of capital providers, regulators and rating agencies. The expected outcomes and constraints are then stress tested, and the group sets targets through different business cycles and scenarios. FNB Namibia further undergoes Internal Capital Adequacy Assessment Process (ICAAP) where stress testing under various adverse scenarios are performed to assess the impact on capital and liquidity.

On the basis of this review, and in light of the current financial position and profitable trading history, the directors are satisfied that the group has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the consolidated and separate annual financial statements.

Accounting policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.2 Presentation of financial statements, functional and foreign currency

Items included in these financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Presentation	The group presents its statement of financial position in order of liquidity. Where permitted or required under IFRS Accounting Standards, the group offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position, the income statement or the statement of other comprehensive income.
Materiality	IFRS Accounting Standards is only applicable to material items. Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure. Management assesses the relevance of the information to user of the financial statement and considers both qualitative and quantitative factors in determining the materiality threshold for disclosure and presentation purposes.
Functional and presentation currency of the group	Namibia dollar (N$)
Level of rounding	The group has a policy of rounding to the nearest thousand. Amounts less than N$ 500 will therefore round down to N$ nil and are presented as a dash.
Foreign currency transactions of the group	Translated into the functional currency using the exchange rates prevailing at the date of the transactions.
Translation and treatment of foreign denominated balances	Translated at the relevant exchange rates, depending on whether it is a monetary item (in which case the closing spot rate is applied) or non-monetary items. For non-monetary items measured at cost the rate applied is the rate on transaction date. For non-monetary items measured at fair value the rate at the date the fair value is determined (reporting date) is applied. Foreign exchange gains or losses are recognised in profit or loss in fair value gains or losses. To the extent that foreign exchange gains or losses relate to financial assets held at fair value through other comprehensive income (FVOCI) the following applies: • Equity instruments - recognised in other comprehensive income (OCI) as part of the fair value movement; and • Debt instruments - allocated between profit or loss (those that relate to changes in amortised cost) and OCI (those that relate to changes in the fair value).

1.3 Impact of the adoption of new accounting standards

There are no new or amended IFRS standards which became effective for the year ended 30 June 2024 that impacted the group's reported earnings, financial position or reserves, or the accounting policies.

Accounting policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.4 Standards and interpretations issued but not yet effective

The following new and revised standards and interpretations are applicable to the business of the group. The group will comply with these from the stated effective date.

Standard	Impact assessment	Effective date
IAS 1	Amendments to classification of liabilities as current or non-current and non-current liabilities with covenants The IAS 1 amendments clarify the requirements for classifying liabilities as current or non-current. More specifically: • The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. • Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. • The amendments clarify the situations that are considered settlement of a liability. The group presents its assets and liabilities in order of liquidity in the statement of financial position. The impact of this amendment would impact the disclosure of current versus non-current liabilities in the notes to the financial statements. The group does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The group does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2024
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments The amendments clarify: • That a financial liability is derecognised on the settlement date. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. • How to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. • The treatment of non-recourse assets and contractually linked instruments. • Additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event. The group does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2026

Accounting policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.4 Standards and interpretations issued but not yet effective continued

Standard	Impact assessment	Effective date
IFRS 16	Lease liability in a sale and lease back – amendments to IFRS 16 The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and lease back transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment is not expected to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2024
IFRS 18	Presentation and Disclosure in Financial Statements IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 aims to improve financial reporting by: • Requiring additional defined subtotals in the statement of profit or loss; • Requiring disclosures about management-defined performance measures; and • Adding new principles for grouping (aggregation and disaggregation) of information The new standard is expected to impact group presentation of its statement of profit or loss.	Annual periods commencing on or after 1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures IFRS 19 enables eligible entities to provide reduced disclosures compared to the requirements in other IFRS accounting standards. Entities that elect IFRS 19 are still required to apply recognition, measurement and presentation requirements of other IFRS accounting standards. The group does not expect this standard to have any impact on the annual financial statements.	Annual periods commencing on or after 1 January 2027
IAS 21	Lack of exchangeability – Amendments to IAS 21 The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The group does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2025

Accounting policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.5 Summary of material accounting policies

The group adopts the following material accounting policies in preparing it's financial statements.

	SUMMARY OF MATERIAL ACCOUNTING POLICIES			
2	Subsidiaries and associates	Consolidation and equity accounting (section 2.1)	Related party transactions (section 2.2)	
3	Income, expenses and taxation	Income and expenses (section 3.1)	Taxation (section 3.2)	
4	Financial instruments	Classification and measurement (section 4.1)	Impairment (section 4.2)	Transfers, modifications and derecognition (section 4.3)
		Offset and collateral (section 4.4)	Derivative financial instruments (section 4.5)	
5	Other assets and liabilities	Property and equipment (section 5.1)	Intangible assets (section 5.1)	Properties in possession (section 5.1)
		Leases (section 5.2)	Provisions (section 5.3)	
6	Capital and reserves	Share capital and treasury shares (section 6)	Dividends (section 6)	Other reserves (section 6)
7	Transactions with employees	Employee benefits (section 7.1)	Share-based payment transactions (section 7.2)	
8	Significant accounting estimates, assumptions and judgements	Introduction (section 8.1)	Subsidiaries (section 8.2)	Taxation (section 8.3)
		Impairment of financial assets (section 8.4)	Provisions (section 8.5)	Transactions with employees (section 8.6)

Accounting policies continued

2. SUBSIDIARIES AND ASSOCIATES

2.1 Basis of consolidation and equity accounting

	Subsidiaries and other structured entities
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%
Nature of the relationship between the group and the investee	Entities over which the group has control, as defined in IFRS 10, are consolidated. These include certain investment funds managed by the group, securitisation structures or other entities used for the purpose of buying or selling credit protection.
Separate financial statements	
The company measures investments in the above entities at cost less impairment (in terms of IAS 36).	
Consolidated financial statements	
	Consolidation
Initial recognition in the consolidated financial statements	Subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations. The excess (shortage) of the sum of the consideration transferred, the value of non-controlling interest and the fair value of any existing interest, over the fair value of identifiable net assets are recognised as goodwill or a gain on bargain purchase, as set out further below. Transaction costs are included in operating expenses within profit or loss, when incurred.
Intercompany transactions and balances	Intercompany transactions are all eliminated on consolidation, including unrealised gains. Unrealised losses on transactions between group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the group's impairment policies.
Impairment	In the consolidated financial statements either the cash generating unit (CGU) is tested, i.e. a grouping of assets no higher than an operating segment of the group, or, if the entity is not part of a CGU, the individual assets of the subsidiary and goodwill are tested for impairment in terms of IAS 36.
Goodwill	Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses. If this amount is negative, as in the case of a bargain purchase, the difference is immediately recognised in gains less losses from investing activities within NIR. Goodwill is tested annually for impairment by the group in March, or earlier if there are objective indicators of impairment. For subsidiaries acquired between March and June, a goodwill impairment test is performed in June in the year of acquisition and thereafter annually in March. For testing purposes, goodwill is allocated to a suitable CGU.

Accounting policies continued

2. SUBSIDIARIES AND ASSOCIATES continued

2.2 Related party transactions

Related parties of the group, as defined, include:

Subsidiary	Post-employment benefit funds (pension funds)	Close family members of KMP
Key management personnel (KMP)	Entities controlled, jointly controlled or significantly influenced by KMP or their close family members	Entities that have significant influence over the group, and subsidiaries of these entities

The principal shareholder of the First National Bank of Namibia Limited group is FirstRand Namibia Limited, with the ultimate holding company FirstRand Limited, incorporated in South Africa.

Key management personnel of the group are the First National Bank of Namibia Limited board of directors and the First National Bank of Namibia Limited executive committee, including any entities which provide key management personnel services to the group. Their close family members include spouse/domestic partner and children, domestic partner's children and any other dependants of the individual or their domestic partner.

Accounting policies continued

3. INCOME, EXPENSES AND TAXATION

3.1 Income and expenses

Net interest income recognised in profit or loss

Interest income includes:

- Interest on financial instruments measured at amortised cost and debt instruments measured at FVOCI, including the effect of qualifying hedges for interest rate risk.
- Interest on financial asset debt instruments measured at fair value through profit or loss (FVTPL) that are held by and managed as part of the group's funding or insurance operations.
- Interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:
  - The gross carrying amount (GCA) of financial assets which are not credit impaired; and
  - the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to section 4.2 of the accounting policies).
- Modified advances (derecognition not achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to accounting policy 4.3) is calculated by applying the original effective interest rate to the asset's modified GCA.
- Modified advances (derecognition is achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.

Interest expense includes:

- Interest on financial liabilities measured at amortised cost;
- Interest on financial liabilities measured at FVTPL that are held by and managed as part of the group's funding or insurance operations;
- Interest on capitalised leases where the group is the lessee; and
- The difference between the purchase and resale price in repurchase and reverse repurchase agreements where the related advances or deposit is measured at amortised cost, because the amount is in substance interest.

The total interest expense is reduced by the amount of interest incurred in respect of liabilities used to fund the group's fair value activities. This amount is reported in fair value income within NIR.

Under IFRS 15, where a five-step analysis is required to determine the amount and timing of revenue recognition, the group assesses contracts and determines whether the fees identified in the contract relate to revenue as defined in IFRS 15. The revenue is recognised only if the group can identify the contract and the performance obligation (i.e. the different goods or services) and can determine the transaction price, which is required to be allocated to the identifiable performance obligations.

Unless specifically stated otherwise, the group is the principal in its revenue arrangements as the group controls the goods and services before transferring them to the customer.

Accounting policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.1 Income and expenses continued

<table>
<tr><th colspan="2">Non-interest and financial instrument revenue recognised in profit or loss</th></tr>
<tr><th colspan="2">Non-interest revenue from contracts with customers</th></tr>
<tr><td>Fee and commission income</td><td>Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers.

Fee and commission income is earned by the group by providing customers with a range of services and products, and consists of the following main categories:

• Banking fee and commission income;
• Knowledge-based fee and commission income;
• Management, trust and fiduciary fees;
• Fee and commission income from service providers; and
• Other non-banking fee and commission income.

The bulk of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, which typically includes transactional banking fees such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, is recognised at a point in time.

Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:

• Fees for services rendered are recognised on an accrual basis as the service is rendered and the group's performance obligation is satisfied, e.g. annual card fees and asset management and related fees.
• Commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Commitment fees for unutilised funds made available to customers in the past are recognised as revenue at the end of the contract period. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the group, are recognised as revenue on a straight-line basis over the period for which the funds are promised to be kept available.

Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime, data vouchers and electricity, and traffic fines paid through FNB channels, as well as insurance commission.</td></tr>
</table>

Accounting policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.1 Income and expenses continued

Non-interest and financial instrument revenue recognised in profit or loss continued	
	Non-interest revenue from contracts with customers continued
Fee and commission expenses	Fee and commission expenses are those that are incremental and directly attributable to the generation of fee and commission income and are recognised as part of fee and commission income. These include transaction and service fees, which are expensed as the services are received. The group operates a customer loyalty programme, Rewards, in terms of which it undertakes to provide reward credits to customers when they transact. Expenses relating to the provision of the customer loyalty reward credits are recognised as fee and commission expenses as incurred.
Fair value gains or losses	
Fair value gains or losses of the group recognised in NIR include the following: • Fair value adjustments and interest on financial instruments at FVTPL, including derivative instruments that do not qualify for hedge accounting; • Fair value adjustments that are not related to credit risk on advances designated at FVTPL; • A component of interest expense that relates to interest paid on liabilities which fund the group's fair value operations. Interest expense is reduced by the amount that is included in fair value income; • Fair value adjustment on financial instruments designated at FVTPL in order to eliminate an accounting mismatch, except for such instruments relating to the group's insurance and funding operations, for which the interest component is recognised in net interest income (NII). The change in the fair value of a financial liability designated at FVTPL attributable to changes in its credit risk is presented in OCI, unless this would cause or enlarge an accounting mismatch in profit or loss. The total fair value adjustment on non-recourse liabilities (including movements due to changes in credit risk) is included in profit or loss, since the fair value movements on these liabilities are directly linked to fair value movements on the underlying assets; • Ordinary and preference dividends on equity instruments at FVTPL; • Any difference between the carrying amount of the liability and the consideration paid, when the group repurchases debt instruments that it has issued; and • Fair value gains or losses on commodities acquired for short-term trading purposes, including commodities acquired with the intention of reselling in the short term, or if they form part of the trading operations of the group and certain commodities subject to option agreements whereby the counterparty may acquire the commodity at a future date where the risks and rewards of ownership are deemed to have transferred to the group in terms of IFRS 15.	

Accounting policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.1 Income and expenses continued

<table>
<tr><th colspan="2">Non-interest and financial instrument revenue recognised in profit or loss continued</th></tr>
<tr><th colspan="2">Gains less losses from investing activities</th></tr>
<tr><td colspan="2">The following items are included in gains less losses from investing activities:
• Any gains or losses on disposals of investments in subsidiary;
• Any gains or losses on the sale of financial assets measured at amortised cost; and
• Dividend income on any equity instruments that are considered long-term investments of the group, including non-trading equity instruments measured at FVOCI.</td></tr>
<tr><th colspan="2">Dividend income</th></tr>
<tr><td colspan="2">The group recognises dividend income when the group's right to receive payment is established.</td></tr>
<tr><th colspan="2">Expenses</th></tr>
<tr><td colspan="2">Expenses of the group, apart from certain fee and commission expenses included in net fee and commission income, are recognised and measured in terms of the accrual principle and presented as operating expenses in profit or loss.</td></tr>
<tr><td>Indirect tax expense</td><td>Indirect tax includes other taxes paid to central and local governments and also includes value-added tax and securities transfer tax. Indirect tax is disclosed separately from income tax and operating expenses in the income statement.</td></tr>
</table>

Accounting policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.2 Taxation

Income tax includes Namibian and foreign corporate tax payable.

Current income tax	
The current income tax expense is calculated by adjusting the net profit for the year for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date, in each particular jurisdiction within which the group operates.	
Deferred income tax	
Recognition	On temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.
Typical temporary differences for which deferred tax is provided	• Provision for loan impairment. • Instalment credit assets. • Revaluation (including ECL movements) of certain financial assets and liabilities, including derivative contracts. • Provisions for pensions and other post-retirement benefits.
Measurement	The liability method under IAS 12 is used, which means applying tax rates and laws applicable at the reporting date which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Presentation	Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or OCI. Items recognised directly in equity or OCI relate to: • Fair value remeasurement of financial assets measured at FVOCI; and • Remeasurements of defined benefit post-employment plans. Tax in respect of share transactions is recognised directly in equity. Tax in respect of the other items is recognised directly in OCI and subsequently reclassified to profit or loss (where applicable) at the same time as the related gain or loss.
Deferred tax assets	The group recognises deferred income tax assets only if it is probable that future taxable income will be available, against which the unused tax losses can be utilised, based on management's review of the budget and forecast information. The group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.
Substantively enacted tax rates	Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting policies continued

4. FINANCIAL INSTRUMENTS

4.1 Classification and measurement

4.1.1 Initial measurement

All financial instruments are initially measured at fair value including transaction costs, except for those classified as FVTPL, in which case the transaction costs are expensed upfront in profit or loss, usually as part of operating expenses. Any upfront income earned on financial instruments is recognised as detailed under accounting policy 3.1, depending on the underlying nature of the income.

Immediately after initial recognition, an ECL allowance is recognised for newly originated financial assets measured at amortised cost or FVOCI debt instruments.

4.1.2 Classification and subsequent measurement of financial assets and liabilities

Classification and subsequent measurement of financial assets
Management determines the classification of its financial assets at initial recognition, based on: • The group's business model for managing the financial assets; and • The contractual cash flow characteristics of the financial asset.
Business model
The group distinguishes three main business models for managing financial assets: • Holding financial assets to collect contractual cash flows; • Managing financial assets and liabilities on a fair value basis or selling financial assets; and • A mixed business model of collecting contractual cash flows and selling financial assets. The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment is done for each legal reporting entity at least at a franchise level, although franchises will perform the assessment on a portfolio or sub-portfolio level, depending on the manner in which groups of financial assets are managed in each franchise. The main consideration in determining the different business models across the group is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities. In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, among other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction, because substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

Business model continued
If sales of financial assets are infrequent, the significance of these sales is considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets. Determining whether sales are significant or frequent requires management to use its judgement. The significance and frequency of sales are assessed on a case-by-case basis at the business model level. The frequency is assessed on an annual basis and sales of assets that take place once or less per annum are considered to be infrequent. If sales take place more than once per annum it doesn't mean that the business models are not to collect contractual cash flows, but rather that the reasons for the sales need to be more carefully considered. Management will consider both the volume and number of sales relative to the total assets in the business model to determine whether they are significant. A change in business model only occurs on the rare occasion when the group changes the way in which it manages financial assets. Any change in business models would result in a reclassification of the relevant financial assets from the start of the next reporting period.
Cash flow characteristics
In order for a debt instrument to be measured at amortised cost or FVOCI, the cash flows on the asset have to be solely payments of principal and interest (SPPI), i.e. consistent with those of a basic lending agreement. The SPPI test is applied on a portfolio basis for retail advances, as the cash flow characteristics of these assets are standardised. This includes the consideration of any prepayment penalties that are limited by consumer credit regulation. They can therefore be considered reasonable compensation, which would not cause these assets to fail the SPPI test. For wholesale advances, the SPPI test is applied to individual advances at initial recognition, based on the cash flow characteristics of the asset. Wholesale advances that do not pass the SPPI test and that have to be measured at FVTPL include advances with equity participation features, convertible bonds and payments linked to commodity or other prices. If the contract contains prepayment penalties, the amount of the prepayment penalty is compared to the present value of the margin that will be earned if the loan is not prepaid. If the amount of the prepayment penalty is lower than or equal to the margin lost due to prepayment, this is considered reasonable compensation and the loan passes the SPPI test.
Amortised cost
Financial assets are measured at amortised cost using the effective interest rate method when they are held to collect contractual cash flows which are SPPI, and sales of such assets are not significant or frequent. These include the majority of the retail, corporate and commercial advances of the group, as well as certain investment securities utilised for liquidity risk management of the group.
Cash and cash equivalents
Cash and cash equivalents comprise coins and bank notes, money at call and short notice, and balances with central banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition. Money at call and short notice constitutes amounts withdrawable in 32 days or less. Cash and cash equivalents are measured at amortised cost.

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

<table>
<tr><th colspan="3">Retail advances</th></tr>
<tr><th></th><th>Business model</th><th>Cash flow characteristics</th></tr>
<tr><td>Retail advances</td><td>The FNB and WesBank businesses hold retail advances to collect contractual cash flows. Their business models focus on growing these advances within acceptable credit appetite limits and maintaining strong collection practices.

The products included under this business model include:

• Property mortgages;
• Vehicle and asset finance;
• Personal loans;
• Credit cards; and
• Other retail products such as overdrafts.</td><td>The cash flows on retail advances are SPPI. Interest charged to customers compensates the group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract.</td></tr>
<tr><th colspan="3">Corporate and commercial advances</th></tr>
<tr><th></th><th>Business model</th><th>Cash flow characteristics</th></tr>
<tr><td>Corporate and commercial advances</td><td>The business models of FNB, WesBank and RMB are also focused on collecting contractual cash flows on corporate and commercial advances and growing these advances within acceptable credit appetite limits.

The products under in this business model include:

• Trade and working capital finance;
• Specialised finance;
• Commercial property finance; and
• Asset-backed finance.

These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.

Within RMB, debt for large corporates and institutions is structured. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.</td><td>The cash flows on these advances are considered to be SPPI if the loan contract does not contain equity upside features, conversion options, payments linked to equity or commodity prices or prepayment penalties that exceed reasonable compensation for early termination of the contract. Any advances that do contain such features are mandatorily measured at FVTPL.</td></tr>
</table>

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

Investment securities		
Investment securities	Group Treasury holds investment securities with lower credit risk (typically government bonds and treasury bills). These investment securities are held in a business model with the objective of collecting contractual cash flows.	The cash flows on these investment securities are SPPI.
Cash and cash equivalents		
Cash and cash equivalents	Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. These assets are held to collect contractual cash flows.	The cash flows on these assets are SPPI.
Other assets		
Other assets	Other assets are short-term financial assets that are held to collect contractual cash flows.	The cash flows on these assets are SPPI.
Mandatory at fair value through profit or loss		
Financial assets of the group are mandatorily measured at fair value through profit or loss when they are held for trading, managed on a fair value basis, held to sell/distribute, or are held to collect contractual cash flows which are not solely payments of principal and interest.		
Advances	RMB holds repurchase agreements advances which are mandatorily measured and classified at fair value through profit and loss due the business model of the business for managing these instruments and the cash flow characteristics of these instruments.	
Investment securities	RMB Global Markets holds portfolios of investment securities (including corporate and government bonds) to hedge risks or for short-term profit realisation. These securities are managed on a fair value basis. All equity investments of the group are managed on a fair value basis, either through FVTPL or designated at FVOCI.	
Derivative assets	Derivatives are either held for trading or to hedge risk. These instruments are managed on a fair value basis.	
Designated at FVTPL		
Advances	Certain advances with fixed interest rates in RMB have been designated at FVTPL in order to eliminate an accounting mismatch that would otherwise result from measuring these assets on a different basis. The cash flows on these advances are considered to be SPPI.	
Investment securities	Group Treasury holds investment securities (typically treasury bills) for liquidity purposes.	

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

Financial liabilities and compound financial instruments
The group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement.
Financial liabilities measured at amortised cost
The following liabilities are measured at amortised cost using the effective interest rate method, unless they have been designated as measured at FVTPL: • Deposits; • Creditors; and • Other funding liabilities.
Financial liabilities measured mandatory at FVTPL
The following held for trading liabilities are measured at FVTPL: • Derivative liabilities; and • Short trading positions. These liabilities are measured at fair value at reporting date as determined under IFRS 13, with fair value gains or losses recognised in profit or loss.

4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment

This policy applies to:

- financial assets measured at amortised cost, including other financial assets and cash;
- debt instruments measured at FVOCI;
- loan commitments;
- financial guarantees; and
- finance lease debtors where the group is the lessor.

Refer to accounting policy note 8.4 where all risk parameters, scenarios and sources of estimation are detailed more extensively.

Expected credit losses		
Loss allowance on financial assets		
Credit risk has not increased significantly since initial recognition (stage 1)	Credit risk has increased significantly since initial recognition, but asset is not credit-impaired (stage 2)	Asset has become credit-impaired since initial recognition (stage 3)
12-month ECL	Lifetime expected credit losses (LECL)	LECL

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment continued

Advances	
Significant increase in credit risk (SICR) since initial recognition	In order to determine whether an advance has experienced a SICR, the probability of default (PD) of the asset calculated at the origination date is compared to that calculated at the reporting date (incorporating forward-looking information (FLI)). The origination date is defined as the most recent date at which the group has repriced an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility. SICR test thresholds are reassessed and, if necessary, updated, on at least an annual basis. Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a SICR. In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of wholesale and commercial small and medium-sized enterprise (SME) facilities on a credit watch list. Any up-to-date facility that has undergone a distressed restructure (i.e. a modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a SICR, and will be disclosed within stage 2 at a minimum. The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a SICR are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a SICR has occurred. No standard minimum period for transition from stage 2 back to stage 1 is applied across all advances, with the exception of cured distressed restructured exposures that are required to remain in stage 2 for a minimum period of six months before re-entering stage 1.
Low credit risk	The group does not use the low credit risk assumption.
Credit impaired financial assets	Advances are considered credit-impaired if they meet the definition of default. The group's definition of default applied to calculating provisions under IFRS 9 has been aligned to the definition applied to regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes. Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, are more than three instalments in arrears. In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the group to actions such as the realisation of security. Any distressed restructures of accounts which have experienced a SICR since initial recognition are defined as default events. Retail accounts are considered to no longer be in default if they meet the stringent cure definition, which has been determined at portfolio level based on analysis of re-defaulted rates. Curing from default within wholesale is determined judgementally through a committee process.

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment continued

Advances continued	
Write-offs	Write-off must occur when it is not economical to pursue further recoveries, i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised): • By implication, in both retail and wholesale, for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account. • Within retail portfolios, write-off definitions have been determined with reference to analysis of the materiality of post write-off recoveries. The result of this is that retail secured loans are written off on perfection of collateral. Retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency. • Within wholesale portfolios, a judgemental approach to write-off is followed, based on case-by-case assessment by a credit committee. • Partial write-offs are not performed within credit portfolios, except in limited circumstances within the wholesale portfolio, where they are assessed on a case by case basis. Where required, additional provisions against irrecoverable assets will be raised until such a time as final write-off can occur.
Collection and enforcement activities post write-off	For unsecured advances, post write-off collection strategies include outsourcing of the account to external debt collections (EDCs). In addition, settlement campaigns are run to encourage clients to settle their outstanding debt. For secured advances, any residual balance post the realisation of collateral and post write-off is outsourced to EDCs.
Other financial assets	
Cash and cash equivalents	All physical cash is classified as stage 1. Other exposures are classified as stage 1 unless specific evidence of impairment exists, in which case, due to the nature of these assets, they are classified immediately as stage 3. ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach.
Other assets	ECL for other assets, i.e. financial accounts receivable and where applicable, contract assets, are calculated using the simplified approach. This results in a LECL being recognised.
Investment securities	Impairment parameters for investment securities (PD, LGD and EAD) are determined using appropriate models, with the models to be applied determined with reference to the issuer of the security and the nature of the debt instrument. The tests for a SICR and default definitions are then applied and the ECL calculated in the same way as for advances. The SICR thresholds applied for investment securities are the same as those applied within the wholesale credit portfolio, to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures. The group does not use the low credit risk exemption for investment securities, including government bonds.

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.3 Transfers, modifications and derecognition

Financial instruments are derecognised when:

- The contractual rights or obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement;
- They are transferred and the derecognition criteria of IFRS 9 are met; or
- The contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

Financial assets are derecognised when the group has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. pass-through arrangement).

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the group determines whether this is a substantial modification, which could result in the derecognition of the existing asset and the recognition of a new asset. If the change is simply a non-substantial modification of the existing terms it would not result in derecognition.

A modification of a financial asset is substantial and will thus result in derecognition of the original financial asset where the modified contractual terms are priced to reflect current conditions on the date of modification and are not merely an attempt to recover outstanding amounts. Where the modification does not result in an accounting derecognition the original asset continues to be recognised.

Derecognition of financial liabilities includes a situation of substantial modification of the terms and conditions of an existing financial liability. A substantial modification of the terms occurs where the discounted present value of the cash flows under the new terms, including fees paid net of fees received between the borrower and the lender and discounted using the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability.

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.3 Transfers, modifications and derecognition continued

The following transactions are entered into by the group in the normal course of business, in terms of which it transfers financial assets directly to third parties or structured entities, or modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset:

<table>
<tr><th>Transaction type</th><th>Description</th><th>Accounting treatment</th></tr>
<tr><td colspan="3">Transfers without derecognition</td></tr>
<tr><td>Reverse repurchase agreements</td><td>Investment securities and advances are sold to an external counterparty in exchange for cash and the group agrees to repurchase the assets at a specified price at a specific future date.

The counterparty's only recourse is to the transferred investment securities and advances that are subject to the agreement. The group remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks.</td><td rowspan="2">The transferred assets continue to be recognised by the group in full. Such advances and investment securities are disclosed separately in the relevant notes.

