

# ANNUAL INTEGRATED REPORT 2026

*Building a globally competitive Namibia,  
providing access to opportunities.*



# FNB NAMIBIA ON A PAGE

*First National Bank of Namibia Limited (FNB Namibia or the group or the bank) is a financial services business serving individuals, businesses and communities through a diversified portfolio of banking, lending and savings.*

## Our promises

Shape how our people work, collaborate and make decisions to deliver positive outcomes for customers, society, shareholder and one another.

## Our purpose

remains clear: to build a globally competitive Namibia by providing access to opportunities.

## Our mission

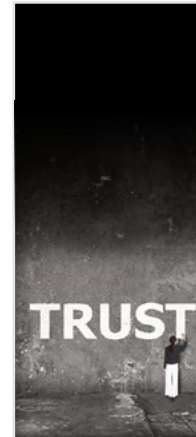
is to attract and retain talented people who are passionate about stakeholder relationships and committed to delivering innovative, client-centric solutions through efficient, well-governed and sustainable operations.



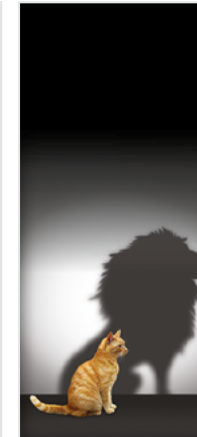
*be deeply  
invested.*



*value our  
differences.*



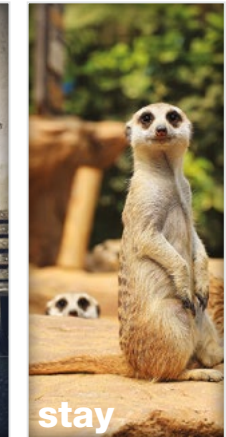
*build trust,  
not territory.*



*have  
COURAGE.*



*always  
do the  
right  
thing.*



*stay  
curious.*

## Our portfolio

of businesses include FNB (including WesBank) and RMB.



Together, these elements inform our strategy and support our ability to create value over the short, medium and long term.

Refer to *Driving purpose through strategy* on page 38 for detail.

### Grow customers



Help our customers grow in their financial journey and dreams through market leading business and service delivery

### More to customers



Giving customers access to more and enhancing financial inclusion through diversified financial services offerings

### More efficiently



Making financial services easier and more accessible to everyone, everywhere, through a cost effective and efficient operating model

Execution is enabled by technology and digital platforms, disciplined allocation of financial resources and empowered, accountable people.

# CONTENTS

## WELCOME TO THIS INTEGRATED ANNUAL REPORT

This section shows how FNB Namibia applies the principles of integrated thinking to its reporting. It describes how this report was prepared, its scope, and the controls applied to ensure the integrity of its contents.

|                              |   |
|------------------------------|---|
| The 2026 reporting suite     | 2 |
| How this report was prepared | 3 |

## A THE FUNDAMENTALS OF FNB NAMIBIA

This section introduces the group and outlines the nature and scope of our business, our market positioning, competitive differentiators, and the business model through which we create value. It highlights the needs and expectations of our stakeholders and explains how our purpose, vision, strategy and values guide our long-term value creation efforts.

|                                           |    |
|-------------------------------------------|----|
| Providing integrated financial services   | 6  |
| Leveraging the group's strengths          | 7  |
| A strong position in the banking industry | 9  |
| Highlighting what matters                 | 10 |
| Serving stakeholders                      | 12 |
| A value-creating business model           | 17 |

## B A ROBUST GOVERNANCE ECOSYSTEM

This section provides an overview of the group's leadership structure and governance framework. It demonstrates how effective governance supports ethical conduct, sound decision-making, accountability and, ultimately, sustainable creation and safeguarding of value for stakeholders.

|                                    |    |
|------------------------------------|----|
| Letter from the chairperson        | 20 |
| A streamlined governance structure | 22 |
| Leading ethically                  | 23 |
| A strong board of directors        | 24 |
| Feedback from the board committees | 32 |

## C DRIVING PURPOSE THROUGH STRATEGY

This section sets out the operating environment and the group's material matters and risk landscape. It details our strategic objectives and choices, including trade-offs between short-, medium- and long-term outcomes, all aimed at creating sustainable value.

|                              |    |
|------------------------------|----|
| The CEO's reflections        | 39 |
| An intentional strategy      | 42 |
| Considering material matters | 45 |
| Managing the group's risks   | 48 |

## D DELIVERING ON PROMISES

This section evaluates how the group delivered on its commitments to stakeholders over the year. It considers value creation, preservation and erosion, and reflects on performance against strategic and stakeholder expectations.

|                              |    |
|------------------------------|----|
| Financial performance        | 67 |
| FNB Retail's performance     | 73 |
| FNB Commercial's performance | 75 |
| RMB's performance            | 77 |
| Human capital's performance  | 79 |

## E REWARDING VALUE CREATION

This section sets out the group's remuneration philosophy and policies, and demonstrates how shareholder value creation is rewarded.

|                     |    |
|---------------------|----|
| Remuneration report | 85 |
|---------------------|----|

## F FNB NAMIBIA GROUP ANNUAL FINANCIAL STATEMENTS

|                                        |     |
|----------------------------------------|-----|
| Directors' responsibility and approval | 97  |
| Independent auditor's report           | 98  |
| Directors' report                      | 104 |
| Accounting policies                    | 106 |
| Group annual financial statements      | 140 |
| Capital management risk                | 229 |

## G SUPPLEMENTARY INFORMATION

|                       |     |
|-----------------------|-----|
| Glossary of terms     | 232 |
| Corporate information | 233 |

# THE 2026 REPORTING SUITE

Our reporting suite is designed to meet our diverse stakeholders' information needs. Together, these reports provide a concise, integrated and balanced view of FNB Namibia's strategy, business model, governance, performance and value creation outcomes. It covers the financial year from 1 July 2025 to 30 June 2026 (2026 or the year).

The reporting suite is available at [www.fnbnamibia.com.na](http://www.fnbnamibia.com.na).

## Integrated annual report

This is our primary report to stakeholders. It presents key aspects of our business and how we deliver sustainable growth and value.

The report shows how FNB Namibia incorporates integrated thinking principles into its business and reporting. The financial and operational reviews highlight the interconnectedness of the group's strategic objectives, governance and performance, considering the economic, social and environmental context in which it operates.

Key frameworks and standards applied:

- Integrated Reporting Framework
- Banking Institutions Act, No 13 of 2023, as amended (Banking Act)
- Namibian Companies Act, No 28 of 2004 (Companies Act)
- Namibia Securities Exchange (NSX) Listing Requirements
- Namibia Code of Corporate Governance, 2014 (NamCode)

## Annual financial statements

These are the audited annual financial statements of the FNB Namibia group and company.

Their primary purpose is to present reliable, transparent and comparable financial information that enables users to assess the group and company's financial performance, financial position and cash flows for the year.

Key frameworks and standards applied:

- IFRS® Accounting Standards
- Banking Act
- Companies Act
- NSX Listing Requirements

# HOW THIS REPORT WAS PREPARED

*This report highlights how FNB Namibia's purpose – building a globally competitive Namibia, providing access to opportunities – created value for investors, customers, employees, suppliers, regulators and funding institutions in 2026.*

## Reporting boundary

This report provides material information on FNB Namibia's strategy, business model, governance and performance. It also explains the related risks and opportunities that influence our ability to create value, considering our stakeholders' needs, interests and expectations.

The report is primarily intended for the group's investors, as providers of financial capital, and the broader investment community. It focuses on matters that could materially affect our ability to create and sustain value over the short, medium and long term. For purposes of this report, our time frames are:

- short term: less than one year;
- medium term: one to three years; and
- long term: more than three and up to ten years.

The financial and non-financial information in this report relate to the group as the reporting entity and includes all entities over which the group exercises control. Management is not aware of any material information that has been omitted, nor of any legal prohibition on the publication of information included in this report.

## Reporting boundary for the integrated annual report



### Financial reporting boundary

FNB Namibia's business brands. We refer to them collectively as First National Bank of Namibia (FNB Namibia or the bank).



**FNB Namibia**

Retail and commercial banking, including WesBank vehicle asset finance



**RMB**

**RMB Namibia**

Corporate and investment banking

### Strategic focus areas (page 42)



Grow  
customers



More to  
customers



More  
efficiently

### Primary stakeholders (page 12)



Regulators



Customers



Society



Investors



Employees



Suppliers

### Capitals applied in the creation, preservation and erosion of value (page 17)



Financial



Social



Manufactured



Human



Natural



Intellectual

### Material matters (page 45)

**Sustainable economic  
transition**

**Customer satisfaction**

**Regulation, compliance  
and security**

**Future-fit group**

**Culture and talent**

## An integrated development process

We aim to improve our reporting each year by considering stakeholders' information needs, feedback on the previous report and changes to our material matters and operating context. This year, our main improvements relate to governance, risks and expansion on our strategy.

The integrated reporting process is managed by a working group led by the Chief Financial Officer (CFO). Content is developed through collaboration with internal stakeholders across the group. The report is reviewed by senior management and the executive committee (exco), then by the audit committee, and is ultimately approved by the board of directors (board).

## Assurance

We apply an Integrated assurance model (page 49) to assess and assure selected aspects of the group's operations, including the internal controls that support external reporting. This approach integrates and optimises assurance activities and risk functions to support an effective control environment and the integrity of information used in decision-making and reporting.

The assurance given to the board is supported by three lines of defence.

1. First line: management assurance
2. Second line: internal assurance
3. Third line: independent assurance

Our external auditors, Ernst & Young Namibia, provided independent assurance on the fair presentation of the consolidated and separate annual financial statements for the year. They also read the integrated annual report and considered whether any information presented is materially inconsistent with the financial statements or with the knowledge obtained during their audit, or otherwise appears to be materially misstated. No such inconsistency or material misstatement was identified.

## Approval by the board

The board acknowledges its responsibility for ensuring the integrity of the integrated annual report. The directors confirm that the report fairly represents the group's performance for 2026 and its growth strategies, material matters, risks and opportunities, and prospects.

The board applied its collective mind to the preparation and presentation of this report and believes it was prepared in accordance with the Integrated Reporting Framework. The board approved the report on 20 August 2026.

ON Shikongo

JR Formby

LP Smit

C Dempsey

LD Kapere

E van Zyl

MJ Lubbe

SL Balsdon

S Quarmby

## Forward-looking information

This integrated annual report contains forward-looking statements and information about the group's operations and expected performance. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur.

Forward-looking statements are not statements of historical fact. They reflect the current estimates, expectations and assumptions of FNB Namibia's management regarding the group's future prospects and performance.

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



# A THE FUNDAMENTALS OF FNB NAMIBIA

|                                           |    |
|-------------------------------------------|----|
| Providing integrated financial services   | 6  |
| Leveraging the group's strengths          | 7  |
| A strong position in the banking industry | 9  |
| Highlighting what matters                 | 10 |
| Serving stakeholders                      | 12 |
| A value-creating business model           | 17 |

# PROVIDING INTEGRATED FINANCIAL SERVICES

*FNB Namibia provides financial services to every sector of the Namibian economy. The group does this through a comprehensive range of products and services, a country-wide network of branches, agencies and digital solutions, and a deep understanding of customers and communities.*

## FNB Namibia

### Gross advances

N\$44.1 billion  
(2025: N\$40.8 billion)

### Deposits

N\$52.5 billion  
(2025: N\$46.0 billion)



### FNB Namibia – retail and commercial banking

Offers a broad range of innovative financial services and products.



### RMB Namibia – corporate and investment banking

Offers a broad range of financial products to corporate and institutional clients.



### WesBank Namibia – vehicle asset finance

Offers vehicle and asset finance to retail, commercial and corporate clients.

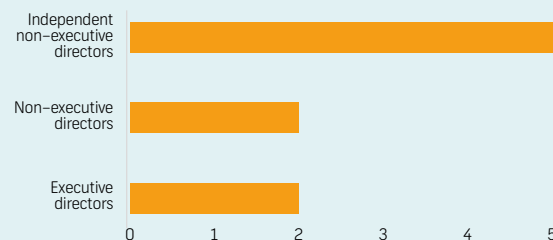
# LEVERAGING THE GROUP'S STRENGTHS

## Governance and leadership

The group benefits from strong and independent governance. Its board consists mainly of non-executive directors, the majority of whom are independent, and its experienced executive management team (exco) which has an average tenure of 9.7 years.

During 2026, the group implemented structural governance changes that further strengthened its corporate governance practices. Refer to page 22 for further detail.

### Board composition



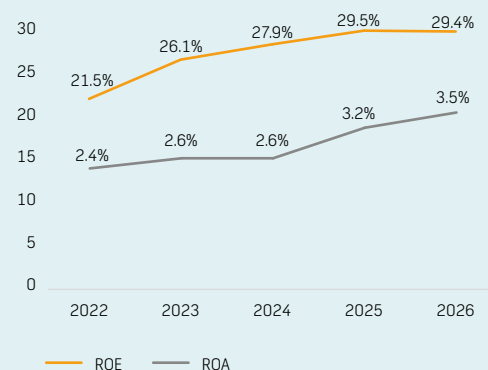
## Sustainable financial value creation

The group's long-term value creation is underpinned by:

- resilient operating franchises;
- disciplined capital management; and
- a diversified earnings base.

FNB Namibia's historical performance demonstrates our strategy's effectiveness and our ability to deliver sustainable, risk-adjusted returns through the cycle.

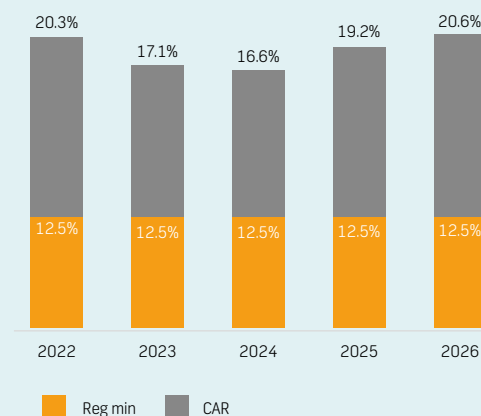
### ROE and ROA



## Strong capital position

Capital strength remains a core competitive advantage. The group maintains healthy adequacy ratios (CAR) above regulatory minimums. This provides:

- resilience against stress;
- capacity to support growth; and
- flexibility to invest in strategic priorities.

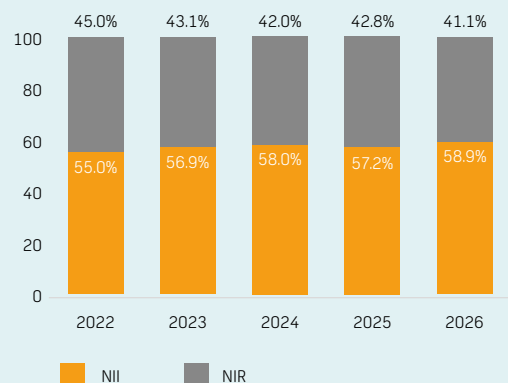


## Diversified revenue streams supporting earnings quality

Non-interest revenue (NIR) contribution reflects the group's extensive value adding product offerings and deep client relationships. This reduces reliance on net interest income (NII) and contributes to more stable performance across economic cycles.

Continued investment in transactional, lending and savings capabilities supports sustainable growth in annuity income streams.

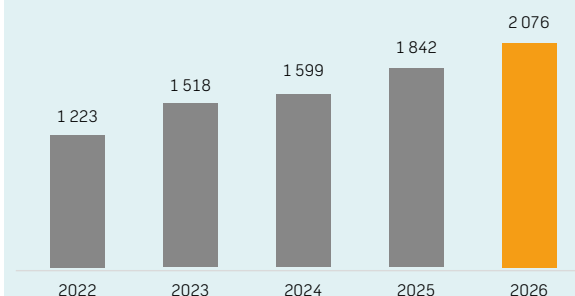
Revenue contribution



## Sustainable value to shareholder

The group's resilient financial performance enables sustainable shareholder value creation. This underpins its capacity to distribute dividends while retaining sufficient capital to support future growth, resilience and strategic flexibility.

Profit for the year (N\$ million)



## Strategy supporting long-term value creation

The group's strategic focus areas are closely aligned to its strengths and long-term sustainability objectives. Disciplined growth, robust risk and governance frameworks, digital enablement and operational efficiency reinforce resilience while enabling scalable growth.

These priorities support the effective financial capital stewardship and strengthen intellectual, human, social and relationship capitals over time.

# A STRONG POSITION IN THE BANKING INDUSTRY

*FNB Namibia remains one of the leading banks in Namibia, supported by its scale, diversified client base, strong transactional platform and continued investment in customer-facing technology and service capabilities.*

Performance in FNB Retail, FNB Commercial and RMB reflects the benefits of a well-diversified portfolio, disciplined execution and a customer-led approach. Together, these support sustainable growth and resilience.

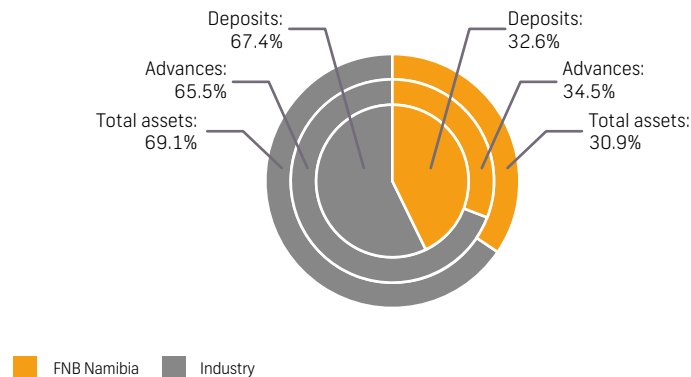
The Namibian banking sector advances book grew by 11.3% to N\$134 560 million (2025: N\$120 904 million), supported by similar growth in business and retail private sector credit extension (PSCE) of 4.5% and 4.5%, respectively. Business PSCE growth was mainly driven by instalment credit and term loans, which increased by 24.4% and 2.5%, respectively. Retail PSCE also recorded growth in instalment credit of 14.8%, however, overall growth was subdued by mortgage loan growth of 2.1%.

FNB Namibia's share of sector advances was 34.5%, reflecting its strong position across retail, commercial and corporate lending activities.

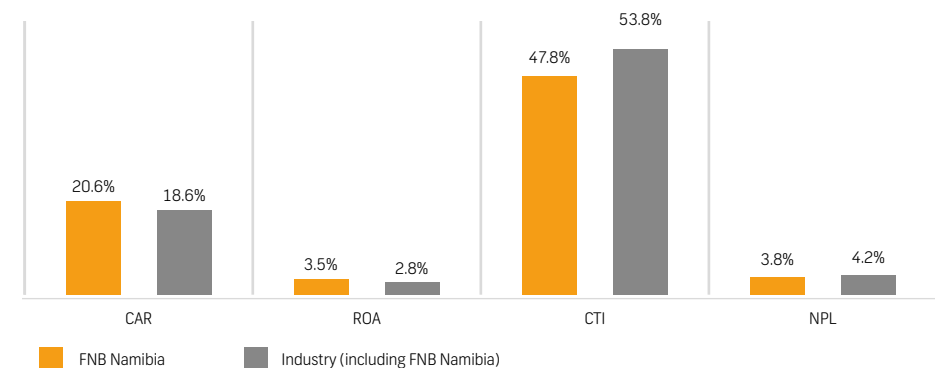
The Namibian deposit market grew by 16.2% to N\$159 468 million (2025: N\$137 278 million), with FNB Namibia's deposit book representing 32.6%.

In terms of capital position and operational performance, FNB Namibia recorded a capital adequacy ratio (CAR) of 20.6% and a return on assets of 3.5%, compared to industry averages of 18.6% and 2.8%, respectively. The cost-to-income ratio for FNB Namibia was 47.8%, compared to 53.8% for the industry, indicating relatively stronger cost management. FNB Namibia delivered a strong credit performance, achieving a non-performing loan (NPL) ratio of 3.8%, well below the industry average of 4.2%.

## Market share



## Key performance measures



Source: Bank of Namibia's latest industry regulatory returns, June 2026.  
Key performance measures for FNB Namibia are as at 30 June 2026.

# HIGHLIGHTING WHAT MATTERS

*FNB Namibia's scale, reach and diversified financial services activities result in a broad set of financial, economic and societal impacts.*

We contribute to financial inclusion, support economic activity, enable access to opportunities and create value for a wide range of Namibian stakeholders. Explore more in our Do What Matters report to society.

## We are a large employer, deeply invested in our 2 301 employees (2025: 2 181)

Paid **N\$1.3 billion** in employee salaries (2025: N\$1.2 billion)

Invested **N\$13.1 million** in employee development (2025: N\$7.4 million)

Onboarded **41 individuals** in our graduate development and FirstJob internship programmes (2025: 48)

Increased access to opportunities with:

- **N\$3.3 million** (2025: N\$1.7 million) of tertiary education support to non-managerial employees through the Staff Assistance Trust
- **N\$11.0 million** (2025: N\$9.9 million) of interest-free study loans to employees

Awarded **Top Employer Namibia | Top Employer Africa** for the second consecutive year

## We partner for economic growth and job creation through enterprise development

We provide credit:

- FNB Namibia services **34.5%** of the Namibian banking sector advances
- Extended **N\$21.9 million** (2025: N\$25.7 million) in accessible housing (low-income residential property valued at less than N\$500 000)

## We contribute meaningfully to society

Sustainability finance

- Green loans of **N\$24.9 million** (2025: N\$31.3 million) were extended as part of our strategy to positively impact stakeholders by advancing environmental sustainability
- The **N\$500 million** sustainability bond issued in 2025 was allocated to projects supporting financial inclusion and renewable energy initiatives. Refer to the *Climate risk management* section on page 62 for further detail

Tax payments to the Namibia fiscus of **N\$953.4 million** (2025: N\$918 million)

## We are an enabler of financial return

**N\$17.7 million** (2025: N\$11.3 million) in assets under management as part of our Exchange Traded Notes programme

**N\$2.0 billion** in interest paid to clients (2025: N\$2.5 billion)

FNB Rewards payout of **N\$41.2 million** (2025: N\$36.6 million)

## Improving access, affordability and inclusion

*Our expansive branch network and digital solutions are key enablers of financial inclusion. The group enhanced accessibility and affordability through digital platforms by eliminating all fees on local card swipes within Namibia from 1 July 2025.*

### eWallet

eWallet allows FNB clients to instantly send money to anyone with an active cellphone number, even if the recipient has no bank account.