The group recognises an associated liability for the obligation for the cash received as a separate category of deposits.</td></tr>
<tr><td>Securities lending</td><td>Investment securities are lent to external counterparties in exchange for cash collateral as security for the return of the securities.

The group's only recourse in respect of the return of the securities it has lent is to the cash collateral held and as such, the group generally requires cash collateral in excess of the fair value of the securities lent.</td></tr>
<tr><td colspan="3">Modifications without derecognition</td></tr>
<tr><td>Modification of contractual cash flows</td><td>Debt restructuring is a process that is applied to accounts whereby the new terms of the contract (such as a lower interest rate) are mandated by law and do not have the same commercial terms as a new product that the group would be willing to offer a customer with a similar risk profile.</td><td>The existing asset is not derecognised. The GCA of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate. Distressed modifications are included in ECL.</td></tr>
<tr><td colspan="3">Modifications with derecognition (i.e. substantial modifications)</td></tr>
<tr><td>Retail advances</td><td>The process for modifying an advance (which is not part of a debt restructuring) is substantially the same as the process for raising a new advance, including reassessing the customer's credit risk, repricing the asset and entering into a new legal agreement.</td><td>The existing asset is derecognised and a new asset is recognised at fair value based on the modified contractual terms.</td></tr>
</table>

Accounting policies continued

4. FINANCIAL INSTRUMENTS continued

4.4 Offsetting of financial instruments and collateral

Where the requirements of IFRS are met, the group offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to master netting arrangements (MNAs) or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

Details of the offsetting and collateral arrangements of the group are set out in the following table.

Derivative financial instruments	The group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) MNAs. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting). Financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties to mitigate credit risk.
Repurchase and reverse repurchase agreements, and securities lending and borrowing transactions	These transactions by the group are covered by master agreements with netting terms similar to those of the ISDA MNAs. Where the group has entered into a repurchase and reverse repurchase or securities borrowing and lending transaction, with the same counterparty, the advance and liability balances are offset in the statement of financial position only if they are due on a single day, denominated in the same currency and the group has the intention to settle these amounts on a net basis. The group receives and accepts collateral for these transactions in the form of cash and other investment securities.
Other advances and deposits	The advances and deposits that are offset relate to transactions where the group has a legally enforceable right to offset the amounts and the group has the intention to settle the net amount.

It is the group's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, either through physical inspection or indexation methods, as appropriate. For wholesale and commercial portfolios, the value of collateral is reviewed as part of the annual facility review. For mortgage portfolios, collateral valuations are updated on an ongoing basis through statistical indexation models. However, in the event of default, more detailed reviews and valuations of collateral are performed, which yield a more accurate financial effect. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

4.5 Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at FVTPL with movements in fair value recognised in fair value gains or losses within NIR in the consolidated income statement. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

Derivative instruments are classified as fair value through profit and loss.

Accounting policies continued

5. OTHER ASSETS AND LIABILITIES

5.1 Classification and measurement

<table>
<tr><th>Classification</th><th>Measurement</th></tr>
<tr><td colspan="2">Property and equipment (owned and right of use)</td></tr>
<tr><td>Property and equipment of the group include:

• Assets utilised by the group in the normal course of operations to provide services, including freehold property and leasehold premises and leasehold improvements (owner-occupied properties);
• Assets which are owned by the group and leased to third parties under operating leases as part of the group's revenue-generating operations;
• Capitalised leased assets; and
• Other assets utilised by the group in the normal course of operations, including computer and office equipment, motor vehicles and furniture and fittings.</td><td>Historical cost less accumulated depreciation and impairment losses, except for land, which is not depreciated.

Depreciation is recognised on the straight-line basis over the useful life of the asset, except for assets capitalised under leases where the group is the lessee, in which case it is depreciated per the leases accounting policy 5.2.

Freehold property and property held under leasing agreements:

- Buildings and structures: 50 years
- Motor vehicle: 5 years
- Sundries: 3 - 5 years
- IT equipment: 3 - 5 years
- Other equipment: various: 3 - 10 years
- Furniture and fixtures: 5 - 10 years</td></tr>
<tr><td colspan="2">Intangible assets</td></tr>
<tr><td>Intangible assets of the group include:

• Internally generated intangible assets (including computer software and other assets such as trademarks or patents) are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met.
• External computer software development costs are capitalised when they can be clearly associated with a strategic and unique system which will result in a benefit to the group exceeding the costs incurred for more than one financial period.
• Material acquired trademarks, patents and similar rights are capitalised when the group will receive a benefit from these intangible assets for more than one financial period.

All other costs related to intangible assets are expensed in the financial period incurred.</td><td>Cost less accumulated amortisation and any impairment losses.

Amortisation is on a straight-line basis over the useful life of the asset. The useful life of each asset is assessed individually.

The benchmarks used when assessing the useful life of the individual assets are:

- Software development costs: 3 years
- Trademarks: 10 - 20 years
- Other: 3 - 10 years
- Customer related intangibles: 10 years</td></tr>
<tr><td>Goodwill arising from business combinations is recognised as an intangible asset.</td><td>Tested for impairment annually.</td></tr>
</table>

Accounting policies continued

5. OTHER ASSETS AND LIABILITIES continued

5.1 Classification and measurement continued

Properties in possession
Properties in possession are properties acquired, following the foreclosure on loans that are in default. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value.

Other assets that are subject to depreciation, and intangible assets other than goodwill acquired as part of a business combination (refer to accounting policy 2.1), are reviewed for impairment whenever objective evidence of impairment exists. Impairment losses are recognised in profit or loss as part of operating expenses.

Other assets are derecognised when they are disposed of or, in the case of intangible assets, when no future economic benefits are expected from their use. Gains or losses arising on derecognition are determined as the difference between the carrying amount of the asset and the net proceeds received, and are recorded in profit or loss as part of NIR.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Accounting policies continued

5. OTHER ASSETS AND LIABILITIES continued

5.2 Leases

The group leases a variety of properties and equipment. Rental agreements typically include fixed periods over which the item is leased, which are individually negotiated and contain a wide range of different terms and conditions. The group assesses whether a contract is or contains a lease at inception of the contract.

Qualifying leases are recognised as a right of use asset (ROUA) and a corresponding liability at the date at which the leased asset is made available for use by the group.

	Group company is the lessee	Group company is the lessor
At inception	The group recognises a ROUA and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The ROUAs are measured at cost comprising of: - The amount of the initial measurement of the lease liability; - Any initial direct costs incurred; - Restoration costs where required by the lessee by the terms and conditions of the lease; and - Any lease payments made at or before the commencement date, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its own incremental borrowing rate, being the rate that it can borrow funds from the Group Treasury function.	The group recognises assets sold under a finance lease as finance lease receivables included in advances and impair the advances, as required, in line with the impairment of financial assets accounting policy in section 4.2. No practical expedients are applied, and the general model under IFRS 9 is used for impairment calculations on lease receivables.

Accounting policies continued

5. OTHER ASSETS AND LIABILITIES continued

5.2 Leases continued

	Group company is the lessee	Group company is the lessor
Over the life of the lease	Each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses. The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term. If ownership is transferred at the end of the lease term, the asset is depreciated over the shorter of the lease term or useful life. The group applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss.	Unearned finance income is recognised as interest income over the term of the lease using the effective interest rate method. Finance lease receivables are assessed for impairment in terms of IFRS 9, as set out in the impairment of financial assets policy section 4.2. Interest on finance lease receivables that are credit-impaired (stage 3) is recognised and calculated by applying the original effective interest rate to the net carrying amount.
Presentation	The lease liability is presented in other liabilities in the consolidated statement of financial position. The ROUAs are not presented as a separate line in the consolidated statement of financial position, but rather disclosed as ROUA in the property and equipment note.	Finance lease receivables are presented as part of advances in the consolidated statement of financial position.
Operating leases	For short-term and low-value leases, which the group has defined as all other leases except for property and vehicle leases, the lease payments are recognised as an operating expense, spread on a straight-line basis over the term of the lease.	Assets held under operating leases are included in property and equipment and depreciated – refer to accounting policy 5.1. Rental income is recognised as other NIR on a straight-line basis over the lease term.

5.3 Provisions

The group will only recognise a provision measured in terms of IAS 37 when there is uncertainty around the amount or timing of payment. Where there is no uncertainty the group will recognise the amount as an accrual. The most significant provisions are related to litigation and claims, as well as provisions for intellectual property fees that arise because of the use of dealer platforms, databases, systems, brands and trademarks when marketing and promoting motor warranty products as part of the motor value-added products and services (VAPS) business. The group recognises a provision when a reliable estimate of the outflow required can be made and the outflow is probable (i.e. more likely than not).

Accounting policies continued

6. CAPITAL AND RESERVES

Transaction	Liability	Equity
Shares issued and issue costs	Preference shares, where the group does not have the unilateral ability to avoid repayments, are classified as other liabilities.	The group's equity includes ordinary shares, contingently convertible securities, Additional Tier 1 notes and non-cumulative non-redeemable (NCNR) preference shares. Contingently convertible securities, Additional Tier 1 notes and NCNR preference shares are classified as other equity instruments in the financial statements. Any incremental costs directly related to the issue of new shares or options, net of any related tax benefit, are deducted from the issue price.
Dividends paid / declared	Recognised as interest expense on the underlying liability.	Dividends on equity instruments are recognised against equity. A corresponding liability is recognised when the dividends have been approved by the company's shareholders and distribution is no longer at the discretion of the entity.
Other reserves	Not applicable	Other reserves recognised by the group include general risk reserves, required to be held by some of the group's African operations capital redemption reserve funds and insurance contingency reserves. These reserves are required by in-country legislation governing these subsidiaries and are calculated based on the requirements outlined in the relevant legislation applicable in the specific jurisdiction.

Accounting policies continued

7. TRANSACTIONS WITH EMPLOYEES

7.1 Employee benefits

The group operates defined benefit schemes, the assets of which are held in separate trustee administered funds. These funds are registered in terms of the Pension Funds Act, 1956, and membership of the pension fund is compulsory for all group employees. The defined benefit plans are funded by contributions from employees and the relevant group companies.

Defined benefit plans	
Defined benefit obligation liability	Recognition The liabilities and assets of these funds are reflected as a net asset or liability in the statement of financial position, i.e. the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.
	Measurement The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. The discount rate used is the rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.
Profit or loss	Profit or loss Included as part of staff costs: - Current and past service costs calculated on the projected unit credit method. - Gains or losses on curtailments and settlements that took place in the current period. - Net interest income calculated by applying the discount rate at the beginning of the period to the net asset or liability. - Actuarial gains or losses on long-term employee benefits.
Other comprehensive income	All other remeasurements in respect of the obligation are included in other comprehensive income and never reclassified to profit or loss.
Termination benefits	
The group recognises termination benefits as a liability in the statement of financial position and as an expense, included in staff costs, in profit or loss when it has a present obligation relating to termination. The group has a present obligation at the earlier of the following two occurrences: when the group can no longer withdraw the offer of the termination benefit or when the group recognises any related restructuring costs.	
Liability for short-term employee benefits	
Leave pay	The group recognises a liability for employees' rights to annual leave in respect of past service. The amount recognised by the group is based on the current salary of employees and the contractual terms between employees and the group. The expense is included in staff costs.
Bonuses	The group recognises a liability and an expense for management and staff bonuses when it is probable that the economic benefits will be paid, and the amount can be reliably measured. The expense is included in staff costs.

7.2 Share-based payment transactions

The group operates a cash-settled share-based incentive plan for employees.

Awards granted under cash-settled plans result in a liability being recognised and measured at fair value until settlement. An expense is recognised in profit or loss for employee services received over the vesting period of the plans.

Accounting policies continued

8. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

8.1 Introduction

In preparing the financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise, the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the material critical accounting estimates, assumptions and judgements made by the group, except those related to fair value measurement, which are included in note 30.

8.2 Subsidiary

<table>
<tr><th colspan="2">Subsidiary</th></tr>
<tr><td colspan="2">Only one party can have control over a subsidiary. In determining whether the group has control over an entity, consideration is given to any rights the group has that result in the ability to direct the relevant activities of the investee, and the group's exposure to variable returns.

In operating entities, shareholding is most often the clearest indication of control. However, for structured entities and investment management funds, judgement is often needed to determine which investors have control of the entity or fund. Generally, where the group's shareholding is greater than 50%, the investment is accounted for as a subsidiary.</td></tr>
<tr><td>Decision-making power</td><td>Some of the major factors considered by the group in making this determination include the following:

• The purpose and design of the entity;
• What the relevant activities of the entity are;
• Who controls the relevant activities and whether control is based on voting rights or contractual agreements.

This includes considering:

- What percentage of voting rights is held by the group and the dispersion and behaviour of other investors;
- potential voting rights and whether these increase/decrease the group's voting powers;
- Who makes the operating and capital decisions;
- Who appoints and determines the remuneration of the KMP of the entity;
- Whether any investor has any veto rights on decisions;
- Whether there are any management contracts in place that confer decision-making rights;
- Whether the group provides significant funding or guarantees to the entity; and
- Whether the group's exposure is disproportionate to its voting rights.

• Whether the group is exposed to any downside risk or upside potential that the entity was designed to create;
• To what extent the group is involved in the setup of the entity; and
• To what extent the group is responsible to ensure that the entity operates as intended.</td></tr>
</table>

Accounting policies continued

8. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

8.2 Subsidiary continued

Subsidiary continued	
Exposure to variable returns	Factors considered include: • The group's rights in respect of profit or residual distributions; • The group's rights in respect of repayments and return of debt funding; • Whether the group receives any remuneration from servicing assets or liabilities of the entity; • Whether the group provides any credit or liquidity support to the entity; • Whether the group receives any management fees and whether these are market-related; and • Whether the group can obtain any synergies through the shareholding that are not available to other shareholders. Benefits could be non-financial in nature, such as employee services, etc.
Ability to use power to affect returns	Factors considered include: • Whether the group is acting as an agent or principal; • Whether the group has any de facto decision-making rights; • Whether the decision-making rights the group has are protective or substantive; and • Whether the group has the practical ability to direct the relevant activities.

8.3 Taxation

The group is subject to direct tax in Namibia. As such there may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business.

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Furthermore, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets.

Accounting policies continued

8. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

8.4 Impairment of financial assets

Impairment of advances
In determining whether an impairment loss should be recognised, the group makes judgements as to whether there is a measurable decrease in the estimated future cash flows from a portfolio of loans. The objective of the measurement of an impairment loss is to produce a quantitative measure of the group's credit risk exposure. The group adopts the PD/LGD approach to calculate ECL for advances. ECL is based on a weighted average of the macroeconomic scenarios selected, weighted by the probability of occurrence. Regression modelling techniques are used to predict borrowers' behaviour and transaction characteristics in accordance with and to align with IFRS 9, based on relationships observed in historical data related to the group of accounts to which the model will be applied. Models are used to estimate impairment parameters (PD, LGD and EAD) based on the predictive characteristics identified through the regression process.
Forward-looking information
Forward-looking macroeconomic information has been incorporated into expected credit loss estimates through the application of quantitative modelling and expert judgement-based post-model adjustments. Both quantitative models and expert judgement-based adjustments consider a range of macroeconomic scenarios as inputs. Macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. Development of these scenarios is overseen by the FirstRand macroeconomic forum, which is responsible for oversight and is independent of credit and modelling functions. Teams of economists, both locally and within the various subsidiaries, assess micro- and macroeconomic developments to formulate the macroeconomic forecasts. Various internal and external economists are then requested to assign a probability to each scenario. ECL results are calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process. Quantitative techniques are applied to estimate the impact of macroeconomic factors on ECL using various techniques. Within the RMB corporate and investment banking portfolios, macroeconomic stress testing models are applied to estimate the impact of FLI on ECL. These stress testing models are industry-specific and make use of regression techniques, observed macroeconomic correlations and expert judgement, depending on the extent of data available in each industry. The outputs from these models are used to determine the level of stress that a particular industry is expected to experience, and through-the-cycle impairment parameters are scaled accordingly, with scaling factors based on historical Standard & Poors Global Ratings (S&P) default data. Within retail and commercial portfolios, forward-looking ECL is modelled using regression-based techniques that determine the relationship between key macroeconomic factors and credit risk parameters (with industry considerations further applied in the case of commercial portfolios) based on historically observed correlations. Modelled correlations and macroeconomic variable weightings are adjusted on the basis of expert judgement to ensure that the relationships between macroeconomic forecasts and risk parameters are intuitive and that ECL is reflective of forward-looking expectations of credit performance. Where the impact of forward-looking macroeconomic information on ECL is determined based on historical relationships between macroeconomic movements and default rates, and it is not expected for these relationships to hold under current macroeconomic conditions, judgemental post-model adjustments have been applied to ensure that relationships between macroeconomic forecasts and ECL estimates are intuitive, with ECL increasing where macroeconomic conditions are expected to worsen, and reflecting additional relevant information not catered for in models. This approach is followed across all portfolios.

Accounting policies continued

8. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

8.4 Impairment of financial assets continued

Forward-looking information continued

Three macroeconomic scenarios are utilised, namely a base scenario, an upside scenario and a downside scenario.

Scenario	Probability	Description
Baseline	65.7% (2023: 57.6%)	Global economic growth slows below trend level and developed market (DM) inflation falls from current elevated levels but remains high compared to pre-pandemic levels. Domestic growth remains above trend with inflation gradually trending lower.
Upside	17.3% (2023: 10.5%)	Global growth remains slow towards trend but soon recovers keeping commodity prices elevated through the forecast horizon. Domestic growth is supported by a strong recovery in global growth and investments in the extractive sectors.
Downside	17.0% (2023: 31.9%)	Global inflation remains above central banks' comfort levels, resulting in further policy tightening and negative knock-on consequences for global financial conditions and risk appetite. Domestic growth faces headwinds.

Namibia

The Namibian economy recorded GDP growth of 4.2% in in 2023 largely on the back of increased activity in the mining sector and the production of electricity. We expect GDP growth to remain strongly above its historical trend at 4.7% in 2024 and 3.1% in 2025. Key growth drivers include oil and gas exploration, improvements in uranium and metal ores mining, an increase in public infrastructure spending and tax relief for the consumer and businesses. The main risks to growth are weakness in growth of trading partners, a softening diamond market and dry weather conditions.

Headline inflation will remain sticky on account of upward pressures on fuel prices stemming from an elevated global oil price coupled with a weakening exchange rate. Added to this is upward pressure that we expect from an increase in utility prices stemming from higher electricity tariffs. Inflation will structurally settle above pre-pandemic levels over the forecast horizon.

Bank of Namibia cut its repo rate by 25 basis points (bps), which put Namibia 75 bps below the policy rate of South Africa. We expect that rates have peaked given the peak of the hiking cycle in South Africa, a healthy reserves position domestically and weak private sector credit extension.

Accounting policies continued

8. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

8.4 Impairment of financial assets continued

Significant macroeconomic factors

The table below sets out the most significant macroeconomic factors used to estimate the FLI relating to ECL provisions. The information is forecast over a period of three years. The information below reflects the group's forecasts for each period at 30 June.

June 2024	Upside scenario			Baseline expectation			Downside scenario		
%	2025	2026	2027	2025	2026	2027	2025	2026	2027
Real GDP growth	5.70	6.10	6.00	4.40	3.10	3.40	0.65	–	0.30
CPI inflation	6.30	6.50	6.60	5.30	5.20	4.90	7.65	7.80	7.80
Repo rate	6.75	6.10	6.00	7.50	7.50	7.50	10.75	9.90	7.75

June 2023	Upside scenario			Baseline expectation			Downside scenario		
%	2024	2025	2026	2024	2025	2026	2024	2025	2026
Real GDP growth	5.60	6.30	6.70	2.90	3.00	2.90	0.40	(0.30)	0.00
CPI inflation	4.60	5.10	5.10	5.50	4.80	4.60	7.30	7.80	7.80
Repo rate	5.30	5.30	5.30	8.00	7.25	7.00	10.00	7.50	7.50

The following table reflects the impact on the IFRS 9 impairment provision on advances, if the probability weighting assigned to each of the scenarios were increased to 100%.

IFRS 9 impairment provision at 30 June 2024	N$ '000	% change on total IFRS 9 provision
Baseline	1 647 762	1.8%
Upside	1 544 872	(4.5%)
Downside *	1 694 532	4.7%

IFRS 9 impairment provision at 30 June 2023	N$ '000	% change on total IFRS 9 provision
Baseline	1 310 986	(1.4%)
Upside	1 208 746	(9.1%)
Downside *	1 476 679	11.1%

** Applicable to the secured portfolio.*

In addition to forward-looking macroeconomic information, other types of forward-looking information, such as specific event risk, is taken into account in ECL estimates when required. Furthermore, where there is uncertainty in respect of the respective models' ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, the timing of model updates and macroeconomic events, additional provisions via post model adjustments are made.

Accounting policies continued

8. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

8.4 Impairment of financial assets continued

<table>
<tr><th>Judgement</th><th>Retail and retail SME</th><th>Wholesale and commercial SME</th></tr>
<tr><td rowspan="2">Measurement of the 12-month and LECL</td><td>Parameters are determined on a basis whereby exposures are pooled at a portfolio level (at a minimum). Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour, as well as behavioural and demographic information related to individual exposures currently on book.

PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates. EAD parameter estimates are based on product characteristics in addition to historical drawdown and payment behaviour. LGDs are determined by estimating expected future cash flows, adjusted for FLI such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes.

The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within historical data will continue to be relevant in the future.</td><td>Parameters are determined based on the application of statistical models that produce estimates based on counterparty-specific financial information and transaction characteristics. These characteristics include the nature of available collateral.

Due to the specialised nature of these exposures, parameters produced by models are taken through a robust review and challenge process before being applied to calculate ECL, and are required to be signed off by a committee of wholesale and commercial credit experts who can motivate adjustments to modelled parameters.</td></tr>
<tr><td colspan="2">Parameters are calibrated for the calculation of 12-month and LECL using term structures that consider borrower risk, account age, historical behaviour, transaction characteristics and correlations between parameters.

Term structures have been developed over the remaining lifetime of an instrument. The remaining lifetime is limited to the contractual term of instruments in the portfolio, except for instruments with an undrawn commitment such as credit cards, where there is no contractual expiry date. In such instances the remaining lifetime is determined with reference to the change in client requirements that would trigger a review of the contractual terms, for example an increase in limit.

ECL on open accounts is discounted from the expected date of default to the reporting date, using the asset's original effective interest rate or a reasonable approximation thereof.</td></tr>
<tr><td>Determination of whether the credit risk of financial instruments have increased significantly since initial recognition (SICR)</td><td>SICR triggers continue to be based on client behaviour, client-based behaviour scores and judgemental factors.</td><td>SICR triggers continue to be determined based on client behaviour and the internal FirstRand client rating or risk score, as well as judgemental factors, which include triggers for industries in distress, potentially resulting in the client being added to the watch-list through the group's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a SICR.</td></tr>
</table>

Accounting policies continued

8. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

8.5 Provisions

Provisions for litigation
The group has a policy and process in place to determine when to recognise provisions for potential litigation and claims. The recognition of such provisions is linked to the ranking of the legal risk of potential litigation on the bank's litigation database which indicates if outflow is probable.

8.6 Transactions with employees

Employee benefits – post employment plans	
Determination of present value of defined benefit plan obligations	The cost of the benefits and the present value of the defined benefit pension funds and post-employment medical obligations depend on a number of factors that are determined annually on an actuarial basis, by independent actuaries, using the projected unit credit method which incorporates a number of assumptions. The key assumptions used in determining the charge to profit or loss arising from these obligations include the expected long-term rate of return on the relevant plan assets, discount rate and expected salary and pension increase rates. Any changes in these assumptions will impact the charge to profit or loss and may affect planned funding of the pension plans.