**N\$104.5 million** eWallet customer balance  
(2025: N\$94.7 million)

### Cash@Till

Cash@Till allows FNB clients to shop and withdraw cash seven days a week at partner stores nationwide by swiping their FNB Visa cards on point of sale machines.

**3 515** Cash@Till merchants  
(2025: 2 208)

**N\$1.1 billion** cash  
withdrawals at Cash@Till  
(2025: N\$856 million)

### SME Digital Hub

SME Digital Hub is a dedicated service model designed to help small to medium enterprises (SMEs) manage transactions, credit applications, and account queries remotely.

Since the SME Digital Hub was launched on 1 September 2025, **18 364** clients have been onboarded and are now serviced virtually.

### weSave

A group savings account that allows up to 90 members to save collectively for shared goals with no monthly fees. The product was launched in February 2026.

**N\$5.4 million** weSave customer savings

**3 431** members

### DigiPlus

DigiPlus is an entry-level, fully digital transactional account, accessible via USSD and with no monthly account fees.

**13 634** DigiPlus accounts  
(2025: 14 484)

### CashPlus

FNB partners with merchants who act as agents for the bank, providing customers with day-to-day banking services through the CashPlus channel.

**486** CashPlus agents  
(2025: 371)

**4.4 million** CashPlus transactions  
(2025: 3.1 million)

### Future-fit branch network

**45** branches  
including digital hubs  
(2025: 45)

**11 032** point of sale devices  
(2025: 11 991)

**333** ATMs,  
including ADTs and mobile ATMs  
(2025: 336)



## Global and local recognition in 2026

### FNB Namibia

- FNB: Global Finance's Best Bank in Namibia
- FNB Retail: Euromoney – Namibia's Best for Digital Solutions and Namibia's Best International Private Bank
- Top Employer in Namibia and Africa 2026
- Professional Management Review Africa Awards
  - Diamond Arrow Awards:
    - Banks (Agriculture)
    - Banks (Business Banking)
    - Banks (Credit Cards)
    - Banks (Personal Banking)
    - Banks (Private Banking)
    - Digital Banking Services
  - Golden Arrow Awards:
    - Investment Services
    - Corporate Social Responsibility

### RMB Namibia

Global Banking and Finance Awards 2026\*:

- Best Investment Bank Namibia
- Best Renewable Energy Financing Namibia

# SERVING STAKEHOLDERS

*Effective stakeholder relationship management is essential to our long-term resilience, strategic execution and broader contribution to Namibia's economic and social development.*

Our stakeholders are individuals and groups who influence or are affected by FNB Namibia's activities, performance and long-term sustainability. Through a stakeholder-inclusive approach, we engage openly with them to understand their interests, respond to material matters and strengthen relationships that support sustainable value creation.

## Responsibility for stakeholder management

### 1 Board

The board provides overall oversight of stakeholder relationship management. It is updated on material stakeholder matters through established governance structures and management reports, enabling it to consider stakeholder interests in its oversight role.

### 2

#### Audit committee (AC), risk capital and compliance committee (RCCC) and talent and remuneration committee (TRC)

The board mandates these committees to oversee the coordinated management of stakeholder relationships and to monitor how key stakeholder matters are considered in decision-making.

### 3

#### Exco

Exco, together with business unit heads, is responsible for day-to-day stakeholder engagement and for ensuring that stakeholder insights are reflected in operational execution and strategic priorities.

Stakeholder engagement is embedded in our governance structures, risk management processes and materiality assessment, supporting an integrated understanding of the matters that influence value creation.

We engage stakeholders through formal channels such as regulatory submissions, investor engagement, customer service platforms, employee surveys and community forums. These channels provide ongoing feedback that helps us respond proactively to stakeholder priorities and improve how we deliver value.

## Our focus in 2026

| 2026 focus areas                                                                                                                                                        | Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enhance financial inclusion and digital literacy by expanding our reach to rural and underserved populations through agent banking and mobile education platforms.      | The group continued to expand access through its physical, digital and alternative channel footprint, including CashPlus, Cash@Till, DigiPlus, weSave and eWallet. To support affordability, the group removed fees on local card swipes from 1 July 2025. Further information is available in the <i>Improving access, affordability and inclusion</i> section and the Do What Matters report.                                                                                                               |
| Strengthen regulatory engagement to stay ahead of emerging requirements in cyber-security, artificial intelligence (AI) in banking, and sustainable finance taxonomies. | Regulatory engagement remained embedded in the group's governance, risk and compliance processes, including ongoing engagement on prudential, conduct, technology, cyber-security and sustainability-related matters. Further information is available in the <i>A robust governance ecosystem</i> and <i>Managing the group's risks</i> sections.                                                                                                                                                            |
| Deepen stakeholder trust by embedding environmental and social considerations more fully into credit risk assessments and product development.                          | Environmental and social considerations were further integrated into business activities through sustainable finance, green lending, sustainability bond allocation and impact reporting, as well as product development that supports financial inclusion and shared prosperity. The group applied environmental and social risk considerations in financing activities and product design. Further information is available in the <i>Managing the group's risk</i> section and the Do What Matters report. |
| Foster a culture of responsiveness by equipping teams with real-time analytics and stakeholder intelligence tools for improved decision-making.                         | The group strengthened data-led insights, digital platforms and customer experience processes to improve responsiveness and decision-making. These capabilities supported initiatives such as the customer experience recovery programme, SME Digital Hub and digital-first lending, and enhanced service delivery across channels. Further information is available in the <i>Serving customers</i> and <i>Improving access, affordability and inclusion</i> sections.                                       |

## The focus going forward

We will continue to build on our societal impact by focusing on the following priorities:

- expanding access to opportunities by strengthening financial inclusion, digital access and customer education across Namibia;
- deepening engagement with regulators and other stakeholders as the operating environment, technology landscape and sustainability agenda continue to evolve;
- embedding environmental, social and governance (ESG) considerations more fully into decision-making, risk management and product development; and
- strengthening our capabilities, data and execution to improve responsiveness, deepen stakeholder trust and support sustainable value creation.

These focus areas are expanded throughout this report, particularly in the following sections:

- *Improving access, affordability and inclusion*
- *Serving customers*
- *A robust governance ecosystem*
- *An intentional strategy*
- *Managing the group's risk*

The above is further supported by detailed societal impact disclosures in the Do What Matters report.

***FNB Namibia aims to continue creating meaningful value for stakeholders while supporting inclusive economic growth and long-term resilience.***



## Serving customers

|                                                                      | Retail banking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Commercial banking                                                                                                                                                                                                          | Corporate and investment banking                                                                                                                         |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Typical clients</b>                                               | Individual clients through each stage of their financial journey. Includes self-employed, retirees, youth and global citizens.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Medium to large commercial businesses with turnover less than N\$800 million, commercial property funding and agri-ventures. Includes tourism industry support and a mandate to grow SMEs nationally.                       | Large corporates with turnover exceeding N\$800 million. Includes institutions in mining, real estate, retail, financial and diversified industries.     |
| <b>Products</b>                                                      | Inclusive financial solutions tailored to client needs. Includes digital enablement solutions, transactional, savings and lending products.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Innovative client value propositions and experiences that address all business banking needs. Includes transactional banking, lending, trade and working capital solutions, merchant services and purchase order financing. | An integrated and comprehensive range of investment banking solutions. Includes lending and advisory, global markets, custody and transactional banking. |
| <b>Channels</b>                                                      | For details on how the group reaches its customers through reliable, convenient and affordable channels, refer to page 11.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                             |                                                                                                                                                          |
| <b>Customers' expectations</b>                                       | <ul style="list-style-type: none"> <li>Simple and transparent banking</li> <li>Quality products and exceptional service</li> <li>Accessible, affordable banking products, including digital platforms and low-cost transactional accounts</li> <li>Convenient access to products and services through their channel of choice</li> <li>A secure environment in which to transact</li> <li>Useful information, education and advice that promote financial wellness and peace of mind</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                             |                                                                                                                                                          |
| <b>Measures considered in relationship quality and value created</b> | <p>Relationship quality:</p> <ul style="list-style-type: none"> <li>Client satisfaction and experience: Utilises net promoter score (NPS) by asking "how likely are you to recommend FNB?"</li> <li>Trust and complaints handling: Monitors complaint incidence and resolution metrics</li> <li>Employee experience: Evaluates empathy, empowerment and capability of frontline staff</li> <li>Multi-experience: Measures consistency and seamlessness across digital and physical touchpoints</li> <li>Customer engagement: Measured through ongoing feedback</li> </ul> <p>Value created:</p> <ul style="list-style-type: none"> <li>Customer perceived value and price fairness: Benchmarks favourability of fees and pricing relative to benefits</li> <li>Sustainable and inclusive products: Measures inclusive offerings such as CashPlus agent banking</li> <li>Transformation and social value: Measures success against the Namibian Financial Sector Charter through ownership and control, human resources (HR) development, etc.</li> </ul> |                                                                                                                                                                                                                             |                                                                                                                                                          |



## Supporting employees

### Employees expect:

- Support and capability development, including corporate governance and digital skills training, wellbeing initiatives, and leadership development to prepare them for future banking models
- 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

### FNB Namibia aims for:

- An innovative culture that is people and client-focused
- A diverse and inclusive employee profile

### FNB Namibia measures:

- Employee attrition rates
  - Employee survey outcomes
  - Top employer awards
  - Investment in employee training and development
- For more information on human capital, refer to the *Human capital's performance* section.



## Collaborating with regulators

### Regulators expect:

- Compliance with all legal and regulatory requirements and sustainable and responsible banking practices
- Effective governance and financial and operational stability
- A responsible taxpayer
- Transparent reporting and disclosure
- Active participation and contribution to industry and regulatory working groups

### FNB Namibia aims for:

- Timely, regular and transparent reporting
- Buffer on solvency capital

### FNB Namibia measures:

- Financial and non-financial targets
- CAR
- Taxes paid
- Solvency capital and liquidity management



## Uplifting society

### Society expect:

- Engagement with investors and sustainability stakeholders on sustainable finance offerings and progress on social impact initiatives
- Access to financial services, products and solutions that create positive impacts for individuals, families, businesses and communities
- Promotion of social and environmental matters that contribute to building a thriving society

### FNB Namibia aims for:

- Shared prosperity
- Inclusive growth that supports national development objectives

### FNB Namibia measures:

- FirstRand Namibia Foundation
  - Staff Assistance Trust
  - Corporate social investment (CSI) contributions
- Refer to the Do What Matters report for detailed information.



## Delivering for investors

### Investors expect:

- Share price growth and a rewarding dividend stream
- Sustainable growth in earnings and net asset value (NAV), and ROE above cost of equity
- A strong balance sheet to guard against downside risk
- Strong and experienced management, providing sound risk management
- Strategic focus on diversification through partnerships and acquisitions
- Transparent reporting and disclosure

### FNB Namibia aims for:

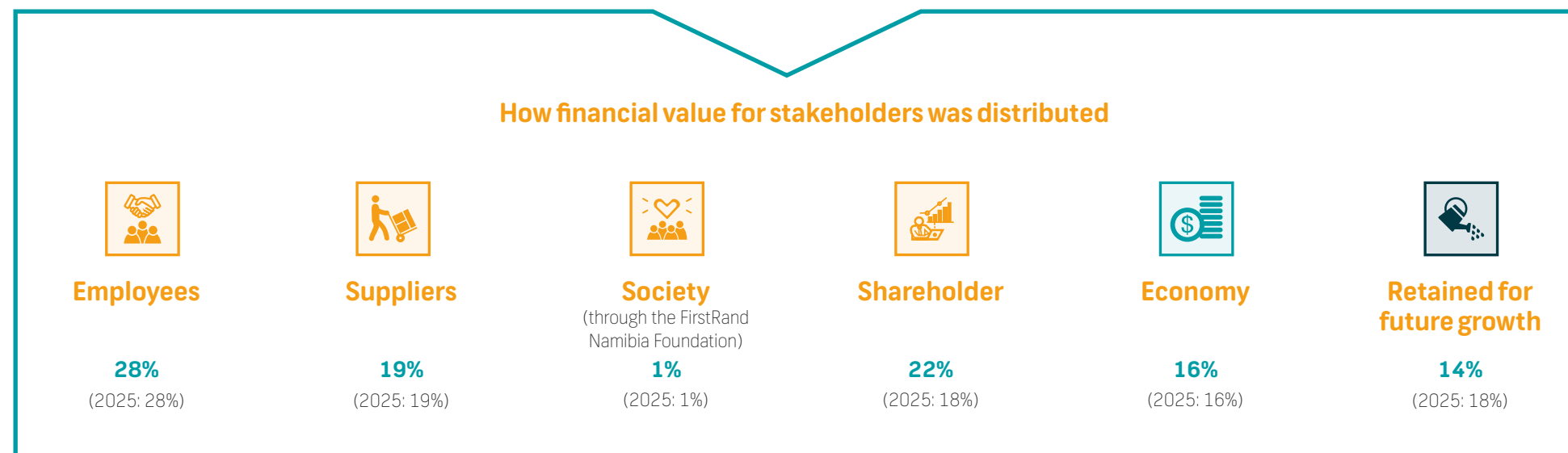
- Positive share performance
- Profit growth
- Strong business performance

### FNB Namibia measures:

- NAV
- Earnings and headline earnings
- ROE

## Financial value distributed to stakeholders

*In fulfilling our promises to stakeholders, FNB Namibia allocates the value it creates in appropriate and meaningful ways – and for many stakeholders, in ways that go beyond financial value.*



# A VALUE-CREATING BUSINESS MODEL



## Financial capital

Our strong capital position, supported by diversified and sustainable sources of funding and deposits.

The group aims to positively impact stakeholders by:

- Providing accessible transactional, savings and lending solutions to households and commercial clients
- Deploying funds
- Funding opportunities (corporates and commercial clients)
- Providing housing financing (property ownership and access to housing)
- Shareholder returns

### Key constraints in 2026

Affordability pressure, credit risk and funding cost dynamics required disciplined origination, capital allocation and liquidity management.

### Measurable outcomes

- Capital base
  - Equity: N\$7.5 billion (2025: N\$6.7 billion)
  - Capital adequacy 20.6% (2025: 19.2%)
  - ROE: 29.4% (2025: 29.5%)
- Balance sheet growth
  - Customer growth: Net advances growth of 9.2% (2025: 3.9%) and total deposits growth of 14.4% (2025: 2.2%)
- Profitability
  - Profit before tax growth of 12.7% (2025: 12.7%)
  - CTI: 47.8% (2025: 45.5%)
  - Customer growth across diversified revenue streams. NIR contribution of 41.1% (2025: 42.8%)

### Link to Do What Matters report

- Deploying the group's resources to drive economic growth



## Social capital

Our relationships with stakeholders, including the communities in which we operate.

The group aims to positively impact stakeholders through:

- Contributions to society (Namibia fiscus and CSI contributions)
- Constructive relationships and dialogue with regulators, government and other stakeholders
- Economic growth, business activity and job creation
- Fair customer treatment and responsible conduct

### Key constraints in 2026

Rising stakeholder expectations around trust, fairness, inclusion, sustainability and regulatory responsiveness required continued engagement and transparent reporting.

### Measurable outcomes

- Direct and indirect tax paid: N\$1.7 billion (2025: N\$1.6 billion)
- CSI contributions: N\$19.1 million (2025: N\$17.5 million)
- Compliance with regulatory requirements
- 87% localised procurement in Namibia (2025: 87%)
- Number of customer complaints: 977 (2025: 713)

### Link to Do What Matters report

- Deploying the group's resources to drive economic growth
- Treating customers fairly and doing the right thing
- Investing in communities and the environment through CSI



## Manufactured capital

Our physical infrastructure, including our branch and ATM network, digital and physical channels, and IT systems.

The group aims to positively impact stakeholders through:

- Financial inclusion
- Increased access
- Provision of financial services

### Key constraints in 2026

Maintaining reliable, secure and accessible physical and digital channels required ongoing infrastructure investment and operational resilience.

### Measurable outcomes

- Business processes and structures
  - Technology infrastructure investment: N\$630 million (2025: N\$531 million)
  - Digital logins by retail customers up 7.8% year-on-year
  - 18 364 clients onboarded on SME Digital Hub since inception
- Physical infrastructure
  - 45 (2025: 45) branches, including digital hubs
  - 486 (2025: 371) CashPlus agents

### Link to Do What Matters report

- Leveraging transactional platforms and products for economic inclusion



## Human capital

Our culture, solutionist people, experienced leadership and teams.

The group aims to positively impact stakeholders by investing in employees and future talent.

### Key constraints in 2026

Competition for specialist skills and the need to prepare employees for future banking models required continued investment in capability, leadership and wellbeing.

### Measurable outcomes

- Salaries and benefits paid: N\$1.6 billion (2025: N\$1.5 billion)
- Investment in training: N\$13 million (2025: N\$19.2 million)
- Interest-free study loans: N\$11.0 million (2025: N\$9.9 million)
- 41% women and 48% previously disadvantaged in senior management (2025: 44%, 53%)
- Bursaries awarded: N\$5.3 million (2025: N\$3.1 million)

### Link to Do What Matters report

- Providing an enabling environment for thriving employees



## Natural capital

Our inter-dependency on natural resources and the impact of our operations and financing activities on the environment.

The group aims to positively impact stakeholders by advancing environmental sustainability.

### Key constraints in 2026

Climate-related data limitations and the maturity of sustainable finance opportunities constrained the pace of environmental risk integration and impact measurement.

### Measurable outcomes

- Five Star green-rated building (FNB @Parkside)
- 14 tonnes of waste collected from @Parkside in 2026 (2025: 22 tonnes), of which approximately 10 tonnes (71%) (2025: 11 tonnes (50%)) were distributed for recycling
- Total solar power generated at all FNB locations is approximately 223 081 kWh (2025: 264 589 kWh)
- FNB @Parkside refresh: LED energy saving lighting installed

### Link to Do What Matters report

- Deploying the group's resources to drive economic growth
- Supporting and enabling climate resilience and environmental guardianship
- Investing in communities and the environment through CSI



## Intellectual capital

Our brand equity, data and analytics capabilities, innovation in digital platforms, governance frameworks, and financial and risk management systems.

The group aims to positively impact stakeholders by driving the business's long-term sustainability.

### Key constraints in 2026

Cyber/fraud risk, responsible data use, AI governance and technology complexity required continued investment in systems, controls and innovation capability.

### Measurable outcomes

- Awards received (page 11)
- Development capabilities
- Enhanced industry collaboration, knowledge sharing, and the development of collective fraud intelligence and financial crime initiatives.

### Link to Do What Matters report

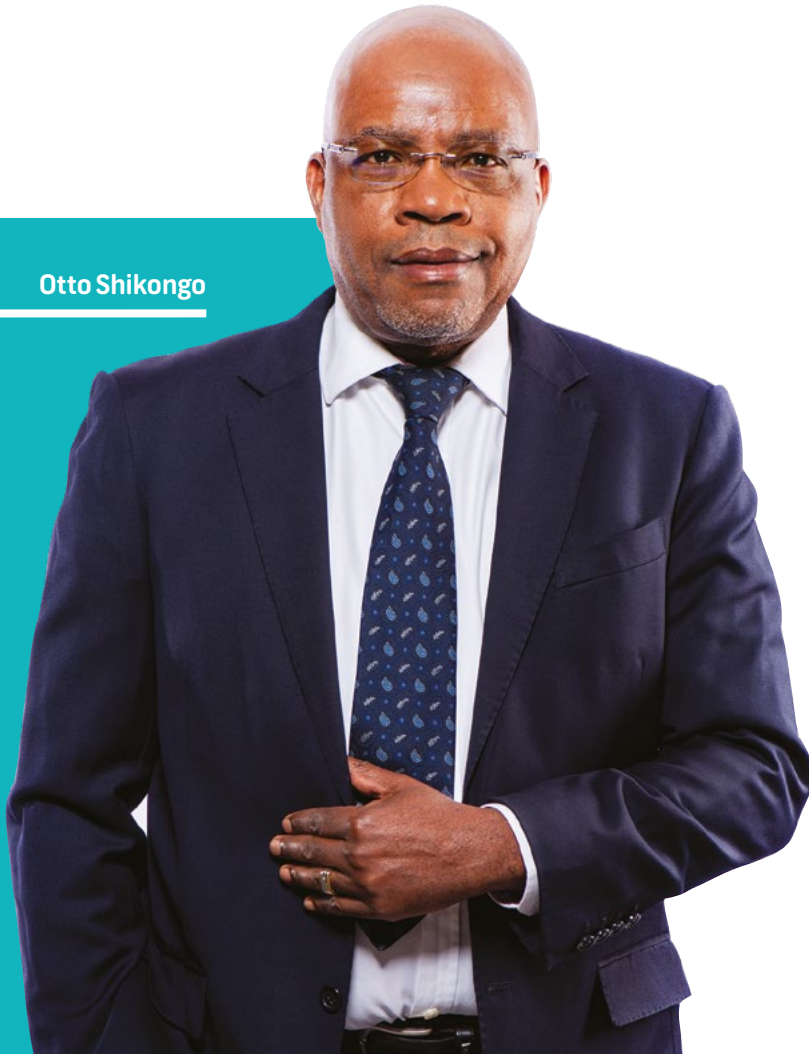
- Deploying the group's resources to drive economic growth
- Treating customers fairly and doing the right thing
- Supporting and enabling climate resilience and environmental guardianship

# A ROBUST GOVERNANCE ECOSYSTEM

|                                    |    |
|------------------------------------|----|
| Letter from the chairperson        | 20 |
| A streamlined governance structure | 22 |
| Leading ethically                  | 23 |
| A strong board of directors        | 24 |
| Feedback from the board committees | 32 |

# LETTER FROM THE CHAIRPERSON

Otto Shikongo



*Our purpose continues to be the lens through which strategic decisions are evaluated. Beyond financial performance, FNB Namibia remains committed to enabling economic participation, supporting businesses and entrepreneurs, promoting financial inclusion and contributing meaningfully to Namibia's development aspirations.*

Against a backdrop of global uncertainty and domestic economic resilience, FNB Namibia delivered a sound financial performance. It remained steadfast in its purpose: to build a globally competitive Namibia by providing access to opportunities. As a board, we focused on providing strategic oversight, safeguarding long-term sustainability, and ensuring FNB Namibia remains well-positioned to support Namibia's growth agenda.