FNB Namibia Group
annual financial statements

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Statements of **comprehensive income**

for the year ended 30 June 2024

N$'000	Note(s)	Group 2024	Group 2023	Company 2024	Company 2023
Interest and similar income	1	6 042 515	4 948 389	6 040 335	4 934 042
Interest expense and similar charges	2	(2 980 997)	(2 266 844)	(2 980 997)	(2 256 109)
Net interest income before impairment of advances		3 061 518	2 681 545	3 059 338	2 677 933
Impairment and fair value of credit on advances	13	(425 451)	(213 300)	(424 045)	(212 939)
Net interest income after impairment of advances		2 636 067	2 468 245	2 635 293	2 464 994
Non-interest revenue	3	2 213 193	2 030 976	2 211 881	2 030 067
- Net fee and commission income		1 927 871	1 795 336	1 927 366	1 794 666
- Commissions received		2 231 320	2 062 098	2 230 815	2 061 428
- Fees charged		(303 449)	(266 762)	(303 449)	(266 762)
- Fair value gains		194 417	155 469	194 417	155 469
- Gains less losses from investing activities		768	(130)	768	(130)
- Other non-interest income*		90 137	80 301	89 330	80 062
Income from operations		4 849 260	4 499 221	4 847 174	4 495 061
Operating expenses	4	(2 495 369)	(2 235 920)	(2 487 191)	(2 231 790)
Net income from operations		2 353 891	2 263 301	2 359 983	2 263 271
Income before indirect tax		2 353 891	2 263 301	2 359 983	2 263 271
Indirect tax	6	(53 540)	(52 009)	(53 396)	(51 878)
Profit before income tax		2 300 351	2 211 292	2 306 587	2 211 393
Income tax expense	6	(701 796)	(693 245)	(701 748)	(693 161)
Profit for the year		1 598 555	1 518 047	1 604 839	1 518 232

* *In the current year other non-interest revenue was renamed to other non-interest income to allow for consistency and comparability with FirstRand Namibia Group..*

Statements of comprehensive income
for the year ended 30 June 2024 continued

N$'000	Note(s)	Group 2024	Group 2023	Company 2024	Company 2023
Other comprehensive income:					
Items that may not be subsequently reclassified to profit or loss:					
Remeasurements on net defined benefit post-employment plan	23	(9 156)	8 869	(9 156)	8 869
Deferred income tax	18	2 835	(2 838)	2 835	(2 838)
Total items that may not be subsequently reclassified to profit or loss		(6 321)	6 031	(6 321)	6 031
Other comprehensive (loss)/income for the year net of taxation		(6 321)	6 031	(6 321)	6 031
Total comprehensive income for the year		1 592 234	1 524 078	1 598 518	1 524 263
Total comprehensive income attributable to:					
Owners of the parent		1 592 234	1 524 078	1 598 518	1 524 263

Statements of **financial position**

as at 30 June 2024

N$'000	Note(s)	Group 2024	Group 2023	Company 2024	Company 2023
Assets					
Cash and cash equivalents	8	3 149 125	1 805 929	3 149 125	1 805 929
Due from banks and other financial institutions	9	9 591 662	9 468 313	9 591 662	9 468 313
Derivative financial instruments	10	349 809	375 785	349 809	375 785
Investment securities	11	8 459 435	9 826 216	8 459 435	9 826 216
Advances	12	37 744 729	35 448 707	37 643 200	35 328 824
Other assets	14	262 428	237 011	181 521	236 304
Current tax asset		3	-	-	-
Investment in subsidiary	15	-	-	136 199	158 405
Property and equipment	16	861 261	906 109	860 308	846 919
Intangible assets	17	59 533	63 428	59 533	63 428
Non-current asset held for sale	19	53 000	-	-	-
Total Assets		60 530 985	58 131 498	60 430 792	58 110 123

Statements of financial position
as at 30 June 2024 continued

		Group		Company	
N$'000	Note(s)	2024	2023	2024	2023
Equity and Liabilities					
Liabilities					
Short trading position	21	34 085	-	34 085	-
Derivative financial instruments	10	430 716	404 096	430 716	404 096
Creditors and accruals	20	717 034	820 671	635 724	820 558
Current tax liability		352 298	57 013	352 298	61 284
Deposits and current accounts*	22	52 513 564	50 522 280	52 512 056	50 520 358
- Deposits from customers	22	39 088 329	36 969 399	39 086 821	36 967 477
- Debt securities		5 878 031	6 075 700	5 878 031	6 075 700
- Due to banks and other financial institutions		7 547 204	7 477 181	7 547 204	7 477 181
Employee liabilities	23	268 326	248 509	268 326	248 509
Other liabilities	24	125 719	161 440	125 719	161 440
Deferred tax liability	18	298 168	295 767	298 845	296 492
Total liabilities		54 739 910	52 509 776	54 657 769	52 512 737
Equity					
Share capital	25	1	1	1	1
Share premium	25	1 142 791	1 142 791	1 142 791	1 142 791
Reserves		4 603	10 924	4 603	10 924
Retained earnings		4 643 680	4 468 006	4 625 628	4 443 670
Total equity		5 791 075	5 621 722	5 773 023	5 597 386
Total Equity and Liabilities		60 530 985	58 131 498	60 430 792	58 110 123

Statements of **changes in equity**

for the year ended 30 June 2024

N$'000	Share capital	Share premium	Total share capital	Defined benefit post-employment reserve	Retained earnings	Total equity
Group						
Balance at 1 July 2022	1	1 142 791	1 142 792	4 893	4 820 994	5 968 679
Profit for the year	-	-	-	-	1 518 047	1 518 047
Other comprehensive income	-	-	-	6 031	-	6 031
Total comprehensive income for the year	-	-	-	6 031	1 518 047	1 524 078
Dividends	-	-	-	-	(1 871 035)	(1 871 035)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(1 871 035)	(1 871 035)
Balance at 1 July 2023	1	1 142 791	1 142 792	10 924	4 468 006	5 621 722
Profit for the year	-	-	-	-	1 598 555	1 598 555
Other comprehensive loss	-	-	-	(6 321)	-	(6 321)
Total comprehensive income for the year	-	-	-	(6 321)	1 598 555	1 592 234
Dividends	-	-	-	-	(1 422 881)	(1 422 881)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(1 422 881)	(1 422 881)
Balance at 30 June 2024	1	1 142 791	1 142 792	4 603	4 643 680	5 791 075
Note(s)	25	25	25			

Statements of changes in equity
for the year ended 30 June 2024 continued

N$'000	Share capital	Share premium	Total share capital	Defined benefit post-employment reserve	Retained earnings	Total equity
Company						
Balance at 1 July 2022	1	1 142 791	1 142 792	4 893	4 796 473	5 944 158
Profit for the year	-	-	-	-	1 518 232	1 518 232
Other comprehensive income	-	-	-	6 031	-	6 031
Total comprehensive income for the year	-	-	-	6 031	1 518 232	1 524 263
Dividends	-	-	-	-	(1 871 035)	(1 871 035)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(1 871 035)	(1 871 035)
Balance at 1 July 2023	1	1 142 791	1 142 792	10 924	4 443 670	5 597 386
Profit for the year	-	-	-	-	1 604 839	1 604 839
Other comprehensive loss	-	-	-	(6 321)	-	(6 321)
Total comprehensive income for the year	-	-	-	(6 321)	1 604 839	1 598 518
Dividends	-	-	-	-	(1 422 881)	(1 422 881)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(1 422 881)	(1 422 881)
Balance at 30 June 2024	1	1 142 791	1 142 792	4 603	4 625 628	5 773 023
Note(s)	25	25	25			

Statements of **cash flows**

for the year ended 30 June 2024

		Group		Company	
N$'000	Note(s)	2024	2023*	2024	2023*
Cash generated from operating activities					
Profit before taxation		2 300 351	2 211 292	2 306 587	2 211 393
Adjusted for:					
- Amortisation of intangibles	17	7 599	15 612	7 599	15 612
- Depreciation of property and equipment	16	109 722	97 558	108 029	95 871
- Impairment and fair value of credit advances	13	425 451	213 300	424 045	212 939
- Provision post-employment benefit obligation		393	4 688	393	4 688
- Other employment accruals		130 938	95 593	130 938	95 593
- Impairment of other assets	4	7 711	-	7 711	-
- Gain from banking and trading activities	3	(194 417)	(127 331)	(194 417)	(127 327)
- Loss/ (profit) on sale of property and equipment	3	288	(12)	273	227
- Share-based payment expenses	4	26 069	20 435	26 069	20 435
- Indirect tax	6	53 540	52 009	53 395	51 878
- Impairment of non-current asset held for sale	4	3 820	-	-	-
- Interest and similar income	1	(6 042 515)	(4 948 389)	(6 040 335)	(4 934 042)
- Interest expenses and similar	2	2 980 997	2 266 845	2 980 997	2 256 110
Interest received		5 933 334	4 827 548	5 931 474	4 813 548
Interest paid		(2 917 714)	(2 146 930)	(2 917 714)	(2 136 196)
Taxation paid		(529 045)	(578 137)	(498 613)	(578 872)
Cash generated from operating activities		2 296 523	2 004 081	2 326 431	2 001 857
Movement in operating assets and liabilities					
Investment securities	11	1 385 123	(2 498 845)	1 385 123	(2 498 845)
Due from banks and other financial institutions	9	132 584	(202 023)	132 584	(202 023)
Advances	12	(2 692 152)	(3 604 988)	(2 709 458)	(3 629 132)
Deposits	22	1 870 764	5 638 549	1 871 179	5 639 109
Due to banks and other financial institutions	22	68 445	205 403	68 445	205 403
Other assets	14	(27 968)	76 712	52 231	(141 382)
Creditors and other payables	20	(103 657)	(19 628)	(162 073)	197 624
Employee liabilities	23	19 424	14 739	19 424	14 725
Other liabilities	24	(61 335)	(53 471)	(61 781)	(53 420)
Short-term trading	21	34 085	(31 865)	34 085	(31 865)
Net cash generated from operating activities		2 921 836	1 528 664	2 956 190	1 502 051

Statements of cash flows

for the year ended 30 June 2024 continued

		Group		Company	
N$'000	Note(s)	2024	2023*	2024	2023*
Cash flows from investing activities					
Acquisition of property and equipment	16	(113 856)	(119 071)	(170 385)	(115 772)
Proceeds on disposal of property and equipment		4 425	4 247	4 409	3 074
Acquisition of intangible assets	17	(3 704)	(11 585)	(3 704)	(11 585)
Loans to shareholders repaid		-	-	22 192	24 487
Net cash outflow from investing activities		(113 135)	(126 409)	(147 488)	(99 796)
Cash flows from financing activities					
Payments on lease liabilities	24	(21 559)	(21 852)	(21 559)	(21 852)
Payments on other liabilities	24	(21 065)	(21 058)	(21 065)	(21 058)
Dividends paid		(1 422 881)	(1 871 035)	(1 422 881)	(1 871 035)
Net cash outflow from financing activities		(1 465 505)	(1 913 945)	(1 465 505)	(1 913 945)
Total cash movement for the year		1 343 196	(511 690)	1 343 196	(511 690)
Cash at the beginning of the year	8	1 805 929	2 317 619	1 805 929	2 317 619
Total cash at end of the year	8	3 149 125	1 805 929	3 149 125	1 805 929

*** Change in the presentation of the statement of cash flows**

During the current year the group has changed the basis of presentation of the statement of cash flows to the indirect method. The change in the presentation allows for simpler collation of information and enhanced reliability. The change in the presentation only impacted net cash flows from operating activities within the statement of cash flows for the group. Refer to note 33 on additional detail on the change in presentation.

Notes to the annual financial statements
for the year ended 30 June 2024

1. Analysis of interest income and other similar income

	Group		Company	
N$'000	2024	2023	2024	2023
Analysis of interest and similar income				
Instruments at amortised cost	6 042 515	4 948 389	6 040 335	4 934 042
Revenue other than from contracts with customers				
- Overdrafts and cash managed accounts	455 332	367 652	455 362	367 659
- Term loans	369 061	325 344	369 061	325 344
- Card loans	83 807	65 712	83 807	65 711
- Instalment sales	477 236	358 293	477 236	358 293
- Lease payments receivable	13 171	11 399	13 171	11 399
- Home loans	1 960 076	1 674 072	1 946 660	1 660 427
- Commercial property finance	501 288	345 735	500 980	345 416
- Personal loans	494 249	399 226	494 249	399 226
- Preference share agreements	97 187	70 443	97 187	70 443
- Other advances	33 623	23 678	33 623	23 289
- Invoice financing	2 679	16 021	2 679	16 021
	4 487 709	3 657 575	4 474 015	3 643 228
Cash and cash equivalents	831 677	663 470	843 191	663 471
Investment securities	723 089	625 872	723 089	625 871
Accrued off-market advances	40	1 472	40	1 472
Interest and similar income	6 042 515	4 948 389	6 040 335	4 934 042

Notes to the annual financial statements

for the year ended 30 June 2024 continued

2. Analysis of interest expense and similar charges

	Group		Company	
N$'000	2024	2023	2024	2023
Analysis of interest expense and similar charges				
Instruments at amortised cost	2 980 997	2 266 844	2 980 997	2 256 109
Deposits from customers				
- Current accounts	382 555	177 464	382 555	177 464
- Savings deposits	32 670	22 236	32 670	22 236
- Call deposits	715 205	511 504	715 205	511 504
- Fixed and notice deposits	650 994	608 129	650 994	608 129
	1 781 424	1 319 333	1 781 424	1 319 333
Debt securities				
- Negotiable certificate of deposit	504 469	407 946	504 469	407 946
- Fixed and floating rate notes	35 151	33 477	35 151	32 852
	539 620	441 423	539 620	440 798
Deposits from banks and other financial institutions	646 876	492 598	646 876	482 488
Other funding liabilities				
- Other liabilities	10 577	11 217	10 577	11 217
- Lease liabilities	2 500	2 273	2 500	2 273
	13 077	13 490	13 077	13 490
Interest expense and similar charges	2 980 997	2 266 844	2 980 997	2 256 109

Notes to the annual financial statements
for the year ended 30 June 2024 continued

3. Non-interest revenue

		Group		Company	
N$'000	Note(s)	2024	2023	2024	2023
Analysis of non-interest revenue					
Fee and commission income		2 231 320	2 062 098	2 230 815	2 061 428
Instruments at amortised cost		2 213 843	2 038 884	2 213 338	2 038 214
Non-financial instruments		17 477	23 214	17 477	23 214
Fee and commission expense		(303 449)	(266 762)	(303 449)	(266 762)
Net fee and commission gains	3.1	1 927 871	1 795 336	1 927 366	1 794 666
Fair value income	3.2	194 417	155 469	194 417	155 469
Gains less losses from investing activities	3.3	768	(130)	768	(130)
Other non-interest Income	3.4	90 137	80 301	89 330	80 062
Total non-interest revenue		2 213 193	2 030 976	2 211 881	2 030 067

Notes to the annual financial statements
for the year ended 30 June 2024 continued

3. Non-interest revenue continued

		Group		Company	
N$'000	Note(s)	2024	2023	2024	2023
3.1 Net fee and commission gains					
- Card commissions		361 091	319 860	361 091	319 860
- Cash deposit fee		99 900	101 443	99 900	101 443
- Commissions: bills and drafts		44 239	26 021	44 445	26 309
- Bank charges*		1 599 236	1 504 194	1 598 739	1 503 525
Banking fee and commissions gains		2 104 466	1 951 518	2 104 175	1 951 137
- Documentation and administration fees		70 938	46 128	70 724	45 839
- Cash handling fees		38 439	41 238	38 439	41 238
- Other commission income*		17 477	23 214	17 477	23 214
Total fee and commission income		2 231 320	2 062 098	2 230 815	2 061 428
Transaction processing fee		(230 766)	(197 976)	(230 766)	(197 977)
Cash sorting, handling and transportation charges		(27 957)	(25 919)	(27 957)	(25 919)
Customer loyalty programmes		(29 976)	(29 335)	(29 976)	(29 335)
ATM commission paid		(10 263)	(7 925)	(10 263)	(7 925)
Other		(4 487)	(5 607)	(4 487)	(5 606)
Total fee and commission expenses		(303 449)	(266 762)	(303 449)	(266 762)
Net fee and commission income		1 927 871	1 795 336	1 927 366	1 794 666

** In the current year other commission income has been disaggregated from bank charges to allow for enhanced disclosure.*

Notes to the annual financial statements

for the year ended 30 June 2024 continued

3. Non-interest revenue continued

		Group		Company	
N$'000	Note(s)	2024	2023	2024	2023
3.2 Fair value income					
Foreign exchange		169 386	135 944	169 386	135 943
Designated at fair value through profit or loss		25 031	19 525	25 031	19 526
Total fair value income		194 417	155 469	194 417	155 469
3.3 Gains less losses from investing activities					
Recoveries/(loss allowance) on investment securities		768	(130)	768	(130)
Total gains less losses from investing activities		768	(130)	768	(130)
3.4 Other non-interest Income					
(Loss)/gain on disposal of property and equipment		(288)	12	(273)	(227)
Rental income		6 773	6 864	6 773	6 864
Other income		83 652	73 425	82 830	73 425
Total other non-interest Income		90 137	80 301	89 330	80 062

Notes to the annual financial statements
for the year ended 30 June 2024 continued

4. Operating expenses

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Auditor's remuneration - external				
Audit fees	13 517	9 831	13 056	9 433
Fees for other services	1 846	214	1 846	214
Total auditors' remuneration	15 363	10 045	14 902	9 647
Non-capitalised lease charges				
- Short-term leases	6 201	4 637	9 046	6 716
- Low value lease charges	3 323	3 219	3 323	3 219
Total non-capitalised lease charges	9 524	7 856	12 369	9 935
Staff costs				
Salaries, wages and allowances	1 079 194	982 036	1 079 194	982 036
Defined contribution schemes: pension	112 895	97 888	112 895	97 888
Off-market staff loans amortisation	40	1 472	40	1 472
Defined contribution schemes: medical	103 583	98 506	103 583	98 506
Severance pay: death in service	1 129	510	1 129	510
Post retirement medical expense	3 784	4 688	3 784	4 688
Social security levies	2 040	1 910	2 040	1 910
Share-based payments	26 069	20 435	26 069	20 435
Skills development levies	14 704	9 206	14 704	9 206
Other staff costs	7 871	2 840	7 871	2 840
Total staff costs	1 351 309	1 219 491	1 351 309	1 219 491

Notes to the annual financial statements
for the year ended 30 June 2024 continued

4. Operating expenses continued

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Other operating costs				
Advertising and marketing	68 504	68 586	68 504	68 586
Amortisation of intangible assets	7 599	15 612	7 599	15 612
Business travel	16 972	13 027	16 972	13 027
Computer expenses	569 713	474 116	569 712	474 115
Depreciation	109 722	97 558	108 029	95 871
Directors remuneration	29 575	16 658	29 575	16 658
Donations	31 600	13 013	31 600	13 013
Impairment loss	11 531	-	7 711	-
Insurance	15 978	11 869	15 661	11 779
Legal and other related expenses	4 180	15 780	4 180	15 780
Other operating expenditure	127 751	149 895	125 616	147 803
Postage	2 057	2 968	2 057	2 968
Professional fees	15 712	14 549	15 684	14 548
Property and maintenance related expenses	78 268	74 955	75 700	73 019
Stationery	8 009	7 692	8 009	7 688
Telecommunications	22 002	22 250	22 002	22 250
Other operating costs	1 119 173	998 528	1 108 611	992 717
Total operating expenses	2 495 369	2 235 920	2 487 191	2 231 790

Notes to the annual financial statements
for the year ended 30 June 2024 continued

5. Directors' remuneration

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Executive directors	25 790	13 854	25 790	13 854
Non-executive directors	3 785	2 804	3 785	2 804
Total directors' remuneration	29 575	16 658	29 575	16 658

N$'000	2024	2023
Non-executive directors		
Group and company		
J Coetzee	532	310
P Grüttemeyer	722	592
CLR Haikali (retired 20 October 2022)	-	300
LD Kapere	433	158
MJ Lubbe	508	180
IN Nashandi	334	238
ON Shikongo	419	114
II Zaamwani-Kamwi (retired 30 November 2022)	-	130
E van Zyl	837	782
	3 785	2 804

Non-executive directors appointed by FirstRand Limited (SA) do not receive directors fees for services.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

5. Directors' remuneration continued

Executive – Group and company

N$'000	2024	2023
C Dempsey – CEO		
Cash package paid during the year	2 582	2 151
Retirement contributions paid during the year	521	444
Other allowances	819	748
Guaranteed package	3 922	3 343
Cash:*		
- within 6 months	2 480	2 031
- within 1 year	788	725
LTI award - retention#	3 300	-
Share based payment	4 791	-
Variable pay	11 359	2 756
Total guaranteed and variable pay	15 281	6 099

Notes to the annual financial statements
for the year ended 30 June 2024 continued

5. Directors' remuneration continued

Executive - Group and company continued

N$'000	2024	2023
LP Smit - CFO (appointed 24 July 2023)		
Cash package paid during the year	1 619	-
Retirement contributions paid during the year	285	-
Other allowances	272	-
Guaranteed package	2 176	-
Cash:*		
- within 6 months	600	-
LTI award - retention#	1 810	-
Variable pay	2 410	-
Total guaranteed and variable pay	4 586	-

Notes to the annual financial statements
for the year ended 30 June 2024 continued

5. Directors' remuneration continued

Executive – Group and company continued

N$'000	2024	2023
E Tjipuka – CEO FNB Franchise (resigned 4 Sept 2023)**		
Cash package paid during the year	576	2 369
Retirement contributions paid during the year	113	392
Other allowances	430	167
Guaranteed package	1 119	2 928
Cash*		
- within 6 months	1 333	1 324
- Within 1 year	-	353
Share based payment	3 471	-
Variable pay	4 804	1 677
Total guaranteed and variable pay	5 923	4 605

Notes to the annual financial statements
for the year ended 30 June 2024 continued

5. Directors' remuneration continued

Executive – Group and company continued

N$'000	2024	2023
OLP Capelao – CFO (resigned 28 April 2023)**		
Cash package paid during the year	-	1 433
Retirement contributions paid during the year	-	242
Other allowances	-	354
Guaranteed package	-	2 029
Cash:*		
- within 6 months	-	1 121
- within 1 year	-	-
Variable pay	-	1 121
Total guaranteed and variable pay	-	3 150

* *Variable compensation paid in cash in respect of the year ended June is paid (with an interest factor) in three tranches during the following year ended on 30 June, i.e. August, December and June.*

** *Pro rata remuneration disclosed to reflect the period of the year he was executive director.*

The CEO received N$3.3 million and the CFO received N$1.8 million as retention bonus with a clawback of 100% of the amount should they leave the employment of the group within 3 years as part of the long term incentive plan (LTI). Long-term incentive awards are made annually under the CIP and vesting is dependent on certain corporate performance targets being met on a cumulative basis over three years. The COVID and CIP instruments vested in the 2024 financial year.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

5. Directors' remuneration continued

FirstRand Ltd shares	Opening balance June 2023	Granted during the year	Forfeited this year	Taken this year (vested/ sold)	Vesting date	Value on settlement N$'000	Closing balance as at 30 June 2024	Fair value as at 30 June 2024 N$'000
C Dempsey								
FirstRand Ltd shares	61 161	-	-	(61 161)	25/09/23	3 967	-	-
FirstRand Ltd shares	9 982	-		(9 982)	25/09/23	647	-	-
FirstRand Ltd shares	2 435	-		(2 435)	23/09/23	177	-	-
FirstRand Ltd shares	43 821	-		-	23/09/24	-	56 967	4 381
FirstRand Ltd shares	5 437	-		-	26/09/24	-	5 437	418
FirstRand Ltd shares	48 327	-		-	26/09/25	-	48 325	3 525
FirstRand Ltd shares	-	67 108	-	-	26/09/26	-	53 962	3 728
	171 161	67 108	-	(73 578)		4 791	164 691	12 052
E Tjipuka								
FirstRand Ltd shares	53 516	-	-	(53 516)	25/09/23	3 471	-	-
FirstRand Ltd shares	6 371	-	-	(6 371)	25/09/23	413	-	-
FirstRand Ltd shares	14 201	4 260	(18 461)	-	23/09/24	-	-	-
FirstRand Ltd shares	14 202	-	(14 202)	-	23/09/24	-	-	-
FirstRand Ltd shares	16 108	-	(16 108)	-	26/09/25	-	-	-
FirstRand Ltd shares	16 108	-	(16 108)	-	26/09/25	-	-	-
FirstRand Ltd shares	-	16 574	(16 574)	-	26/09/26	-	-	-
FirstRand Ltd shares	-	16 574	(16 574)	-	26/09/26	-	-	-
	120 506	37 408	(98 027)	(59 887)		3 884	-	-
LP Smit								
FirstRand Ltd shares	4 869	-	-	-	23/09/24	-	4 869	374
FirstRand Ltd shares	5 638	-	-	-	26/09/25	-	5 638	411
FirstRand Ltd shares	-	7 709	-	-	26/09/26	-	7 709	533
FirstRand Ltd shares	-	7 708	-	-	26/09/26	-	7 708	533
	10 507	15 417	-	-		-	25 924	1 851

Notes to the annual financial statements
for the year ended 30 June 2024 continued

6. Taxation

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Indirect tax				
Stamp duties	8 650	12 995	8 650	12 995
Value-added tax (net)	44 890	39 014	44 746	38 883
Total indirect tax	53 540	52 009	53 396	51 878
Direct tax				
Current				
Local income tax current period	703 288	520 999	703 288	520 999
Deferred				
Originating and reversing temporary differences	(1 492)	172 246	(1 540)	172 162
Total income tax expense	701 796	693 245	701 748	693 161
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	32.00%	32.00%	32.00%	32.00%
Total tax has been affected by:				
Tax rate change adjustment	(0.41%)	- %	(0.41%)	- %
Other non-taxable income*	(1.35%)	(1.02%)	(1.35%)	(1.02%)
Other	- %	0.02%	- %	0.02%
Disallowed expenditure **	0.27%	0.35%	0.19%	0.35%
Effective rate of tax	30.51%	31.35%	30.43%	31.35%

** Includes fair value income which is non-taxable.*

*** Includes donations and expenditure in entities which do not have taxable income.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

7. Analysis of assets and liabilities

The following table analyses the assets and liabilities in the statement of financial position per category of financial instrument, according to measurement basis and in order of when the assets are expected to be realised/settled.

Group - 2024

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair value through profit or loss designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and Non contractual
Assets								
Cash and cash equivalents	3 149 125	-	-	-	-	3 149 125	3 149 125	-
Due from banks and other financial institutions	9 591 662	-	-	-	-	9 591 662	3 187 680	6 403 982
Derivative financial instruments	-	349 809	-	-	-	349 809	216 110	133 699
Investment securities	7 845 752	612 894	-	789	-	8 459 435	1 476 520	6 982 915
Advances	37 363 979	78 954	301 796	-	-	37 744 729	9 173 839	28 570 890
Other assets	34 532	-	-	-	227 896	262 428	134 964	127 464
Non-financial assets	-	-	-	-	973 797	973 797	53 000	920 797
Total assets	57 985 050	1 041 657	301 796	789	1 201 693	60 530 985	17 391 238	43 139 747
Equity and Liabilities								
Total equity	-	-	-	-	5 791 075	5 791 075	-	5 791 075
Liabilities								
Derivative financial instruments	-	430 716	-	-	-	430 716	374 866	55 850
Creditors and accruals	559 700	-	-	-	157 334	717 034	527 301	189 733
Deposits	44 966 360	-	-	-	-	44 966 360	42 269 028	2 697 332
Short trading position	-	34 085	-	-	-	34 085	34 085	-
Other liabilities	94 588	-	-	-	31 131	125 719	40 483	85 236
Due to banks and other financial institutions	7 547 204	-	-	-	-	7 547 204	7 547 204	-
Non-financial liabilities	-	-	-	-	918 792	918 792	512 895	405 897
Total liabilities	53 167 852	464 801	-	-	1 107 257	54 739 910	51 305 862	3 434 048
Equity and liabilities	53 167 852	464 801	-	-	6 898 332	60 530 985	51 305 862	9 225 123

Notes to the annual financial statements
for the year ended 30 June 2024 continued

7. Analysis of assets and liabilities continued

Group - 2023

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair value through profit or loss designated	Non-financial instruments	Total carrying value	Current	Non-current and Non contractual
Assets							
Cash and cash equivalents	1 805 929	-	-	-	1 805 929	1 805 929	-
Due from banks and other financial institutions	9 468 313	-	-	-	9 468 313	3 472 444	5 995 869
Derivative financial instruments	-	375 785	-	-	375 785	156 001	219 784
Investment securities	9 376 851	-	449 365	-	9 826 216	5 100 168	4 726 048
Advances	35 448 707	-	-	-	35 448 707	9 873 593	25 575 114
Other assets	89 702	-	-	147 309	237 011	67 742	169 269
Non-financial assets	-	-	-	969 537	969 537	-	969 537
Total assets	56 189 502	375 785	449 365	1 116 846	58 131 498	20 475 877	37 655 621
Equity and Liabilities							
Equity	-	-	-	5 621 722	5 621 722	-	5 621 722
Liabilities							
Derivative financial instruments	-	404 096	-	-	404 096	355 226	48 870
Creditors and accruals	619 017	-	-	201 654	820 671	737 761	82 910
Deposits*	50 522 280	-	-	-	50 522 280	47 871 110	2 651 170
Other liabilities	126 133	-	-	35 307	161 440	37 191	124 249
Due to banks and other financial institutions*	7 477 181	-	-	-	7 477 181	7 477 181	7 477 181
Non-financial liabilities	-	-	-	601 289	601 289	199 548	401 741
Total liabilities	51 267 430	404 096	-	838 250	52 509 776	49 200 836	3 308 940
Equity and liabilities	51 267 430	404 096	-	6 459 972	58 131 498	49 200 836	8 930 662

* *In the current year the group and company has disaggregated deposits between deposits and due to banks and other financial institutions to allow for consistency and comparability.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

7. Analysis of assets and liabilities continued

Company – 2024

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair value through profit or loss designated	At fair value through other comprehensive income (equity)	Non-financial instruments	Total carrying value	Current	Non-current and Non contractual
Assets								
Cash and cash equivalents	3 149 125	-	-	-	-	3 149 125	3 149 125	-
Due from banks and other financial institutions	9 591 662	-	-	-	-	9 591 662	3 187 680	6 403 982
Derivative financial instruments	-	349 809	-	-	-	349 809	216 110	133 699
Investment securities	7 845 752	612 894	-	789	-	8 459 435	1 476 520	6 982 915
Advances	37 262 450	78 954	301 796	-	-	37 643 200	9 173 839	28 469 361
Other assets	34 532	-	-	-	146 989	181 521	134 964	46 557
Non-financial assets	-	-	-	-	1 056 040	1 056 040	-	1 056 040
Total assets	57 883 521	1 041 657	301 796	789	1 203 029	60 430 792	17 338 238	43 092 554
Equity and Liabilities								
Equity	-	-	-	-	5 773 023	5 773 023	-	5 773 023
Liabilities								
Derivative financial instruments	-	430 716	-	-	-	430 716	374 866	55 850
Creditors and accruals	478 390	-	-	-	157 334	635 724	445 961	189 733
Deposits	44 964 852	-	-	-	-	44 964 852	42 269 028	2 695 824
Short trading position	-	34 085	-	-	-	34 085	34 085	-
Other liabilities	94 588	-	-	-	31 131	125 719	40 483	85 236
Due to banks and other financial institutions	7 547 204	-	-	-	-	7 547 204	7 547 204	-
Non-financial liabilities	-	-	-	-	919 469	919 469	512 895	406 574
Total liabilities	53 085 034	464 801	-	-	1 107 934	54 657 769	51 224 552	3 433 217
Equity and liabilities	53 085 034	464 801	-	-	6 880 957	60 430 792	51 224 552	9 206 240

Notes to the annual financial statements
for the year ended 30 June 2024 continued

7. Analysis of assets and liabilities continued

Company - 2023

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair value through profit or loss designated	Non-financial instruments	Total carrying value	Current	Non-current and Non contractual
Assets							
Cash and cash equivalents	1 805 929	-	-	-	1 805 929	1 805 929	-
Due from banks and other financial institutions	9 468 313	-	-	-	9 468 313	3 472 444	5 995 869
Derivative financial instruments	-	375 785	-	-	375 785	156 001	219 784
Investment securities	9 376 851	-	449 365	-	9 826 216	5 100 168	4 726 048
Advances	35 328 824	-	-	-	35 328 824	9 868 016	25 460 808
Other assets	89 623	-	-	146 681	236 304	67 675	168 629
Non-financial assets	-	-	-	1 068 752	1 068 752	-	1 068 752
Total assets	56 069 540	375 785	449 365	1 215 433	58 110 123	20 470 233	37 639 890
Equity and Liabilities							
Equity	-	-	-	5 597 386	5 597 386	-	5 597 386
Liabilities							
Derivative financial instruments	-	404 096	-	-	404 096	355 226	48 870
Creditors and accruals	618 903	-	-	201 655	820 558	737 649	82 909
Deposits*	50 520 358	-	-	-	50 520 358	47 871 110	2 649 248
Other liabilities	126 133	-	-	35 307	161 440	37 191	124 249
Due to banks and other financial institutions*	7 477 181	-	-	-	7 477 181	7 477 181	-
Non-financial liabilities	-	-	-	606 285	606 285	203 819	402 466
Total liabilities	51 265 394	404 096	-	843 247	52 512 737	49 204 995	3 307 742
Equity and liabilities	51 265 394	404 096	-	6 440 633	58 110 123	49 204 995	8 905 128

* *In the current year the group and company has disaggregated deposits between deposits and due to banks and other financial institutions to allow for consistency and comparability.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

8. Cash and cash equivalents

	Group		Company	
N$'000	2024	2023	2024	2023
Coins and bank notes	648 972	557 756	648 972	557 756
Balances with central bank	2 500 153	1 248 173	2 500 153	1 248 173
Total cash and cash equivalents	3 149 125	1 805 929	3 149 125	1 805 929
Mandatory reserve balance included in above	559 922	536 731	559 922	536 731

Banks are required to deposit a minimum average balance, calculated monthly, with the central bank. The bank may withdraw 25% of the balances on demand to meet part of its intra-day settlement obligations. This mandatory reserve deposits does not bear any interest.

ECL for cash and cash equivalent are immaterial.

9. Due from banks and other financial institutions

	Group		Company	
N$'000	2024	2023	2024	2023
Namibia Dollar	9 591 662	9 468 313	9 591 662	9 468 313

FNB Namibia (FNBN) entered into a series of fully collateralised repo and reverse repo transactions with FirstRand Bank (FRB) for a total value of N$7.2 billion. The repo transaction is disclosed under due to banks and other financial liabilities. Refer to note 22.

ECL for due from banks and other financial institutions are immaterial.

10. Derivative financial instruments

Use of derivatives

The group transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the group's own risk. The group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels, with off-setting deals being utilised to achieve this where necessary.

For further detail on the valuation of derivatives refer to note 30.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

10. Derivative financial instruments continued

Hedging instruments

The group's fair value hedges consist principally of currency forwards and interest rate swaps used to hedge the fair value risk associated with changes in interest rates. These are not designated as hedging instruments and therefore hedge accounting does not apply.

For further details on the group's approach to managing interest rate risk and market risk, refer to note 31.

By using derivative financial instruments to hedge exposures to changes in interest rates, the group also exposes itself to the credit risk of the derivative counterparty, which is not offset by the hedged item. For information on how the group minimises counterparty risk in derivative instruments, refer to note 31.

Most of the group's derivative transactions relate to sale activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take on, transfer, modify or reduce current or expected risk.

The following tables reflect the notional and fair value of the derivatives that are held for trading:

2024	Group and company			
N$'000	Assets notional	Fair value	Liabilities notional	Fair value
Held for trading				
- Currency derivatives	1 646 753	66 318	972 062	95 047
- Interest rate derivatives	2 194 065	13 050	2 194 076	15 162
- Commodity derivatives	2 279 032	270 441	2 279 032	320 507
Total	6 119 850	349 809	5 445 170	430 716

2023	Group and company			
N$'000	Assets notional	Fair value	Liabilities notional	Fair value
Held for trading				
- Currency derivatives	417 517	126 110	1 250 653	137 260
- Interest rate derivatives	1 628 086	31 956	2 153 086	49 106
- Commodity derivatives	1 525 123	217 152	1 525 123	217 152
- Energy derivatives	4 602	567	4 602	578
Total	3 575 328	375 785	4 933 464	404 096

Notes to the annual financial statements
for the year ended 30 June 2024 continued

11. Investment securities

	Group		Company	
N$'000	2024	2023	2024	2023
Treasury bills	3 099 656	4 641 740	3 099 656	4 641 740
Other government and government guaranteed stock	5 362 877	5 189 130	5 362 877	5 189 130
Unlisted equity	789	-	789	-
Total gross carrying amount of investment securities	8 463 322	9 830 870	8 463 322	9 830 870
Loss allowance on investment securities	(3 887)	(4 654)	(3 887)	(4 654)
Total investment securities	8 459 435	9 826 216	8 459 435	9 826 216
Analysis of Investment securities				
Amortised cost	7 845 752	9 376 851	7 845 752	9 376 851
Equities - Fair value through other comprehensive income	789	-	789	-
Other securities - Fair value through profit or loss	612 894	449 365	612 894	449 365
Total investment securities	8 459 435	9 826 216	8 459 435	9 826 216

Notes to the annual financial statements
for the year ended 30 June 2024 continued

11. Investment securities

N$7 845 million (2023: N$9 376 million) of the financial instruments form part of the group's liquid asset portfolio in terms of the Banking Institutions Act (No 13 of 2023) and other foreign banking regulators' requirements.

Information regarding other investments are required in terms of Schedule 4 of the Companies Act 2004 is kept at the company's registered offices. This information is open for inspection in terms of the provisions of Section 120 of the Companies Act.

The loss allowance on investment securities measured at amortised cost is N$3.9 million (2023: N$4.7 million).

The loss allowance on investment securities at fair value through other comprehensive income is nil.

The directors' valuation of unlisted investments is considered to approximate fair value.

	Group and company	
N$'000	2024	2023
Reconciliation of the loss allowance		
Balance at the beginning of the year	4 654	4 524
Impairment for the periods: (Impairment charge/reversal in the income statement)		
- Stage 1	(767)	130
Balance at the end of the year	3 887	4 654

Notes to the annual financial statements

for the year ended 30 June 2024 continued

12. Advances

	Group		Company	
N$'000	2024	2023	2024	2023
Notional value of advances	39 416 240	36 777 786	39 304 401	36 649 877
Category analysis				
Overdrafts and cash managed accounts	3 426 564	4 405 082	3 426 564	4 405 082
Term loans	4 971 296	3 315 812	4 971 296	3 315 812
Card loans	566 451	551 041	566 451	551 041
Instalment sales	4 136 878	3 499 579	4 136 879	3 499 579
Lease payments receivable	138 068	116 894	138 068	116 894
Home loans	16 775 824	16 394 784	16 663 984	16 269 980
Commercial property finance	4 331 047	4 103 278	4 331 047	4 100 178
Personal loans	3 430 827	3 121 755	3 430 827	3 121 755
Preference share agreements	964 464	852 178	964 464	852 178
Investment bank term loans	302 759	-	302 759	-
Invoice finance	11 729	145 033	11 729	145 033
Other	281 379	272 350	281 379	272 345
Assets under agreement to resell	78 954	-	78 954	-
Gross value of advances	39 416 240	36 777 786	39 304 401	36 649 877
Impairment of advances	(1 671 511)	(1 329 079)	(1 661 201)	(1 321 053)
Net advances	37 744 729	35 448 707	37 643 200	35 328 824
Portfolio analysis				
Fair value through profit or loss	380 750	-	380 750	-
Amortised cost	37 363 979	35 448 707	37 262 450	35 328 824
Net advances	37 744 729	35 448 707	37 643 200	35 328 824

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Maturity analysis of lease payment receivables

	Group and company	
N$'000	2024	2023
Within 1 year	103 415	68 054
Between 1 and 2 years	30 630	40 168
Between 2 and 3 years	17 766	15 501
Between 3 and 4 years	5 834	9 140
Between 4 and 5 years	3 523	2 573
More than 5 years	3 149	2 518
Total gross amount	164 317	137 954
Unearned finance charges	(26 249)	(21 060)
Net amount	138 068	116 894

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Analysis of advances per class :
In determining classes of advances, the type of client is used as a primary indicator, and then the type of loans provided to that client is reflected as sub-classes.

Group - 2024

N$000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Property finance	16 788 707	-	(552 249)	16 236 458
Vehicle and asset finance	1 904 655	-	(59 628)	1 845 027
Total Retail secured	18 693 362	-	(611 877)	18 081 485
Credit card	548 070	-	(67 655)	(480 415)
Personal loans	3 426 686	-	(309 554)	3 117 132
Other retail	552 828	-	(102 593)	450 235
Total Retail unsecured	4 527 584	-	(479 802)	4 047 782
FNB Commercial	6 513 002	-	(422 931)	6 090 071
Commercial vehicle and asset finance	2 651 924	-	(103 338)	2 548 586
Total FNB Commercial	9 164 926	-	(526 269)	8 638 657
RMB Corporate and Investment banking	6 648 655	381 713	(53 563)	6 976 805
Total Corporate and Commercial	15 813 581	381 713	(579 832)	15 615 462
Total advances	39 034 527	381 713	(1 671 511)	37 744 729

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Group - 2023

N$000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Property finance	16 408 976	-	(435 073)	15 973 903
Vehicle and asset finance	1 794 879	-	(66 378)	1 728 501
Total Retail secured	18 203 855	-	(501 451)	17 702 404
Credit card	532 095	-	(49 562)	482 533
Personal loans	3 117 627	-	(263 058)	2 854 569
Other retail	537 987	-	(75 545)	462 442
Total Retail unsecured	4 187 709	-	(388 165)	3 799 544
FNB Commercial	6 003 963	-	(324 213)	5 679 750
Commercial vehicle and asset finance	2 093 939	-	(61 992)	2 031 947
Total FNB Commercial	8 097 902	-	(386 205)	7 711 697
RMB Corporate and Investment banking	6 288 320	-	(53 258)	6 235 062
Total Corporate and Commercial	14 386 222	-	(439 463)	13 946 759
Total advances	36 777 786	-	(1 329 079)	35 448 707

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Company – 2024

N$000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Property finance	16 676 391	–	(541 939)	16 134 452
Vehicle and asset finance	1 904 655	–	(59 628)	1 845 027
Total Retail secured	18 581 046	–	(601 567)	17 979 479
Credit card	548 070	–	(67 655)	480 415
Personal loans	3 426 686	–	(309 554)	3 117 132
Other retail	553 305	–	(102 593)	450 712
Total Retail unsecured	4 528 061	–	(479 802)	4 048 259
FNB Commercial	6 513 002	–	(422 931)	6 090 071
Commercial vehicle and asset finance	2 651 924	–	(103 338)	2 548 586
Total FNB Commercial	9 164 926	–	(526 269)	8 638 657
RMB Corporate and Investment banking	6 648 655	381 713	(53 563)	6 976 805
Total Corporate and Commercial	15 813 581	381 713	(579 832)	15 615 462
Total advances	38 922 688	381 713	(1 661 201)	37 643 200

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Company - 2023

N$000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Property finance	16 284 166	-	(427 047)	15 857 119
Vehicle and asset finance	1 794 879	-	(66 378)	1 728 501
Total Retail secured	18 079 045	-	(493 425)	17 585 620
Credit card	532 095	-	(49 562)	482 533
Personal loans	3 117 628	-	(263 059)	2 854 569
Other retail	537 987	-	(75 545)	462 442
Total Retail unsecured	4 187 710	-	(388 166)	3 799 544
FNB Commercial	6 000 863	-	(324 213)	5 676 650
Commercial vehicle and asset finance	2 093 939	-	(61 992)	2 031 947
Total FNB Commercial	8 094 802	-	(386 205)	7 708 597
RMB Corporate and Investment banking	6 288 320	-	(53 257)	6 235 063
Total Corporate and Commercial	14 383 122	-	(439 462)	13 943 660
Total advances	36 649 877	-	(1 321 053)	35 328 824

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

Notes to the annual financial statements

for the year ended 30 June 2024 continued

12. Advances continued

Reconciliation of the gross carrying amount and loss allowance on those advances

Group - **2024**

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	32 058 216	2 948 269	1 771 301	36 777 786	247 810	273 956	807 313	1 329 079
Amount as at 1 July 2023	32 058 216	2 948 269	1 771 301	36 777 786	247 810	273 956	807 313	1 329 079
Transfer from stage 1 to stage 2	(3 009 400)	3 009 400	-	-	(13 931)	13 931	-	-
Transfer from stage 1 to stage 3	(568 117)	-	568 117	-	(5 661)	-	5 661	-
Transfer from stage 2 to stage 3	-	(527 287)	527 287	-	-	(59 509)	59 509	-
Transfer from stage 2 to stage 1	2 264 447	(2 264 447)	-	-	69 187	(69 187)	-	-
Transfer from stage 3 to stage 2	-	18 091	(18 091)			3 801	(3 801)	
Transfer from stage 3 to stage 1	49 495	-	(49 495)	-	6 798	-	(6 798)	-
Opening balances of back book after transfer*	30 794 641	3 184 026	2 799 119	36 777 786	304 203	162 992	861 884	1 329 079
Other current period charges / (releases)	2 915 708	128 213	(224 031)	2 819 890	(46 668)	187 575	382 961	523 868
Change in exposure of back book in the current year	(3 827 286)	(116 809)	(367 558)	(4 311 653)	(91 742)	167 084	286 839	362 181
- Exposures with a change in measurement basis from 12 months to LECL	-	(20 859)	-	(20 859)	-	27 964	-	27 964
- Other current year charge/(release)	(3 827 286)	(95 950)	(367 558)	(4 290 794)	(91 742)	139 120	286 839	334 217
Change in exposure due to new business in the current year	6 742 994	245 022	143 527	7 131 543	45 074	20 491	99 122	161 687
Bad debts written off**	-	-	(181 436)	(181 436)	-	-	(181 436)	(181 436)
Amount as at 30 June 2024	33 710 349	3 312 239	2 393 652	39 416 240	257 535	350 567	1 063 409	1 671 511
Amortised cost	33 328 636	3 312 239	2 393 652	39 034 527	256 572	350 567	1 063 409	1 670 548
Fair value	381 713	-	-	381 713	963	-	-	963

Notes to the annual financial statements

for the year ended 30 June 2024 continued

12. Advances continued

Group - 2023

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	28 745 062	2 760 686	1 787 925	33 293 673	269 857	332 249	773 068	1 375 174
Fair value	70 844	-	-	70 844	44	-	-	44
Amount as at 1 July 2022	28 815 906	2 760 686	1 787 925	33 364 517	269 901	332 249	773 068	1 375 218
Transfer from stage 1 to stage 2	(1 329 936)	1 329 936	-	-	(11 674)	11 674	-	-
Transfer from stage 1 to stage 3	(131 778)	-	131 778	-	(2 494)	-	2 494	-
Transfer from stage 2 to stage 3	-	(145 855)	145 855	-	-	(18 844)	18 844	-
Transfer from stage 2 to stage 1	281 555	(281 555)	-	-	15 675	(15 675)	-	-
Transfer from stage 3 to stage 2	-	101 858	(101 858)	-	-	23 861	(23 861)	-
Transfer from stage 3 to stage1	777	-	(777)	-	546	-	(546)	-
Opening balances of back book after transfer*	27 636 524	3 765 070	1 962 923	33 364 517	271 954	333 265	769 999	1 375 218
Other current period charges / (releases)	4 421 692	(816 801)	162 927	3 767 818	(24 144)	(59 309)	391 863	308 410
Change in exposure of back book in the current year	(1 312 035)	(1 263 344)	96 160	(2 479 219)	(69 391)	(95 541)	346 619	181 687
- Exposures with a change in measurement basis from 12 months to LECL	-	(67 678)	-	(67 678)	-	29 517	-	29 517
- Other current year charge/(release)	(1 312 035)	(1 195 666)	96 160	(2 411 541)	(69 391)	(125 058)	346 619	152 170
Change in exposure due to new business in the current year	5 733 727	446 543	66 767	6 247 037	45 247	36 232	45 244	126 723
Bad debts written off**	-	-	(354 549)	(354 549)	-	-	(354 549)	(354 549)
Amount as at 30 June 2023	32 058 216	2 948 269	1 771 301	36 777 786	247 810	273 956	807 313	1 329 079
Amortised cost	32 058 216	2 948 269	1 771 301	36 777 786	247 810	273 956	807 313	1 329 079

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Company - **2024**

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	31 963 808	2 932 485	1 753 584	36 649 877	247 797	273 226	800 030	1 321 053
Amount as at 1 July 2023	31 963 808	2 932 485	1 753 584	36 649 877	247 797	273 226	800 030	1 321 053
Transfer from stage 1 to stage 2	(3 014 957)	3 014 957	-	-	(14 135)	14 135	-	-
Transfer from stage 1 to stage 3	(568 515)	-	568 515	-	(5 712)	-	5 712	-
Transfer from stage 2 to stage 3	-	(527 289)	527 289	-	-	(59 511)	59 511	-
Transfer from stage 2 to stage 1	2 270 884	(2 270 884)	-	-	69 200	(69 200)	-	-
Transfer from stage 3 to stage 2		19 686	(19 686)		-	3 990	(3 990)	
Transfer from stage 3 to stage 1	49 865	-	(49 865)	-	6 799	-	(6 799)	-
Opening balances of back book after transfer*	30 701 085	3 168 955	2 779 837	36 649 877	303 949	162 640	854 464	1 321 053
Other current period charges / (releases)	2 926 165	130 053	(220 258)	2 835 960	(46 510)	186 910	381 184	521 584
Change in exposure of back book in the current year	(3 827 287)	(116 809)	(367 557)	(4 311 653)	(91 743)	167 084	286 840	362 181
- Exposures with a change in measurement basis from 12 months to LECL	-	(20 859)	-	(20 859)	-	27 964	-	27 964
- Other current year charge/(release)	(3 827 287)	(95 950)	(367 557)	(4 290 794)	(91 743)	139 120	286 840	334 217
Change in exposure due to new business in the current year	6 753 452	246 862	147 299	7 147 613	45 233	19 826	94 344	159 403
Bad debts written off**	-	-	(181 436)	(181 436)	-	-	(181 436)	(181 436)
Amount as at 30 June 2024	33 627 250	3 299 008	2 378 143	39 304 401	257 439	349 550	1 054 212	1 661 201
Amortised cost	33 245 537	3 299 008	2 378 143	38 922 688	256 476	349 550	1 054 212	1 660 238
Fair value	381 713	-	-	381 713	963	-	-	963

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Company - 2023

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	28 639 965	2 736 954	1 766 787	33 143 706	269 592	330 893	768 762	1 369 247
Fair value	70 844	-	-	70 844	44	-	-	44
Amount as at 1 July 2022	28 710 809	2 736 954	1 766 787	33 214 550	269 636	330 893	768 762	1 369 291
Transfer from stage 1 to stage 2	(1 321 476)	1 321 476	-	-	(11 644)	11 644	-	-
Transfer from stage 1 to stage 3	(130 821)	-	130 821	-	(2 309)	-	2 309	-
Transfer from stage 2 to stage 3	-	(145 624)	145 624	-	-	(18 791)	18 791	-
Transfer from stage 2 to stage 1	266 260	(266 260)	-	-	15 306	(15 306)	-	-
Transfer from stage 3 to stage 2		101 294	(101 294)	-	-	23 780	(23 780)	-
Transfer from stage 3 to stage 1	487	-	(487)	-	352	-	(352)	-
Opening balances of back book after transfer*	27 525 259	3 747 840	1 941 451	33 214 550	271 341	332 220	765 730	1 369 291
Other current period charges / (releases)	4 438 549	(815 355)	166 682	3 789 875	(23 544)	(58 993)	388 849	306 311
Change in exposure of back book in the current year	(1 295 178)	(1 261 898)	99 915	(2 457 161)	(68 791)	(95 226)	343 606	179 588
- Exposures with a change in measurement basis from 12 months to LECL	-	(67 678)	-	(67 678)	-	29 517	-	29 517
- Other current year charge/(release)	(1 295 178)	(1 194 220)	99 915	(2 389 483)	(68 791)	(124 743)	343 606	150 071
Change in exposure due to new business in the current year	5 733 727	446 543	66 767	6 247 036	45 247	36 233	45 243	126 723
Bad debts written off**	-	-	(354 549)	(354 549)	-	-	(354 549)	(354 549)
Amount as at 30 June 2023	31 963 808	2 932 485	1 753 584	36 649 877	247 797	273 227	800 030	1 321 053
Amortised cost	31 963 808	2 932 485	1 753 584	36 649 877	247 797	273 226	800 030	1 321 053

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

* *The reconciliations have been prepared using a year to date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. The current year movement is split between new business and back book.*

The group transfers opening balances (back book) at the value as at 1 July based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balance as at 1 July are transferred to the impairment stage at 30 June in the transfers section and the current year movements in the back book (changes in exposure and net movement on GCA and ECL provided/(released)) are reflected separately in the reconciliation. The current year movement for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and changes in other risk parameters.

***Decrease in the advance as a result of write-off is equal to the decrease in ECL as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is N$181.4 million (2023: N$354.6 million).*

Group - 2024

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Retail	19 466 942	2 099 478	1 654 526	23 220 946	177 275	206 330	708 074	1 091 679
FNB Commercial	5 258 290	609 129	645 583	6 513 002	47 236	77 239	298 456	422 931
Commercial vehicle finance	2 242 988	315 393	93 543	2 651 924	11 868	34 591	56 879	103 338
RMB Corporate and Investment banking	6 742 129	288 239	-	7 030 368	21 156	32 407	-	53 563
	33 710 349	3 312 239	2 393 652	39 416 240	257 535	350 567	1 063 409	1 671 511

Company - 2024

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Retail	19 383 843	2 086 247	1 639 017	23 109 107	177 179	205 313	698 877	1 081 369
FNB Commercial	5 258 290	609 129	645 583	6 513 002	47 236	77 239	298 456	422 931
Commercial vehicle finance	2 242 988	315 393	93 543	2 651 924	11 868	34 591	56 879	103 338
RMB Corporate and Investment banking	6 742 129	288 239	-	7 030 368	21 156	32 407	-	53 563
	33 627 250	3 299 008	2 378 143	39 304 401	257 439	349 550	1 054 212	1 661 201

Notes to the annual financial statements
for the year ended 30 June 2024 continued

12. Advances continued

Group - 2023

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Retail	18 577 476	2 503 444	1 310 644	22 391 564	143 484	155 193	590 939	889 616
FNB Commercial	5 298 634	280 583	424 746	6 003 963	51 630	73 863	198 720	324 213
Commercial vehicle finance	1 943 578	114 450	35 911	2 093 939	16 365	27 973	17 654	61 992
RMB Corporate and Investment banking	6 238 528	49 792	-	6 288 320	36 331	16 927	-	53 258
	32 058 216	2 948 269	1 771 301	36 777 786	247 810	273 956	807 313	1 329 079

Company - 2023

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Retail	18 486 168	2 487 660	1 292 927	22 266 755	143 472	154 463	583 656	881 591
FNB Commercial	5 295 534	280 583	424 746	6 000 863	51 629	73 863	198 720	324 213
Commercial vehicle finance	1 943 578	114 450	35 911	2 093 939	16 365	27 973	17 654	61 992
RMB Corporate and Investment banking	6 238 528	49 792	-	6 288 320	36 331	16 926	-	53 257
	31 963 808	2 932 485	1 753 584	36 649 877	247 797	273 226	800 030	1 321 053

Notes to the annual financial statements
for the year ended 30 June 2024 continued

13. Impairment of advances

Analysis of the loss allowance closing balance

Group

	2024				2023			
	Loss allowance				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Included in the total loss allowance	257 535	350 567	1 063 409	1 671 511	247 810	273 956	807 313	1 329 079
On and off balance sheet exposure*	253 964	350 567	1 063 409	1 667 940	245 208	273 956	807 313	1 326 477
Letters of credit and guarantees	3 571	-	-	3 571	2 602	-	-	2 602
Components of total loss allowance								
- Forward looking information**	21 172	27 075	2 948	51 195	1 618	12 655	183	14 456
- Model updates^	(356)	(804)	-	(1 160)	(1 398)	(2 985)	-	(4 383)
- Interest on stage 3 advances"	-	-	404 811	404 811	-	-	301 551	301 551

Company

	2024				2023			
	Loss allowance				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Included in the total loss allowance	257 439	349 550	1 054 212	1 661 201	247 797	273 227	800 030	1 321 054
On and off balance sheet exposure*	253 868	349 550	1 054 212	1 657 630	245 195	273 227	800 030	1 318 452
Letters of credit and guarantees	3 571	-	-	3 571	2 602	-	-	2 602
Components of total loss allowance								
- Forward looking information**	21 172	27 075	2 948	51 195	1 618	12 655	183	14 456
- Model updates^	(356)	(804)	-	(1 160)	(1 398)	(2 985)	-	(4 383)
- Interest on stage 3 advances"	-	-	404 811	404 811	-	-	301 551	301 551

Notes to the annual financial statements
for the year ended 30 June 2024 continued

13. Impairment of advances continued

* Includes committed undrawn facilities as the credit risk of the undrawn component is managed and monitored with the drawn component as a single EAD. The EAD on the entire facility is used to calculate the ECL and is therefore included in the ECL allowance.

** This represents the total ECL closing balance as at 30 June that is attributable to incorporating FLI macro-economic information into the ECL calculations. For more detail on the process of incorporating FLI into the ECL calculation refer to the accounting policy note 8.4.

^ This represents the total ECL closing balance as at 30 June that is attributable to model recalibrations or changes in the impairment methodology used that has been approved by a governance body. The amount reflected is the additional ECL recognised at the point/date that the model change was implemented.

" Cumulative balance as at 30 June.