## Operating environment

Namibia entered a pivotal period in its development journey. While economic activity was supported by mining, financial services and a gradual recovery across key sectors, the emergence of the oil and gas industry has begun to reshape the country's long-term prospects. At the same time, the operating environment continued to be characterised by inflationary pressures, evolving regulatory expectations and increased competition within the financial services sector. The board remained cognisant of these realities and guided the company to balance growth opportunities with prudent risk management.

## Performance and strategic resilience

FNB Namibia's performance for the year reflects the strength of its diversified franchise, disciplined execution and a resilient balance sheet. Building on the momentum reported at the interim stage, FNB Namibia maintained strong capital and liquidity positions while continuing to create value for shareholder and broader stakeholders. The quality and sustainability of earnings, together with sound credit risk management, remain material to the board and underpin our confidence in the company's long-term prospects.

## Governance, stewardship and regulatory alignment

The board continued to strengthen governance practices to ensure alignment with evolving regulatory expectations and leading governance standards. During the year, a comprehensive review of the governance framework resulted in enhancements to board structures, committee mandates and oversight processes. Particular attention was given to strengthening accountability, reinforcing independent judgement and ensuring focused oversight across critical areas of governance. These refinements enhance the board's effectiveness and position FNB Namibia to respond proactively to a dynamic regulatory environment. Ethical leadership remains central to our governance philosophy and is supported by FNB Namibia's code of ethics and robust governance processes. The board is satisfied that the enhancements implemented during the year further strengthen our governance model and reinforce sustainable value creation for all stakeholders.

## Leadership continuity and succession

As part of the bank's ongoing governance enhancements, I will step down as chair of the board, with Libertha Kapere succeeding me in the role. She brings extensive governance, legal and leadership experience, and I am confident that she will provide strong stewardship as the board continues to advance the bank's strategic objectives and governance priorities.

While stepping down as chair of FNB Namibia, I will continue to serve as a member of the FNB Namibia board and as chairperson of FirstRand Namibia board.

This transition reinforces the board's commitment to effective governance, leadership continuity and long-term value creation.

## Outlook

Namibia stands on the threshold of significant opportunity. The anticipated development of the oil, gas and mining sectors, together with continued investment in infrastructure, energy and enterprise development, presents the prospect of accelerated economic growth. While risks remain, the board believes FNB Namibia is well-positioned to support and benefit from these developments through its strong franchise, sound governance and disciplined approach to risk and capital management.

## Appreciation

On behalf of the board, I extend my sincere appreciation to my fellow directors for their stewardship and guidance, to management and employees for their dedication and commitment, to our customers for their trust, to our regulators for their constructive engagement and to our shareholder for their continued support. Together, we remain committed to creating enduring value and contributing meaningfully to a globally competitive Namibia.

**Otto N Shikongo**

Board chairperson

# A STREAMLINED GOVERNANCE STRUCTURE

*The board serves as the focal point and custodian of corporate governance, ensuring that FNB Namibia is governed in a way that supports sustainable value creation for all stakeholders. It exercises oversight across strategy, performance, risk, and compliance, while maintaining a clear separation between governance and management responsibilities.*

Board committees enhance governance effectiveness and enable focused oversight. They are formally constituted with clearly defined mandates and operate under approved terms of reference. Each committee is empowered by the board to oversee specific areas of responsibility and reports regularly to the board on its activities, findings, and recommendations.

As part of ongoing governance improvements, FNB Namibia refined the structure and composition of its board committees. Key focus areas of the governance enhancements included:

- aligning the bank's governance arrangements with Banking Institutions Act requirements and Bank of Namibia expectations; and
- strengthening board independence and objective decision-making;
- establishing dedicated bank-level governance structures and accountability;
- enhancing the separation between governance and management responsibilities;
- reinforcing oversight of audit, risk, compliance, remuneration, governance and credit risk matters.

The revised governance structure became effective on 13 November 2025, following board approval.



*FNB Namibia maintains a governance structure designed to support sound banking governance, independent oversight, effective risk management, and compliance with applicable regulatory requirements while enabling the board to discharge its fiduciary responsibilities to the bank and its stakeholders.*

# LEADING ETHICALLY

*Our culture is founded on ethical leadership, transparent flow of information, integrity of reporting, and fair treatment of customers.*

## **Ethical and effective leadership and accountability**

The board, as the governing body, is committed to ensuring ethical and effective leadership, guided by the principles of integrity, accountability, fairness, transparency and responsibility.

The board endorsed the group code of ethics, which serves as the cornerstone for ethical conduct across the group. It applies equally to directors, employees and other stakeholders. The code of ethics establishes a shared understanding of the standards of behaviour expected and provides practical guidance for ethical decision-making.

Refer to the *Managing the group's risk* section on page 48 for more on ethical reporting, enforcement mechanisms and key focus areas.

# A STRONG BOARD OF DIRECTORS

*The board comprises a balanced mix of independent non-executive directors, non-executive directors, and executive directors, providing an appropriate blend of skills, experience, and independence.*

## Chairperson



**Otto Shikongo**  
64

**Outgoing chairperson of the board**  
**Independent non-executive director**

**Appointed:**  
February 2023

Master of Engineering, Mechanical Engineers  
Certificate of Competency, Professional  
Engineer.



**Libertha Kapere**  
49

**Incoming chairperson of the board**  
**Independent non-executive director**

**Appointed:**  
December 2022

Bachelor of Jurisprudence (BJuris), Bachelor  
of Laws (LLB), Admitted Legal Practitioner  
(High Court of Namibia).

**Significant external appointments  
and affiliations:**  
Namibia Theological Seminary

## Executive directors



**Conrad Dempsey**  
50

**Chief Executive Officer**

**Appointed:**  
October 2020

Chartered Accountant (NAM) (SA), Global  
Chartered Management Accountant (UK),  
Associate Member of the Association of  
Corporate Treasurers (UK), Master of  
Philosophy in Future Studies.



**Lizette Smit**  
37

**Chief Financial Officer**

**Appointed:**  
July 2023

Chartered Accountant (NAM) (SA).

## Independent non-executive directors



**Markus Lubbe**  
61

Independent non-executive director

**Appointed:**

February 2023

Chartered Accountant (NAM) (SA).



**Emile van Zyl**  
64

Independent non-executive director

**Appointed:**

March 2022

Bachelor of Commerce in Economic Science,  
Bachelor of Commerce Honours in  
Economics, Master of Commerce in  
Economics.



**Stephanie Quarmby**  
40

Independent non-executive director

**Appointed:**

April 2026

Chartered Accountant (NAM).



**James Formby**  
56

Independent non-executive director

**Appointed:**

November 2025

Chartered Accountant (SA), Master of  
Philosophy in Management Studies.

## Independent non-executive directors



**Jan Coetzee**  
51

**Independent non-executive director**

**Appointed:**  
October 2021

**Resigned:**  
April 2026

Certificate in Concepts of Data Processing,  
Diploma in Computer Literacy, Microsoft  
Certified Systems Engineer, COBIT®5  
Implementation Approved Trainer, ITIL®  
Foundation Approved Trainer, Resilia Cyber  
Security Foundation, Service Desk Institute.

## Non-executive directors



**Samantha Balsdon**  
58

**Non-executive director**

**Appointed:**  
July 2024

Bachelor of Commerce, Chartered Financial  
Analyst.



**I-Ben Nashandi**  
55

**Non-executive director**

**Appointed:**  
January 2019

**Resigned:**  
October 2025

Bachelor of Commerce, Master of Science in  
Financial Economics, Master of Commerce in  
Development Finance.

**Significant external appointments  
and affiliations:**

National Planning Commission of Namibia  
(executive director/accounting officer)

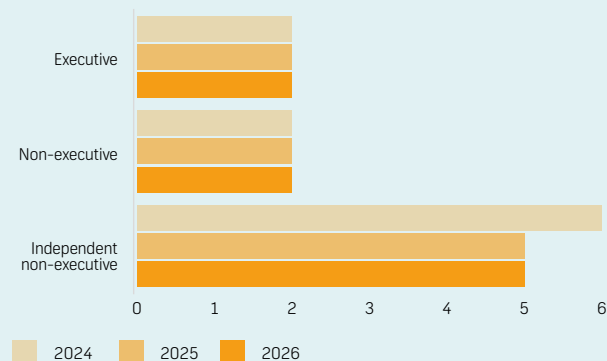
FNB Namibia maintains an ongoing induction programme for newly appointed directors to ensure they are appropriately oriented and supported in fulfilling their governance responsibilities. This is complemented by continuous professional development initiatives, which enable directors to deepen their understanding of the organisation's operations, operating environment, fiduciary duties and responsibilities, and the board's expectations regarding commitment, ethical conduct, and responsiveness to evolving regulatory requirements and emerging trends.

## Independence

The board reflects an appropriate balance of power. It consists mainly of non-executive directors, the majority of whom are independent. Non-executive directors classified as independent underwent an evaluation of their independence by the board, assisted by the chairperson and the directors' governance committee.

The assessment involves weighing all relevant factors that could impair independence. This included the ability to exercise objective judgement after considering all relevant information without undue influence from executive officers or inappropriate external parties.

Board independence



## Board changes

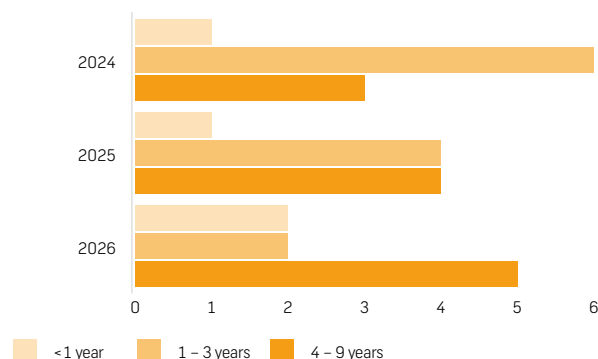
| Director    | Nature of change | Effective date  |
|-------------|------------------|-----------------|
| IN Nashandi | Resignation      | 17 October 2025 |
| JR Formby   | Appointment      | 1 November 2025 |
| S Quarmby   | Appointment      | 1 April 2026    |
| J Coetzee   | Resignation      | 30 April 2026   |

The organisation maintains an ongoing induction programme for newly appointed directors to ensure they are appropriately oriented and supported in fulfilling their governance responsibilities. This is complemented by continuous professional development initiatives, which enable directors to deepen their understanding of the organisation's operations, operating environment, fiduciary duties and responsibilities, and the board's expectations regarding commitment, ethical conduct and responsiveness to evolving regulatory requirements and emerging trends.

## Tenure

Non-executive directors may serve for a maximum of nine years. Any term beyond this is subject to rigorous review by the board. This review will consider the director's performance, factors that could impair their independence, and the need to refresh the board.

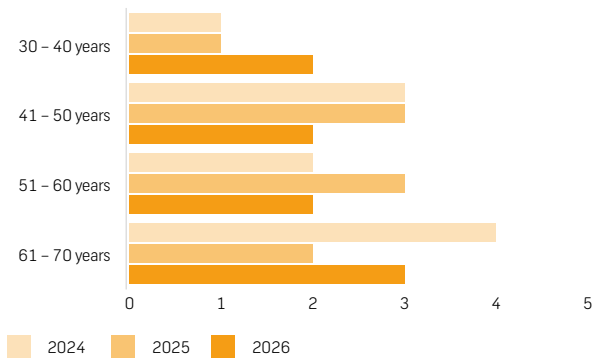
Tenure



## Retirement

The upper age limit for non-executive directors, including the board chairperson, is 70 years. Thereafter, subject to the Bank of Namibia's approval, a non-executive director may continue to serve for a limited period to allow for transitional arrangements.

### Age

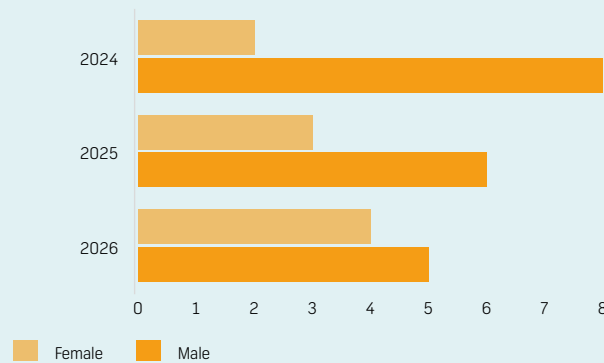


## Diversity across race, gender and nationality

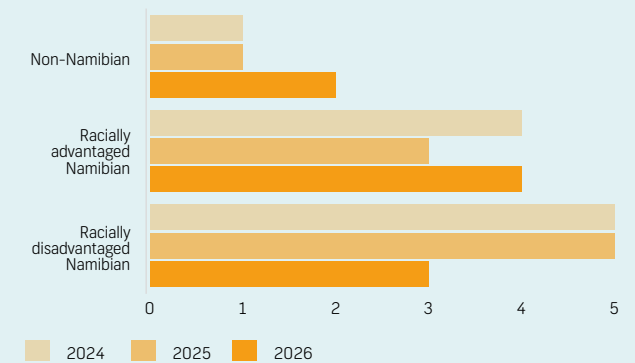
Diversity across gender, nationality and historically disadvantaged groups is considered in assessing the board's composition. This supports inclusive and balanced decision-making, and enables objective judgement.

The board maintains a balanced age profile, reflecting a mix of experience and continuity across generations.

### Gender diversity



### Diversity across race and nationality



## Meeting attendance

The board meets quarterly, and additional meetings may be convened for material matters. One additional board meeting was convened in 2026. Directors attended various engagements, including training, strategy sessions, regulatory engagements and *ad hoc* meetings.

| Name                                                | Board meetings | Board strategy session | Directors' training |
|-----------------------------------------------------|----------------|------------------------|---------------------|
| <b>Number of meetings</b>                           | <b>5</b>       | <b>1</b>               | <b>6</b>            |
| <b>Independent non-executive directors</b>          |                |                        |                     |
| ON Shikongo                                         | 5/5            | 1/1                    | 6/6                 |
| E van Zyl                                           | 5/5            | 1/1                    | 6/6                 |
| MJ Lubbe                                            | 5/5            | 1/1                    | 6/6                 |
| LD Kapere                                           | 5/5            | 1/1                    | 6/6                 |
| S Quarmby                                           | 1/1            | 1/1                    | 0/2                 |
| JR Formby                                           | 2/2            | 1/1                    | 4/4                 |
| J Coetzee<br>(resigned effective 30 April 2026)     | 5/5            | 1/1                    | 4/4                 |
| <b>Non-executive directors</b>                      |                |                        |                     |
| SL Balsdon                                          | 5/5            | 1/1                    | 5/6                 |
| IN Nashandi<br>(resigned effective 17 October 2025) | 2/2            | N/A                    | 2/2                 |
| <b>Executive directors</b>                          |                |                        |                     |
| C Dempsey                                           | 5/5            | 1/1                    | 6/6                 |
| LP Smit                                             | 4/5            | 1/1                    | 5/6                 |

## Board training and development

Ongoing development is integral to maintaining effective governance. The board prioritises training initiatives that strengthen independent oversight, enhance decision-making and support long-term value creation. The training is delivered through a combination of formal training sessions, expert-led briefings and regulatory updates.

The board has maintained a strong focus on core risk disciplines, including financial, operational, technology and conduct risks. In addition, it progressively expanded its training agenda to include emerging themes such as climate risk and enhanced prudential supervision.

This approach ensures that directors remain informed of:

- changes in the regulatory landscape;
- emerging risks and industry developments;
- evolving governance best practices; and
- key strategic and operational matters impacting the company.

In 2026, the directors participated in structured training and regular briefings focused on emerging regulatory requirements, governance developments and key risk areas relevant to FNB Namibia's operating environment.

The topics covered included:

- Climate risk and sustainability considerations
- Compliance, including regulatory developments
- Strengthening board leadership and governance practices
- King IV<sup>1</sup> principles
- Internal Capital Adequacy Assessment Process (ICAAP) and recovery and resolution planning
- Interest rate risk in the banking book (IRRBB)

## Annual evaluation outcomes

An external board evaluation was conducted during the reporting period by an independent practitioner. The evaluation concluded that the board continues to operate effectively, supported by sound governance practices and an appropriate governance framework.

No material changes were recommended, and the existing framework remains suitable to support effective strategic oversight, informed decision-making and stakeholder confidence.

<sup>1</sup> King Report on Corporate Governance™ for South Africa, 2016 (King IV). Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

## Key roles and responsibilities

The board assumes responsibility for governance by setting the direction for how relationships and the exercise of power should be approached and conducted.

The governance framework recognises each company within the FNB Namibia group as a separate and independent juristic person to whom its directors owe fiduciary duties.

*The board is satisfied that FNB Namibia's delegation of authority framework contributes meaningfully to role clarity and the effective exercise of authority and responsibilities.*

The framework ensures that accountability is well-defined across the governance structure, from the board and its committees to executive management.

The key roles and responsibilities within FNB Namibia's governance ecosystem are set out below.

### Board of directors

The board provides strategic direction and retains ultimate accountability for FNB Namibia's performance, governance and sustainability.

Key responsibilities:

- Approving the strategy, risk appetite and key policies.
- Overseeing financial performance, capital adequacy and liquidity.
- Ensuring effective risk management and internal control systems.
- Monitoring compliance with applicable laws, regulations and governance standards.
- Setting the tone at the top and fostering an ethical culture.
- Ensuring that FNB Namibia is governed in a manner that supports sustainable value creation.

### Board chairperson

*Otto Shikongo*

He provides leadership to the board and is responsible for ensuring its effectiveness and integrity.

Key responsibilities:

- Leading the board in setting strategic direction and governance priorities.
- Ensuring the effectiveness of board processes, including meetings and decision-making.
- Maintaining an appropriate balance of power between the board, management and shareholder.
- Promoting constructive engagement and independent judgement among directors.
- Providing oversight of board composition, performance and succession planning.

### Board committees

Board committees are established to support the board in discharging its responsibilities through focused oversight in specific areas. They act within delegated authority and approved terms of reference.

All committees report to the board on their activities, findings and recommendations, ensuring that the board retains overall accountability.

### Chief Executive Officer

*Conrad Dempsey*

He is responsible for leading executive management and implementing the strategy approved by the board.

Key responsibilities include:

- Driving the implementation of FNB Namibia's strategic objectives and business plans.
- Overseeing day-to-day operations within the board-approved risk appetite.
- Providing effective leadership to ensure optimal organisational performance.
- Upholding a robust control environment and fostering a strong culture of compliance.
- Ensuring the delivery of timely, accurate and transparent reports to the board.

### Chief Financial Officer

*Lizette Smit*

She is responsible for the financial integrity and sustainability of FNB Namibia.

Key responsibilities:

- Overseeing financial planning and analysis, managing the budgeting process, and ensuring accurate financial reporting and regulatory compliance.
- Playing a key role in strategic planning and supporting the overall financial health and sustainability of the company.
- Overseeing financial management, reporting, and disclosures.
- Supporting strategic planning and financial decision-making.
- Ensuring compliance with financial reporting standards and regulatory requirements.

### Executive management

Executive management is responsible for the day-to-day management and operational execution of FNB Namibia's strategy, within the authority delegated by the board. Their responsibilities include:

- Implementing board-approved strategies and policies.
- Managing risks within the approved risk appetite.
- Maintaining effective internal controls and compliance frameworks.
- Ensuring accurate, timely and transparent reporting to the board.
- Driving operational performance and business sustainability.

### Company Secretary

*Nelago Makemba*

She plays a pivotal role in supporting the board and ensuring sound governance practices.

Key responsibilities:

- Providing guidance to the board on governance, regulatory and statutory matters.
- Ensuring proper administration of board and committee processes.
- Facilitating board induction, training and ongoing development.
- Monitoring compliance with governance standards.

An assessment of the Company Secretary's performance was undertaken as part of the board evaluation process. The assessment confirmed that she is competent, suitably qualified and experienced, and has discharged her responsibilities effectively in 2026.

# FEEDBACK FROM THE BOARD COMMITTEES

*The board and committees are satisfied that they fulfilled their responsibilities in accordance with their terms of reference and fiduciary duties for 2026.*

## Audit committee report

### Mandate

In November 2025, FNB Namibia enhanced its governance framework by refining its committee structure. The revised structure enabled clearer delineation of responsibilities and strengthened coordination across assurance and risk functions. The board established dedicated board committees at First National Bank level to strengthen governance oversight and align with regulatory requirements. The audit committee is a formal committee of the FNB Namibia board, constituted in compliance with the Banking Institutions Act and the Companies Act. The committee met four times during the year under review, with all members demonstrating strong commitment through full attendance and active participation.

### Composition and meeting attendance

The committee comprises independent non-executive directors appointed by the board. The board is satisfied that the members collectively possess the requisite skills, financial literacy and experience to fulfil their duties in line with regulatory requirements.

Senior members of management, including representatives from internal audit, risk management, compliance and the external auditor listed below, attend committee meetings by invitation:

- Chief Executive Officer
- Chief Financial Officer
- Chief Audit Executive
- Chief Risk Officer
- Chief Compliance Officer
- Chief Operating Officer
- Treasurer
- Executive Officer: Retail
- Executive Officer: RMB
- Executive Officer: Commercial
- External auditors

| Committee member       | Meetings attended |
|------------------------|-------------------|
| <b>Audit committee</b> |                   |
| MJ Lubbe (chairperson) | 4/4               |
| LD Kapere              | 4/4               |
| J Coetzee              | 4/4               |
| E van Zyl              | 2/2               |

*The attendance levels reflect the importance placed on the committee's responsibilities and contributed to effective deliberations, robust oversight and sound decision-making.*

### Financial reporting and disclosure

The committee reviewed the interim and annual financial statements, as well as the integrated annual report, and recommended them to the board for approval.

The committee is satisfied that the annual financial statements:

- comply with IFRS Accounting Standards;
- meet the requirements of the Companies Act and the Banking Institutions Act; and
- fairly present the financial position, financial performance and cash flows of the bank.

The committee confirms that appropriate financial reporting procedures are in place and operating effectively.

### Internal financial controls

The committee reviewed the design and effectiveness of the group's internal financial controls and is satisfied they are adequate and effective in providing reasonable assurance regarding:

- reliability of financial reporting;
- safeguarding of assets; and
- prevention and detection of fraud and irregularities.