Breakdown of impairment charge recognised during the year:

Group

	2024			2023		
N$'000	Amortised cost	Fair value	Total	Amortised cost	Fair value	Total
Increase in loss allowance	522 905	963	523 868	308 410	-	308 410
Interest in suspense*	(76 670)	-	(76 670)	(69 983)	-	(69 983)
Recoveries of bad debts	(21 747)	-	(21 747)	(25 127)	-	(25 127)
Impairment of advances recognised during the period	424 488	963	425 451	213 300	-	213 300

Company

	2024			2023		
N$'000	Amortised cost	Fair value	Total	Amortised cost	Fair value	Total
Increase in loss allowance	520 621	963	522 462	306 311	-	306 311
Interest in suspense*	(75 792)	-	(75 792)	(68 245)	-	(68 245)
Recoveries of bad debts	(21 747)	-	(21 747)	(25 127)	-	(25 127)
Impairment of advances recognised during the period	423 082	963	424 045	212 939	-	212 939

* *In the current year, the group introduced a new line, 'Interest in Suspense', to enhance the presentation of the impairment charge breakdown. As a result, the increase/ (decrease) in loss allowance has increased from N$ 238.4million for group and N$ 238.1million for company as reported in the 30 June 2023 financial statements to N$308.4million for group and N$ 308.1million for company.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

13. Impairment of Advances continued

Reconciliation of the loss allowance on total advances per class:

Group - **2024**

N$'000	Retail secured		Retail unsecured			Corporate and commercial			
	Residential mortgages	Vehicle asset finance	Credit card	Personal loans	Other Retail	FNB Commercial	Commercial vehicle asset finance	RMB Corporate and Investment banking	Total
Amount as at 30 June 2023	435 073	66 378	49 561	263 057	75 547	324 213	61 992	53 258	1 329 079
- Stage 1	46 573	24 328	12 449	42 022	18 112	51 629	16 365	36 332	247 810
- Stage 2	81 640	6 546	6 523	25 756	34 728	73 864	27 973	16 926	273 956
- Stage 3	306 860	35 504	30 589	195 279	22 707	198 720	17 654	-	807 313
Bad debts written off	(37 019)	(8 557)	(19 154)	(69 778)	(14 568)	(30 596)	(1 764)	-	(181 436)
Transfers and other current period charges / (releases)	154 195	1 807	37 247	116 274	41 615	129 315	43 110	305	523 868
- Stage 1	21 228	(4 870)	1 997	16 677	(1 243)	(4 392)	(4 497)	(15 175)	9 725
- Stage 2	36 702	(1 084)	1 209	5 400	8 910	3 375	6 618	15 480	76 610
- Stage 3	96 265	7 761	34 041	94 197	33 948	130 332	40 989	-	437 533
Amount as at 30 June 2024	552 249	59 628	67 654	309 553	102 594	422 932	103 338	53 563	1 671 511
- Stage 1	67 801	19 458	14 447	58 699	16 868	47 237	11 868	21 157	257 535
- Stage 2	118 343	5 462	7 732	31 157	43 639	77 238	34 591	32 406	350 567
- Stage 3	366 106	34 708	45 476	219 698	42 086	298 456	56 879	-	1 063 409

Notes to the annual financial statements
for the year ended 30 June 2024 continued

13. Impairment of Advances continued

Company - **2024**

N$'000	Retail secured: Residential mortgages	Retail secured: Vehicle asset finance	Retail unsecured: Credit card	Retail unsecured: Personal loans	Retail unsecured: Other Retail	Corporate and commercial: FNB Commercial	Corporate and commercial: Commercial vehicle asset finance	Corporate and commercial: RMB Corporate and Investment banking	Total
Amount as at 30 June 2023	427 047	66 378	49 561	263 057	75 547	324 213	61 992	53 258	1 321 053
- Stage 1	46 560	24 328	12 449	42 022	18 112	51 629	16 365	36 332	247 797
- Stage 2	80 910	6 546	6 523	25 756	34 728	73 864	27 973	16 926	273 226
- Stage 3	299 577	35 504	30 589	195 279	22 707	198 720	17 654	-	800 030
Bad debts written off	(37 019)	(8 557)	(19 154)	(69 778)	(14 568)	(30 596)	(1 764)	-	(181 436)
Transfers and other current period charges / (releases)	151 911	1 807	37 247	116 274	41 615	129 315	43 110	305	521 584
- Stage 1	21 145	(4 870)	1 997	16 677	(1 243)	(4 392)	(4 497)	(15 175)	9 642
- Stage 2	36 415	(1 084)	1 209	5 400	8 910	3 375	6 618	15 480	76 323
- Stage 3	94 351	7 761	34 041	94 197	33 948	130 332	40 989	-	435 619
Amount as at 30 June 2024	541 939	59 628	67 654	309 553	102 594	422 932	103 338	53 563	1 661 201
- Stage 1	67 705	19 458	14 447	58 699	16 868	47 237	11 868	21 157	257 439
- Stage 2	117 325	5 462	7 732	31 157	43 639	77 238	34 591	32 406	349 550
- Stage 3	356 909	34 708	45 476	219 698	42 086	298 456	56 879	-	1 054 212

Notes to the annual financial statements
for the year ended 30 June 2024 continued

13. Impairment of Advances continued

Group - 2023

N$'000	Retail secured		Retail unsecured			Corporate and commercial			
	Residential mortgages	Vehicle asset finance	Credit card	Personal loans	Other Retail	FNB Commercial	Commercial vehicle asset finance	RMB Corporate and Investment banking	Total
Amount as at 30 June 2022	371 981	56 182	64 685	263 520	67 588	393 087	105 833	52 342	1 375 218
- Stage 1	77 437	9 489	12 859	45 880	21 911	45 307	31 203	34 887	278 973
- Stage 2	92 514	6 546	5 045	25 009	22 424	126 211	27 973	17 455	323 177
- Stage 3	202 030	40 147	46 781	192 631	23 253	221 569	46 657	-	773 068
Bad debts written off	(26 152)	(14 458)	(464)	(103 688)	(42 015)	(139 303)	(28 469)	-	(354 549)
Transfers and other current period charges / (releases)	89 244	24 654	(14 659	103 224	49 974	70 429	(15 372)	916	308 410
- Stage 1	(30 864)	14 839	(410)	(3 859)	(3 799)	6 322	(14 838)	1 445	(31 164)
- Stage 2	(10 874)	-	1 478	747	12 304	(52 347)	-	(529)	(49 221)
- Stage 3	130 982	9 815	(15 727)	106 336	41 469	116 454	(534)	-	388 795
Amount as at 30 June 2023	435 073	66 378	49 562	263 056	75 547	324 213	61 992	53 258	1 329 079
- Stage 1	46 573	24 328	12 449	42 022	18 112	51 629	16 365	36 332	247 810
- Stage 2	81 640	6 546	6 523	25 756	34 728	73 864	27 973	16 926	273 956
- Stage 3	306 860	35 504	30 589	195 279	22 707	198 720	17 654	-	807 313

Notes to the annual financial statements
for the year ended 30 June 2024 continued

13. Impairment of Advances continued

Company - 2023

N$'000	Retail secured		Retail unsecured			Corporate and commercial			
	Residential mortgages	Vehicle asset finance	Credit card	Personal loans	Other Retail	FNB Commercial	Commercial vehicle asset finance	RMB Corporate and Investment banking	Total
Amount as at 30 June 2022	366 054	56 182	64 685	263 520	67 589	393 087	105 833	52 342	1 369 292
- Stage 1	77 437	9 489	12 859	45 880	21 912	45 307	31 203	34 887	278 974
- Stage 2	90 893	6 546	5 045	25 009	22 424	126 211	27 973	17 455	321 556
- Stage 3	197 724	40 147	46 781	192 631	23 253	221 569	46 657	-	768 762
Bad debts written off	(26 152)	(14 458)	(464)	(103 688)	(42 015)	(139 303)	(28 469)	-	(354 549)
Transfers and other current period charges / (releases)	87 145	24 654	(14 660)	103 225	49 973	70 429	(15 372)	916	306 310
- Stage 1	(30 877)	14 839	(410)	(3 858)	(3 800)	6 322	(14 838)	1 445	(31 177)
- Stage 2	(9 983)	-	1 478	747	12 304	(52 347)	-	(529)	(48 330)
- Stage 3	128 005	9 815	(15 728)	106 336	41 469	116 454	(534)	-	385 817
Amount as at 30 June 2023	427 047	66 378	49 561	263 057	75 547	324 213	61 992	53 258	1 321 053
- Stage 1	46 560	24 328	12 449	42 022	18 112	51 629	16 365	36 332	247 797
- Stage 2	80 910	6 546	6 523	25 756	34 728	73 864	27 973	16 926	273 226
- Stage 3	299 577	35 504	30 589	195 279	22 707	198 720	17 654	-	800 030

Notes to the annual financial statements
for the year ended 30 June 2024 continued

14. Other assets

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Items in transit	106 461	68 462	25 633	68 473
Deferred staff cost	–	3 273	–	3 273
Property in possession*	34 532	45 777	34 532	45 777
Prepayments	88 437	78 895	88 437	78 895
Other receivables	35 028	45 704	34 924	44 961
Loss allowance	(2 030)	(5 100)	(2 005)	(5 075)
Total other assets	262 428	237 011	181 521	236 304
Financial instrument and non-financial instrument components of other assets				
Financial instrument	34 532	89 702	34 532	89 623
Non-financial instruments	227 896	147 309	146 989	146 681
	262 428	237 011	181 521	236 304

** The group has not pledged these assets.*

Information about the credit quality of the above balances is set out in the risk management note 31.

The carrying value of other assets approximates the fair value.

ECL for other assets is N$ 2.0 million (2023: N$5.1 million).

Notes to the **annual financial statements**
for the year ended 30 June 2024 continued

15. Investment in subsidiary

Significant subsidiary

	Nature of business	Date of acquisition	Country of incorporation	Listed/ unlisted	2024	2023
Swabou Investments (Pty) Ltd	Property finance	1-Jul-03	Namibia	Unlisted	100%	100%

	2024	2023
Swabou Investments (Pty) Ltd		
Aggregate (loss)/income of subsidiary (before tax)	(17 071)	2 057
Total indebtness	136 199	158 405
Total investment	136 199	158 405

Interest paid by Swabou Investments (Pty) Ltd to First National Bank of Namibia Limited totaled N$11.5 million (2023: N$ 10.7million).

Notes to the annual financial statements
for the year ended 30 June 2024 continued

16. Property and equipment

Group

	2024			2023		
N$'000	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings	646 930	(64 713)	582 217	710 010	(72 207)	637 803
Leasehold property	80 727	(47 135)	33 592	76 040	(47 391)	28 649
Right of use asset property	91 156	(61 888)	29 268	73 764	(40 782)	32 982
Capitalised lease equipment	-	-	-	12 289	(12 289)	-
IT equipment	414 924	(272 935)	141 989	365 007	(236 469)	128 538
Furniture and fixtures	216 028	(161 780)	54 248	213 491	(149 019)	64 472
Motor vehicles	8 662	(3 770)	4 892	6 827	(3 756)	3 071
Office equipment	122 370	(107 315)	15 055	117 287	(106 693)	10 594
Total	1 580 797	(719 536)	861 261	1 574 715	(668 606)	906 109

Company

	2024			2023		
N$'000	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings	646 930	(64 713)	582 217	635 359	(55 980)	579 379
Leasehold property	80 727	(47 135)	33 592	76 040	(47 391)	28 649
Right of use asset property	91 156	(61 888)	29 268	73 764	(40 782)	32 982
Capitalised lease equipment	-	-	-	12 289	(12 289)	-
IT equipment	414 690	(272 894)	141 796	365 002	(236 467)	128 535
Furniture and fixtures	215 077	(161 440)	53 637	212 562	(148 732)	63 830
Motor vehicles	8 662	(3 770)	4 892	6 827	(3 756)	3 071
Office equipment	122 127	(107 221)	14 906	117 110	(106 637)	10 473
Total	1 579 369	(719 061)	860 308	1 498 953	(652 034)	846 919

Notes to the annual financial statements
for the year ended 30 June 2024 continued

16. Property and equipment continued

Reconciliation of property and equipment

Group - 2024

N$'000	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Buildings	637 803	14 868	(2 962)	(56 820)	(10 672)	-	582 217
Leasehold property	28 649	9 627	(226)	-	(4 458)	-	33 592
Furniture and fixtures	64 472	10 318	(346)	-	(20 196)	-	54 248
Motor vehicles	3 071	3 075	(445)	-	(809)	-	4 892
IT equipment	10 594	7 706	(4)	-	(3 241)	-	15 055
Computer equipment	128 538	68 262	(451)	-	(49 240)	(5 120)	141 989
Right of use asset property	32 982	17 766	(374)	-	(21 106)	-	29 268
	906 109	131 622	(4 808)	(56 820)	(109 722)	(5 120)	861 261

Group - 2023

N$'000	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	647 048	3 029	(1 833)	(10 441)	637 803
Leasehold property	19 564	12 909	(103)	(3 721)	28 649
Right of use asset property	34 812	19 841	(488)	(21 183)	32 982
IT equipment	108 265	59 826	(416)	(39 137)	128 538
Furniture and fixtures	70 672	13 915	(671)	(19 444)	64 472
Motor vehicles	2 863	1 136	(717)	(211)	3 071
Office equipment	5 606	8 415	(6)	(3 421)	10 594
	888 830	119 071	(4 234)	(97 558)	906 109

Notes to the annual financial statements
for the year ended 30 June 2024 continued

16. Property and equipment continued

Reconciliation of property and equipment

Company - 2024

N$'000	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Buildings	579 379	71 821	(2 962)	(56 820)	(9 201)	-	582 217
Leasehold property	28 649	9 626	(225)	-	(4 458)	-	33 592
Right of use asset property	32 982	17 766	(374)	-	(21 106)	-	29 268
IT equipment	128 535	68 034	(451)	-	(49 202)	(5 120)	141 796
Furniture and fixtures	63 830	10 197	(331)	-	(20 059)	-	53 637
Motor vehicles	3 071	3 075	(445)	-	(809)	-	4 892
Office equipment	10 473	7 631	(4)	-	(3 194)	-	14 906
	846 919	188 150	(4 792)	(56 820)	(108 029)	(5 120)	860 308

Company - 2023

N$'000	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	587 897	536	(73)	(8 981)	579 379
Leasehold property	19 560	12 908	(98)	(3 721)	28 649
Right of use asset property	34 812	19 841	(488)	(21 183)	32 982
IT equipment	108 260	59 826	(415)	(39 136)	128 535
Furniture and fixtures	70 622	13 124	(665)	(19 251)	63 830
Motor vehicles	2 863	1 136	(717)	(211)	3 071
Office equipment	5 467	8 401	(7)	(3 388)	10 473
	829 481	115 772	(2 463)	(95 871)	846 919

Swabou Investments (Pty) Ltd's building, located at Erf 7065, Independence Avenue, Windhoek, has been reclassified from owner occupied property in accordance with IAS 16 to a non current asset held for sale in accordance with IFRS 5, on 30 June 2024. Please see note 19 for more detail.

The useful life of each asset is assessed individually. The information on the benchmarks used when assessing the useful life of the individual assets refer to accounting policy 5.1.

Property and equipment are not pledged as security against any liabilities. There are also no restrictions or liens on property and equipment.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

17. Intangible assets

Group

N$'000	2024 Cost / Valuation	2024 Accumulated amortisation	2024 Net book value	2023 Cost / Valuation	2023 Accumulated amortisation	2023 Net book value
Trademarks	380 713	(380 713)	-	380 713	(380 713)	-
Software	33 622	(22 056)	11 566	29 931	(14 470)	15 461
Goodwill	47 967	-	47 967	47 967	-	47 967
Total	462 302	(402 769)	59 533	458 611	(395 183)	63 428

Company

N$'000	2024 Cost / Valuation	2024 Accumulated amortisation	2024 Net book value	2023 Cost / Valuation	2023 Accumulated amortisation	2023 Net book value
Trademarks	354 100	(354 100)	-	354 099	(354 099)	-
Software	33 622	(22 056)	11 566	29 931	(14 470)	15 461
Goodwill	47 967	-	47 967	47 967	-	47 967
Total	435 689	(376 156)	59 533	431 997	(368 569)	63 428

Notes to the annual financial statements
for the year ended 30 June 2024 continued

17. Intangible assets continued

Reconciliation of intangible assets

Group - 2024

N$'000	Opening balance	Additions	Amortisation	Total
Software	15 461	3 704	(7 599)	11 566
Goodwill	47 967	-	-	47 967
	63 428	3 704	(7 599)	59 533

Group - 2023

N$'000	Opening balance	Additions	Amortisation	Total
Trademarks	10 492	-	(10 492)	-
Software	8 996	11 585	(5 120)	15 461
Goodwill	47 967	-	-	47 967
	67 455	11 585	(15 612)	63 428

Notes to the annual financial statements
for the year ended 30 June 2024 continued

17. Intangible assets continued

Reconciliation of intangible assets

Company - 2024

N$'000	Opening balance	Additions	Amortisation	Total
Software	15 461	3 704	(7 599)	11 566
Goodwill	47 967	-	-	47 967
	63 428	3 704	(7 599)	59 533

Company - 2023

N$'000	Opening balance	Additions	Amortisation	Total
Trademarks	10 492	-	(10 492)	-
Software	8 996	11 585	(5 120)	15 461
Goodwill	47 967	-	-	47 967
	67 455	11 585	(15 612)	63 428

Impairment of goodwill

The group assessed goodwill and determined that no write down of the carrying amount was necessary.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

18. Deferred tax

Deferred tax liability

	Group		Company	
N$'000	2024	2023	2024	2023
Deferred tax liability	(295 767)	(295 762)	(296 492)	(296 492)
Opening balance	(295 767)	(120 683)	(296 492)	(121 492)
- Recognised in profit or loss	1 492	(172 246)	1 540	(172 162)
- Deferred tax on amounts charged directly to other comprehensive income	2 835	(2 838)	2 835	(2 838)
- Taxable temporary difference adjustment	(6 728)	-	(6 728)	-
Total deferred income tax liability	(298 168)	(295 767)	(298 845)	(296 492)

Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority, same legal entity and there is legally enforceable to set-off.

The carrying amount of deferred tax assets is reviewed at each reporting date and is supported by future cash flow forecasts. Deferred tax has an impact of N$ 9.4million due to substantively enacted tax rate of 31%, despite it not being Gazetted.

Currently tax losses have no expiry date.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

18. Deferred tax continued

Reconciliation of deferred tax asset / (liability)

	Group		Company	
N$'000	2024	2023	2024	2023
Deferred tax liability	(295 767)	(295 762)	(296 492)	(296 492)
Provision for loan impairment	104 869	125 146	104 853	124 959
Post-employment benefits	11 792	14 627	11 792	14 627
Other	(131 317)	(137 080)	(131 317)	(132 280)
Financial instruments	26 812	27 024	26 812	27 024
Instalment credit agreements	(30 686)	(51 446)	(30 719)	(51 446)
Accruals	(273 094)	(279 874)	(273 094)	(279 874)
Fair value adjustment of financial instrument	(2 155)	(2 155)	(2 155)	(2 155)
Share-based payment	2 031	2 653	2 031	2 653
Other	(6 420)	5 338	(7 048)	-
Total deferred tax liability	(298 168)	(295 767)	(298 845)	(296 492)
Charge through profit and loss	(1 492)	172 246	(1 540)	172 162
Deferred income tax on other comprehensive income	(2 835)	2 838	(2 835)	2 838
	(4 327)	175 084	(4 375)	175 000

Notes to the annual financial statements
for the year ended 30 June 2024 continued

19. Non-current asset held for sale

	Group	
N$'000	2024	2023
Transfer from property and equipment	56 820	-
Impairment	(3 820)	-
	53 000	-

Swabou Investments (Pty) Ltd's building, located at Erf 7065, Independence Avenue, Windhoek, has been reclassified from owner-occupied in accordance with IAS 16 to a non-current asset held for sale in accordance with IFRS 5. A potential buyer has been identified, and management believes the sale will occur in the 2025 financial year. The building was reclassified as held for sale on 30 June 2024. The carrying amount of the building before reclassification was N$56.8 million. The fair value less costs to sell is N$53.0 million, resulting in an impairment loss of N$3.8 million, which was recognised upon reclassification to write down the asset to its fair value less costs to sell.

20. Creditors and accruals

	Group		Company	
N$'000	2024	2023	2024	2023
Items in transit	192 354	355 462	192 350	355 459
Audit fees	8 947	7 560	8 486	7 162
Accrued expenses	26 963	33 410	26 963	33 410
Accounts payable and accrued liabilities	488 770	424 239	407 925	424 527
	717 034	820 671	635 724	820 558

All amounts are expected to be settled within twelve months.

The carrying value of creditors and accruals approximate fair value.

21. Short trading position

	Group		Company	
N$'000	2024	2023	2024	2023
Government and government guaranteed stock	34 085	-	34 085	-

Notes to the annual financial statements

for the year ended 30 June 2024 continued

22. Deposits and current accounts

22.1 Deposits from customers

	Group		Company	
N$'000	2024	2023	2024	2023
Deposits from customers				
Current accounts	17 876 688	15 201 915	17 875 180	15 199 993
Call deposits	10 486 068	9 885 854	10 486 068	9 885 854
Savings deposits	833 192	649 975	833 192	649 975
Fixed and notice deposits	9 892 381	11 231 655	9 892 381	11 231 655
Deposits from customers	39 088 329	36 969 399	39 086 821	36 967 477
Debt securities				
Negotiable certificates of deposit	5 524 360	5 721 924	5 524 360	5 721 924
Fixed and floating rate notes	353 671	353 776	353 671	353 776
Debt securities	5 878 031	6 075 700	5 878 031	6 075 700
Total deposits and current accounts	44 966 360	43 045 099	44 964 852	43 043 177

22.2 Due to banks and other financial institutions

To banks and other financial institutions	7 547 204	7 477 181	7 547 204	7 477 181

FNB Namibia (FNBN) entered into a series of fully collateralized repo and reverse repo transactions with FirstRand Bank (FRB SA) for a total value of N$7.2 billion for the purposes of asset and liability management. The repo asset is disclosed under due from banks and other financial institutions. Refer to note 9.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

23. Employee liabilities

	Group		Company	
N$'000	2024	2023	2024	2023
Liability for short-term employee liabilities	225 488	211 701	225 488	211 701
Post-employment benefit liabilities	42 838	36 808	42 838	36 808
	268 326	248 509	268 326	248 509

1. The group has a liability to subsidise the post-retirement medical expenditure of certain of its employees which constitutes a defined benefit plan. All employees who join the employ of the group on or after 1 December 1998 are not entitled to the post retirement medical aid subsidy.

   The actuarial method used to value the liabilities is the projected unit credit prescribed by IAS 19 Employee Benefits. The liability is measured as the present value of the group's share of contributions to the medical scheme. Continuing member contributions are projected into the future year using the assumption rate of health care cost inflation and are then discounted back using the discount rate. The group subsidises medical aid contributions for all eligible members at various rates.

2. A severance pay provision is carried in terms of the Labour Act of 2007 and relates to when employment services are terminated by dismissal under certain circumstances or if employees die while employed.

3. The medical plan is regulated by Namfisa. The medical fund is governed by a board of trustees independent of the group. An external auditor performs an audit of the fund on an annual basis.

The employer contributed N$3.9 million (2023: N$2.7 million) to the post-retirement medical benefit.

The severance pay liability is unfunded and is valued using the projected unit credit method prescribed by IAS 19 Employee Benefits.

The independent actuarial valuations are done on an annual basis.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

23. Employee liabilities continued

Group and Company

N$'000	2024 Medical	2024 Severance	2024 Total	2023 Medical	2023 Severance	2023 Total
Present value of unfunded liabilities	35 019	7 819	42 838	30 121	6 687	36 808

The amount recognised in the statement of comprehensive income are as follows:

Group and Company

N$'000	2024 Medical	2024 Severance	2024 Total	2023 Medical	2023 Severance	2023 Total
Current service cost	182	599	781	263	529	792
Interest cost	3 602	873	4 475	4 154	920	5 074
Included in staff cost	3 784	1 472	5 256	4 417	1 449	5 866
Remeasurements recognised in other comprehensive income						
Actuarial loss / (gains) recognised	4 819	4 337	9 156	(7 779)	(1 090)	(8 869)
Total	8 603	5 809	14 412	(3 362)	359	(3 003)

Movement in post-employment liabilities

Group and Company

N$'000	2024 Medical	2024 Severance	2024 Total	2023 Medical	2023 Severance	2023 Total
Present value at beginning of the year	30 121	6 687	36 808	36 505	6 838	43 343
Current service cost	182	599	781	263	529	792
Interest cost	3 602	873	4 475	4 154	920	5 074
Benefits paid	(3 705)	(4 677)	(8 382)	(3 022)	(510)	(3 532)
Actuarial loss / (gains) from changes in financial assumptions	4 819	4 337	9 156	(7 779)	(1 090)	(8 869)
Present value at end of the year	35 019	7 819	42 838	30 121	6 687	36 808

Notes to the annual financial statements
for the year ended 30 June 2024 continued

23. Employee liabilities continued

The sensitivity analysis illustrates how the value of the liability would change in response to certain changes in actuarial assumptions.

N$'000	2024	2023
Effect of 1% change in the medical aid inflation assumptions is as follows:		
1% increase - effect in current service and interest cost	4 643	4 161
1% decrease - effect in current service and interest cost	3 881	3 458
Effect of 1% change in the normal salary inflation assumptions is as follows:		
1% increase - effect in current service and interest cost	1 710	1 717
1% decrease - effect in current service and interest cost	1 441	1 451

The principal actuarial assumptions used for accounting purposes were:

Group and Company

	2024		2023	
	Medical	Severance	Medical	Severance
Discount rate (%)	12.06%	11.48%	12.46%	14.11%
Medical aid inflation (%)	7.60%	-	8.22%	-
Salary inflation (%)	-	7.11%	-	9.69%
Employees covered	92	2 136	96	2 093

Notes to the annual financial statements
for the year ended 30 June 2024 continued

24. Other liabilities

	Group		Company	
N$'000	2024	2023	2024	2023
Lease liabilities	31 131	35 308	31 131	35 308
Other funding liabilities	94 588	126 132	94 588	126 132
Total other liabilities	125 719	161 440	125 719	161 440
Opening balance	161 440	195 979	161 440	195 979
Cash flow movements	(56 334)	(56 185)	(56 334)	(56 185)
- Principal payments towards other liabilities	(21 065)	(21 058)	(21 065)	(21 058)
- Principal payments towards lease liabilities	(21 559)	(21 852)	(21 559)	(21 852)
- Interest paid on other liabilities	(11 210)	(11 002)	(11 210)	(11 002)
- Interest paid on lease liabilities	(2 500)	(2 273)	(2 500)	(2 273)
Non-cash flow movements	20 613	21 646	20 613	21 646
- New leases issued during the year	17 766	22 305	17 766	22 305
- Early termination of lease	(383)	(3 922)	(383)	(3 922)
- Interest accrued	3 230	3 263	3 230	3 263
Total other liabilities	125 719	161 440	125 719	161 440

The group's significant operating leases relate to property rentals of office premises and the various branch network channels represented by branches and ATM's. The rentals have fixed monthly payments. Escalation clauses are based on market-related rates and vary between 5% and 10%.

The leases are usually for a period of one to five years. The leases are non-cancellable and some of the leases have an option to renew for a further leasing period at the end of the original lease term.

Restrictions are more of an exception than the norm and usually relate to the restricted use of the asset for the business purposes specified in the lease contract.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

25. Share capital

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Authorised				
4 000 Ordinary shares with a par value of N$1 per share	4	4	4	4
Issued				
1 200 (2023: 1 200) ordinary shares with a par value of N$1 per share	1	1	1	1
Share premium	1 142 791	1 142 791	1 142 791	1 142 791
	1 142 792	1 142 792	1 142 792	1 142 792

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

A detailed reconciliation of the movements in the share capital and premium balances is set out in the consolidated statement of changes in equity.

26. Remuneration schemes

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Conditional incentive plan (CIP)				
Other subsidiary schemes	26 069	20 435	26 069	20 435

The CIP is structured as a conditional incentive plan which is denominated in South African Rands. To align with overall FirstRand group strategic intent, the CIP is linked to the performance of FirstRand Limited SA share price (applicable to qualifying employees). For all qualifying employees, 100% of the award has the FirstRand Limited SA share price as the underlying.

Notes to the annual financial statements

for the year ended 30 June 2024 continued

26. Remuneration schemes continued

No liability is recognised for the CIP scheme, as the liability is prepaid. Included in prepayments in note 14 is an amount of N$46.5 million (2023: N$48.5 million) relating to the group's share based payment scheme. The prepayment fund is managed by RMB Morgan Stanley. Share based payments allocated to employees are accumulated in advance through the fund. The vesting of these schemes are subject to the vesting conditions set out below.

Description of the scheme and vesting conditions

Conditional and deferred incentive plans (awards)	
IFRS 2 treatment	Cash settled
Description	The award is a notional share based on the FirstRand Limited share price.
Vesting conditions	These awards vest after three years after the initial award. The awards vest if the employment and, where applicable performance conditions are met. Awards which include performance conditions have vesting conditions subject to specified financial performance targets set annually by the group's remuneration committee. These corporate performance targets (CPTs) are set out below.
Valuation methodology	The awards are valued using the Black Scholes option pricing model. The awards are cash settled and are repriced at each reporting date.
Valuation assumptions	
Dividend data	Management's estimates of future discrete dividends.
Market related	Interest rate is the risk-free rate of return as recorded on the last day of the financial year, on a funding curve of a term equal to the remaining expected life of the plan.
Employee related	The weighted average forfeiture rate used is based on historical data observed over all schemes.

Corporate performance targets

The FirstRand remuneration committee sets the CPTs for each award based on expected macroeconomic conditions, group earnings and returns forecasts over the performance period. These criteria vary from year to year, depending on the expectations for each of the aforementioned variables. For vesting to occur, the criteria must be met or exceeded. If the performance conditions are not met, the award fails. The awards have a graded vesting structure. The level of vesting is correlated to the earnings growth achieved relative to macroeconomic variables or set normalised EPS growth targets and minimum return on equity (ROE) requirements. The vesting outcome is based on the delivery of the performance conditions and this level is finally determined and calculated by the group remuneration committee. The remuneration committee is permitted to adjust the final outcome of the graded vesting level downwards for predetermined issues. In terms of the scheme rules, participants are not entitled to dividends on their conditional share awards during the vesting period. For the 2019 and 2020 awards, 50% of the awards granted to non-senior employees are subject only to continued employment for the award to vest, with the remaining 50% subject to performance conditions. From 2021, awards with only time-based vesting conditions were introduced as a short-term incentive category for staff not eligible for the (CIP). These are referred to as the deferred incentive plan (DIP). Awards that include both performance- and time-based vesting conditions are referred to as CIP.

Currently open

The vesting conditions of the award schemes and details of the remuneration schemes are set out in note 5.

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Notes to the annual financial statements

for the year ended 30 June 2024 continued

27. Contingent liabilities and capital commitments

	Group and company	
N$'000	2024	2023
Contingencies		
Guarantees *	1 569 910	1 728 920
Letters of credit	18 512	145 301
Total contingencies	1 588 422	1 874 221
Irrevocable unutilised facilities	2 112 493	2 360 573
Committed capital expenditure	106 348	50 410
Total contingencies and commitments	3 807 263	4 285 204

* *Guarantees consist predominantly of endorsement and performance guarantees. The value represents maximum exposure to credit risk.*

Legal proceedings

There are a number of legal or potential claims against the group, the outcome of which cannot at present be foreseen. These claims are not regarded as material, either on an individual or group basis.

Provision is made for all liabilities which are expected to materialise.

Commitments in respect of capital expenditure and long-term investments are approved by the directors.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

28. Related parties

First National Bank of Namibia Limited is 100% (2023:100%) owned by FirstRand Namibia Limited.

	Nature of business	Date of acquisition	Country of incorporation	Number of shares	Effective holding % 2024	Effective holding % 2023
FirstRand Namibia Limited	Holding company	7-May-03	Namibia	1200 of N$1 each	100	100
Swabou Investments (Proprietary) Limited	Home loan investment company	30-Apr-04	Namibia	2 of N$0.05 each	100	100

FirstRand Namibia Limited is listed on the Namibian Stock Exchange and is 58.4% (2023: 58.4%) owned by FirstRand EMA Holdings (Proprietary) Limited, with its ultimate holding company FirstRand Limited, which is incorporated in South Africa, listed on the JSE Limited and on the NSX. Refer to section 2.2 of the accounting policies.

Details of transactions with relevant related parties appear below.

Related party balances

	Group	
N$'000	2024	2023
Advances		
FirstRand SA group companies	1 742 669	2 067 314
Fellow subsidiary to banking group	4 202	3 769
Key management personnel	23 802	16 379
Balances due from banks and other financial institutions		
FirstRand SA group companies	7 236 323	7 400 999
Other assets		
FirstRand SA group companies	48	20
Derivative assets		
FirstRand SA group companies	49 955	84 908
Deposits		
FirstRand SA group companies	58 328	54 166
Fellow subsidiaries to banking group	159 306	844 426
Key management personnel	2 228	2 484

Notes to the annual financial statements
for the year ended 30 June 2024 continued

28. Related parties continued

Related party balances continued

	Group	
N$'000	2024	2023
Balances due to banks and other financial institutions		
FirstRand SA group companies	7 255 149	7 423 015
Derivative liabilities		
FirstRand SA group companies	291 923	308 010
Related party transactions		
Interest received from related parties		
FirstRand SA group companies	672 702	565 697
Fellow subsidiaries to banking group	11 970	1 775
Interest paid to related parties		
FirstRand SA group companies	631 968	489 405
Fellow subsidiaries to banking group	37 125	36 632
Non-interest revenue		
Fellow subsidiaries to banking group	12 518	9 691
Non-interest expenditure (Information Technology, platform and other support services)		
FirstRand SA group companies	551 259	443 755
Dividend paid		
FirstRand Namibia Limited	1 422 881	1 871 035
Compensation to directors and other key management		
Key management personnel		
- Cash package	30 200	21 768
- Retirement contributions	3 404	3 250
- Performance-related benefits	50 628	12 746

Notes to the annual financial statements
for the year ended 30 June 2024 continued

29. Fair value measurements

29.1 Valuation methodology

The group has established control frameworks and processes at an operating business level to its valuation techniques and inputs used to determine its fair value measurements. At an operating business level, valuation specialists are responsible for the selection and implementation of the valuation techniques used to determine fair value measurements, as well as any changes required. Valuation committees comprising representatives from key management have been established within each operating business and at an overall 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, relevant risk committees and external auditors annually or more frequently if considered appropriate.

When assessing the fair value measurement of financial instruments for this period, the valuation models have been built to take into consideration inputs that are reflective of market participant input as opposed to group specific inputs. The appropriateness of the inputs to valuations, which include the use of correlations, price volatilities, funding costs and bid offer spreads, price earnings multiples counterparty and own credit spreads, were also considered. Changes in valuation inputs have also been considered in terms of the impact they have on the classification of exposures in the fair value hierarchy, transfers within the fair value hierarchy and the level 3 sensitivity analysis that may be required if applicable.

Fair value measurements are determined by the group on both a recurring and non recurring basis.

Non-recurring fair value measurements

Non recurring fair value measurements are those triggered by particular circumstances and include:

- The classification of assets and liabilities as non current assets or disposal groups held for sale under IFRS 5 where the standard requires that the asset be held at the lower of its carrying amount and its fair value less costs to sell; and
- IAS 36 where the recoverable amount is based on the fair value less costs to sell.

These fair value measurements are determined on a case by case basis as they occur within each reporting period.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

29. Fair value measurements continued

29.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs of Level 2	Unobservable inputs of Level 3
Investment banking book	Discounted cash flows	Certain of the group's investment banking advances do not meet the requirements to be carried at amortised cost and are measured at fair value through profit or loss. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. As such, these advances are classified as level 3 on the fair value hierarchy. Future cash flows are discounted using a market related interest rate, adjusted for credit inputs.	Market interest rates and curves	Credit inputs
Non-current asset held or for sale	Offer price	The fair value is based on a recent offer price received for the asset, assuming the offer is from a credible buyer and represents a price at which the asset could be sold in an orderly transaction between market participants at the measurement date.	Quoted prices	Not applicable
		Investment securities and other investments		
Equities / bonds listed in an inactive market	Discounted cash flows	For listed equities, the listed price is used where the market is active (i.e. level 1). However, if the market is not active and the listed price is not representative of fair value, a valuation technique is used to determine the fair value. The valuation technique will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. Future cash flows are discounted using a market-related interest rate.	Market interest rates and curves	Not applicable
Unlisted bonds	Price earnings ("P/E" model)	Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate.	Market transactions	Not applicable
Negotiable certificates of deposit	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
Treasury bills	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable

Notes to the annual financial statements

for the year ended 30 June 2024 continued

29. Fair value measurements continued

29.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs of Level 2	Unobservable inputs of Level 3
Derivative financial instruments				
Forward rate agreements, forwards and swaps	Discounted cash flows	Future cash flows are projected using a related forecasting curve and then discounted using a market-related discounting curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, credit and currency basis curves and spot prices	Market interest rates, credit and currency basis curves
Options and equity derivatives	Option pricing and industry standard model	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option, market-related discount rate, spot or forward rate, the volatility of the underlying, dividends and listed share prices	Volatilities, dividends and unlisted share prices
Deposits				
Call and non-term deposits	None - the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short term nature of the instrument. These deposits are financial liabilities with a demand feature and the fair value is not less than the amount payable on demand i.e. the undiscounted amount of the deposit.	None - the undiscounted amount approximates fair value and no valuation is performed	Not applicable
Deposits that represent collateral on credit linked notes	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premium and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs on related advance
Other deposits	Discounted cash flows	These deposits represent the collateral leg of credit link notes. The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs
Other liabilities	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs.	Market interest rates and curves	Credit inputs

Notes to the annual financial statements
for the year ended 30 June 2024 continued

29. Fair value measurements continued

29.2 Fair value hierarchy and measurements continued

Fair value hierarchy and measurements
The group has elected to designate certain investment banking book advances at fair value through profit or loss. The designation is on a deal basis. Credit risk is not observable and has significant impact on the fair value measurement of these advances and as such, these advances are classified as Level 3 on the fair value hierarchy.

Non-recurring fair value measurements
For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required as listed in the table above, the technique applied and the inputs into the model would be in line with those as set out in the table. There were no assets or liabilities measured at fair value on a non-recurring basis in the prior year. However, there is a non-recurring fair value transaction in the current year. A building owned by Swabou Investments (Pty) Ltd was classified as asset held for sale at 30 June 2024.

The building is subject to the IFRS 5 measurement criteria at fair value less costs to sell and classified as level 1 on the fair value hierarchy. Further details have been provided in note 19. Refer to page 208 for the effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives.

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:

	2024			
N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	-	613 682	-	613 682
Advances	-	78 954	301 796	380 750
Derivative financial instruments	-	349 809	-	349 809
Non-recurring fair value measurements				
Non-current asset held for sale	53 000	-	-	53 000
Total financial assets	53 000	1 042 445	301 796	1 397 241
Liabilities				
Recurring fair value measurement				
Derivative financial instruments	-	430 716	-	430 716
Short trading position	34 085	-	-	34 085
Total financial liabilities	34 085	430 716	-	464 801

Notes to the annual financial statements
for the year ended 30 June 2024 continued

29. Fair value measurements continued

29.2 Fair value hierarchy and measurements continued

	2023			
N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	-	-	449 365	449 365
Derivative financial instruments	-	375 785	-	375 785
Total financial assets	-	375 785	449 365	825 150
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	404 096	-	404 096
Total financial liabilities	-	404 096	-	404 096

Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

(i) The value given by application of a valuation model, based upon the group's best estimate of the most appropriate model inputs;

(ii) Any fair value adjustments to account for market features not included within the valuation model (for example, bid mid spreads, counterparty credit spreads and / or market data uncertainty; and

(iii) Day one profit or loss, or an unamortised element thereof, not recognised immediately in the income statement in accordance with the group's accounting policy, and separately detailed within the derivative note above.

The group classifies financial instruments in Level 3 of the fair value hierarchy when significant inputs into the valuation model are not observable. In addition to the valuation model for Level 3, financial instruments typically also rely on a number of inputs that are 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.

Changes in the group's best estimate of the non observable inputs (Level 3) could affect the reported fair values recognised on the statement of financial position and the movement in fair values recognised in the statement of comprehensive income. However, changing these inputs to reasonably possible alternatives would change the fair value using more positive reasonable assumption to N$332 million (2023: N$ Nil million) and using more negative reasonable possible assumptions to N$272 million (2023: N$ Nil million). These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

29. Fair value measurements continued

29.2 Fair value hierarchy and measurements continued

Changes in level 3 instruments with recurring fair value measurements

2024

N$'000	Fair value as at June 2023	Gains or losses recognised in profit or loss	Purchases / (sales) / issues / (instruments)	Fair value as at June 2024
Advances	–	1 796	300 000	301 796
Total financial assets at fair value	–	1 796	300 000	301 796

2023

N$'000	Fair value at June 2022	Gains or losses recognised in profit or loss	Purchases / (sales) / issues / (settlements)	Fair value at June 2023
Advances	70 844	648	(71 492)	-
Total financial assets at fair value	70 844	648	(71 492)	-

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

The valuation model for level 3 assets or liabilities typically relies on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in fair value related to both observable and unobservable inputs. The table below presents the total gains / (losses) relating to financial instrument classified in Level 3 that are still held on 30 June. With the exception of interest on funding instruments all of these gains or losses are recognised in non-interest revenue.

	2 024		2 023	
N$'000	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income
Advances	1 796	-	648	-
	1 796	-	648	-

Notes to the annual financial statements
for the year ended 30 June 2024 continued

29. Fair value measurements continued

29.2 Fair value hierarchy and measurements continued

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

	2024			2023		
N$'000	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3
Advances at amortised cost	37 363 979	-	37 438 258	35 448 745	-	35 387 568
Total investment securities at amortised cost	7 845 752	7 906 720	-	9 376 281	9 315 720	-
	45 209 731	7 906 720	37 438 258	44 825 026	9 315 720	35 387 568
Total deposits at amortised cost	44 988 488	45 108 975	-	43 045 099	43 010 592	-
Other liabilities	94 588	94 065	-	126 428	125 428	-
	45 083 076	45 203 040	-	43 171 232	43 136 020	-

The group has certain financial assets at fair value through profit or loss that would be otherwise have been measured at amortised cost or fair value through other comprehensive income.

The table below contains details on the change in credit risk attributable to these financial assets.

	2024			2023		
		Change in fair value due to credit risk	Change in fair value due to credit risk		Change in fair value due to credit risk	Change in fair value due to credit risk
N$'000	Fair value	Current period	Cumulative	Fair value	Current period	Cumulative
Advances	380 750	963	963	-	-	-
Total	380 750	963	963	-	-	-

The change in the fair value of these liabilities is due to own credit risk and is not material.

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

Notes to the annual financial statements
for the year ended 30 June 2024 continued

29. Fair value measurements continued

29.2 Fair value hierarchy and measurements continued

The table below illustrates the sensitivity of the significant inputs when changed to reasonably possible alternative inputs.

Asset/liability	Significant unobservable inputs	Unobservable input to which reasonably possible changes are applied	Reasonably possible changes required
Advances	Credit	Scenario analysis	A range of scenarios are run as part of the group's credit risk management process for advances measured at fair value through profit or loss to determine credit losses and change in credit spreads in various economic conditions. The probability of default is adjusted either upwards or downwards versus the base case.

Information about valuation techniques and inputs used to derive level 3 fair values

	2024		
	Reasonably possible alternative fair value		
N$'000	Fair value	Using more positive assumptions	Using more negative assumptions
Advances	301 796	332 024	271 656
Total financial assets measured at fair value in level 3	301 796	332 024	271 656

Notes to the annual financial statements
for the year ended 30 June 2024 continued

30. Financial instruments designated at fair value through profit or loss

Certain instruments designated at fair value through profit or loss would meet the definition for classification as financial assets in terms of IFRS 9 were it not for the fair value designation i.e. unquoted debt instruments. The table below contains detials on the carrying value of the advance designated as fair value through profit or loss:

	Group		Company	
N$'000	2024	2023	2024	2023
Included in advances	301 796	-	301 796	-

The change in credit risk is the difference between the fair value of the advances based on the original credit spreads and the fair value of the advances based on the most recent market obervable credit spreads.

There was no change in credit risk due to the difference between fair value of the advances based on the original credit spreads and the fair value of the advances based on the most recent market observable credit spreads.

In accordance with IAS 32 the group offsets financial assets and financial liabilities and presents the net amount in the statement of financial posisiton only if there is both a legally enforceable right to offset and there is an intention to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously.

The group is subject to a MNA in the form of an ISDA agreement with a derivative counterparty. Due to the fact that the ISDA agreement under which derivatives are traded are not legally enforceable within Namibia, in the normal course of business or on bankruptcy, the IAS 32 set off requirements of legal enforceability is not met thus no financial assets and financial liabilities have been presented on the net amount in the statement of financial position.

Notes to the annual financial statements
for the year ended 30 June 2023 continued

31. Risk management

Overview of financial risks

The financial instruments recognised on the groupís statement of financial position expose the group to various financial risks. The impact on each of the financial risks is decribed in the sub section below.

The risk report of the group appears on pages 61 of this annual report. The report describes the various risks the group is exposed to as well as the methodology and instruments to mitigate these risks. The report includes the disclosures required by IFRS 7 related to the management of credit markets liquidity and interest rate risks. Capital management is dealt with in the Capital Management report. Risk control policies and exposures limits for key risk areas of the group are approved by the board while operational policies and control procedures are approved by the relevant risk committees. The following assets and off balance sheet amounts expose the group to credit risk. For all on balance sheet exposures the carrying amount recognised in the statement of financial position represents the maximum exposure to credit risk before taking into account collateral and other credit.

Credit risk

Objective

Credit risk management objectives are two fold:

- Risk control: Appropriate limits are placed on the assumption of credit risk and steps are taken to ensure the accuracy of credit risk assessments and reports. Deployed and central credit risk management teams fulfill this task.
- Management: Credit risk is taken within the constraints of the risk appetite framework. The credit portfolio is managed at an aggregate level to optimise the exposure to this risk. Business units and deployed risk functions, overseen by the group's credit risk management function in ERM and relevant board committees, fulfill this role.

Based on the group's credit risk appetite, as measured on the ROE, NIACC and volatility of earnings basis, credit risk management principles include holding the appropriate level of capital and pricing for risk on an individual and portfolio basis. The scope of credit risk identification and management practices across the group, therefore, spans the credit value chain, including risk appetite, credit origination strategy, risk quantification and measurement, as well as collection and recovery of delinquent accounts.

Assessment and management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure. Credit risk management across the group is split into three distinct portfolios: retail, commercial and corporate, and are aligned to customer profiles.

The assessment of credit risk across the group relies on internally developed quantitative models for addressing regulatory and business needs.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Credit risk continued

Assessment and management continued

The models are used for the internal assessment of the three primary credit risk components:

- Probability of default (PD);
- Exposure at default (EAD); and
- Loss given default (LGD).

Management of the credit portfolio is reliant on these three credit risk measures. PD, EAD and LGD are inputs into the portfolio and group level credit risk assessment where the measures are combined with estimates of correlations between individual counterparties, industries and portfolios to reflect diversification benefits accross the group.

The group employs a granular, 100 point master rating scale, which has been mapped to the continuum of default probabilities, as illustrated in the following table. FirstRand (FR) 1 is the lowest PD and the FR100 the highest. External ratings have also been mapped to the master rating scale for reporting purposes. These mappings are reviewed and updated on a regular basis.

Mapping of FR grades to rating agency scales

FirstRand rating	Midpoint PD	RMB rating (based on S&P)
FR 1 -14	0.06%	AAA, AA+, AA, AA-, A+, A, A-
FR 15 - 25	0.29%	BBB+, BBB(upper), BBB, BBB-(upper), BBB-, BB+(upper)
FR 26 - 32	0.77%	BB+, BB(upper), BB, BB-(upper)
FR 33 - 39	1.44%	BB-, B+(upper)
FR 40 - 53	2.52%	B+
FR 54 - 83	6.18%	B(upper), B, B-(upper)
FR 84 - 90	13.68%	B-
FR 91 - 99	59.11%	CCC
FR 100	100%	D (Defaulted)

Credit assets

The following assets and off-balance sheet amounts expose the group to credit risk. For all on-balance sheet exposures the gross amount disclosed represents the maximum exposure to credit risk before taking into account collateral and other credit enhancements.

Notes to the annual financial statements

for the year ended 30 June 2024 continued

31. Risk management continued

Total exposure (items where credit risk exposure exist)

N$'000	Group 2024	Group 2023	Company 2024	Company 2023
Cash and cash equivalents				
Balances with central bank	2 500 153	1 248 173	2 500 153	1 248 173
Total cash and cash equivalents	2 500 153	1 248 173	2 500 153	1 248 173
Due from banks and other financial institutions	9 591 662	9 468 313	9 591 662	9 468 313
Advances				
Residential mortgages	16 236 458	15 973 903	16 134 452	15 857 119
Vehicle asset finance	1 845 027	1 728 501	1 845 027	1 728 501
Credit card	480 415	482 533	480 415	482 533
Personal loans	3 117 132	2 854 569	3 117 132	2 854 569
Other retail	450 235	462 442	450 712	462 442
FNB Commercial	6 090 071	5 679 750	6 090 071	5 676 650
Commercial vehicle finance	2 548 586	2 031 947	2 548 586	2 031 947
RMB Corporate and Investment banking	6 976 805	6 235 062	6 976 805	6 235 063
Total advances	37 744 729	35 448 707	37 643 200	35 328 824
Derivative financial instruments	349 809	375 785	349 809	375 785
Debt investment securities				
Listed investment securities	5 362 877	5 189 130	5 362 877	5 189 130
Unlisted investment securities	3 096 558	4 637 086	3 096 558	4 637 086
Total debt investment securities	8 459 435	9 826 216	8 459 435	9 826 216
Accounts receivable	145 979	89 703	145 979	89 703
Guarantees	1 569 910	1 728 920	1 569 910	1 728 920
Letters of credit	18 512	145 301	18 512	145 301
Irrevocable commitments	2 112 493	2 360 573	2 112 493	2 360 573

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Credit assets

The table below sets out the maximum exposure to credit risk for financial assets at amortised cost and fair value through profit or loss, and fair value through comprehensive income debt instruments.

	Group						
	2024						
N$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Total exposure (items where credit exposure exists)							
Cash and cash equivalents							
Balances with central bank	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Total cash and cash equivalents	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Due from banks and other financial institutions	9 591 662	-	9 591 662	-	9 591 662	9 591 662	-
Advances							
Residential mortgages	16 788 707	(552 249)	16 236 458	-	16 236 458	-	16 236 458
Vehicle and asset finance	1 904 655	(59 628)	1 845 027	-	1 845 027	-	1 845 027
Credit card	548 070	(67 655)	480 415	4 974	475 441	475 441	-
Personal loans	3 426 686	(309 554)	3 117 132	-	3 117 132	3 117 132	-
Other Retail	552 828	(102 593)	450 235	2 682	447 553	447 553	-
FNB Commercial	6 513 002	(422 931)	6 090 071	24 128	6 065 943	1 895 780	4 170 163
Commercial vehicle finance	2 651 924	(103 338)	2 548 586	-	2 548 586	-	2 548 586
RMB Corporate and Investment banking	7 030 368	(53 563)	6 976 805	179 306	6 797 499	967 368	5 830 131
Total advances	39 416 240	(1 671 511)	37 744 729	211 090	37 533 639	6 903 274	30 630 365
Investment securities	8 463 322	(3 887)	8 459 435	-	8 459 435	8 459 435	-
Derivatives	349 809	-	349 809	-	349 809	339 500	10 309
Other assets	262 428	-	262 428	-	262 428	262 428	-
Off balance sheet exposures							
Guarantees	1 569 910	-	1 569 910	160 597	1 409 313	979 451	429 862
Letters of credit	18 512	-	18 512	-	18 512	18 512	-
Irrevocable commitments	2 112 493	-	2 112 493	-	2 112 493	2 112 493	-

Notes to the annual financial statements

for the year ended 30 June 2024 continued

31. Risk management continued

	Group						
	2023						
N$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Total exposure (items where credit exposure exists)							
Cash and cash equivalents							
Balances with central bank	1 248 173	-	1 248 173	-	1 248 173	1 248 173	-
Total cash and cash equivalents	1 248 173	-	1 248 173	-	1 248 173	1 248 173	-
Due from banks and other financial institutions	9 468 313	-	9 468 313	-	9 468 313	9 468 313	-
Advances							
Residential mortgages	16 408 976	(435 073)	15 973 903	644 674	15 329 229	-	15 329 229
Vehicle and asset finance	1 794 879	(66 378)	1 728 501	40 618	1 687 883	-	1 687 883
Credit card	532 095	(49 562)	482 533	-	482 533	482 533	-
Personal loans	3 117 627	(263 058)	2 854 569	-	2 854 569	2 854 569	-
Other retail	537 987	(75 545)	462 442	-	462 442	462 442	-
FNB Commercial	6 003 963	(324 213)	5 679 750	24 748	5 655 002	3 810 553	1 844 449
Commercial vehicle finance	2 093 939	(61 992)	2 031 947	6 945	2 025 002	-	2 025 002
RMB Corporate and investment banking	6 288 320	(53 258)	6 235 062	233 767	6 001 295	1 688 425	4 312 866
Total advances	36 777 786	(1 329 079)	35 448 707	950 752	34 497 955	9 298 522	25 199 429
Investment securities	9 830 870	(4 654)	9 826 216	-	9 826 216	9 826 216	-
Derivatives	375 785	-	375 785	-	375 785	375 785	-
Other assets	237 011	-	237 011	-	237 011	237 011	-
Off-balance sheet exposures							
Guarantees	1 728 920	-	1 728 920	-	1 728 920	1 728 920	-
Letters of credit	145 301	-	145 301	-	145 301	145 301	-
Irrevocable commitments	2 360 573	-	2 360 573	-	2 360 573	2 360 573	-

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

	Company						
	2024						
N$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Total exposure (items where credit exposure exists							
Cash and cash equivalents							
Balances with central bank	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Total cash and cash equivalents	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Due from banks and other financial institutions	9 591 662	-	9 591 662	-	9 591 662	9 591 662	-
Advances							
Residential mortgages	16 676 391	(541 939)	16 134 452	-	16 134 452	-	16 134 452
Vehicle and asset finance	1 904 655	(59 628)	1 845 027	-	1 845 027	-	1 845 027
Credit card	548 070	(67 655)	480 415	4 974	475 441	475 441	-
Personal loans	3 426 686	(309 554)	3 117 132	-	3 117 132	3 117 132	-
Other retail	553 305	(102 593)	450 712	2 682	448 030	448 030	-
FNB Commercial	6 513 002	(422 931)	6 090 071	24 128	6 065 943	1 895 780	4 170 163
Commercial vehicle finance	2 651 924	(103 338)	2 548 586	-	2 548 586	-	2 548 586
RMB Corporate and Investment banking	7 030 368	(53 563)	6 976 805	179 306	6 797 499	967 368	5 830 131
Total advances	39 304 401	(1 661 201)	37 643 200	211 090	37 432 110	6 903 751	30 528 359
Investment securities	8 463 322	(3 887)	8 459 435	-	8 459 435	8 459 435	-
Derivatives	349 809	-	349 809	-	349 809	339 500	10 309
Other assets	181 521	-	181 521	-	181 521	181 521	-
Off balance sheet exposures							
Guarantees	1 569 910	-	1 569 910	160 597	1 409 313	979 451	429 862
Letters of credit	18 512	-	18 512	-	18 512	18 512	-
Irrevocable commitments	2 112 493	-	2 112 493	-	2 112 493	2 112 493	-

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

	Company						
	2023						
N$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Total exposure (items where credit exposure exists)							
Cash and cash equivalents							
Balances with central bank	1 248 173	-	1 248 173	-	1 248 173	1 756 192	-
Total cash and cash equivalents	1 248 173	-	1 248 173	-	1 248 173	1 756 192	-
Due from banks and other financial institutions	9 468 313	-	9 468 313	-	9 468 313	9 468 313	-
Advances							
Residential mortgages	16 284 166	(427 047)	15 857 119	644 674	15 212 445	-	15 212 445
Vehicle and asset finance	1 794 879	(66 378)	1 728 501	40 618	1 687 883	-	1 687 883
Credit card	532 095	(49 562)	482 533	-	482 533	482 533	-
Personal loans	3 117 628	(263 059)	2 854 569	-	2 854 569	2 854 569	-
Other retail	537 987	(75 545)	462 442	-	462 442	462 442	-
FNB Commercial	6 000 863	(324 213)	5 676 650	24 748	5 651 902	3 810 553	1 841 349
Commercial vehicle finance	2 093 939	(61 992)	2 031 947	6 945	2 025 002	-	2 025 002
RMB Corporate and investment banking	6 288 320	(53 257)	6 235 063	233 767	6 001 296	1 688 425	4 312 866
Total advances	36 649 877	(1 321 053)	35 328 824	950 752	34 378 072	9 298 522	25 079 545
Investment securities	9 830 870	(4 654)	9 830 870	-	9 830 870	9 830 870	-
Derivatives	375 785	-	375 785	-	375 785	93 610	-
Accounts receivable	236 304	-	236 304	-	236 304	236 304	-
Off-balance sheet exposures							
Guarantees	1 728 920	-	1 728 920	-	1 728 920	1 728 920	-
Letters of credit	145 301	-	145 301	-	145 301	142 301	-
Irrevocable commitments	2 360 573	-	2 360 573	-	2 360 573	2 360 573	-

Quality of credit assets

The following table shows the gross carrying amount of advances carried at amortised cost and the fair value of advances measured at fair value through profit or loss, as well as the exposure to credit risk of loan commitments and financial guarantee per class of advances and per internal credit rating.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Quality of credit assets

In the current year, we have revised our credit rating to align with our internal rating, unlike in the prior year when it was based on sovereign credit rating. This adjustment provides a more accurate representation of our creditworthiness. The amount in stage 3 that do not have a rating of FR 91 - 100 relates to technical cures (performing accounts that have previously defaulted but don't meet the 12-month curing definition remains in stage 3) and paying debt-review customers as the PD's on these customers are lower than operational stage 3 advances and the PD drives the FR rating. In addition, where the group holds a guarantee against a stage 3 advance, the FR rating would reflect same.