No material control failures were identified during the year.

## Internal audit

FNB Namibia has an independent internal audit function that operates under an approved charter. The committee approved the 2026 internal audit plan.

The committee is satisfied that:

- internal audit operates independently and reports directly to the committee;
- the function is appropriately resourced and staffed with the required skills and expertise; and
- internal audit methodologies are aligned to international standards.

An external quality assurance review of the internal audit function is conducted at least every five years. The most recent review was completed in 2024 and confirmed alignment with the International Standards for the Professional Practice of Internal Auditing.

Group internal audit is led by the Chief Audit Executive (CAE), who reports functionally to the committee chairperson and administratively to the Chief Executive Officer. The CAE has unrestricted access to the committee and the board and is empowered to communicate openly on all relevant matters.

Internal audit executed a risk-based assurance plan aligned to key regulatory and strategic priorities. During the year, audit effort was primarily focused on regulatory compliance and control validation. The function dedicated significant coverage to prudential reviews, supported by assurance over IT controls, credit risk and critical operational processes. This focus reflects a strong emphasis on compliance, governance and the effectiveness of core control environments.

Looking ahead to 2027, the audit approach is evolving toward a more forward-looking and resilience-based model. There is a notable shift in effort toward operational and ecosystem risks, including third-party, procurement and payments environments. While regulatory compliance remains a key pillar, emphasis on emerging risk areas such as cloud computing, recovery planning and integrated financial crime frameworks is increasing. This is complemented by expanded coverage of market and liquidity risks, enterprise-wide cybersecurity and risk management maturity assessments.

Collectively, this signals internal audit's transition toward providing deeper insight into organisational resilience, end-to-end process effectiveness and the sustainability of the control environment in an increasingly complex risk landscape.

## External audit

The committee oversaw the external audit process and the performance of the external auditor. This included:

- approving the external audit plan and scope;
- considering significant audit findings; and
- assessing the external auditor's independence and effectiveness.

The committee is satisfied that the external auditor remains independent and effective. It has recommended their reappointment in accordance with applicable requirements.

The external auditor's report is included in the annual financial statements.

## Integrated assurance

The committee oversees the implementation of an Integrated assurance model to ensure a coordinated, efficient and risk-based assurance approach. The model integrates assurance provided by management, internal assurance functions and independent assurance providers to:

- provide a holistic view of FNB Namibia's risk profile;
- ensure adequate coverage of all significant risks; and
- avoid duplication of efforts and optimise assurance activities.

The Integrated assurance framework's effectiveness is supported by structured collaboration among assurance providers. This includes the integrated assurance forum, as well as ongoing monitoring of audit outcomes and remediation actions.

The committee is satisfied that the Integrated assurance model is appropriately designed and operating effectively, contributing to enhanced governance, risk management and internal controls.

## Going concern

The committee reviewed management's assessment of FNB Namibia's ability to continue as a going concern. Based on the information reviewed, the committee supported the board's conclusion that the company remains a going concern and that the going concern basis of accounting is appropriate in the preparation of the annual financial statements.

## Finance function

The committee considered the finance function's expertise, experience and adequacy of resources and is satisfied that it is appropriately structured and competent to support FNB Namibia's financial reporting requirements.

## Future focus areas

Looking ahead, the committee will continue to focus on:

- maintaining the integrity of financial reporting;
- strengthening the effectiveness of internal financial controls; and
- enhancing the combined assurance model.

The committee will also oversee the continued evolution of internal audit's risk-based assurance approach, monitor remediation of audit findings and ensure that assurance activities remain aligned to the bank's strategic objectives and risk profile.

## Conclusion

The committee is satisfied that it has fulfilled its responsibilities in accordance with its charter, the Banking Institutions Act and the Companies Act.

## Talent and remuneration committee report

### Mandate

The committee assists the board in fulfilling its oversight responsibilities in respect of remuneration, talent management and succession planning. The committee operates under approved terms of reference, which set out its authority, responsibilities and reporting obligations.

The committee is responsible for ensuring that the bank remunerates fairly, responsibly and transparently, in a manner that supports the achievement of strategic objectives and promotes positive outcomes over the short, medium and long term.

The committee's mandate includes:

- overseeing fair, responsible and transparent remuneration practices that support the achievement of the bank's strategic objectives; and
- monitoring and guiding talent management and succession planning to ensure the attraction, retention and development of key skills.

### Composition and meeting attendance

The committee comprises independent non-executive and non-executive directors appointed by the board. The board is satisfied that the members collectively possess the requisite skills, financial literacy and experience to fulfil their duties in line with regulatory requirements.

The following members of management attend in an *ex officio* capacity, with limited attendance rights. Management invitees do not have voting rights.

- Chief Executive Officer
- Chief Financial Officer
- Chief People Officer

| Committee member        | Meetings attended |
|-------------------------|-------------------|
| LD Kapere (chairperson) | 4/4               |
| ON Shikongo             | 4/4               |
| SL Balsdon              | 4/4               |

*The attendance levels reflect the importance placed on the committee's responsibilities and contributed to effective deliberations, robust oversight and sound decision-making.*

### Remuneration matters

The committee ensures that the company remunerates fairly, responsibly and transparently, while supporting the achievement of strategic objectives over the short, medium and long term. This year's focus areas included:

- reviewing and approving remuneration policies and frameworks, including reward philosophy and principles, to ensure alignment to strategy and market benchmarks;
- overseeing the annual reward review process, including salary increases, bonus pool outcomes and share allocations, to ensure alignment with performance;
- overseeing individual performance to support a high-performance culture aligned to FNB Namibia's strategic objectives; and
- considering and approving remuneration outcomes for executives and senior management, including retention and market-alignment adjustments for critical roles.

## Talent and succession management

The committee oversaw talent management and succession planning to ensure leadership continuity and sustainability. This included:

- reviewing executive succession plans, including readiness and internal talent pipelines;
- monitoring leadership development programmes and talent interventions;
- assessing workforce composition, transformation progress and diversity metrics;
- supporting the development of a sustainable leadership pipeline aligned to strategic objectives; and
- promoting cross-border assignments and mobility opportunities within FNB Namibia to support skills development, knowledge transfer and career progression.

The committee is satisfied that it has effectively fulfilled its mandate and discharged its responsibilities. The committee will continue to embed its governance processes and strengthen its oversight of talent and remuneration matters to support sustainable performance and long-term value creation for the bank.

## Directors' governance committee

### Mandate

The directors' governance committee supports the board in ensuring effective corporate governance across FNB Namibia. Within the governance framework, the committee helps the board in embedding ethical leadership and sound corporate governance practices as central to the company culture.

### Composition and meeting attendance

The committee comprises independent non-executive and non-executive directors appointed by the board. The board is satisfied that the members collectively possess the requisite skills, financial literacy and experience to fulfil their duties in line with regulatory requirements.

The Chief Executive Officer attends in an *ex officio* capacity, and has no voting rights.

| Committee meeting attendance | Meetings held |
|------------------------------|---------------|
| ON Shikongo (chairperson)    | 3/3           |
| SL Balsdon                   | 3/3           |

### Key focus areas

The committee's focus areas this year underpin its role in strengthening governance and supporting effective decision-making at board level.

|                                     |                                                |                                          |                                   |                                                         |
|-------------------------------------|------------------------------------------------|------------------------------------------|-----------------------------------|---------------------------------------------------------|
| Governance frameworks and practices | Board and committee structures and composition | Board continuity and succession planning | Board and committee effectiveness | Compliance with legislative and governance requirements |
|-------------------------------------|------------------------------------------------|------------------------------------------|-----------------------------------|---------------------------------------------------------|

### Governance structures and processes

The committee monitored the adequacy and effectiveness of FNB Namibia's governance structures and processes. In doing so, the committee:

- evaluated alignment with regulatory expectations and governance best practice;
- assessed the effectiveness of existing governance arrangements; and
- recommended enhancements to the board for approval.

The changes in the board structures are explained on page 22.

The new governance structure reflects continued strengthening of oversight and clearer delineation of roles and responsibilities across governance forums.

## Board composition, tenure and independence

The committee oversaw the composition of the board and its committees to ensure an appropriate balance of skills, experience and independence:

- Tenure:** All directors were confirmed to be within the board-approved nine-year tenure limit.
- Chairperson independence:** The annual independence assessment confirmed that the chairperson exercises objective judgement without undue influence, aligned with NamCode principles. Independent review processes reinforced this conclusion. No adverse information indicating that the chairperson's independence is impaired or compromised was identified, and the review confirmed that the applicable independence requirements continue to be met.
- Non-executive directors:** The committee assessed the independence of non-executive directors and is satisfied that the board maintains an appropriate balance of executive, non-executive and independent non-executive directors.

### Succession planning and board continuity

The committee oversaw succession planning across the board and its committees. A formal and structured process is applied to director identification and appointment, ensuring:

- an appropriate mix of skills and experience;
- diversity across multiple dimensions; and
- continuity of leadership and governance oversight.

The committee is satisfied that the board and its committees are appropriately constituted. It is also satisfied that succession planning is robust and remains an ongoing priority to support continuity, long-term sustainability and effective governance.

### Board effectiveness

The committee prioritised the effectiveness of the board through a formal evaluation process. This process is described below.

- Review the prior year's evaluation results and monitor implementation of agreed improvement actions.
- Identify director training and development needs.
- Conduct the current year evaluation (page 29) to assess:
  - board charters;
  - meeting effectiveness and governance processes;
  - board composition and responsibilities; and
  - the performance of the chairperson, executive directors and the Company Secretary.

## Governance compliance and regulatory alignment

The committee oversaw governance and legislative requirements, ensuring that governance practices remain aligned with evolving regulatory expectations. It also ensured that governance structures and processes support the board in meeting its fiduciary duties and oversight obligations.

## Director development and training

The committee ensured that ongoing director development remained a priority. Training initiatives were aligned to identified needs and regulatory developments, enabling directors to discharge their responsibilities effectively. For detail on this year's development areas, refer to page 29.

## Conclusion

The committee is satisfied that:

- governance structures and processes remain appropriate and effective;
- the board and its committees are properly constituted and operate within clearly defined mandates;
- independence, succession and composition are actively managed; and
- governance practices support informed, ethical and effective decision-making.

## Risk, capital and compliance committee report

### Mandate

The risk, capital and compliance committee is a formal committee of the FNB Namibia board. It assists the board in discharging its responsibilities relating to risk, capital and compliance governance. The committee oversees the effectiveness of the bank's enterprise-wide risk management framework and monitors the identification, assessment, management and reporting of material risks across the bank. Its oversight responsibilities extend to strategic, credit, market, liquidity, operational, compliance, conduct, financial crime, environmental, social and climate-related risks, as well as capital adequacy, risk appetite and regulatory compliance. The committee operates in accordance with its approved terms of reference, applicable legislation, Bank of Namibia regulatory requirements and leading governance practices.

### Composition and meeting attendance

The committee comprises non-executive directors appointed by the board and is chaired by an independent non-executive director. Senior management, assurance providers and subject matter specialists attend meetings by invitation to provide the committee with independent insight and information necessary to fulfil its oversight responsibilities. The committee met quarterly during the reporting period and held additional meetings where required.

| Committee member        | Meetings attended |
|-------------------------|-------------------|
| E van Zyl (chairperson) | 4/4               |
| MJ Lubbe                | 4/4               |
| J Coetzee               | 4/4               |
| L Kapere                | 2/2               |

*The attendance levels reflect the importance placed on the committee's responsibilities and contributed to effective deliberations, robust oversight and sound decision-making.*

The committee maintained oversight of the bank's enterprise-wide risk profile and monitored management's implementation of the risk management framework. In fulfilling its mandate, the committee reviewed key risk exposures and concentrations across strategic, credit, market, liquidity, operational, compliance, conduct, financial crime, environmental, social and climate-related risk categories. Particular attention was given to emerging risks, material risk trends, effectiveness of risk responses and alignment with the board-approved risk appetite and tolerance levels. The committee also reviewed the nature and extent of risks the bank was willing to accept in pursuit of its strategic objectives and monitored adherence to approved risk appetite metrics, limits and key risk indicators.

The committee reviewed the adequacy and effectiveness of risk, capital and compliance frameworks and policies, monitored compliance with applicable laws, regulations and supervisory requirements, and oversaw the effectiveness of the risk and compliance functions. It also considered reports relating to financial crime risk management, compliance monitoring outcomes, conduct risk, information technology and cyber risk, operational resilience, reputational risk and environmental, social and climate-related matters. The committee also considered significant and emerging risks, monitored management's response to evolving external and internal risk drivers, and ensured that appropriate mitigation strategies and controls were implemented where required.

The committee maintained oversight of capital adequacy, liquidity management and recovery planning, and considered matters relating to the ICAAP, capital management, liquidity risk and the bank's recovery framework. It reviewed risk authorities, limits and key risk indicators, and monitored management's actions to address areas requiring remediation or enhanced controls.

In support of effective governance, the committee monitored the implementation of the risk data aggregation and risk reporting framework and Basel Committee on Banking Supervision (BCBS) 239 principles to ensure that the board and committee received relevant, accurate and timely risk information. The committee also considered corporate governance assessments, internal control matters and significant regulatory developments. It ensured that material matters of strategic, financial, regulatory or reputational significance were appropriately escalated to the board. The committee assessed the effectiveness of the bank's risk management processes through regular reviews of risk reporting, control assessments, compliance monitoring activities and management action plans. It also monitored the timely remediation of identified control weaknesses and risk events.

## Future focus areas

The committee will continue to focus on strengthening risk governance and organisational resilience, with particular emphasis on capital and liquidity management, cyber and information technology risk, financial crime risk management, climate-related and environmental risk considerations, evolving regulatory requirements, data governance and the ongoing enhancement of risk management capabilities. The committee will also continue to monitor emerging risks and ensure that the bank's risk management framework remains responsive to changes in the operating environment and aligned with the bank's strategic objectives.

The board is satisfied that the committee effectively discharged its responsibilities during the reporting period and provided robust oversight of the bank's risk profile, capital position, compliance environment and governance frameworks. The committee's activities contributed to the maintenance of a sound risk culture, regulatory compliance, financial resilience and the sustainable achievement of the bank's strategic objectives.

## Board credit risk committee report

### Mandate

The board credit risk committee is a formal committee of the FNB Namibia board. It assists the board in overseeing the bank's credit risk governance framework and the effective management of credit risk exposures. The committee operates in accordance with its approved terms of reference, the Companies Act, the Banking Institutions Act, applicable Bank of Namibia requirements, including BID-2 (Determination on Asset Classification, Suspension of Interest and Provisioning), and other relevant regulatory requirements. The committee's mandate supports the board in ensuring that sound credit risk management principles, prudent lending practices, and appropriate controls are maintained throughout the bank.

### Composition and meeting attendance

The committee comprises independent non-executive directors and non-executive directors appointed by the board, with an independent non-executive director serving as chairperson.

The committee met quarterly during the reporting period and convened additional meetings where necessary to consider significant credit matters, portfolio developments and transactions requiring board-level oversight. The committee receives support from management and specialist risk functions and has access to any information required to discharge its responsibilities effectively.

Senior members of management listed below attend committee meetings by invitation:

Chief Executive Officer  
Chief Financial Officer  
Chief Credit Officer  
Chief Risk Officer  
Executive Officer: Retail  
Executive Officer: RMB  
Executive Officer: Commercial  
Credit Head Reporting and Analytics  
Credit Heads

| Committee member        | Meetings attended  |                 |
|-------------------------|--------------------|-----------------|
|                         | Quarterly meetings | Ad hoc meetings |
| S Quarmby (chairperson) | 1/1                | 3/3             |
| E van Zyl               | 2/2                | 5/5             |
| JR Formby               | 2/2                | 5/5             |
| MJ Lubbe                | 2/2                | 2/2             |

*The attendance levels reflect the importance placed on the committee's responsibilities and contributed to effective deliberations, robust oversight and sound decision-making.*

During the reporting period, the committee convened five *ad hoc* meetings to consider and approve time-sensitive credit matters, including significant credit exposures and transactions requiring committee oversight and approval between the scheduled quarterly meetings.

The committee oversees compliance with credit risk requirements and the effectiveness of the bank's credit risk management framework. During the year, it reviewed portfolio performance, credit exposures, concentration risks, risk appetite measures, asset classifications, non-performing loan trends, provisioning adequacy, collateral practices, loss recognition and write-offs, while monitoring emerging risks, sector exposures and management actions.

The committee reviewed impairment trends, ECL methodologies, IFRS 9 model assumptions and provisioning levels. It also monitored recoveries, non-performing loan remediation, restructured and forborne exposures, and the adequacy of capital available to support credit risk exposures.

The committee also oversaw credit risk frameworks, methodologies and models, including credit and IFRS 9 models, and ensured that risk data and reporting supported timely, accurate and informed decision-making. Material matters were escalated to the board in line with approved governance processes.

## Future focus areas

During the forthcoming reporting period, the committee will continue to focus on strengthening credit portfolio resilience amid evolving economic conditions and sector-specific risks. Particular attention will be given towards portfolio quality trends, concentration risk management, early warning indicators, non-performing loan management, recovery performance, and the ongoing adequacy of impairments and provisions.

The committee will also oversee the ongoing enhancement of credit risk models, IFRS 9 methodologies, data governance and reporting capabilities, including alignment with regulatory developments and BCBS 239 requirements. The focus will also be on sustainable portfolio growth, prudent risk appetite management, emerging credit risk themes, capital efficiency, and ensuring that credit risk practices remain aligned with the bank's strategic objectives and regulatory expectations.

The board is satisfied that the committee effectively discharged its responsibilities during the reporting period and provided robust oversight of the bank's credit risk profile, regulatory compliance and loan review processes, thereby supporting prudent risk management, balance sheet resilience and the achievement of the bank's strategic objectives.



# C

## DRIVING PURPOSE THROUGH STRATEGY

|                              |    |
|------------------------------|----|
| The CEO's reflections        | 39 |
| An intentional strategy      | 42 |
| Considering material matters | 45 |
| Managing the group's risks   | 48 |

# THE CEO'S REFLECTIONS

Conrad Dempsey



*The 2026 financial year was characterised by disciplined execution, resilient franchise growth and a continued focus on creating shared value for stakeholders. While market conditions remained challenging, the group maintained its commitment to supporting customers, businesses and communities, while safeguarding balance sheet strength and delivering sustainable returns.*

## Operating performance

Our performance reflects the strength and diversification of the franchise, underpinned by prudent risk management, disciplined capital deployment and growth across multiple client segments and sectors of the economy. The group achieved net income after capital cost (NIACC) of N\$1 billion, a key measure of the efficient deployment of capital and the value created above our cost of capital. Importantly, this value was generated through a balanced and diversified business model that enables economic activity, investment and enterprise development across Namibia.

During the year, we continued to invest in initiatives that support the country's long-term growth objectives, including financial inclusion, SME development, agricultural value chains and emerging opportunities in sectors such as energy and oil and gas. Through these efforts, the group sought not only to achieve strong financial outcomes, but also to contribute meaningfully to economic resilience, job creation and the broader prosperity of Namibia.

The quality of earnings continues to be a key focus. Net interest income benefited from prudent lending growth and margin management, while non-interest revenue growth reflected ongoing diversification and increasing digital adoption across the customer base. Lending growth continued to support households, entrepreneurs, SMEs and productive sectors of the economy, including agriculture, tourism, mining, infrastructure and emerging energy opportunities. Through these activities, the group continued to facilitate economic participation and support business development across Namibia.

Credit performance improved, supported by proactive portfolio management and conservative provisioning practices.

*Disciplined risk management remains fundamental to protecting shareholder value, maintaining financial system stability and preserving the capacity to support customers through economic cycles.*

## Segment execution

Across its operating businesses, the group continued to deepen customer relationships, expand access to financial services and strengthen its contribution to economic activity across Namibia.

Retail and commercial focused on customer acquisition, digital channel growth and tailored lending solutions. Continued investment in customer capability and distribution supported broader access to banking services and enhanced financial inclusion.

RMB maintained support for strategic sectors of the economy, including mining, infrastructure and emerging oil and gas value chains. The business continued to facilitate investment and support productive economic activity through financing, advisory and risk intermediation activities.

WesBank advanced its asset-based finance offering while maintaining strong credit discipline. The business continued to support personal mobility, commercial activity and asset financing requirements while preserving portfolio quality.

## Digital and innovation

Digital transformation remained a key strategic enabler during the year. Continued growth in digital adoption improved customer experience, enhanced operational efficiency and expanded access to financial services. Digital innovation also supported greater convenience, accessibility and cost-effective service delivery for customers across the group's operating businesses.

The group remains focused on leveraging technology to improve service delivery, increase operational effectiveness and support sustainable growth.

## Purpose in action

The group's purpose – helping to build a globally competitive Namibia by providing access to opportunities – is reflected in its core business activities. Lending risk intermediation activities remain the primary mechanisms through which the group contributes to economic participation and long-term development.

The expansion of lending to SMEs and entrepreneurs, support for affordable housing and consumer finance, and participation in sectors critical to economic growth demonstrate how commercial activities contribute to broader development outcomes. Through these activities, the group continues to support enterprise development, financial inclusion and economic resilience.

The group's broader contribution to society is detailed in the Do What Matters Report to Society. This report complements that disclosure by demonstrating how core banking directly contribute to economic growth, financial inclusion and long-term national development.

## Oil and gas readiness

The group continued to develop the capabilities, sector expertise and partnerships required to support Namibia's emerging oil and gas sector. This positions the group to responsibly intermediate capital, support value-chain development and participate in one of the country's most significant long-term growth opportunities.

## Financial strength

The group maintained strong capital and liquidity positions throughout the year. Financial strength provides resilience through economic cycles and underpins the group's ability to continue supporting customers, businesses and key sectors of the economy.

Disciplined capital management and ongoing operational efficiency remain key priorities. These capabilities support sustainable returns while preserving sufficient flexibility to pursue future growth opportunities.

## Outlook and priorities

The group's priorities remain focused on:

- accelerating digital adoption and innovation;
- expanding its customer franchise across all segments;
- supporting Namibia's key growth sectors, including oil and gas;
- maintaining disciplined risk and capital management; and
- investing in capabilities that support sustainable long-term growth.

The group remains well-positioned to deliver sustainable growth and create long-term value for shareholder. Future success will continue to depend on disciplined execution, prudent stewardship of capital, responsible risk management and the ability to support customers and economic development amid changing market conditions.

## Appreciation

The board and management acknowledge the commitment of employees, the loyalty of customers and the support of shareholder, regulators and broader stakeholders. Their continued confidence and partnership remain important contributors to the group's long-term success.

**Conrad Dempsey**

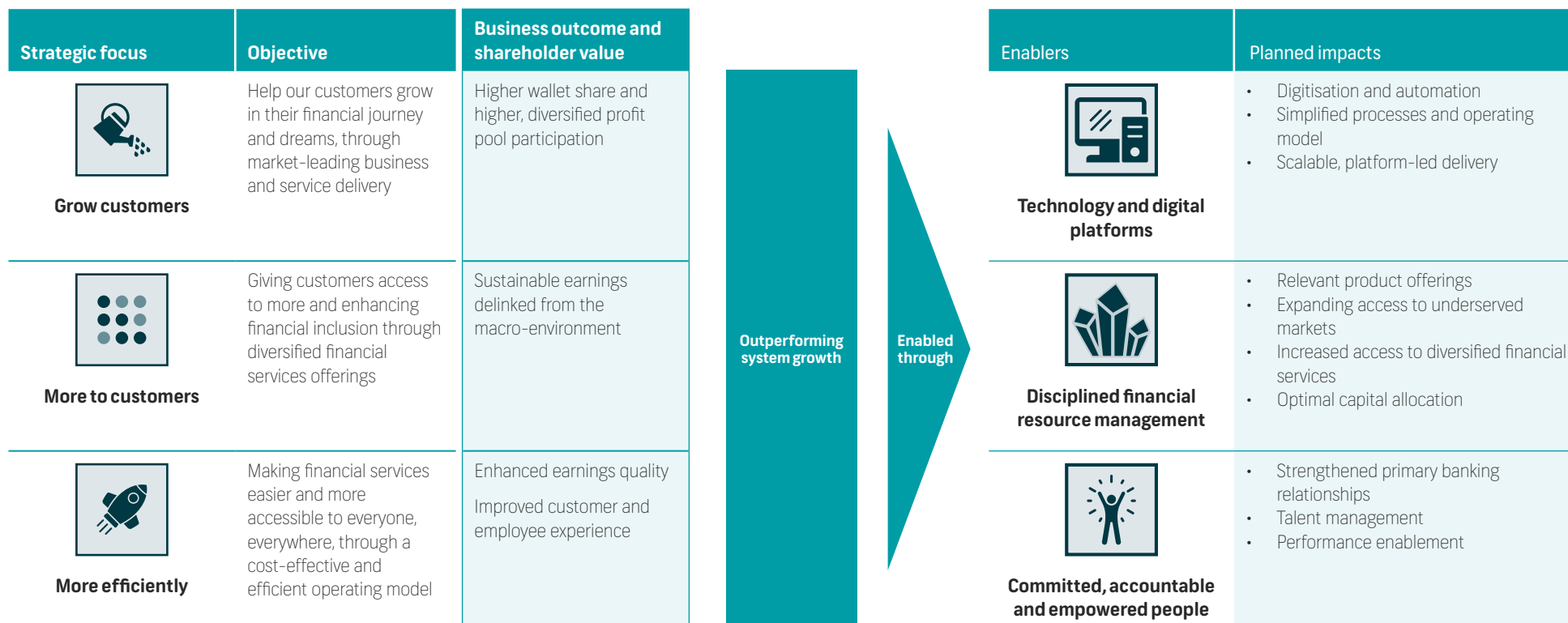
Chief Executive Officer: FNB Namibia

# AN INTENTIONAL STRATEGY

*The group recognises that its core purpose, risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of its value creation process.*

Delivering value requires intentionally using our core business activities, including capital allocation in the economy, to add value to society – profitably, relevantly and at scale. FNB Namibia's purpose is delivered through a clear intent on three strategic focus areas: growing customers, providing more to customers and doing so more efficiently. This is enabled through technology and digital platforms, disciplined management of financial resources and people who are committed, empowered and accountable.

## Strategy snapshot



## Strategic focus across time horizons

*The three strategic focus areas are enduring – they do not change from year to year. Instead, they develop and mature as we progressively land different strategic initiatives over the short, medium and long term. Each focus area evolves across planning horizons, from foundational delivery to structural resilience.*

|                              | Short term                                                                                                                                                                                                                                                                                                                                                                                                         | Medium term                                                                                                                                                                                                                                                                                                                                                                                                                                    | Long term                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              | Strengthening foundational capabilities, reigniting a proactive sales culture, deploying payments and digital lending innovations, deepening AI adoption, and simplifying the operating model.                                                                                                                                                                                                                     | Scaling platform-led propositions across FNB and RMB, diversifying the earnings base through new revenue streams and realising operating leverage from technology investments.                                                                                                                                                                                                                                                                 | Mature towards structural resilience, a fully integrated financial services offering and sustainable value creation increasingly delinked from macroeconomic volatility.                                                                                                                                                                     |
| <br><b>Grow customers</b>    | <ul style="list-style-type: none"> <li>Reinvigorate customer engagement and proactive acquisition across priority segments.</li> <li>Drive targeted growth in high-potential economic sectors and strategic partnerships.</li> <li>Deepen client relationships across the group.</li> </ul> <p><i>Measured by customer growth, primary bank share, and growth in deposits and advances.</i></p>                    | <ul style="list-style-type: none"> <li>Scale platform-led customer experience and deepen wallet share through enhanced propositions.</li> <li>Expand cross-border capabilities and diversify the client base across segments.</li> </ul> <p><i>Measured by wallet share, relationship depth, and growth in deposits and advances.</i></p>                                                                                                      | <ul style="list-style-type: none"> <li>Primary financial services partner across all segments.</li> <li>Leadership positioning in emerging growth areas, and specific speciality sectors and solutions.</li> </ul> <p><i>Measured by market positioning and profit pool diversification.</i></p>                                             |
| <br><b>More to customers</b> | <ul style="list-style-type: none"> <li>Expand digital payments and financial services capabilities for broader customer access.</li> <li>Integrate product offerings across the group to enhance the customer value proposition.</li> </ul> <p><i>Measured by product adoption, cross-sell and distribution reach.</i></p>                                                                                         | <ul style="list-style-type: none"> <li>Diversify NIR through expanded advisory and structured solutions.</li> </ul> <p><i>Measured by revenue diversification, assets under management and product penetration.</i></p>                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>Sustainable, diversified earnings base with exposure to next-generation growth areas.</li> </ul> <p><i>Measured by earnings resilience and revenue diversification.</i></p>                                                                                                                           |
| <br><b>More efficiently</b>  | <ul style="list-style-type: none"> <li>Accelerate AI adoption with strong data foundations and practical business applications.</li> <li>Consolidate key platforms and improve processing efficiency and turnaround times.</li> <li>Simplify operations and enhance process efficiency across all business units.</li> </ul> <p><i>Measured by technology adoption, digital volumes and platform delivery.</i></p> | <ul style="list-style-type: none"> <li>Realise operating leverage from technology investments and AI-enabled process improvements.</li> <li>Structurally improve the cost trajectory through scalable, platform-led delivery models.</li> <li>Enhance customer and employee experience through technology-supported service delivery.</li> </ul> <p><i>Measured by cost-efficiency trends, operating leverage and experience measures.</i></p> | <ul style="list-style-type: none"> <li>Structurally resilient operating model with industry-leading efficiency and scalability.</li> <li>Enhanced earnings quality through disciplined resource allocation and reduced macroeconomic dependency.</li> </ul> <p><i>Measured by structural efficiency and earnings quality indicators.</i></p> |

## Delivery against strategic focus areas

Each business unit – FNB Retail, FNB Commercial and RMB – translates the group strategy into detailed operational plans that delineate the specific actions for each horizon. Short-term delivery is intentionally sequenced to build towards the medium- and longer-term strategic ambition.

### We aim to outperform system growth by:

- growing and deepening customer relationships;
- expanding our value proposition across the financial ecosystem;
- structurally improving efficiency and operating leverage;
- enhancing earnings quality and resilience; and
- reducing dependence on macroeconomic cycles.

*Strategic progress is tracked through a group performance scorecard that links strategic, financial, risk, sustainability and people outcomes.*

### Measuring progress through scorecards

The FNB Namibia performance scorecard sets out the key performance indicators (KPIs) through which strategy delivery is measured at group level.

Each business unit has its own KPIs that support and link to the group scorecard, ensuring alignment. These include more detailed KPIs to track specific business plan delivery against the strategy.

## Progress in 2026

A summary of the year's progress is captured below. For more detail, refer to the CEO's reflections on page 39, as well as the performance discussions for FNB Retail, FNB Commercial and RMB from page 73, together with the other references provided below.

|                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>Grow customers</b>    | <ul style="list-style-type: none"> <li>• Strengthening and deepening client relationships across the business.</li> <li>• Alternative channel footprint expanding, broadening financial access to underserved communities.</li> <li>• Growing customer wealth and protecting wealth for the next generation.</li> <li>• Brand awareness and marketing campaigns reinforcing customer growth through digital and on-the-ground engagement.</li> </ul>                                                                                       | <b>Enabled through</b> | <b>Technology and digital platforms</b> <ul style="list-style-type: none"> <li>• Payments infrastructure modernisation progressing.</li> <li>• AI and data platforms scaling with growing adoption.</li> <li>• Digital transaction volumes increasing.</li> </ul>                                                                                                                                                                                                                                                               |
|  <b>More to customers</b> | <ul style="list-style-type: none"> <li>• Digital and payments innovations advancing, expanding the range of financial services available to customers.</li> <li>• Enhanced value delivered to clients through partnering and innovative products.</li> <li>• Structured finance, advisory and merchant capabilities expanding.</li> </ul>                                                                                                                                                                                                  |                        | <b>Disciplined financial resource management</b> <ul style="list-style-type: none"> <li>• Financial resource management discipline maintained across all business segments.</li> <li>• Prudent provisioning sustained and continuous balance sheet optimisation in progress.</li> <li>• Regulatory compliance tracking well across the business.</li> </ul> <p>Read more in the CFO report on page 67.</p>                                                                                                                      |
|  <b>More efficiently</b>  | <ul style="list-style-type: none"> <li>• AI adoption accelerating across the business with governance frameworks established and practical use cases deployed.</li> <li>• Platform migrations and data infrastructure initiatives progressing, enabling more scalable operations.</li> <li>• Operational structure and process simplification under way to ensure relevant delivery for customers.</li> <li>• Customer experience recovery programme initiated, leveraging data-driven insights to improve customer experience.</li> </ul> |                        | <b>Committed, accountable and empowered people</b> <ul style="list-style-type: none"> <li>• Top Employer recognition maintained nationally and regionally; employee engagement scores increasing above group benchmarks.</li> <li>• World Class Manager and Young Talent and FirstJob intakes expanded.</li> <li>• Talent planning forums embedded with executive succession coverage strengthening; attrition below industry levels.</li> </ul> <p>Read more in the <i>Human capital's performance</i> section on page 79.</p> |

# CONSIDERING MATERIAL MATTERS

*Material matters are matters that play a significant role in the group's ability to deliver on its strategic objectives and ultimately create value and realise its purpose over the short, medium and long term.*

The materiality determination process is a multi-functional review that evaluates risks, opportunities and challenges. Material matters are shaped by the internal and external context, stakeholder expectations and concerns, and the social, economic, governance and environmental conditions in which we operate.



The group's five material matters have remained consistent with last year. The context and strategic actions of the future-fit group material matter were updated to better align with the operating environment and strategy.

- 1 Sustainable economic transition**
- 2 Customer satisfaction**
- 3 Regulation, compliance and security**
- 4 Future-fit group**
- 5 Culture and talent**

The following pages unpack each matter in detail, showing their interconnectedness with the group's strategy, stakeholders and six capitals. The change in the group's focus from 2025 to now is also indicated.

## Legend

Strategic objectives and enablers to realise the purpose



Grow customers



More to customers



More efficiently



Technology and digital platforms



Disciplined FRM



People

Capitals applied in the creation, preservation and erosion of value



Financial



Social



Manufactured



Human



Natural



Intellectual

Primary stakeholders



Regulators



Customers



Society



Investors



Employees



Suppliers

Level of focus



Increase



Decrease



Constant

Increase/decrease or constant refers to change in the level of focus relative to the prior year.

## Sustainable economic transition



### The context

- Namibia is on the cusp of structural economic change. It needs to address unemployment, improve education and develop infrastructure.
- Namibia needs inclusive economic growth that addresses local development and enhances entrepreneurial activity to ensure long-term resilience.
- There are new industrial opportunities in the energy sector, specifically in oil and gas.
- The country is dependent on agriculture. This requires a focus on climate-resilient solutions that will benefit society, the economy and the environment in the long term.

### Why material

- Integral to the group maintaining its social licence to operate.
- Enhances long-term, sustainable performance delivery.

### Strategic actions

- Partnering and positioning: Build and maintain relationships across existing and emerging industries and build brand strength to be relevant and distinctive.
- Knowledge acquisition and development: Understand the industry shifts, diversification of the economy and related opportunities.
- Skills and capabilities: Develop and acquire the necessary skills and capabilities to ensure continued value creation through relevant solutions and services.
- Do what matters: Use FNB Namibia's core business activities and deployment of capital to impact society, the environment and the economy, profitably and at scale.
- Measurement and control: Apply continuous measurement and risk management to ensure leading market practices and support the transition.

## Connectivity matrix

### Related strategic objectives and enablers



### Capitals deployed in value creation, preservation and erosion



### Primary stakeholders



## Customer satisfaction



### The context

- We operate in an evolving market, with competition from new traditional and non-traditional financial services players entering the market.
- We need to exceed customer expectations to maintain market share, build brand loyalty and earn sustainable revenue. This is increasingly challenging.
- Customers demand value, quality, reliability and trust. This makes their satisfaction a core differentiator and risk area.

### Why material

- Directly impacts FNB Namibia's reputation, revenue and long-term value creation.
- Salient factor for customer retention and growth, and competitive positioning.

### Strategic actions

- Customer experience enhancement: Provide streamlined service channels and product delivery, digital interfaces, and face-to-face when needed.
- Customer engagement: Provide customer education, rewards and feedback through satisfaction surveys and complaint tracking.
- Products and services: Offer solutions that are relevant to customers and continually identify opportunities to enhance products and services.
- Employee development: Continually train employees in service excellence and customer care.
- Data and insights: Use analytics to better understand and anticipate customer needs and proactively solve for personalised needs.

## Connectivity matrix

### Related strategic objectives and enablers



### Capitals deployed in value creation, preservation and erosion



### Primary stakeholders



## Regulation, compliance and security



### The context

- We operate in a highly regulated environment. Scrutiny continues to increase around data privacy, financial integrity, ethical conduct and cyber-resilience.
- Non-compliance or security breaches can result in legal penalties, reputational damage and operational disruption. This directly affects stakeholder trust and business continuity.

### Why material

- Integral to the group maintaining its legal licence to operate.
- Key to ensuring business continuity, legal compliance, and reputational and business resilience.

### Strategic actions

- Governance structures: Oversight by dedicated and relevant committees, which have been streamlined (read more on page 22).
- Compliance posture: Policies, training, internal controls, compliance maturity and ownership at all levels are in place.
- Regulatory monitoring: Continuous tracking of legal and regulatory changes.
- Cyber-security: Advanced threat detection, data protection and response protocols are in place.
- Employee training and awareness: Regular training on compliance, ethics, and data privacy and security.
- Agility and responsiveness: Tested procedures for managing breaches, audits and investigations.

### Connectivity matrix



## Future-fit group



### The context

- We are operating in the context of rapid technological change, shifting stakeholder expectations, evolving regulations, and climate-related shifts. The way in which money moves is also shifting.
- Organisations need to be agile, digitally enabled, sustainably managed and purpose-driven to thrive.
- We need to increase our use of technological capabilities and digital platforms while remaining human and seeking real connections.

### Why material

- Directly affects long-term sustainability, strategic alignment and risk mitigation.
- Salient for future readiness, stakeholder trust and sustained performance.

### Strategic actions

- Purpose-led group: Align our strategic objectives, enablers and business plans with our purpose and its execution.
- Technological transformation and enablement: Invest in automation, robotics, data analytics and platform, payment and AI capabilities, as well as customer education.
- Culture and leadership: Encourage innovation, accountability and continuous learning.
- Risk management and resilience: Enhance risk management, scenario planning, and management and planning agility.

### Connectivity matrix



## Culture and talent



### The context

- The talent landscape is increasingly competitive due to new industry entrants and emerging industries.
- There is a shortage of required skills.
- Employees' expectations are shifting.

### Why material

- Directly impacts our ability to deliver on our business plans, innovation and service delivery.
- Critical to implementing our strategy and sustaining our competitive advantage.
- Indirectly impacts our reputation.

### Strategic actions

- Attraction and retention: Build and maintain a purpose-led culture with a supportive environment. Strengthen our employee value proposition, succession planning and talent development.
- Skills development: Provide access to continuous learning platforms, leadership training, career pathways, coaching and mentoring.
- Employee engagement: Conduct surveys to track engagement with action plans and performance enablement.
- Talent mobility and agility: Provide hybrid work models, reskilling initiatives and opportunities for exposure in different jurisdictions.
- Wellbeing: Provide mental health support and employee assistance programmes.

### Connectivity matrix



# MANAGING THE GROUP'S RISKS

*Responsible risk-taking is an essential part of the business, and our core risk competencies are a key differentiator and competitive advantage.*

## Risk management approach

Effective risk management supports business resilience, sustainable returns and earnings growth. Disciplined allocation of financial resources and embedded risk management principles underpin the group's tactical and strategic decision-making.

Risk is defined as any factor that, if not adequately identified, assessed, monitored and managed, may prevent the group from achieving its business objectives or result in adverse outcomes. The risk management process provides checks and balances to ensure sustainability and performance, identify opportunities, achieve desired objectives, and avoid adverse outcomes.

The group aims to achieve an appropriate balance between risk and reward. This requires controlling risk at individual exposure and portfolio level and across all risk types and activities. We achieve this by applying risk-return and risk appetite frameworks. These frameworks enable group decision-making and align with FNB Namibia's strategic objectives.

Effective risk management is key to executing our strategy. It is based on:

- a risk-focused culture and risk governance structure with multiple points of control applied consistently throughout the group;
- an integrated assurance forum that optimises risk, governance and control oversight through coordinated and aligned risk management and assurance processes; and
- strong risk governance by applying financial and risk management disciplines through frameworks.

Our strategy is aligned with our financial resource management (FRM) principles and frameworks. These are designed to ensure earnings resilience and growth, superior returns and balance sheet strength. They also ensure an appropriate risk-return profile and an acceptable level of earnings volatility under adverse conditions.

The frameworks incorporate performance metrics, risk appetite and FRM into long-term strategic planning and tactical decision-making and are overseen by the FRM committee. The committee's responsibilities include:

- ensuring delivery on commitments to stakeholders at a defined confidence level;
- executing sustainable funding and liquidity strategies;
- protecting credit ratings;
- ensuring the group remains appropriately capitalised with an efficient capital structure;
- driving disciplined allocation and pricing of financial resources; and
- preserving balance sheet strength to absorb shocks through the cycle.

## Core frameworks

### Risk management framework

- Ensures material risks are identified, measured, monitored, mitigated and reported.
- Assesses the impact of events on the group.
- Ensures risk is understood and appropriately priced for.
- Ensures origination within cycle-appropriate risk appetite and volatility parameters.

### Risk-return framework

- Outlines quantitative return and growth targets and links to risk appetite thresholds to balance the trade-off between returns, growth and risk in decision-making.
- Links group strategy to the allocation of risk capacity, resource management and risk appetite through quantification of earnings volatility limits.

### Risk appetite framework

- Identifies the types and level of risk the group is willing to accept to achieve its strategic objectives.
- Articulates risk appetite statements, risk limits and earnings volatility assessment approaches per material risk type.
- Ensures appropriate behaviour through qualitative risk appetite principles that support a strong risk culture.

### Performance measurement framework

- Drives economic value creation. This is defined as net income after cost of capital (NIACC).
- Measures business delivery on a risk-adjusted basis.
- Cascades group targets to business activities.

## Risk governance

The board is ultimately responsible for providing strategic direction, approving risk appetite, and ensuring risks are adequately identified, measured, monitored, managed and reported on. The audit committee (page 32) oversees risk management and assurance-related matters. The committee represents the group's risk governance structure and has appropriate decision-making mandates.

Salient features of the board governance structure include:

- Non-executive directors are members of the various risk and governance committees. They serve, where required, as independent contributors of specialist oversight and knowledge. Exco ensures alignment of business strategies, implementation of the risk-return and risk appetite frameworks, and optimal deployment of the group's resources.
- Regular, robust and transparent risk reporting gives the board and management an accurate, complete and reliable view of the group's financial and non-financial risk profile. This enables management to make appropriate strategic and business decisions.
- Group internal audit provides a written assessment of the adequacy and effectiveness of internal controls (including financial controls) and risk management to the audit committee. This enables the board to report on the effectiveness of internal controls in the annual financial statements.

## Risk culture

Our risk culture ensures appropriate levels of responsibility and ownership for risk management. Our values, tone at the top and ethical leadership underpin robust mechanisms that ensure an appropriate risk culture.

The board and management oversee ethics and risk culture programmes. These combine advocacy, employee training and communication to promote responsible conduct and positive risk management. Programmes include assessing risk culture, overseeing client desirability and related reviews, managing whistle-blowing and conflicts of interest, and risk culture monitoring mechanisms.

## Organisational ethics

FNB Namibia has robust mechanisms and governance processes to support implementing and enforcing the code of ethics. The code includes formal policies, oversight structures, performance evaluations and clearly defined standards of ethical behaviour.

**Ethics reporting channels**, including an independent and confidential ethics line, for reporting unethical conduct or concerns.

**Whistle-blower protections** ensure that individuals who report misconduct are protected from victimisation.

**Ethics office oversight** acts as the custodian of the code of ethics and monitors compliance across the group.

**Investigation and disciplinary processes** ensure that breaches of the code of ethics are addressed appropriately and consistently.