Group

	2024					
	FR 1-25		FR 33 - 90		FR 91 - 100	
N$'000	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Other retail						
Stage 1	-	-	19 426 064	1 655 122	12 334	-
Stage 2	-	-	782 835	-	1 345 057	-
Stage 3	-	-	-	-	1 654 523	-
Total other retail	-	-	20 208 899	1 655 122	3 011 914	-
FNB commercial						
Stage 1	-	-	7 635 132	2 921 325	38 516	-
Stage 2	-	-	501 946	-	250 203	-
Stage 3	-	-	-	-	739 129	-
Total commercial	-	-	8 137 078	2 921 325	1 027 848	-
RMB corporate banking						
Stage 1	37 069	675 057	919 440	2 531 542	24	15 623
Stage 2	-	-	149,736	573 484	-	18 256
Stage 3	-	-	-	-	-	-
Total RMB corporate banking	37 069	675 057	1 069 176	3 105 026	24	33 879
RMB investment banking						
Stage 1	395 826	127 452	5 245 945	256 563	-	-
Stage 2	-	-	282 329	4 217	-	-
Stage 3	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-
Total RMB investment banking	395 826	127 452	5 528 274	260 780	-	-

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Company

	2024					
	FR 1-25		FR 33 - 90		FR 91 - 100	
N$'000	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Other retail						
Stage 1	-	-	19 342 965	1 655 122	12 334	-
Stage 2	-	-	754 095	-	1 345 057	-
Stage 3	-	-	-	-	1 654 523	-
Total other retail	-	-	20 097 060	1 655 122	3 011 914	-
FNB commercial						
Stage 1	-	-	7 635 132	2 921 325	38 516	-
Stage 2	-	-	501 946	-	250 203	-
Stage 3	-	-	-	-	739 129	-
Total commercial	-	-	8 137 078	2 921 325	1 027 848	-
RMB corporate banking						
Stage 1	37 069	675 057	919 440	2 531 542	24	15 623
Stage 2	-	-	149 736	573 484	-	18 256
Stage 3	-	-	-	-	-	-
Total RMB corporate banking	37 069	675 057	1 069 176	3 105 026	24	33 879
RMB investment banking						
Stage 1	395 826	127 452	5 245 945	256 563	-	-
Stage 2	-	-	282 329	4 217	-	-
Stage 3	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-
Total RMB investment banking	395 826	127 452	5 528 274	260 780	-	-

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

	2023							
	Group				Company			
	FR 26 - 90		FR 91 - 100		FR 26 - 90		FR 91 - 100	
N$'000	On balance sheet	Off balance sheet	On Balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
FNB Retail								
Stage 1	18 798 144	1 653 735	4 376	-	18 673 040	1 653 735	4 376	-
Stage 2	1 250 136	-	1 264 437	-	1 250 136	-	1 264 437	-
Stage 3	-	-	1 310 645	-	-	-	1 310 645	-
Total Retail	20 048 280	1 653 735	2 579 458	-	19 923 176	1 653 735	2 579 458	-
FNB Commercial								
Stage 1	6 897 650	1 099 787	26 038	-	6 894 550	1 099 787	26 038	-
Stage 2	272 049	-	205 336	-	272 049	-	205 636	-
Stage 3	-	-	460 656	-	-	-	460 656	-
FNB Commercial	7 169 699	1 099 787	692 030	-	7 166 599	1 099 787	692 330	-
RMB Corporate banking								
Stage 1	1 767 507	994 210	62	18 343	1 767 507	994 210	62	18 343
Stage 2	49 764	126 454	22	327	49 764	126 454	22	327
Stage 3	-	-	-	-	-	-	-	-
Total RMB Corporate banking	1 817 271	-	84	18 670	1 817 271	1 120 664	84	18 670
RMB Investment banking								
Stage 1	4 470 959	419 351	-	-	4 470 959	419 351	-	-
Stage 2	-	-	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-
Total RMB Investment banking	4 470 959	419 351	-	-	4 470 959	419 351	-	-

Notes to the annual financial statements

for the year ended 30 June 2024 continued

31. Risk management continued

The table below sets out an analysis of credit-impaired advances at amortised cost

The table below represents an analysis of impaired advances for financial assets measured at amortised cost, and debt instruments measured both at fair value through other comprehensive income and fair value through profit or loss, in line with the manner the group manager credit risk.

	Group					
	2 024			2 023		
N$'000	Gross carrying amount	Expected recoveries from collateral	Loss allowance	Gross carrying amount	Expected recovery from collateral	Loss allowance
Total retail secured	1 257 513	856 699	400 814	1 025 633	714 674	310 959
- Residential mortgages	1 213 918	847 812	366 106	969 725	694 270	275 455
- Vehicle asset finance	43 595	8 887	34 708	55 908	20 404	35 504
Total retail unsecured	397 013	89 753	307 260	285 011	5 031	279 980
- Credit card	47 653	2 177	45 476	60 906	733	60 173
- Personal loans	296 867	77 169	219 698	196 085	1 775	194 310
- Other retail	52 493	10 407	42 086	28 020	2 523	25 497
Total corporate and commercial	739 126	383 791	355 335	460 657	244 283	216 374
- FNB commercial	645 583	347 127	298 456	424 746	226 026	198 720
- Commercial vehicle finance	93 543	36 664	56 879	35 911	18 257	17 654
- RMB corporate banking	-	-	-	-	-	-
Total stage 3	2 393 652	1 330 243	1 063 409	1 771 301	963 988	807 313
Stage 3 by category						
Overdraft and cash management	293 661	116 373	177 288	151 160	47 758	103 402
Term loans	241 498	139 532	101 966	206 120	119 758	86 362
Card loans	49 741	3 979	45 762	63 382	5 170	58 212
Instalment sales and hire purchase agreements	133 840	45 551	88 289	88 858	37 227	51 631
Lease payments receivable	3 297	311	2 986	2 961	1 434	1 527
Property finance	1 374 749	947 329	427 420	1 061 064	746 615	314 449
Personal loans	296 866	77 168	219 698	197 756	6 026	191 730
Total stage 3	2 393 652	1 330 243	1 063 409	1 771 301	963 988	807 313

Notes to the annual financial statements

for the year ended 30 June 2024 continued

31. Risk management continued

	Company					
	2 024			2 023		
N$'000	Gross carrying amount	Expected recoveries from collateral	Loss allowance	Gross carrying amount	Expected recoveries from collateral	Loss allowance
Total retail secured	1 242 004	850 387	391 617	1 007 916	704 240	303 676
- Residential mortgages	1 198 409	841 500	356 909	952 008	683 836	268 172
- Vehicle asset finance	43 595	8 887	34 708	55 908	20 404	35 504
Total retail unsecured	397 013	89 753	307 260	285 011	5 031	279 980
- Credit card	47 653	2 177	45 476	60 906	733	60 173
- Personal loans	296 867	77 169	219 698	196 085	1 775	194 310
- Other retail	52 493	10 407	42 086	28 020	2 523	25 497
Total corporate and commercial	739 126	383 791	355 335	460 657	244 283	216 374
- FNB commercial	645 583	347 127	298 456	424 746	226 026	198 720
- Commercial vehicle finance	93 543	36 664	56 879	35 911	18 257	17 654
- RMB corporate banking	-	-	-	-	-	-
Total stage 3	2 378 143	1 323 931	1 054 212	1 753 584	953 554	800 030
Stage 3 by category						
Overdraft and cash management	293 661	116 373	177 288	151 160	47 755	103 405
Term loans	241 498	139 532	101 966	206 120	119 758	86 362
Card loans	49 741	3 979	45 762	63 382	5 170	58 212
Instalment sales and hire purchase agreements	133 840	45 551	88 289	88 858	37 227	51 631
Lease payments receivable	3 297	311	2 986	2 961	1 434	1 527
Property finance	1 359 240	941 016	418 224	1 043 347	736 181	307 166
Personal loans	296 866	77 169	219 697	197 756	6 026	191 730
Total stage 3	2 378 143	1 323 931	1 054 212	1 753 584	953 554	800 030

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Quality of credit assets – non-advances

The following table shows the gross carrying amount of non-advances carried at amortised cost and the fair value of non-advances measured at fair value through profit or loss or through other comprehensive income per external credit rating.

	Group and company	
	2024	2023
N$'000	BB+ to B-	BB+ to B-
Investment securities		
Investment securities at amortised cost		
Stage 1	7 845 752	9 376 851
Investment securities at fair value through profit or loss		
Stage 1	612 894	449 365
Investment securities at fair value through other comprehensive income		
Stage 1	789	-
Total investment securities	8 459 435	9 826 216
Other assets		
Stage 1	145 979	89 702
Total Other financial assets	145 979	89 702
Cash and cash equivalents		
Stage 1	3 149 125	1 805 929
Total cash and cash equivalents	3 149 125	1 805 929
Derivative assets		
Stage 1	349 809	375 785
Total derivative assets	349 809	375 785
Due from banks and other financial institutions		
Stage 1	9 591 662	9 468 313
Total due from banks and other financial institutions	9 591 662	9 468 313

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Sector analysis concentration of advances

Advances expose the group to concentration risk in various industry sectors. The table below set out the groups exposure to the various industry sectors for total advance and credit impaired advances.

	Group				
	2024				
N$'000	Total gross advances	Credit impaired advances	Security held and expected recoveries	Specific impairment	Off-balance sheet
Agriculture	1 588 307	118 836	63 328	55 509	126 387
Banks and Financial institutions	1 499 404	8 433	3 847	4 585	215 580
Building and property development	4 810 796	229 848	123 904	105 943	432 281
Individuals	23 419 061	1 654 522	948 678	705 844	1 291 742
Manufacturing and commerce	3 089 884	162 112	78 270	83 842	657 191
Mining	266 034	60 942	32 305	28 637	295 715
Transportation and communication	962 942	70 949	31 145	39 804	106 930
Other services	1 754 466	88 010	48 765	39 245	430 958
Government and public authorities	2 025 346	-	-	-	144 131
Total	39 416 240	2 393 652	1 330 242	1 063 409	3 700 915

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Sector analysis concentration of advances continued

	Group				
	2023				
N$'000	Total advances	Credit impaired advances	Security held and expected recoveries	Specific impairment	Off-balance sheet
Agriculture	1 469 271	117 812	75 302	42 510	63 305
Banks and Financial institutions	577 623	19 361	8 597	10 764	627 848
Building and property development	5 031 030	123 003	61 054	61 949	244 141
Individuals	22 399 671	1 310 551	721 843	588 708	1 474 208
Manufacturing and commerce	3 768 332	131 138	67 326	63 812	713 497
Mining	505 735	3 961	1 515	2 446	665 593
Transportation and communication	652 765	23 035	7 555	15 480	140 773
Other services	1 236 270	42 440	20 796	21 644	263 239
Government and public authorities	1 137 089	-	-	-	119 603
Total	36 777 786	1 771 301	963 988	807 313	4 312 207

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

	Company				
	2024				
N$'000	Total gross advances	Credit impaired advances	Security held and expected recoveries	Specific impairment	Off-balance sheet
Agriculture	1 588 307	118 836	63 328	55 509	126 387
Banks and Financial institutions	1 499 404	8 433	3 847	4 585	215 580
Building and property development	4 810 796	229 848	123 904	105 943	432 281
Individuals	23 307 222	1 639 013	948 678	696 647	1 291 742
Manufacturing and commerce	3 089 884	162 112	78 270	83 842	657 191
Mining	266 034	60 942	32 305	28 637	295 715
Transportation and communication	962 942	70 949	31 145	39 804	106 930
Other services	1 754 466	88 010	48 765	39 245	430 958
Government and public authorities	2 025 346	-	-	-	144 131
Total	39 304 401	2 378 143	1 330 242	1 054 212	3 700 915

	Company				
	2023				
N$'000	Total gross advances	Credit impaired advances	Security held and expected recoveries	Specific impairment	Off-balance sheet
Agriculture	1 469 271	117 812	75 302	42 510	63 305
Banks and Financial institutions	577 623	19 361	8 597	10 764	627 848
Building and property development	5 031 030	123 003	61 054	61 949	244 141
Individuals	22 271 762	1 292 834	711 409	581 425	1 474 208
Manufacturing and commerce	3 768 332	131 138	67 326	63 812	713 497
Mining	505 735	3 961	1 515	2 446	665 593
Transportation and communication	652 765	23 035	7 555	15 480	140 773
Other services	1 236 270	42 440	20 796	21 644	262 239
Government and public authorities	1 137 089	-	-	-	119 603
Total	36 649 877	1 753 584	953 554	800 030	4 311 207

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Sector analysis concentration of deposits

	Group		Company	
N$'000	2024	2023	2024	2023
Deposit current accounts and other loans				
Sovereigns, including central banks	1 899 944	1 095 807	1 899 944	1 095 807
Public sector entities	4 633 826	4 062 074	4 633 826	4 062 074
Local authorities	843 110	647 311	843 110	647 311
Banks	7 344 657	7 478 706	7 344 657	7 478 706
Corporate customers	22 893 732	23 618 220	22 892 224	23 618 220
Retail customers	14 898 295	13 620 162	14 898 295	13 618 240
Total deposits	52 513 564	50 522 280	52 512 056	50 520 358
Geographical analysis				
Namibia	44 966 360	43 045 099	44 964 852	43 043 177
South Africa	7 547 204	7 477 181	7 547 204	7 477 181
Total deposits	52 513 564	50 522 280	52 512 056	50 520 358

Concentration risk

Credit concentration risk is the risk of loss to the group arising from an excessive concentration of exposure to a single counterparty industry market product financial instrument or type of security country or region or maturity. This concentration typically exists when a number of counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Concentration risk is managed based on the nature of the credit concentration in each portfolio. The groupís credit portfolio is well diversified which is achieved through setting maximum exposure guidelines to individual counterparties. The group constantly reviews its concentration levels and sets maximum exposure guidelines for these.

The group seeks to establish a balanced portfolio profile and closely monitors credit concentrations.

* *In the current year the geographical analysis is split between Namibian and South African counter parties.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Credit risk mitigation and collateral held

Since taking and managing credit risk is core to its business the group aims to optimise the amount of credit risk it takes to achieve its return objectives. Mitigation of credit risk is an important component of this beginning with the structuring and approval of facilities only for those clients and within those parameters that fall within risk appetite.

Although in principle credit assessment focuses on the counterpartyís ability to repay the debt credit mitigation instruments are used where appropriate to reduced the groupís lending risk resulting in security against the majority of exposures. These include financial or other collateral netting agreements guarantees or credit derivatives. The collateral types are driven by portfolio product and counterparty type.

Credit risk mitigation instruments:

- Mortgage and instalment sale finance portfolios in FNB and WesBank are secured by the underlying assets financed;
- FNB Commercial credit exposures are secured by the assets of the SME counterparties and commercial property finance deals are secured by the underlying property and associated cash flows;
- Structured facilities in RMB are secured as part of the structure through financial or other collateral, including guarantees, credit derivative instruments and assets;
- Counterparty credit risk in RMB is mitigated through the use of netting agreements and financial collateral. For additional information relating to the use of the netting agreements.
- Personal loans, overdrafts and credit card exposures are generally unsecured or secured by guarantees and securities;
- Invoice finance is secured by the underlying receivables (trade invoices); and
- Working capital facilities in RMB corporate banking are secured.

The group employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement and subsequently where necessary through physical inspection or index valuation methods. For corporate and commercial counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained. For mortgage portfolios, collateral is revalued on an ongoing basis using an index model and physical inspection, which is performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Concentrations in credit risk mitigation types, such as property, are monitored and managed at a product and credit segment level, in line with the requirements of the group's credit risk appetite framework.

Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes as well as incorporating forward looking information.

The financial effect of collateral and other credit enhancements has been calculated separately per class of advance for the performing book (IBNR and portfolio specific impairments) and the non performing book. The amounts disclosed above represents the difference between the impairment recognised on the statement of financial position using the actual LGD and a proxy LGD for all secured portfolios. The proxy LGD is based on the LGD used to determine the impairment recognised on the statement of financial position for unsecured portfolios.

Where there is no collateral or where collateral is disregarded for provisioning purposes, no financial effect is calculated.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Offsetting of financial assets and financial liabilities

Where appropriate various instruments are used to mitigate the potential exposure to certain counterparties. These include financial or other collateral in line with common credit risk practices as well as netting agreements guarantees and credit derivatives. In addition the group has set up a function to clear OTC derivatives centrally as part of risk mitigation.

The group uses the International Swaps and Derivatives Association (ISA) and International Securities Market Association agreements for the purpose of netting derivative transactions and repurchase transactions respectively. These master agreements as well as associated credit support annexes (CSA) set internationally accepted valuation and default covenant, which are evaluated and applied daily including daily margin calls based on the approved CSA thresholds.

Liquidity risk

Objective

The group strives to fund its activities in a sustainable diversified efficient and flexible manner underpinned by strong counterparty relationships within prudential limits and minimum requirements. The objective is to maintain natural market share but also to outperform at the margin which will provide the group with a natural liquidity buffer.

Given the liquidity risk introduced by its business activities the groupís objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner.

Compliance with the Basel III LCR influences the groupís funding strategy, in particular as it seeks to restore the correct risk adjusted pricing of liquidity. The group is actively building its deposit franchise through innovative and competitive product and pricing, while also improving the risk profile of its institutional funding. This continues to improve the funding and liquidity profile of the group.
Given market conditions and the regulatory environment the group increased its holdings of available liquidity over the year in line with risk appetite. The group utilised new market structures platforms and regulatory programmes to efficiently increase the available liquidity holdings.

Given the liquidity risk introduced by its business activities, the groupís objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner.

Liquidity risk arises from all assets and liabilities with differing maturity profiles.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Liquidity risk continued

Assessment and management

The group focuses on continuously monitoring and analysing the potential impact of other risks and events on the funding and liquidity position of the group to ensure business activities preserve and improve funding stability. This ensures the group is able to operate through periods of stress when access to funding is constrained.

Mitigation of market and funding liquidity risks is achieved via contingent liquidity risk management. Buffer stocks of high quality highly liquid assets are held either to be sold into the market or to provide collateral for loans to cover any unforeseen cash shortfall that may arise.

The groupís approach to liquidity risk management distinguishes between structural daily and contingency liquidity risk management across all currencies and various approaches are employed in the assessment and management of these on a daily weekly and monthly basis.

Regular and rigorous stress tests are conducted on the funding profile and liquidity position as part of the overall stress testing framework with a focus on:

- Quantifying the potential exposure to future liquidity stresses;
- Analysing the possible impact of economic and event risks on cash flows liquidity profitability and solvency position; and
- Proactively evaluating the potential secondary and tertiary effects of other risks on the group.

Undiscounted cash flows

The following table presents the group's undiscounted cash flows of financial liabilities and off balance sheet amounts and includes all cash outflows related to principal amounts, as well as future payments. These balances will not reconcile to the statement of financial position for the following reasons:

- Balances are undiscounted amounts whereas the statement of financial position is prepared using discounted amounts;
- The table includes cash flows not recognised on the statement of financial position;
- All instruments held for trading purposes are included in the call to three month bucket and not by maturity, as trading instruments are typically held for short periods of time; and
- Cash flows relating to principal and associated future coupon payments have been included on an undiscounted basis.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Group	2024			
	Term to maturity			
N$'000	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Deposits and current accounts	45 223 573	37 438 139	5 088 102	2 697 332
Due to bank and other financial institutions	7 605 401	7 461 066	7 002	137 333
Derivative financial instruments	430 715	208 152	29 380	193 183
Short trading position	34 085	34 085	-	-
Creditors, accruals and provisions	692 118	586 005	12 685	93 428
Other liabilities	110 154	2 972	37 197	69 985
Lease liability	34 730	751	3 249	30 730
Financial liabilities	54 130 776	45 731 170	5 177 615	3 221 991
Off-balance sheet exposures				
Financial and other guarantees	1 588 422	1 574 969	13 453	-
Other contingencies and commitments	2 112 493	2 112 493	-	-

Group	2023			
	Term to maturity			
N$'000	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Deposits and current accounts	51 434 312	42 564 672	5 389 215	3 480 425
Derivative financial instruments	404 096	39 509	83 837	280 750
Short trading position	-	-	-	-
Creditors, accruals and provisions	825 421	742 512	-	82 909
Other liabilities	152 275	3 035	39 571	109 669
Lease liability	38 789	234	5 112	33 443
Financial liabilities	52 854 893	43 349 962	5 517 735	3 987 196
Off-balance sheet exposures				
Financial and other guarantees	1 874 222	1 859 722	14 500	-
Other contingencies and commitments	2 360 573	2 360 573	-	-

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Company

N$'000	2024			
	Term to maturity			
	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Deposits and current accounts	45 222 065	37 436 631	5 088 102	2 697 332
Due to bank and other financial institutions	7 605 401	7 461 066	7 002	137 333
Derivative financial instruments	430 715	208 152	29 380	193 183
Short trading position	34 085	34 085	-	-
Creditors, accruals and provisions	692 118	586 005	12 685	93 428
Other liabilities	110 154	2 972	37 197	69 985
Lease liability	34 730	751	3 249	30 730
Financial liabilities	54 129 268	45 729 662	5 177 615	3 221 991
Off-balance sheet exposures				
Financial and other guarantees	1 588 422	1 574 969	13 453	-
Other contingencies and commitments	2 119 493	2 119 493	-	-

Notes to the annual financial statements

for the year ended 30 June 2024 continued

31. Risk management continued

Company

	2023			
	Term to maturity			
N$'000	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Deposits and current accounts	51 434 312	42 564 672	5 389 215	3 480 425
Derivative financial instruments	404 096	39 509	83 837	280 750
Short trading position	-	-	-	-
Creditors, accruals and provisions	825 421	742 512	-	82 909
Other liabilities	152 275	3 035	39 571	109 669
Lease liability	38 789	234	5 112	33 443
Financial liabilities	52 854 893	43 349 962	5 517 735	3 987 196
Off-balance sheet exposures				
Financial and other guarantees	1 874 222	1 859 722	14 500	-
Other contingencies and commitments	2 360 573	2 360 573	-	-

Discounted cash flows

The following table represents the group's contractual discounted cash flows of total assets, liabilities and equity for the group and company. Relying solely on the liquidity mismatch when assessing a bank's maturity analysis would overstate risk, since this represents an absolute worst case assessment of cash flows at maturity.

Due to Namibia's structural liquidity position, banks tend to have a particularly pronounced negative gap in the shorter term due to short term institutional funds which represent a significant proportion of banks' liabilities. These are used to fund long term assets, e.g. mortgages.

Discounted cash flow analysis - maturity analysis of total assets, liabilities and equity based on the present value of the expected payment.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Group

N$'000	2024			
	Term to maturity			
	Carrying amount	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Total financial assets	59 440 746	12 993 518	7 895 539	38 551 689
Total financial liabilities	53 866 470	45 735 672	5 292 380	2 838 418
Net liquidity gap	-	(32 742 154)	2 603 159	35 713 271
Cumulative liquidity gap	-	(32 742 154)	(30 138 995)	5 574 276

Group

N$'000	2023			
	Term to maturity			
	Carrying amount	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Total financial assets	57 014 652	12 729 484	7 684 874	36 600 294
Total financial liabilities	51 671 526	43 448 544	5 529 422	2 693 560
Net liquidity gap	-	(30 719 060)	2 155 452	33 906 734
Cumulative liquidity gap	-	(30 719 060)	(28 563 608)	5 343 126

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Company

	2024			
	Term to maturity			
N$'000	Carrying amount	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Total financial assets	59 339 139	12 993 518	7 895 539	38 450 082
Total financial liabilities	53 868 474	45 735 672	5 292 380	2 840 422
Net liquidity gap	-	(32 742 154)	2 603 159	35 609 660
Cumulative liquidity gap	-	(32 742 154)	(30 138 995)	5 470 665

Company

	2023			
	Term to maturity			
N$'000	Carrying amount	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Total financial assets	56 894 690	12 729 484	7 684 874	36 480 332
Total financial liabilities	51 669 490	43 448 544	5 529 422	2 691 524
Net liquidity gap	-	(30 719 060)	2 155 452	33 788 808
Cumulative liquidity gap	-	(30 719 060)	(17 638 974)	16 149 834

As illustrated in the table above, the negative liquidity short-term gap increased slightly in the short end on a cumulative basis. This is aligned to the funding strategy to grow the deposit franchise via transactional deposit accounts. Management continues to align stress-funding buffers taking into account prevailing economic and market conditions.