### Our risk culture is underpinned by:

- a deep understanding of the group's risks in support of its strategy;
- an ethical culture linked to the FNB Namibia code of ethics;
- robust risk governance structures to ensure that risk policy frameworks are visible and implemented;
- leading-practice risk identification, measurement, monitoring, management and reporting; and
- a group culture that supports appropriate ethics practices and risk management.

### We further strengthened our risk culture in 2026 by:

- embedding continuous monitoring of timely declaration of interest through digital platforms;
- running campaigns to encourage continuous vigilance and whistle-blowing reporting via direct or anonymous reporting mechanisms;
- elaborating on conduct risk management and reporting protocols; and
- regularly conducting risk maturity assessment.

## Integrated assurance

The integrated assurance forum assists the audit committee in integrating, coordinating and aligning the group's risk management and assurance activities. The group applies a consistent methodology to govern independent oversight, review and validation of audits performed by the assurance providers. This ensures a high standard of operational processes.

During 2026, the integrated assurance forum delivered enhanced consolidated reporting across the multiple assurance lines of external audit, internal audit, risk management, compliance and financial and tax workstreams. Thematic insights, over and above the individual specialist reports were also reported to the audit committee.

Coordinated assurance plans ensure comprehensive coverage of key risk themes and control areas. In addition, the integrated assurance forum enhances the identification and awareness of the group's emerging risks. There are three primary lines of risk defence across the group's operations.

## First line of defence

1

### Risk ownership

Risk inherent in business activities risk identification, measurement and control

### Executive management

### Business unit excos

### Deployed business unit risk and compliance managers

Involved in all business decisions. Represented on business unit committees

Exco

FRM committee

AC and TRC

## Second line of defence

2

### Risk control

Risk control, assurance, independent oversight and monitoring

### Enterprise risk management

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

Chief Compliance Officer represented on platform and executive committees

RCCC

## Third line of defence

3

### Independent assurance

Adequacy and effectiveness of internal controls, governance and risk management

### Group Internal Audit

Headed by Chief Audit Executive with direct, unrestricted access to audit committee chairperson, group CEO, business units, records, property and personnel

### External advisors

External assurance providers

Integrated  
Assurance  
Forum

AC

## Risk return and risk appetite

*The risk-return framework connects the group's performance targets, resource constraints and aggregated risk appetite statement, establishing a link between returns, growth and risk.*

The group's risk appetite is ultimately constrained by its risk capacity, which is informed by its size, capital structure, financial resources and expected risk-adjusted returns. As such, risk appetite is captured by several qualitative principles and quantitative measures. The board's risk appetite statement is outlined below.

At business unit level, strategy and execution are influenced by the availability and price of financial resources, risk appetite thresholds, earnings volatility limits, and required hurdle rates and targets.

This includes:

- Managing risk appetite to ensure acceptable earnings volatility for the overall portfolio and for each risk type and business segment;
- Ensuring appropriate allocation of all financial resources, including capital, funding, liquidity, risk appetite and capacity in support of portfolio optimisation;
- Explicitly managing trade-offs between growth, returns and volatility; and
- Ensuring the group's earnings mix remains appropriately diversified across segments, business lines, products, markets and regions.

### Qualitative risk appetite principles

The principles focus on inculcating a sound risk culture through aligned risk management beliefs and values. It requires that the group not take risks without a deep understanding of the consequences for business segments, profitability and stakeholder commitments. It entails adherence to escalation mandates for risk concerns and an open debate to reach consensus.

### Quantitative return and risk appetite measures

|                          |                                   | Management target and risk appetite measures |
|--------------------------|-----------------------------------|----------------------------------------------|
| <b>Growth and return</b> | ROE                               | Through-the-cycle target range 22% – 25%     |
| <b>Solvency</b>          | Common equity tier 1 ratio (CET1) | > 11.5%                                      |
|                          | Capital adequacy ratio            | > 14%                                        |
| <b>Liquidity</b>         | Liquidity coverage ratio (LCR)    | > 110%                                       |
|                          | Net stable funding ratio (NSFR)   | > 110%                                       |
| <b>Credit risk</b>       | Credit loss ratio                 | Through-the-cycle target range 0.5% – 1.0%   |

#### Ethics and compliance

- Always act with a fiduciary mindset.
- Ensure honourable and ethical market, business and employee conduct in dealings with stakeholders.
- Treat customers and other stakeholders fairly.
- Always aim to deliver excellent stakeholder outcomes.
- Drive effective compliance with accounting and regulatory requirements, legislation and corporate governance in its broadest sense. This includes anti-money laundering, anti-bribery, anti-corruption, and data privacy and protection measures.
- Drive operational excellence and efficiency within a robust control environment.
- Always consider and actively mitigate risks to the group's reputation.

#### Inclusivity

- Commit to creating shared prosperity and upholding sound ESG principles in all business activities to build a long-term, sustainable business.
- Balance the needs of all stakeholders.
- Ensure that climate change risks (physical and transition) are prudently considered, understood and managed in own operations and financing and investment activities.

#### Financial

- Manage risk on a through-the-cycle basis.
- Understand the cyclical and behaviour of the business under stressed conditions and consider the lifetime risk profile of each transaction or customer.
- Maintain a strong balance sheet that reflects prudence in funding, liquidity, capital, credit origination and provisioning strategies.
- Avoid excessive gearing through on- or off-balance sheet leverage.
- Avoid excessive concentrations in risky asset classes, sectors, instruments, segments and customer sets.

## A summary of 2026

Challenges and associated risks are continuously identified. Potential impacts are determined, reported and debated by the risk committees and management.

Market developments are monitored, and appropriate responses, strategic adjustments and proactive FRM actions are implemented where required. Credit origination and funding strategies are assessed and adjusted in light of macroeconomic conditions and market liquidity. Strategies are in place to ensure a resilient funding model.

The 2026 risk profile and response plans were impacted by:

- emerging risks following rising geopolitical tensions, including the US/Israel–Iran conflict and Strait of Hormuz blockade, and the expected knock-on effects on inflation and supply chain disruptions;
- emerging macroeconomic changes in the country following the potential of final investment decisions in the oil and gas sector;
- new regulations and legislation (particularly for banking) that could impact profitability over the medium to long term;
- volume and frequency of payment-related projects in response to regulatory changes to payment systems, design or infrastructure; and
- increasing cost and scarcity of financial resources and specialised and/or experienced talent pools.

The following trends were also monitored:

- integration of AI into business and the risk of disinformation;
- cybercrime and IT-related disruptions throughout the economy; and
- operational risk, including fraud risk and risk associated with change management.

The group continues to invest in people, systems, processes and data projects to:

- manage the risks emanating from regulatory requirements;
- address possible control weaknesses and improve system security;
- improve operational resilience; and
- improve risk data management and reporting.

## Segmental risk profile

This table connects our businesses, market segments and products and services with our key risks. It also provides the cross-references where the individual material risks are discussed in detail.

|                              | FNB                                                                                                                                                          | RMB                                                                                                                                                      | WesBank                                                                                      | Corporate Centre                                                                                                                                                        |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Key activities</b>        | Retail and commercial banking                                                                                                                                | Corporate and investment banking                                                                                                                         | Vehicle asset finance                                                                        | Group-wide functions                                                                                                                                                    |
| <b>Market segments</b>       | Individuals<br>Small business<br>Agricultural<br>Medium corporate<br>Public sector                                                                           | Financial institutions<br>Large corporates<br>State-owned enterprises<br>Oil and gas<br>Mining                                                           | Retail, commercial and corporate clients                                                     | Institutional and internal/intragroup                                                                                                                                   |
| <b>Products and services</b> | Transactional<br>Deposit taking<br>Mortgage and personal loans<br>Credit and debit cards<br>Investment products<br>Card acquiring<br>Credit facilities       | Advisory<br>Structured finance<br>Markets and structuring<br>Transactional banking<br>Deposit taking<br>Principle investing solutions and private equity | Vehicle finance, asset-backed finance, leasing and related vehicle/asset financing solutions | Group asset/liability management<br>Funding and liquidity management<br>Funding instruments<br>Capital management<br>Foreign exchange management<br>Tax risk management |
| <b>Risks</b>                 | Retail and commercial credit risk (page 56)<br>Operational risk (page 54)                                                                                    | Corporate credit risk and counterparty credit risk (page 56)<br>Traded market risk (page 61)                                                             | Retail and commercial credit risk (page 56)                                                  | Capital management risk (page 65)<br>Interest rate risk in the banking book (page 61)<br>Funding and liquidity risk (page 60)<br>Structural foreign exchange risk       |
| <b>Other risks</b>           | Strategic, business, operational, reputational, IT, climate (page 62), environmental and social (page 64), compliance, regulatory and conduct risk (page 58) |                                                                                                                                                          |                                                                                              |                                                                                                                                                                         |

## 1. Operational risk

### Risk definition

This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. It includes any event that disrupts the normal flow of business processes, thereby causing financial loss or reputational damage. The principal operational risks the group manages are:

- business resilience risk due to external factors such as power supply constraints, system downtime incidents, civil unrest or climate-related events;
- cyber risk due to the growing sophistication of cyberattacks locally and internationally;
- internal and external fraud due to various products and payment instruments;
- legal risk from vendor agreements, borrowings and obligations;
- technology risk due to the pace of technological change and increasing digitisation;
- vendor risk due to lack of direct control over external service providers, who could violate client data privacy while providing services to the group; and
- payment risk due to international and local industry reforms that expose the payment system and participants to increased risk.

### How the risk is managed

The group's operational risk management framework outlines the principles and practices fundamental to effective management of operational risk. The framework covers risk identification, exposure quantification and measurement, monitoring and reporting. Namibia's regulatory framework prescribes the Standardised Approach to ensure that sufficient capital is retained to absorb expected and unexpected losses.

The operational risk appetite policy governs the group's approach to risk appetite. Exceptions and breaches of thresholds are reported to the enterprise risk management committee, with escalations reported to the audit committee.

### Operational losses

The group reports operational losses from a centralised internal database, in line with the requirements of the Basel Committee on Banking Supervision (BCBS) 239 Risk Data Aggregation Reporting project.

- Total operational losses remained constant in 2026.
- There were no loss events that could indicate a material failed control environment or inadequate controls or risk management processes.

Losses for FY2026 were within the pre-defined appetite levels.

| N\$'000                                         | FY2026 | FY2025 | FY2024 |
|-------------------------------------------------|--------|--------|--------|
| Total operational losses as a % of gross income | 0.40%  | 0.40%  | 0.31%  |

### Challenges and opportunities

| Current and emerging challenges                                                                                                                                                                                                       | Our response                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A persistent increase in the pace and frequency of regulatory payment projects across local and regional landscapes. This places increased demand on existing capacity tasked with running and changing the variety of group systems. | <ul style="list-style-type: none"> <li>• Review and refine project prioritisation and resource allocations.</li> <li>• Leverage FirstRand Group and offshore capabilities to meet increased capacity needs.</li> <li>• Explore and accelerate the use of AI technologies to speed up development processes.</li> </ul> <p>Refer to the <i>Information technology and cyber risk</i> section on page 55.</p> |
| The war on talent within the relatively small Namibian market remains persistent.                                                                                                                                                     | <p>Our demonstrable and embedded employee value propositions support our response to market strains.</p> <p>Refer to the <i>Human capital's performance</i> section on page 79.</p>                                                                                                                                                                                                                         |
| A persistent increase in cyber threats and fraudulent scams.                                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Leverage an integrated group cybercrime strategy and cyber incident response plans.</li> <li>• Enhance and expand the suite of behavioural models to help identify and prevent fraudulent activities.</li> </ul> <p>Refer to <i>Fraud risk</i> section on page 55.</p>                                                                                             |
| Growing climate, social and environmental demands.                                                                                                                                                                                    | <p>Embrace changes, partner with stakeholders and improve articulation of efforts designed to achieve shared prosperity.</p> <p>Refer to the Do What Matters report for more information.</p>                                                                                                                                                                                                               |
| Accelerating AI technologies.                                                                                                                                                                                                         | Leverage new capabilities to re-engineer processes for greater efficiency and tailored to business needs.                                                                                                                                                                                                                                                                                                   |
| Growing appetite for responsible and sustainable risk management practices, benchmarked against leading practices.                                                                                                                    | Digest, leverage and, where possible, early-adopt industry-leading good corporate governance principles and practices.                                                                                                                                                                                                                                                                                      |

## Fraud risk

We are always on the alert for external fraud that could harm our clients. A dedicated fraud risk team manages the risk of loss from fraudulent activities, whether external or internal, and enables proactive recovery of any funds involved. The fraud risk management framework provides key risk management principles and guidelines. It outlines critical fraud risk areas, trends and preventative actions.

Key fraud loss drivers include:

- account takeover fraud, such as application fraud and identity theft;
- scams, including impersonation, online retail and investment scams;
- card fraud;
- digital fraud, including phishing and other social engineering techniques;
- business email compromise fraud, such as compromised access to emails and change of banking details; and
- kidnapping and extortion.

There is an increase in social engineering scams designed to solicit confidential information to compromise clients' profiles. Such scams require enhanced client education. The inherent risk of internal compromise remains a key focus area with periodic control testing.

The group's fraud risk profile remains within appetite with a stable outlook. External fraud incidents continue to materially outweigh internal fraud cases, with social engineering, impersonation and account takeover the primary drivers of customer losses. Our initiatives to combat fraud risk include:

- frequent fraud risk assessments of all business units that suffer medium to high fraud incidents;
- enhanced communication and training of employees and clients on fraud trends and *modus operandi*;
- development of data analytics and behavioural model tools for proactive fraud detection and prevention; and
- enhanced capabilities to prevent vishing fraud, such as device blacklisting, limit reductions and one-time PINs.

Fraud risk management requires internal and external collaboration to ensure successful strategy delivery. In 2026, group representatives actively participated in multiple engagements to foster deeper, more collaborative partnerships among industry participants. The engagements across cyber-security council platforms, fraud industry working groups, industrywide regulators (Bank of Namibia, NAMFISA, CRAN), law enforcement and regional working groups have been deliberate and positive. The group is working with stakeholders to create an industry body that will combine data to identify fraud trends. The body will initiate projects to address industry-specific financial crime threats and targets.

FNB Namibia continues to strengthen its fraud prevention and detection capabilities through active participation in industry-wide initiatives and collaborative platforms, including:

- Industry Fraud Working Group: Supports national fraud prevention and anti-scam coordination efforts.
- NamFriC: Enhances fraud intelligence sharing and industry governance.
- Anti-Scam Command Centre: Facilitates coordinated scam detection and disruption across industry partners.
- Cybersecurity Council: Strengthens collaboration on fraud prevention, cybersecurity, and threat intelligence.

*In 2026, we increased our focus and capacity by designing, developing and improving our behavioural model monitoring programme to better and proactively identify criminal activity targeting the group or its clients. We continue to invest in and fine-tune our detection and prevention strategies, particularly against organised criminal activity.*

## Information technology and cyber risk

IT risk includes any failures of systems, people or processes that impact the resilience of the group's technology. In 2026, in line with our operational risk, IT and cyber risk management frameworks, the group continued to monitor, improve and test our resilience in this aspect.

### Monitoring and improving

- Monitored and processed external threat feeds to identify cyber threats and trends.
- Facilitated independent controls testing using simulated cyberattacks based on current techniques.
- Enhanced cyber-security incident management process and resilience.
- Monitored the group's key outsourced and critical third parties' cyber risk exposure.

### Testing

- Conducted *ad hoc* incident simulations to assess cyber readiness and resilience.
- Tested the disaster recovery plans, including measuring and enhancing recovery time objectives.
- Tested and monitored the effectiveness of controls.
- Conducted simulated testing of employees' susceptibility to phishing and other cyberattacks.
- Facilitated the testing of the group's risk and control posture by independent assurance providers.

## 2. Credit risk

### Risk definition

Credit risk is the potential for financial losses arising from borrowers, counterparties or debtors being unable or unwilling to fulfil their contractual obligations to the bank under credit agreements. It includes the risk of non-repayment, default or deterioration of borrowers' and counterparties' creditworthiness, leading to a decline in loan quality.

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

### How the risk is managed

The bank actively mitigates the potential adverse effects of credit risk on its financial performance through disciplined controls and continuous monitoring. The board retains ultimate responsibility for the oversight of credit risk management within the bank, supported by a specialised credit risk committee. Management credit risk committee operate within the board-approved discretionary limits, policies and procedures.

The bank has a comprehensive and well-defined credit risk management framework that clearly articulates the roles and responsibilities of the board and management. The framework is integrated into the broader risk management framework, enabling a cohesive and holistic approach to risk oversight. It supports the bank's ability to comply with regulatory requirements and to align with leading industry practices in credit risk management.

Credit risk identification and management extend across the entire credit value chain. This includes defining risk appetite, shaping credit origination strategies, quantifying and measuring risk, continuously monitoring portfolios, and managing delinquent accounts through collection and recovery. Provisioning is consistently applied throughout the credit lifecycle to ensure timely recognition and effective credit risk management. At a portfolio level, exposures are managed in aggregate to optimise overall credit risk while maintaining alignment with strategic objectives and risk appetite.

The bank maintains capital at levels sufficient to absorb potential credit losses, considering regulatory requirements and internal risk assessments. In addition, the bank applies risk-based pricing to ensure that lending activities appropriately reflect the underlying credit risk. This approach ensures that the bank is adequately compensated for the risks assumed, while supporting sustainable financial performance.

*The bank's credit risk management principles emphasise maintaining adequate capital levels, applying risk-based pricing at individual and portfolio levels, and ensuring accurate provisioning across the credit book.*

### Credit risk classification and impairment policy

The bank uses internally developed quantitative and statistical models that are aligned with regulatory requirements and internal strategic objectives. These models focus on key credit risk components:

- probability of default;
- exposure at default; and
- loss given default.

Correlation estimates across counterparties, industries and portfolios are incorporated to account for diversification effects. This provides a holistic view of aggregated credit risk exposure. In compliance with IFRS 9 and applicable regulations, the bank maintains appropriate valuation adjustments and provisions for expected credit losses. In addition, the bank maintains appropriate valuation adjustments and credit loss reserves in line with applicable accounting standards and regulatory requirements. Credit impairment provisions are measured and recognised in accordance with IFRS 9, ensuring timely and prudent recognition of credit losses.

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

#### Specific impairments

This measures incurred and inherent credit losses associated with individually identified exposures. The bank considers a range of relevant factors, including the level of exposure to the counterparty, the customer's cash-flow-generating capacity, the ongoing viability of the underlying business, expected future cash flows, the realisable value of collateral held, and anticipated recovery-related costs.

This enables the bank to form a prudent and well-supported assessment of the expected credit losses arising from specific exposures.

#### Portfolio impairments

Portfolio-level impairments provide broader coverage for credit losses based on prevailing market conditions and observed default experience. These impairments incorporate forward-looking information to capture potential credit losses that may not yet be evident at an individual exposure level.

The bank strengthens the adequacy and resilience of its overall credit risk coverage by considering macroeconomic trends, portfolio performance indicators, and forward-looking projections.

## Credit risk profile

In 2026, we continued to strengthen the bank's overall credit performance. The bank:

- enhanced governance structures that explicitly reinforce local control, decision-making and capacity;
- calibrated the risk appetite to align with strategic objectives and enhanced the scorecard's alignment with the risk appetite and strategy;
- enhanced value propositions and strengthened collaboration between departments for improved client service;
- further optimised collection strategies and processes to curb sporadic NPL increases; and
- focused on improving client service turnaround times to provide financial support to our customers faster.

The bank discloses key credit risk indicators at group and bank level to enhance transparency over its credit risk exposure. Collectively, these metrics provide stakeholders with a clear and comprehensive view of the bank's credit risk profile and its capacity to absorb and manage potential credit losses.

|                                 | Bank   |        |        |        |
|---------------------------------|--------|--------|--------|--------|
|                                 | FY2026 | FY2025 | FY2024 | FY2023 |
| Gross advances (N\$ million)    | 44 149 | 40 819 | 39 417 | 36 779 |
| Non-performing loans/advances % | 3.8    | 5.2    | 6.1    | 4.8    |
| Portfolio coverage ratio %      | 1.2    | 1.5    | 1.6    | 1.5    |
| Specific coverage ratio %       | 49.8   | 48.6   | 44.4   | 45.6   |
| Total coverage ratio %          | 3.0    | 3.9    | 4.3    | 3.6    |
| Credit loss ratio (CLR) %       | 0.6    | 1.3    | 1.1    | 0.6    |

## Future focus

Several external factors influence credit dynamics. Our ability to manage NPLs, enhance collection strategies and strengthen client rehabilitation will be key.

In 2027, the focus will be on strengthening overall credit risk management by:

- Being responsive to changes in external environmental factors, which include:
  - adapting to the knock-on effects from global geopolitical unrest and consequential supply chain disruption, and the likely probability of persistent inflation that may ensue; and
  - changes in local regulations (changes to existing legislation and/or preparing for new legislation).
- Conducting annual reviews on credit risk appetite statements, ensuring relevant and refined parameters are predetermined.
- Implementing and enhancing platform-driven processes to streamline and enhance credit origination.
- Exercising maintenance of credit sanctioning scorecards to improve credit risk assessment and decision-making.
- Providing continuous training for credit managers and supporting them with expert assistance.
- Exploring restructuring opportunities to improve client cash flows and mitigate defaults, curb monthly inflows into NPLs and enhance recovery efforts.

### 3. Compliance, regulatory and conduct risk

#### Risk definition

This is the risk of legal or regulatory sanctions, financial loss or reputational damage arising from failure to comply with applicable laws, regulations, supervisory expectations and internal standards. The risk encompasses:

- regulatory risk arising from non-compliance with statutory obligations and regulatory requirements;
- conduct risk relating to the delivery of fair customer outcomes, ethical behaviour and market integrity; and
- financial crime risk associated with the potential misuse of the group's products and platforms.

This risk permeates all business activities and reflects how the group conducts its business, engages stakeholders and meets its obligations as a regulated financial institution.

#### How the risk is managed

FNB Namibia manages compliance, regulatory and conduct risk through a structured governance framework designed to ensure adherence to applicable laws, regulatory requirements and supervisory expectations. A strong emphasis is placed on fostering a culture of compliance with the letter and the intent of applicable laws and regulations, supported by conduct and culture initiatives.

The group focuses on:

- ensuring that conditions required to retain its various licences are met;
- limiting the risk of financial loss, civil liability and regulatory sanction, including potential consequences for directors, key persons and employees;
- promoting fair outcomes for customers and appropriate conduct in all client and market interactions;
- minimising reputational risk arising from non-compliance; and
- reducing the risk of its platforms being used for financial crime or regulatory breaches.

This is supported by a risk-based approach to compliance management, incorporating:

- compliance risk identification and assessment at legal entity level;
- ongoing regulatory engagement, inspection management and remediation tracking;
- coordination across assurance providers through an Integrated assurance model; and
- progressive digitisation of compliance processes to enhance monitoring and reporting capability.

*All employees and entities are expected to uphold high standards of honesty, integrity and fair dealing, and to act with due skill, care and diligence. The group has zero tolerance for deliberate or wilful non-compliance.*

Where legal or regulatory uncertainty exists, the group undertakes structured assessments of the applicable requirements and associated risks, and obtains external legal or regulatory advice where appropriate.

#### Focus areas in 2026

The group undertook several actions to monitor the effectiveness of compliance and conduct risk management this year.

- Executed the integrated assurance plan, strengthened oversight and reduced duplication across assurance providers.
- Enhanced regulatory engagement and tracking.
- Completed and refined risk assessments.

These activities have:

- improved visibility of compliance and conduct risk across the group;
- enhanced coordination of remediation activities; and
- supported more structured engagement with regulators.

| Strategic focus area                                   | 2026 actions                                                                                                                                                                                                                                                                                                | Related outcomes                                                                                                                                                                                                       |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strengthening partnerships and assurance effectiveness | <ul style="list-style-type: none"> <li>Enhanced the compliance operating model to strengthen capacity and support increased value-add to the business.</li> <li>Contributed to the combined assurance plan and strengthened collaboration between assurance providers.</li> </ul>                           | <ul style="list-style-type: none"> <li>Improved alignment of compliance support across business segments.</li> <li>Enhanced coordination and reduced duplication across assurance activities.</li> </ul>               |
| Enhancing regulatory engagement                        | <ul style="list-style-type: none"> <li>Continued with regulatory inspections, progress reporting and remediation activities.</li> <li>Maintained and enhanced the repository of regulatory correspondence and artefacts.</li> </ul>                                                                         | <ul style="list-style-type: none"> <li>Increased visibility and tracking of regulatory interactions and findings.</li> <li>Supported more structured and responsive engagement with regulators.</li> </ul>             |
| Responding to increased supervisory intensity          | <ul style="list-style-type: none"> <li>Managed a higher volume of regulatory inspections and surveillance activities.</li> <li>Maintained focus on remediation and ongoing supervisory engagement (including in the context of Namibia's greylisting by the Financial Action Task Force (FATF)).</li> </ul> | <ul style="list-style-type: none"> <li>Reinforced the need for disciplined remediation and sustained regulatory engagement capability.</li> </ul>                                                                      |
| Embedding a risk-based approach                        | <ul style="list-style-type: none"> <li>Completed conduct culture and anti-bribery and corruption risk assessments through a group survey.</li> <li>Developed compliance risk registers and legal entity risk profiles.</li> <li>Continued the financial crime risk assessment.</li> </ul>                   | <ul style="list-style-type: none"> <li>Improved understanding of compliance, conduct and culture-related risks across the group.</li> <li>Supported more structured risk identification and prioritisation.</li> </ul> |
| Digital enablement of compliance processes             | <ul style="list-style-type: none"> <li>Progressed digitised compliance risk management plans.</li> <li>Advanced migration of financial crime operations and regulatory reporting onto digital platforms.</li> </ul>                                                                                         | <ul style="list-style-type: none"> <li>Enabled improved tracking and management of compliance obligations.</li> <li>Positioned the function for increased automation and efficiency in future.</li> </ul>              |

## Future focus

The group will continue to strengthen its compliance, regulatory and conduct risk management framework through:

- Embedding an enhanced risk assessment methodology to support more consistent and forward-looking risk identification.
- Developing compliance risk registers and profiles at a legal entity level.
- Advancing digital enablement, including:
  - automation of compliance risk management plans; and
  - expanded use of digital platforms for regulatory reporting and financial crime operations.
- Deepening regulatory engagement capability, in response to increasing supervisory intensity.
- Enhancing conduct risk integration, to further align conduct, compliance and risk management practices.
- Sustaining remediation discipline, ensuring timely closure of regulatory findings and continuous improvement of control effectiveness.

## 4. Liquidity risk

### Risk definition

This is the risk that the bank, though solvent, will be unable to meet its contractual and contingent obligations as they arise, or will only be able to do so on materially unfavourable terms. Liquidity risk is inherent in the bank's operations. It may also arise from unforeseen disruptions that affect the liquidity of asset markets, or from unexpected withdrawals by short-term funding providers.

### How the risk is managed

The bank strategically optimises its funding mix within structural and regulatory parameters, pursuing a funding strategy that supports operational efficiency and long-term sustainability. The group's funding strategy is anchored in maintaining access to diverse and sustainable funding pools, with a deliberate focus on building a profile that naturally mitigates liquidity risk.

### Ongoing compliance with prudential liquidity metrics remains a central pillar of the group's funding approach.

The bank's liquidity risk is managed by the asset and liability management risk function, which:

- assesses, measures and monitors the bank's liquidity risk;
- establishes and monitors liquidity risk limits and indicators, including liquidity risk appetite, in line with regulatory requirements and approval from the assets, liabilities and capital committee;
- reviews liquidity risk management processes;
- facilitates liquidity stress testing for the bank and implements the recommended improvements;
- seeks to maintain several contingency funding sources to draw upon in times of economic stress; and
- periodic liquidity simulation exercises to test its ability to withstand severe liquidity stress events, validate contingency funding plans and enhance liquidity risk management capabilities.

Liquidity risk is managed through a series of measures, stress tests and reports that are mainly based on contractual maturities with behavioural adjustments as appropriate. Liquidity positions are monitored and forecast daily. This includes the following key liquidity risk indicators:

- **LCR:** Measures high-quality liquid assets against net stressed cash outflows over the next 30 days. The actual position is monitored against management and board limits and escalated in accordance with the governance framework and appetite statement.
- **NSFR:** Requires banks to hold enough stable funding to cover the duration of their long-term assets.
- **Term and source diversification measures:** Measures the diversification of funding by term and source against predetermined limits.
- **Available sources of stress funding:** Compares the stressed balance sheet to the available sources of stress funding. This indicates whether the bank has sufficient sources of stress funding, as per the contingency funding plan, to fund the bank in case of an idiosyncratic stress event.

LCR and NSFR became regulatory limits in Namibia on 31 March 2024 with the implementation of the Determination on Liquidity Risk Management for Domestic Systemically Important Banks (BID 6A). BID 6A is being phased in as follows, with an end of state 31 March 2027:

| Ratio | March 2025 | March 2026 | March 2027 |
|-------|------------|------------|------------|
| LCR   | 85%        | 95%        | 100%       |
| NSFR  | 85%        | 95%        | 100%       |

As at year end, we already met the March 2027 targets.

|                                                   | June 2026  | June 2025  |
|---------------------------------------------------|------------|------------|
| Total high-quality liquid assets (HQLA) (N\$'000) | 13 330 928 | 12 336 954 |
| Net cash outflow (N\$'000)                        | 10 600 357 | 8 416 081  |
| <b>LCR*(%)</b>                                    | 125.8      | 146.6      |
| Available stable funding (N\$'000)                | 44 956 634 | 40 218 962 |
| Required stable funding (N\$'000)                 | 36 460 499 | 35 852 771 |
| <b>NSFR** (%)</b>                                 | 123.3      | 112.2      |

\* LCR based on daily observations.

\*\* NSFR based on quarterly average observations.

### Outlook and future focus

Our focus will be to maintain the bank's market position of sourcing funding from a strong client deposit base while augmenting it with long-term, sustainable, wholesale funding instruments.

## 5. Market risk in the banking book

### Risk definition

This risk mainly emanates from interest rate risk, i.e. the effect that interest rate changes may have on the group's financial position and earnings. Such movements affect the economic value of assets, liabilities and off-balance sheet items, as well as net interest income through changes in interest-sensitive revenues and expenses. It also includes currency risk, which is expressed as the net open foreign exchange position.

Sources of interest rate risk are:

- repricing risk that arises when assets and liabilities reprice or reset at different dates;
- yield curve risk from unanticipated shifts in the yield curve;
- basis risk that arises when different yield curves are used to price assets and liabilities; and
- optionality that arises when actual client behaviour differs from the contractual profile in terms of prepayments and withdrawals.

### How the risk is managed

The risk is monitored through two measures with board-approved appetite limits and reported quarterly to the assets, liabilities and capital committee:

1. **Measures the 12-month impact on net interest income using various interest rate scenarios.** These scenarios are instantaneous parallel shifts in the yield curve of 100, 200 and 300 basis points.
2. **Value at risk sensitivity (economic value of equity using the present value basis point metric):** Estimates the present value of the banking book assets and liabilities and measures how sensitive the group's NAV is to changes in the yield curve.

Interest income sensitivities include additional behavioural assumptions on the timing and how individual products would reprice in response to changing interest rates. However, reported sensitivities exclude additional management actions in response to an immediate and large movement in interest rates. Therefore, they do not predict future performance.

The group continues to actively monitor asset liability management risk. Asset liability management activities align with our frameworks, risk appetite and banking sector regulations. The assumptions made on the measurement metrics were reviewed to ensure data quality.

*Risks emanating from asset and liability mismatches are dynamically managed using structured hedging products and interest rate swaps.*

### Outlook

Market risk in the banking book remains sensitive to interest rate movements, funding costs and currency-linked market developments. The Namibia dollar's peg to the South African rand links domestic interest rate conditions to regional monetary policy and currency trends. The group manages these risks through asset and liability management processes, including monitoring of repricing gaps, funding mix, deposit pricing and net interest income sensitivity.

## 6. Traded market risk

### Risk definition

This is the risk of adverse revaluation of any financial instrument because of changes in market prices or rates.

### How the risk is managed

A stress loss methodology is used to manage, measure and report market risk. The stress loss limits are allocated and approved by the board. They provide an estimate of losses on the portfolios that could be expected during distressed market conditions. A dedicated risk management team leverages a suite of risk tools to measure and monitor traded risk exposure against the pre-defined appetite levels.

Daily and monthly reports on market risk movements, risk factors and limit utilisation are complemented with market risk reports to segment excos, ERM, and the assets, liabilities and capital committee, and quarterly reports to the FNB Namibia audit committee.

*Traded market risk positions were within the board-approved appetite and risk tolerance levels. They are sufficiently supported by regulatory and economic capital holdings.*

### Focus areas

Key accomplishments for managing market risk in the trading book in 2026 include the successful transition from a stress loss methodology approach to an expected tail loss methodology approach.

## 7. Climate risk management

### Risk definition

Climate risk is the financial impact arising from the physical effects of climate change and the transition to a low-carbon economy. This risk impacts the group, our customers and broader financial stability.

Climate risk manifests as physical and transition risk:

- Physical risk is already evident in Namibia. Droughts strain the agricultural sector, and extreme weather disrupts operations, damages infrastructure and reduces asset values. These pressures affect the group via rising defaults, weakened collateral and declining credit quality.
- Transition climate risk unfolds over a longer horizon. As the world reprices carbon, reshapes regulation and redirects capital toward sustainable alternatives, certain business models will face profound disruption. Some assets may become stranded. Sectors central to our lending portfolio will need to adapt, and so must our approach to financing them. If these financial risks are not managed, they can erode asset quality, heighten systemic vulnerability and undermine long-term financial stability.

### How the risk is managed

Ultimate accountability for climate risk governance rests with the board. This reflects the group's position that climate risk is a strategic issue. The board discharges this responsibility through a structured delegation framework, assigning specific climate and environmental risk mandates to board committees and management structures.

Oversight of the group's ESG strategy, particularly regarding impacts on environmental and social stakeholders, has been delegated to the TRC (refer to page 34).

The TRC provides overarching oversight to ensure that climate-related risks are managed in alignment with the group's risk appetite, capital strategy and overall risk management framework. The responsibility for implementation rests with management through the enterprise risk management committee.

In 2026, an internal audit on the group's climate risk programme was performed. It was designed to contribute to maturing the integration of climate-related risks, with particular emphasis on how climate considerations are embedded within governance structures and strategic decision-making processes.

The group remains committed to broadening the scope of climate risk assurance over time to encompass risk management, metrics and targets as our programme matures.

## 2026 focus areas

|                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bank of Namibia Guidelines on Climate-Related Financial Risks and Disclosure Requirements (BIG-5/2025) | <p>BIG-5/2025 was a key regulatory focus. It set out enhanced supervisory expectations for systematically identifying, measuring, managing and disclosing physical and transition climate-related risk exposures across the Grouping sector.</p> <p>The bank participated in a six-month pilot programme that involved submitting a detailed quantitative climate risk-return. This programme aimed to operationalise consistency, comparability and methodological robustness in climate risk data collection and prudential reporting. The pilot required developing fit-for-purpose data architectures, quantitative modelling methodologies and supporting internal control frameworks. This enhanced the bank's capacity to measure, aggregate and monitor climate-related risk exposures at a granular level.</p> <p>The bank submitted a supplementary annual qualitative return that provides structured disclosures on governance arrangements, risk management frameworks, strategic climate positioning and the embedding of climate-related stress testing.</p>                                                                                                        |
| Climate balance sheet                                                                                  | <p>The bank developed a climate balance sheet that provides a structured and transparent view of climate-related exposures across its lending portfolio. The framework classifies client exposures using recognised taxonomies, enabling the bank to quantify sustainable financing activities and identify exposures subject to elevated physical and transition risks.</p> <p>This strengthens the bank's ability to make informed, forward-looking decisions and establishes a foundation for more advanced climate risk analytics, including scenario analysis and stress testing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Carbon emissions tracking own and financed emissions                                                   | <p>The group strengthened its emissions measurement capabilities across operational and financed activities. Scope 1 and Scope 2 emissions are comprehensively tracked, with a reliable three-year historical baseline to support target-setting, performance monitoring and accountability. Scope 3 emissions have been progressively incorporated, providing a more complete view of the group's operational footprint.</p> <p>The group is actively tracking financed emissions and has a credible view of the emissions embedded within its lending portfolio. It is aligned to the Partnership for Carbon Accounting Financials methodology, ensuring consistency with global best practice. It enhances transparency, supports alignment with evolving disclosure requirements, and enables more informed risk and portfolio management decisions.</p> <p>Together, these efforts underpin the development of credible decarbonisation pathways. With improved data coverage and quality, the group is well-positioned to set science-informed targets, engage clients on their transition journeys, and progressively align its portfolio to a lower-carbon trajectory.</p> |

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sustainable finance                        | <p>Sustainable finance remains a key focus and mechanism for translating climate ambition into measurable economic impact.</p> <p>The group expanded its sustainable finance activities to support the transition to a more climate-resilient and inclusive economy. It enhanced its suite of green products, thereby improving clients' access to funding for environmentally and socially sustainable outcomes.</p> <p>A key milestone was issuing the FNB Namibia inaugural N\$500 million Sustainability Note under its NSX-listed Domestic Medium-Term Note Programme in March 2025. This demonstrated alignment between funding strategy and sustainability objectives, and progressed the development of a sustainable finance taxonomy. This supports the identification, classification and monitoring of green and social assets, which:</p> <ul style="list-style-type: none"> <li>• strengthens internal consistency;</li> <li>• improves comparability across transactions and portfolios; and</li> <li>• enhances the transparency and credibility of external reporting on use of proceeds, allocation and impact.</li> </ul> <p>A sustainability bond allocation and impact report was published in March 2026. This highlighted the allocation of proceeds, of which N\$313.6 million (62.7%) was allocated as at 31 December 2025. KPMG independently reviewed the allocation of sustainability bond proceeds.</p> |
| Staff sustainability challenge competition | <p>The competition invited employees to submit innovative and practical solutions across three focus areas: water management, energy consumption and waste management.</p> <p>It was designed to surface implementable solutions and foster a culture of environmental awareness and shared accountability.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

## Outlook and future focus

The group has clear priorities as it goes forward. This includes:

- Deepening the integration of climate-related considerations across the lending portfolio and broader risk management practices. This includes strengthening the assessment of physical and transition risks at a sector and client level, with particular emphasis on exposures that are more susceptible to regulatory change, market shifts and climate impacts.
- Enhancing our understanding of risk concentrations in carbon-intensive and hard-to-abate sectors. This will be supported by more structured client engagement to assess transition readiness, including the credibility of client transition plans, potential financial impacts, and the implications for credit risk over time.
- Advancing the use of forward-looking risk tools, including climate stress testing and scenario analysis, to better understand how different climate pathways may affect portfolio performance and resilience. This will support a more proactive approach to identifying vulnerabilities and informing risk appetite, capital allocation and strategic decision-making.
- Progressively introducing climate-related performance considerations in areas where exposures are more concentrated, including developing sector-specific transition pathways and targets. This will support more consistent risk management practices and clearer alignment between financing activities and long-term sustainability objectives.
- Scaling climate and transition finance activities, focusing on enabling real-economy decarbonisation and supporting growth in key sectors such as renewable energy, energy efficiency, green buildings, and sustainable transport.
- Emphasising financing solutions that support climate adaptation and resilience. This includes supporting clients in strengthening their ability to withstand and respond to climate-related impacts, ensuring that financing approaches address mitigation and adaptation needs.

## 8. Environmental and social risk

### Risk definition

This is the risk of adverse impacts that the group's activities, projects and investments may have on the environment, individuals and communities. These include pollution, resource depletion, groundwater contamination and ecosystem degradation. In the case of social risk, they include adverse impacts on labour practices, human rights, community wellbeing, health and safety, and cultural heritage.

These impacts can lead to:

- legal or regulatory contraventions;
- material financial losses;
- operational costs;
- physical damage;
- credit risk; and/or
- loss of reputation.

### How the risk is managed

Ultimate accountability for environmental and social risk oversight rests with the board, reflecting its responsibility to ensure sustainable value creation over the short, medium and long term. Oversight is exercised through delegated board and management committees, supported by structured reporting and regular review of risk trends, emerging issues and management responses.

The primary committees and subcommittees responsible for oversight are:

- The TRC oversees environmental and social matters.
- The audit committee oversees alignment with the overall risk appetite and risk governance framework.
- The enterprise risk management committee is responsible for noting of key changes, efficiency and compliance.

Environmental and social risk is a strategic risk closely linked to credit, legal, regulatory, and reputational risk. Therefore, environmental and social considerations are embedded within the group's strategy, performance, risk appetite and broader enterprise risk management framework.

*As a systemic financial institution, the group recognises that its lending, investment and sectoral exposures influence financial outcomes and the environmental, sustainability and social wellbeing in the markets it serves.*

The effectiveness of environmental and social risk management is monitored through:

- regular environmental and social risk assessment (ESRA) reconciliations;
- periodic reviews; and
- ongoing engagement with clients.

Where gaps are identified between client practices and required standards, corrective actions are agreed and tracked, with support from transaction teams and environmental and social risk specialists.

Monitoring continues after funds are disbursed to ensure that environmental and social covenants, warranties and conditions included in loan documentation are implemented, maintained and remain current. Clients must report on compliance, supported by the review of regulatory approvals such as environmental clearance certificates, water abstraction permits and harvesting licences, as well as the submission of environmental and social action plans where relevant. Where non-compliance is identified, the group works constructively with clients to agree and implement remedial actions, to the extent feasible.

A grievance mechanism is in place for external stakeholders to raise environmental or social concerns relating to financed activities. No grievances was reported in 2026.

### Integrated decision-making

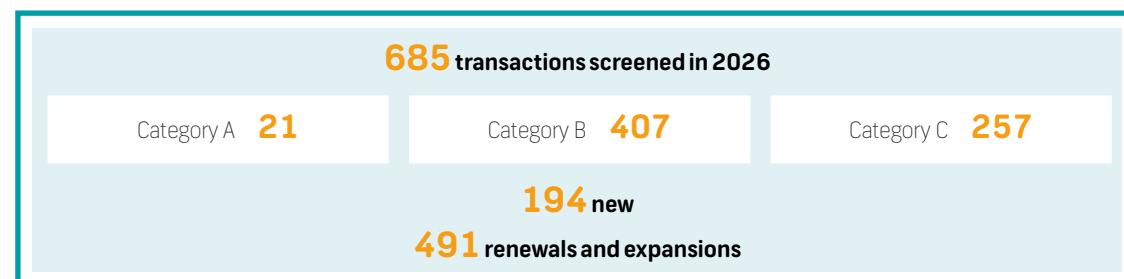
ESRA is a structured transactional due diligence process for identifying, assessing and managing environmental and social risks linked to the group's lending and investment activities. ESRA helps ensure that transactions do not contribute to environmental degradation, social harm or human rights violations and protects the group from risk that could impair a client's ability to meet their obligations.

Through ESRA, transactions are assessed against clear environmental and social standards, incorporating biodiversity and human rights screening. It:

- assesses a client's capacity to manage impacts associated with funded activities;
- applies exclusion and restricted activity criteria;
- requires compliance with applicable Namibian environmental, labour, health, safety and human rights legislation; and
- considers whether the activity falls within the group's risk appetite for sensitive industries.

Transactions are grouped in three risk categories:

| Category A (high risk)                                                                               | Category B (medium risk)                                                                                                                                                                                         | Category C (low risk)                                                            |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Activities with the potential for irreversible, significant adverse social or environmental impacts. | Activities with the potential for limited adverse environmental and social impacts that are few in number, generally site-specific, largely reversible and can be readily addressed through mitigation measures. | Activities with minimal or no social or environmental risks and related impacts. |



## 2026 focus areas

The group strengthened the consistency and depth of environmental and social risk integration across the credit process. Key areas of progress included:

- enhanced awareness and capability within frontline and credit teams through refresher training;
- more structured client engagement to address identified environmental and social risks; and
- ongoing refinement of exclusion and sensitive sector criteria to align with evolving regulatory and societal expectations.

## Outlook and future focus

The group will continue to:

- strengthen ongoing covenant monitoring and support clients in their transition efforts;
- enhance environmental and social data, monitoring and reporting capabilities;
- build frontline teams' capacity through targeted training and engagement; and
- deepen client engagement beyond compliance to support practical transition and adaptation outcomes.