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Market risk

Non-traded market risk

Interest rate risk in the banking book
Interest rate risk in the banking book (IRRBB) originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products.

The endowment effect, which results from a large proportion of non maturing and low rate liabilities that fund variable rate assets, is the primary driver of IRRBB and results in the earnings being vulnerable to interest rate cuts, or conversely benefiting from interest rate hikes.

IRRBB is an inevitable risk associated with banking and can be an important source of profitability and shareholder value. FNB Namibia continues to manage IRRBB with the aim of protecting and enhancing earnings and economic value through the cycle within approved risk limits and appetite levels. Asset liability management (ALM) strategies are in place to protect the bank's net interest margin and endowment portfolio. These strategies are actively monitored along with macroeconomic factors affecting interest rates in Namibia or where the group has exposures..

The South African Reserve Bank (SARB) designated the South African Rand Overnight Index Average (ZARONIA) as the successor rate to replace the Johannesburg interbank rate (JIBAR). The observation period for ZARONIA ended on 3 November 2023 and the SARB has indicated that market participants may use the published ZARONIA as a reference rate in pricing financial contracts going forward. The transition from JIBAR to ZARONIA is a multi-year initiative, the group is busy engaging market participants on how the possible transition of the interest benchmark reform could work for JIBAR linked instruments before the cessation occurs at the end of 2026.

Structural ALM strategies
Various ALM strategies are executed by Treasury to protect and enhance the earnings of the bank without adding to the natural risk position of the balance sheet. The ALM strategy to manage the endowment effect is impleted to reduce interest margin volatility arising from the structural balances i.e., rate insensitive deposits and equity capital endowment. The effectiveness of the ALM strategies must be considered on a through the cycle basis. For the 2024 financial year, we anticipate the ALM strategies to be negatively impacted by the continued "higher for longer" narrative on policy rates. However, with the market forecasting cuts in interest in the later part of 2024, we expect the negative impact on earnings to reduce resulting in a more stable earnings profile.

Sensitivity analysis
A change in interest rates impacts both the earnings potential of the banking book (as underlying assets and liabilities reprice to new rates), as well as in the economic value/NAV of an entity (as a result of a change in the fair value of any open risk portfolios used to manage the earnings risk). The role of management is to protect both the financial performance as a result of a change in earnings and to protect the long term economic value. To achieve this, both earnings sensitivity and economic sensitivity measures are monitored and managed within appropriate risk limits and appetite levels, considering the macroeconomic environment and factors which would cause a change in rates.

Earnings sensitivity
Earnings models are run on a monthly basis to provide a measure of the NII sensitivity of the existing banking book balance sheet to shocks in interest rates. Underlying transactions are modelled on a contractual basis and behavioural adjustments are applied where relevant. The calculation assumes a constant balance sheet size and product mix over the forecast horizon. Behavioural assumption is applied in relation to non maturing deposits, which reprice on a discretionary basis. This assumption is based on historical product behaviour.

Most of the NII sensitivity relates to the inability to cut interest rates on certain funding and capital components to the same extent as the cut of the MPC rate. The size of this portfolio is approximately N$10.1 billion. (2023 N$11.9 billion).

Assuming no change in the balance sheet and no management action in response to interest rate movements, an instantaneous, sustained parallel 200 bps decrease in interest rates would result in a reduction in projected 12 month NII of N$250 million (2023: N$ 180 million). A similar increase in interest rates would result in an increase in projected 12 month NII of N$233 million (2023: N$ 183 million).

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Group

	2024			2023		
	Average balance	Interest income/ expense	Interest income / expense	Average balance	Interest income/ expense	Interest income / expense
N$'000	N$'000	%	N$'000	N$'000	%	N$'000
Assets						
Cash and cash equivalents, including balance with banks	14 243 695	5.8	831 677	13 447 148	5.0	663 470
Advances	36 130 907	12.4	4 487 708	32 910 980	11.1	3 657 572
Investment securities	8 481 935	8.5	723 089	7 768 466	8.1	625 871
Interest-earning assets	58 856 537	10.3	6 042 474	54 126 594	9.2	4 946 913
Non-interest-earning assets	1 495 060	-	-	1 366 009	-	-
Total assets	60 351 597	10.0	6 042 474	55 492 603	8.9	4 946 913
Liabilities						
Deposits and current accounts, balances due to banks	52 831 470	5.6	2 953 360	48 009 942	2.3	2 253 354
Interest-earning liabilities	52 831 470	5.6	2 953 360	48 009 942	2.3	2 253 354
Non-interest-earning liabilities	2 084 952	-	-	1 793 046	-	-
Total liabilities	54 916 422	5.4	2 953 360	49 802 988	2.2	2 253 354
Total equity	5 435 175	-	-	5 689 615	-	-
Total equity and liabilities	60 351 597	4.9	2 953 360	55 492 603	2.0	2 253 354

Notes to the annual financial statements
for the year ended 30 June 2024 continued

31. Risk management continued

Company

N$'000	2024 Average balance N$'000	2024 Interest income/ expense %	2024 Interest income / expense N$'000	2023 Average balance N$'000	2023 Interest income/ expense %	2023 Interest income / expense N$'000
Assets						
Cash and cash equivalents	14 243 695	5.8	831 677	13 447 148	5.0	663 471
Advances	36 020 552	12.4	4 474 016	32 780 004	11.1	3 643 230
Investment securities	8 481 935	8.5	723 089	7 768 466	8.1	625 871
Interest-earning assets	58 746 182	10.3	6 028 782	53 995 618	9.2	4 932 572
Non interest-earning assets	1 578 519	-	-	1 470 314	-	4 932 572
Total assets	60 324 701	10.0	6 042 474	55 465 932	8.9	9 865 144
Liabilities						
Deposits and current accounts, balances due to banks	52 829 669	5.6	2 941 846	48 007 539	4.7	2 241 995
Interest-earning liabilities	52 829 669	5.6	2 941 846	48 007 539	4.7	2 241 995
Non-interest-earning liabilities	2 082 772	-	-	1 794 007	-	-
Total liabilities	54 912 441	5.4	2 941 846	49 801 546	4.5	2 241 995
Total equity	5 412 260	-	-	5 664 386	-	-
Total equity and liabilities	60 324 701	4.9	2 941 846	55 465 932	4.0	2 241 995

Banking book NAV sensitivity to interest rate movement as a percentage of total group capital.

%	Group and company 2024 Change in period 12-month NII	Group and company 2023 Change in period 12-month NII
Downward 200 bps	(16.14%)	(13.46%)
Upward 200 bps	15.01%	13.31%

Notes to the annual financial statements
for the year ended 30 June 2024 continued

32. Segment information

32.1 Reportable segments

Segment reporting		
Group's chief operating decision maker	Chief Executive Officer (CEO)	
Identification and measurement of operating segments	Aligned with the internal reporting provided to the CEO and reflects the risks and rewards related to the segmentsí specific products and services offered in their specific markets. Operating segments with total revenue, absolute profit or loss for the period or total assets that constitutes 10% or more of all the segmentsí revenue, profit or loss or total assets, are reported separately.	
Major customers	FNB Namibia has no major customer as defined (i.e. revenue from the customer exceeds 10% of total revenue) and is, therefore, not reliant on revenue from one or more major customers.	
Reportable segments		
RETAIL AND COMMERCIAL		
	Products and services	Footprint
FNB	FNB represents FNB Namibia's activities in the retail and commercial segments in Namibia. FNB offers a diverse set of financial products and services to market segments including retail (presonal and private), SMEs, business, agricultural, medium corporate, and public sector entities. FNB's products cover the entire spectrum of financial services - transactional, lending, insurance, investment management and savings. Products include mortgage loans and commercial property finance; credit and debit cards (card issuing); personal loans, debtor and leveraged finance; securities-based lending; foreign exchange; and savings and investment products. Services include transactional and deposit taking, card-acquiring, credit facilities, rewards programme, merchant services (card acquiring) and cash management solutions. FNB's distribution channels include the branch network and other physical representation points, ATMs, call centres, an app, cellphone banking (USSD) and online banking.	FNB Namibia only operates in Namibia.
CORPORATE AND INSTITUTIONAL		
RMB	RMB represents the groupís activities in the corporate and investment banking in Namibia. RMB offers corporate finance, leveraged finance, resource sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate banking, loan syndications, coverage, advisory, corporate transactional banking and principal investing solutions. From a markets perspective if offers market making, financial risk management and investment across interest rate, currency, commodity, equity and credit asset classes as well as execution, asset financing, custody and clearing services.	RMB Namibia only operates in Namibia.
OTHER (INCLUDING GROUP TREASURY AND FCC)		
Centre (including Group Treasury)	The Centre represents group-wide functions, including Group Treasury, Group Finance, Group Tax, Enterprise Risk Management (ERM), Group Compliance and Group Internal Audit. The reportable segment includes all management accounting and consolidated entries.	

Notes to the annual financial statements

for the year ended 30 June 2024 continued

32. Segment information continued

	Group		FNB	
N$'000	2024	2023	2024	2023
Net interest income before impairment of advances	3 061 518	2 681 545	2 459 110	2 113 040
Impairment and fair value of credit advances	(425 451)	(213 300)	(425 120)	(212 368)
Net impairment income after impairment of advances	2 636 067	2 468 245	2 033 990	1 900 672
Non-interest income	2 213 193	2 030 976	1 939 552	1 790 511
Income from operations	4 849 260	4 499 221	3 973 542	3 691 183
Operating expenses	(2 495 369)	(2 235 920)	(2 199 009)	(1 979 207)
Net income from operations	2 353 891	2 263 301	1 774 531	1 711 976
Indirect tax	(53 540)	(52 009)	(42 136)	(37 625)
Profit before tax	2 300 351	2 211 292	1 732 397	1 674 351
Income tax expense	(701 796)	(693 245)	(528 523)	(524 912)
Profit for the year	1 598 555	1 518 047	1 203 874	1 149 439
The income statement includes:				
Depreciation	(109 722)	(96 467)	(108 248)	(95 604)
Amortisation	(7 599)	(15 612)	(7 599)	(15 612)
The statement of financial position includes:				
Investment securities	8 459 435	9 826 216	-	-
Advances	37 744 729	38 448 707	30 767 827	29 213 650
Non-current assets held for sale	53 000	-	53 000	-
Total assets	60 530 985	58 131 489	34 855 163	30 955 015
Deposits	52 513 564	50 522 280	28 281 078	24 487 106
Total liabilities	54 739 910	52 509 776	33 164 246	29 298 872

Notes to the annual financial statements
for the year ended 30 June 2024 continued

32. Segment information continued

	RMB		Other	
N$'000	2024	2023	2024	2023
Net interest income before impairment of advances	528 738	410 415	73 670	158 090
Impairment and fair value of credit advances	(331)	(932)	-	-
Net impairment income after impairment of advances	**528 407**	**409 483**	**73 670**	**158 090**
Non-interest income	311 330	280 980	(37 689)	(40 515)
Income from operations	**839 737**	**690 463**	**35 981**	**117 575**
Operating expenses	(289 412)	(262 320)	(6 948)	5 607
Net income from operations	**550 325**	**428 143**	**29 033**	**123 182**
Indirect tax	(4 626)	(4 119)	(6 778)	(10 265)
Profit before tax	**545 699**	**424 024**	**22 255**	**112 917**
Income tax expense	(166 483)	(132 933)	(6 790)	(35 400)
Profit for the year	**379 216**	**291 091**	**15 465**	**77 517**
The income statement includes:				
Depreciation	(1 327)	(727)	(147)	(136)
Amortisation	-	-	-	-
The statement of financial position includes:				
Investment securities	612 894	449 935	7 846 541	9 376 281
Advances	6 976 902	9 235 057	-	-
Non-current assets held for sale	-	-	-	-
Total assets	8 630 450	10 137 688	17 045 372	17 038 786
Deposits	10 164 615	11 474 111	14 067 871	14 561 063
Total liabilities	8 130 420	9 746 586	13 445 244	13 464 318

Notes to the annual financial statements

for the year ended 30 June 2024 continued

33. Cashflow change in presentation

During the current year the group and company has changed the basis of presentation of the statement of cash flows to the indirect method. The change in the presentation allows for simpler collation of information and enhanced reliability. The change in the presentation only impacted net cash flows from operating activities within the statement of cash flows for the group, resulting in the reclassification of lines previously reported in June 2023, under the direct method, to profit before tax adjusted June 2023, under the indirect method. In addition, the change in presentation resulted in the disaggregation of lines previously reported in June 2023 under the movement in operating assets and liabilities for the adjusted June 2023 figures.

	Group		
N$ million	As previously reported June 2023	Adjustment	Adjusted June 2023
Direct method			
Cash generated from operating activities			
Interest and fee commission receipts	6 622 884	(1 795 336)	4 827 548
- Interest received	4 827 548	-	4 827 548
- Fee and commission received*	2 062 098	(2 062 098)	-
- Fee and commission paid*	(266 762)	266 762	-
Trading and other income**	235 639	(235 639)	-
Interest payments	(2 146 930)	-	(2 146 930)
Other operating expenses*	(2 129 375)	2 129 375	-
Taxation paid	(578 137)	-	(578 137)
Indirect method			
Profit before tax^	-	2 211 292	2 211 292
Adjusted for:			
- Amortisation and impairment of intangibles	-	15 612	15 612
- Depreciation of property and equipment	-	97 558	97 558
- Other employment accruals (Bonus Provision)	-	95 593	95 593
- Share-based payment expenses	-	20 435	20 435
- Impairment and fair value of credit advances	-	213 300	213 300
- Provision for post-employment benefit obligations	-	4 688	4 688
- Gain from banking & trading activities	-	(127 331)	(127 331)
- Profit on sale of property and equipment	-	(12)	(12)
- Indirect tax	-	52 009	52 009
Interest and similar income	-	(4 948 389)	(4 948 389)
Interest expenses and similar charges	-	2 266 845	2 266 845
Cash generated from operating activities	2 004 081	-	2 004 081

* *Fee and commission received, fee and commission paid, trading and other income and other operating expenses previously reported in June 2023, under the direct method, are now included in profit before tax for the adjusted June 2023 figure under the indirect method.*

^ *Profit before tax for the adjusted June 2023 figures includes the adjustments marked under * above.*

** *In the current year the other non-interest revenue has been renamed to trading and other income to allow for consistency and comparability.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

33. Cashflow change in presentation continued

N$ million	Company: As previously reported June 2023	Company: Adjustment	Company: Adjusted June 2023
Direct method			
Cash generated from operating activities			
Interest and fee commission receipts	6 608 214	(1 794 666)	4 813 548
- Interest received	4 813 548	-	4 813 548
- Fee and commission received*	2 061 428	(2 061 428)	-
- Fee and commission paid*	(266 762)	266 762	-
Trading and other income**	235 403	(235 403)	
Interest payments	(2 136 196)	-	(2 136 196)
Other operating expenses*	(2 126 692)	2 126 692	-
Taxation paid	(578 872)	-	(578 872)
			-
Indirect method			-
Profit before tax^	-	2 211 393	2 211 393
Adjusted for:			-
- Amortisation and impairment of intangibles	-	15 612	15 612
- Depreciation of property and equipment	-	95 871	95 871
- Other employment accruals (Bonus Provision)	-	95 593	95 593
- Share-based payment expenses	-	20 435	20 435
- Impairment and fair value of credit advances	-	212 939	212 939
- Provision for post-employment benefit obligations	-	4 688	4 688
- Gain from banking & trading activities	-	(127 326)	(127 326)
- Profit on sale of property and equipment	-	227	227
- Indirect tax	-	51 878	51 878
Interest and similar income	-	(4 934 043)	(4 934 043)
Interest expenses and similar charges	-	2 256 110	2 256 110
Cash generated from operating activities	2 001 857	-	2 001 857

* *Fee and commission received, fee and commission paid, trading and other income and other operating expenses previously reported in June 2023, under the direct method, are now included in profit before tax for the adjusted June 2023 figure under the indirect method.*

^ *Profit before tax for the adjusted June 2023 figures includes the adjustments marked under * above.*

** *In the current year the other non-interest revenue has been renamed to trading and other income to allow for consistency and comparability.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

33. Cashflow change in presentation continued

	Group		
N$ million	As previously reported June 2023	Adjustment	Adjusted June 2023
Movement in operating assets and liabilities			
Liquid assets and trading securities*	(2 700 868)	2 700 868	-
Due from banks and other financial institutions*	-	(202 023)	(202 023)
Investment securities*	-	(2 498 845)	(2 498 845)
Advances	(3 648 977)	43 989	(3 604 988)
Deposits	5 840 051	(201 502)	5 638 549
Other assets	78 186	(1 474)	76 712
Due to bank and other financial institutions		205 403	205 403
Creditors and other payables^	(18 072)	(1 556)	(19 628)
Employee liabilities^	13 402	1 337	14 739
Short-term Trading^	-	(31 865)	(31 865)
Other liabilities^	(39 139)	(14 332)	(53 471)
Net cash generated from operating activities	1 528 664	-	1 528 664

The following changes in presentation to the movement in operating assets and liabilities were made:

* *Liquid assets and trading securities previously reported in June 2023 have been disaggregated between due from banks and other financial institutions and investment securities for the adjusted June 2023 figures.*

^ *Creditors previously reported in June 2023 have been disaggregated between creditors, employee liabilities, short-term trading, other liabilities, for the adjusted June 2023 figures.*

Notes to the annual financial statements
for the year ended 30 June 2024 continued

33. Cashflow change in presentation continued

	Company		
N$ million	As previously reported June 2023	Adjustment	Adjusted June 2023
Movement in operating assets and liabilities			
Liquid assets and trading securities*	(2 700 868)	2 700 868	-
Due from banks and other financial institutions*	-	(202 023)	(202 023)
Investment securities*	-	(2 498 845)	(2 498 845)
Advances	(3 672 423)	43 291	(3 629 132)
Deposits	5 840 599	(201 490)	5 639 109
Other assets	79 817	(221 199)	(141 382)
Due to bank and other financial institutions	-	205 403	205 403
Creditors and other payables^	(21 189)	218 813	197 624
Employee liabilities^	13 397	1 328	14 725
Short-term Trading^	-	(31 865)	(31 865)
Other liabilities^	(39 139)	(14 281)	(53 420)
Net cash generated from operating activities	1 502 051	-	1 502 051

The following changes in presentation to the movement in operating assets and liabilities were made:

* Liquid assets and trading securities previously reported in June 2023 have been disaggregated between due from banks and other financial institutions and investment securities for the adjusted June 2023 figures.

^ Creditors previously reported in June 2023 have been disaggregated between creditors, employee liabilities, short-term trading, other liabilities, for the adjusted June 2023 figures.

Capital management

Capital management

FNB Namibia has maintained a sound capital position for the year. The group continues to endeavour to maintain sufficient capital that exceeds regulatory and economic capital requirements. The group's capital is managed on a forward-looking basis, considering the three-year forecast including budget and stress scenarios. The group's long-term strategy is to increase balance sheet resilience, diversify advances exposures, improve market liquidity and increase non institutional funding. The core objective of Capital Management is to maintain sound capital ratios and strong credit rating in line with the risk profile and in relation to return and risk appetite measures.

The group's objectives when managing capital in all its forms are:

- To comply with the capital adequacy requirements (CAR) set by the Bank of Namibia as per BID 5A and BID 5;
- To maintain sound capital ratios and quality of capital during calm and turbulent periods of the economy and financial markets;
- To safeguard the group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the growth of its business, protect its depositors and creditors and to promote and uphold public confidence; and
- To maintain strong credit rating.

Governance and oversight

The board approved capital management framework sets the objectives, policies and principles relating to the capital management processes. This is based on the following three elements:

- Maintaining optimal capital levels to meet regulatory and economic capital requirements;
- Managing optimum levels of capital mix to ensure capital efficiency and deliver sustainable targeted rate of return for shareholders; and
- Ensure balance sheet strength over the long term, to support business strategy and investment opportunity.

Effective and successful capital planning and management is only achievable through well-defined roles and responsibilities. The capital management framework is updated and reviewed on an annual basis.

The board is responsible for approving the capital management framework while the Assets, Liability and Capital compliance committee (ALCCO) is answerable for ensuring compliance with the framework. The Group Treasurer is accountable for the timeous update of the framework.

Capital risk management

The bank maintains a capital buffer above the regulatory minimum requirement. Capital stress testing is done annually as part of the internal capital adequacy assessment process ("ICAAP"). The stress test measures the impact on the balance sheet based on macro-economic and idiosyncratic stress scenarios and the consequent impact on earnings and capital adequacy levels. Thereby testing the adequacy of the existing capital buffer.

The ICAAP as stipulated in Pillar II of Basel 3 requires banks to identify and assess risks, maintain sufficient capital to face these risks and apply appropriate risk management techniques to maintain adequate capitalization. The assessment of risks for the ICAAP include credit, market, operational and interest rate risk.

The Risk, Capital and Compliance Committee (RCCC), a board designated committee is responsible for the group's ICAAP. Capital planning is part of regular forecasts and scenario testing, which aligns with dividend decisions and growth projections.

Dividend policy

The dividend policy plays a pivotal role in the management of the group's CET1 position. The long-term dividend cover range remains unchanged at 1.5x to 2.5x.

Capital management continued

Capital overview and compliance

The supply of capital consists of the sum of Tier 1 and Tier 2. The criteria of the instruments that qualify as regulatory capital is stipulated in the BID 5A.

The following diagram illustrates the key components of the various capital instruments:

TIER 1

CET 1

- Share capital and premium
- Retained earnings
- Other reserves
- Non-controlling interests
- Less deductions
  - Goodwill and intangibles
  - Deferred tax assets
  - Investment in financial andbanking entities
  - Other

Additional Tier 1

- Qualifying capital instruments

TIER 2

- Qualifying capital instruments
- Revaluation reserves
- Loan loss reserves

Capital and Leverage ratios

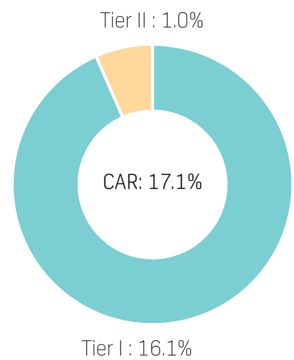
Qualifying Capital		RWA Total of:		Ratios
• CET capital • Tier 1 capital • Total capital	÷	• Credit • Operational • Market	=	• CET 1 % • Tier 1 % • Total CAR %

Qualifying Capital		Total exposure		
• Tier 1 capital	÷	• Total assets plus general and specific provisions and off balance sheet exposures	=	Leverage

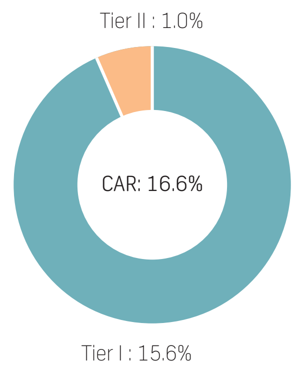
Banking group

The group continues to maintain a position of strength and remained well capitalised with a Common Equity Tier 1 (CET1) ratio of 15.6% The capital adequacy ratio (CAR) for both Bank and Group exceeds the Board set targets.

June 2023



June 2024



Capital management continued

Regulatory developments and proposals

During 2018 BoN published BID-5A, an updated determination on the measurement and calculation of capital charges for credit risk, operational risk and market risk for domestic systemically important banks, which came into effect on 01 September 2018. The updated determination introduced major adjustments to capital components, measures, limits, and new buffers.

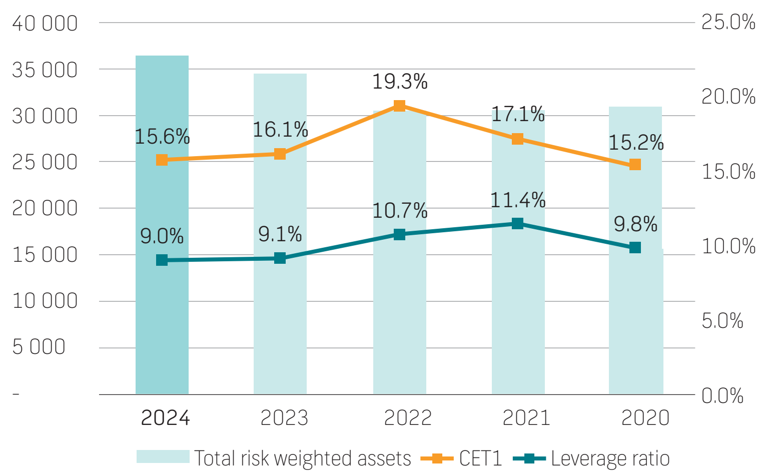
Capital minimum ratios to the end-state requirement would be as per below (the information in the below table has been audited).

	End state*	FNB Namibia	Board target
Core equity	6.0%	14.0%	-
Capital conservation buffer	2.5%	1.6%	-
CET1 minimum	8.5%	15.6%	>11.5%
Additional Tier 1	1.5%	0.0%	-
Tier 1 (minimum)	10.0%	15.6%	-
Tier 2 (maximum)	2.5%	1.0%	-
Total CAR minimum	12.5%	16.6%	>14.0%

* *Effective date 30 September 2024.*

In response to the Covid-19 pandemic the Bank of Namibia introduced BID 33 that provided capital relief and relaxed the single obligor limit by keeping it at 30%. The regulatory provisions in BID 33 came to an end on 1 April 2024 and as a result the single obligor limit is now 25%. The Bank of Namibia will engage industry on the way forward regarding the phase-in of the capital conservation buffer.

Capital highlights



Capital management continued

Regulatory developments and proposals continued

Capital adequacy of Banking Operations and Regulated consolidated group (the information in the below table has been audited):

N$'000	Banking operations Year end 30 June	
	2024	2023
Risk weighted assets		
Credit risk	30 368 874	28 826 566
Market risk	109 471	104 141
Operational risk	6 394 567	5 628 704
Total risk weighted assets	36 872 912	34 559 411
Regulatory capital		
Share capital and share premium	1 142 792	1 142 792
Retained profits	4 643 681	4 468 011
Other disclosure reserves	4 603	10 913
Capital impairments*	(59 533)	(63 428)
Total tier 1	5 731 543	5 558 288
Eligible subordinated debt	-	-
General risk reserve, including portfolio impairment	379 611	360 332
Capital impairments*	-	-
Total tier 2	379 611	360 332
Total tier 1 and tier 2 capital	6 111 154	5 918 620
Capital adequacy ratios		
Tier 1	15.6%	16.1%
Tier 2	1.0%	1.0%
Total	16.6%	17.1%
Tier 1 leverage ratio	9.0%	9.1%

* *Includes intangible assets.*

The Bank has complied with all externally imposed capital requirements for the year.

Corporate information

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FNB

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