*The group aims to ensure that environmental and social risk management continues to support sound performance, effective control and institutional legitimacy. This will entail deeper integration of environmental and social considerations into strategy, decision-making and capital allocation.*

## 9. Capital management risk

### Risk definition

This is the risk that the group fails to maintain sufficient capital to meet regulatory capital requirements, support its strategic objectives and absorb losses under stressed conditions.

Refer to pages 229 to 230 for detail on how we managed our capital.



# DELIVERING ON PROMISES

|                              |    |
|------------------------------|----|
| Financial performance        | 67 |
| FNB Retail's performance     | 73 |
| FNB Commercial's performance | 75 |
| RMB's performance            | 77 |
| Human capital's performance  | 79 |

# FINANCIAL PERFORMANCE

Lizette Smit



*The group delivered a strong financial performance in a changing operating environment, supported by a resilient customer franchise, disciplined balance sheet growth, prudent risk management and continued investment in operational capacity, driving growth and superior client delivery.*

The Namibian economy operated against a backdrop of global uncertainty, shifting monetary conditions and sector-specific opportunities.

Domestic activity was influenced by:

- subdued household credit growth;
- pressure in certain export sectors;
- movements in fuel and freight costs; and
- the need to maintain price and financial stability within the currency peg framework.

At the same time, investment activity linked to energy, mining and related infrastructure, together with Namibia's removal from the FATF grey list, provided constructive signals for medium-term investor confidence and cross-border financial flows.

The Bank of Namibia initially eased monetary policy in October 2025 through a 25bps rate cut and a narrowing of the prime-repo spread by another 25bps. This lowered borrowing costs and supported economic activity. In May 2026, the Bank tightened monetary policy with a 25bps rate increase to contain inflationary pressures and maintain the integrity of the currency peg. This reflects the trade-off between supporting growth and preserving macroeconomic stability.

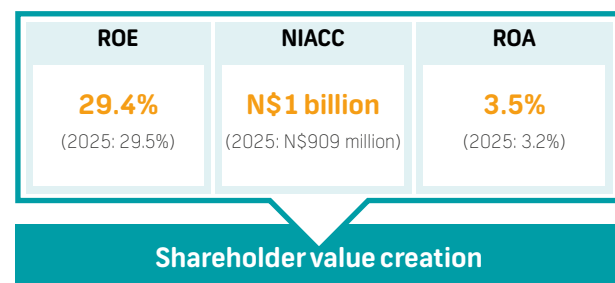
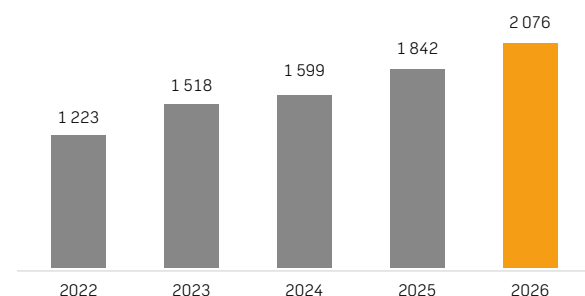
Within this environment, the group focused on sustaining high-quality earnings, managing financial resources responsibly and balancing growth with risk. This deliberate focus and action enabled the group to deliver the results referred to on the next page.

## Overall performance

The group delivered a strong financial performance for the year. Net profit after tax increased by 12.7% to N\$2 076 million (2025: N\$1 842 million), demonstrating the franchise's resilience and the group's ability to generate sustainable returns through the cycle.

The group generated a net income after cost of capital (NIACC) of N\$1 billion, which is testimony to the economic value created for shareholder. It delivered a strong ROE of 29.4%, which is above the group's ROE target range of 22% to 25%.

### Profit for the year (N\$ million)



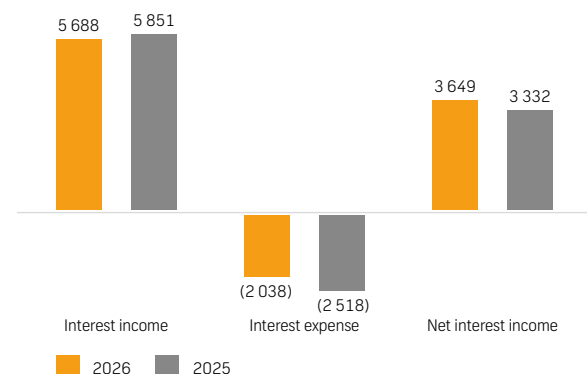
## Earnings drivers

The group's earnings were underpinned by recurring franchise income, disciplined balance sheet growth and improved credit outcomes. While interest rate movements and customer pricing actions moderated revenue growth, profitability benefited from a lower impairment charge, resilient transactional activity and continued focus on operational efficiency.

| N\$'000                       | 2026             | 2025             | change %     |
|-------------------------------|------------------|------------------|--------------|
| Net interest income           | 3 649 272        | 3 332 451        | 9.5%         |
| Non-interest revenue          | 2 543 946        | 2 496 190        | 1.9%         |
| Impairment of advances        | (248 951)        | (527 411)        | (52.8%)      |
| <b>Income from operations</b> | <b>5 944 267</b> | <b>5 301 230</b> | <b>12.1%</b> |
| Operating expenses            | (2 957 038)      | (2 650 565)      | 11.6%        |
| <b>Income before tax</b>      | <b>2 987 229</b> | <b>2 650 665</b> | <b>12.7%</b> |
| Indirect tax                  | (58 393)         | (59 234)         | (1.4%)       |
| <b>Profit before tax</b>      | <b>2 928 836</b> | <b>2 591 431</b> | <b>13.0%</b> |
| Income tax expense            | (852 815)        | (749 397)        | 13.8%        |
| <b>Profit for the year</b>    | <b>2 076 021</b> | <b>1 842 034</b> | <b>12.7%</b> |

## Net interest income

### Net interest income (N\$'000)



Interest income came under pressure, declining by 2.8% to N\$5 688 million (2025: N\$5 851 million). Repo rate changes during the financial year and the 25bps prime-repo spread narrowing negatively impacted growth. This was partially offset by growth in advances of 9.2% for the year. While the lower interest rate environment was supportive of borrowers, it does not translate into a proportional reduction in interest paid to depositors due to the endowment effect. While future repo rate movements remain dependent on broader economic conditions, the higher repo rate at the start of the next financial year may provide support to interest income. Investment securities income grew by 11.0%, underpinned by increased holdings of higher-yielding treasury bills.

The notable reduction in interest expense of 19.1% was achieved through a reduction in more expensive institutional funding which was possible as a result of strong franchise deposit growth during the year.

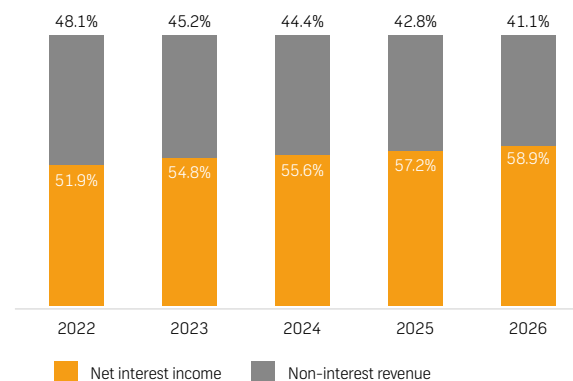
Net interest margin stood at 6.3% compared to 5.9% in the prior year, supporting the net interest income growth of 9.5% to N\$3 649 million (N\$3 332 million).

FNB Namibia manages its endowment profile through its asset liability management (ALM) strategy. This strategy is the cornerstone of the group's financial resource management (FRM) process and optimises returns to shareholder on a through-the-cycle basis.

## Non-interest revenue

The group aims for an optimal balance between net interest income and non-interest revenue, ensuring a diversified earnings profile. This year, net interest income accounted for 58.9% of revenue, while non-interest revenue was 41.1%.

### Revenue contribution



Non-interest revenue increased by 2.1% for the year. This increase was supported by growth in fee and card commission income and higher transaction volumes across digital and traditional channels. Continued investment in customer acquisition and product innovation supported further growth in the customer base. Offerings such as the SME Digital Hub, which completed its first full year of operation, complemented this expansion.

In line with its financial inclusion strategy, the group enhanced accessibility and affordability by introducing a revised pricing framework from 1 July 2025. In accordance with this framework, fees on local card swipes within Namibia were eliminated, and charges were reduced on selected everyday banking transactions, including Cash@Till, CashPlus, internal transfers and debit orders. These strategies have paid off as we saw volumes increasing on all these platforms.

In addition, NIR growth was affected by once-off, non-recurring items recognised in the 2025 comparative base. Adjusting for these items, NIR grew by 6.0% year on year.

The group demonstrated its commitment to advancing financial inclusion and broadening access to financial services by participating in the 2025 Alliance for Financial Inclusion (AFI) Global Policy Forum, where FNB Namibia was the headline sponsor and co-host alongside the Bank of Namibia. The forum provided an opportunity to showcase the group's innovation in expanding financial access and reinforced its commitment to serving underserved communities.

## Impairment losses

Impairment losses decreased by 52.8% to N\$249 million, driven by higher recoveries and a significant reduction in business-as-usual specific impairments in the current year. This reflects the positive impact of targeted credit risk management actions and disciplined portfolio management. A lower credit loss ratio (CLR) of 0.6% (2025: 1.3%), which is at the lower end of our through-the-cycle CLR range of 0.5% to 1.0%, supported this result.

The non-performing loans (NPL) ratio improved to 3.8% (2025: 5.2%), remaining well below the June 2026 industry average of 4.2%. This improvement was achieved through:

- deliberate and focused management actions to proactively manage credit risk across the portfolio;
- enhanced collection efforts, including post-write-off recoveries; and
- disciplined credit appetite with origination remaining focused on quality business, prudent risk selection and sustainable growth.

Provisions reflect management's best estimates based on available data, forward-looking scenarios and prevailing macroeconomic risks. They are measured prudently given the existing economic risks and consider any regulatory changes that might impact the provisioning and write-offs required. Maintaining an adequate level of provisions remains a key focus area for the group's risk management strategy.

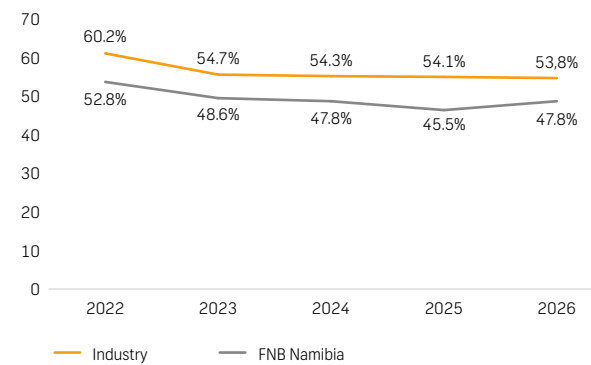
## Operating expenses

Operating expenses increased by 11.6% to N\$2 962 million. The cost-to-income ratio (CTI) increased to 47.8% (2025: 45.5%), remaining within the group's target range. Cost discipline remains a key focus area as inflationary pressures persist, and efforts to optimise the cost base continue. Given that the group has the lowest CTI in the market<sup>1</sup>, a careful balance between cost growth and cost management is applied as a strategy. This is done to ensure that investment is directed towards growth, resilience and long-term efficiency.

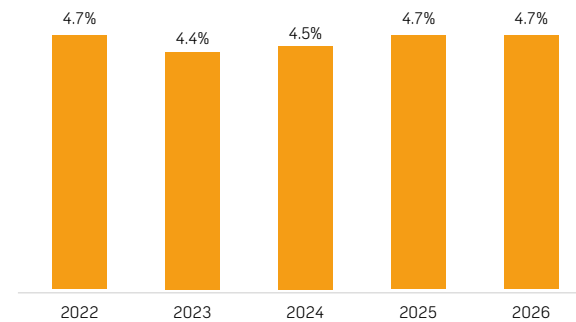
Staff costs increased by 10.8% to N\$1 645 million, accounting for 55.6% of total operating expenses. This was driven by general salary increases and growth in permanent headcount, primarily in client-facing roles and digital capabilities, with additional increases in enablement teams to support the group's strategic growth objectives.

Total IT spend amounted to N\$980 million, representing 33.1% of group expenses. This increase was driven mainly by continued investment in IT capacity, including additional resources to support technology operations, new development initiatives and payment capabilities, and increased software licensing to accommodate higher system capacity and user volumes. The group also contributed N\$19.1 million to the FirstRand Namibia Foundation, in line with its commitment to contribute 1% of the prior year's headline earnings.

### CTI



### Operating expenses as % of total assets



<sup>1</sup> Based on June 2026 industry data.

## Summary of consolidated statement of financial position

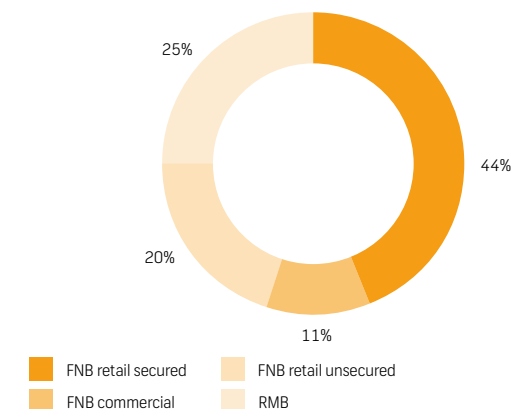
The group's balance sheet reflects a disciplined capital allocation strategy. This strategy is supported by stable and cost-effective funding sources while managing interest rate, market and credit risk. Total assets increased by 12.2% year-on-year, with ROA improving to 3.5% (2025: 3.2%). The growth in total assets was primarily driven by an increase in interest-yielding assets, namely advances, which grew by 9.2% and investment securities, which increased by 40.4%.

| N\$'000                                        | 2026              | 2025              | change %     |
|------------------------------------------------|-------------------|-------------------|--------------|
| Cash and cash equivalents                      | 2 377 194         | 3 069 530         | (22.6%)      |
| Due from banks and other financial instruments | 3 033 374         | 2 194 327         | 38.2%        |
| Investment securities                          | 13 078 324        | 9 317 365         | 40.4%        |
| Advances                                       | 42 814 022        | 39 222 390        | 9.2%         |
| Derivative financial instruments               | 50 228            | 943 324           | (94.7%)      |
| Other assets                                   | 1 534 909         | 1 316 841         | 16.6%        |
| <b>Total assets</b>                            | <b>62 888 051</b> | <b>56 063 777</b> | <b>12.2%</b> |
| <b>Total equity</b>                            | <b>7 451 826</b>  | <b>6 694 509</b>  | <b>11.3%</b> |
| Deposits                                       | 52 512 417        | 45 966 950        | 14.2%        |
| Due to banks and other financial institutions  | 276 874           | 253 154           | 9.4%         |
| Derivate financial instruments                 | 59 558            | 984 517           | (94.0%)      |
| Other liabilities                              | 2 587 376         | 2 164 647         | 19.5%        |
| <b>Total liabilities</b>                       | <b>55 436 225</b> | <b>49 369 268</b> | <b>12.3%</b> |

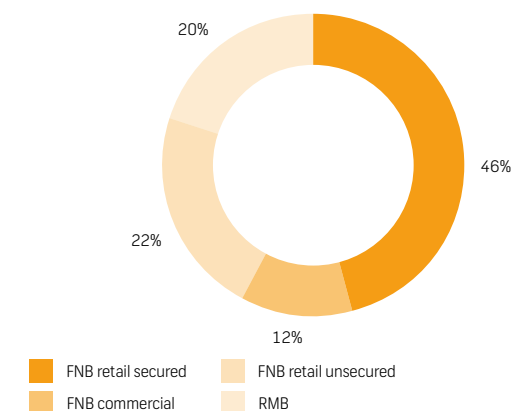
## Advances

Net advances increased by 9.2% for the year, driven primarily by strong growth in RMB of 35.1%. This growth was driven by an increase in term loans, supported by deals concluded during the year. FNB advances growth was moderate at 2.4% due to capital repayments and continued muted growth in home loans, which was evident across the market. Private sector credit extension (PSCE) remained relatively subdued at 4.5%, comprising corporate credit growth of 4.5% and household credit growth of 4.5%.

Gross advances composition 2026



Gross advances composition 2025



## Deposits and funding

Deposit growth of 14.2% was driven by strong growth in all franchise deposit products. This healthy deposit growth supported a 2.5% muted increase in more expensive institutional funding.

Growth in franchise deposits was broad-based across the portfolio, with retail recording growth in current and savings accounts, commercial in current and call accounts, and RMB in fixed, notice and current accounts.

The ongoing growth in franchise deposits reflects a focus on:

- maintaining competitive pricing;
- appropriate client offerings; and
- active customer growth.

Funding resilience remained a key strength, supported by broad-based growth in franchise deposits and a reduced reliance on higher-cost institutional funding. The group continued to maintain prudent liquidity buffers and actively manage funding concentration, tenor and pricing in line with its FRM framework.

## Capital and regulation

The group maintained a strong capital position throughout the year. Its capital adequacy ratio (CAR) of 20.6% (2025: 19.2%) comfortably exceeds regulatory minimum requirements. The capital base remained well diversified, supporting balance sheet growth, resilience and the group's ability to create and distribute shareholder value.

## 2027 outlook

The group enters 2027 from a position of strength, supported by:

- a diversified funding base;
- strong capital levels;
- a resilient customer franchise; and
- a prudent approach to risk.

Growth prospects are expected to benefit from opportunities linked to Namibia's evolving oil, gas and mining sectors, including increased client and business activity. The removal of Namibia from the FATF grey list is expected to boost investor confidence, enhance cross-border financial flows and strengthen the country's credibility in international financial markets.

The operating environment is expected to remain uncertain, with geopolitical tensions, energy and freight costs, inflationary pressures and interest rate movements continuing to influence consumer spending, business margins and broader economic activity.

The group is well-positioned to respond to emerging risks, supported by the momentum generated in 2026, strong financial resources and disciplined strategy execution.

Continued investment in digital capabilities, process efficiency and our people's wellbeing and development will remain central to enhancing service delivery, supporting scalable growth and strengthening long-term resilience.

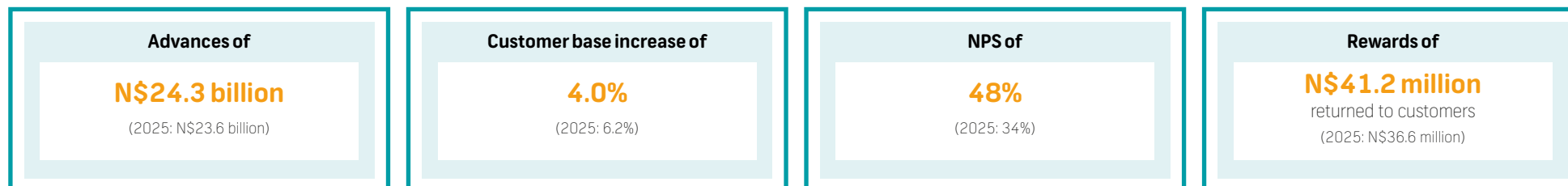
Our strategic focus on sustainable growth and long-term value creation for shareholder and broader stakeholders remains anchored in disciplined execution, responsible growth and effective capital deployment, while our purpose of building a globally competitive Namibia remains at the core of everything we do.

**Lizette Smit**

Chief Financial Officer

# FNB RETAIL'S PERFORMANCE

*FNB Retail delivers a consistent and high-quality customer experience through differentiated value propositions and remains a catalyst for shared prosperity and sustainable value creation.*



## Financial and operational summary

Advances grew by 3.0%, up from 1.6% in 2025, supported by overall customer base expansion and a refined credit appetite aligned to our strategic priorities. Deposits increased by 8%, compared to 13% last year, underpinned by continued customer growth and sustained momentum across the portfolio. The total customer base expanded by 4.0%, mainly driven by new-to-bank acquisitions and effective leveraging of ecosystem banking opportunities.

Operational execution underpinned this growth, with greater digital and self-service adoption, faster credit origination and continued investment in service delivery converting customer acquisition into deeper, more active main-banked relationships. Digital usage improved to 91% from 90%, digital financial transactions grew 15% year on year, and a stronger vertical sales index points to broader product uptake – evidence that our propositions are resonating with client needs.

*Our NPS improved to 48%, well above the international benchmark of 33% for retail banks. This reflects the continued successful delivery of compelling value propositions that resonate with customers' needs.*

## 2026 focus areas

In 2026, we introduced the expat value proposition and enhanced the senior citizen offering. Additionally, the rollout of the FNB weSave account and related solutions is expected to make a meaningful contribution to advancing financial inclusion.

Further pockets of excellence were evident in Private Wealth Banking, where NPS improved to 57% (2025: 49%). This underscores our commitment to service excellence, as reflected in multiple accolades, including the Euromoney Award for Namibia's Best International Private Bank for the fourth consecutive year.

The adoption of more cost-effective alternative channels has accelerated, with CashPlus deposit and withdrawal volumes increasing by 54% and 46%, respectively. The FNB Banking App penetration increased by 7%, reflecting growth in digital adoption across the customer base. This improvement was driven by:

- ongoing enhancements to our platform's functionality;
- expanded digitally enabled value propositions; and
- greater customer engagement with remote and self-service channels.

The introduction of local free swipes from 1 July 2025 was well received by customers. This shift supports our strategic objective of reducing cash reliance and resulted in income growth for non-cash service fees and card-based commissions.

## People and culture

People outcomes reflect meaningful cultural progress and increasing organisational engagement, with an overall engagement score of 81%.

Notably, leadership development and access to learning opportunities have been and continue to be strengthened, including the successful completion of the Retail Academy's first cohort. The Retail Academy focuses on empowering teams through focused learnings across customer engagement and services, sales excellence, and leadership.

As a result of prioritising people and capacity development, succession planning and pipeline utilisation remain well managed. In 2026, 83% of roles were filled internally (2025: 99%).

## Risks and opportunities

The business remains well-positioned for sustainable growth by actively pursuing opportunities while prudently navigating an evolving risk landscape. We established a retail operations department and fraud help desk to enhance operational efficiency and strengthen the segment's risk posture.

Credit appetite was reviewed in alignment with macroeconomic conditions to unlock opportunities within a structurally low-growth environment, characterised by high levels of unemployment and indebtedness.

### Looking ahead

FNB Retail will continue to strengthen key value propositions and deepen primary customer relationships, delivering sustainable outcomes across the retail franchise while reinforcing long-term value creation for customers, shareholder and the broader economy.

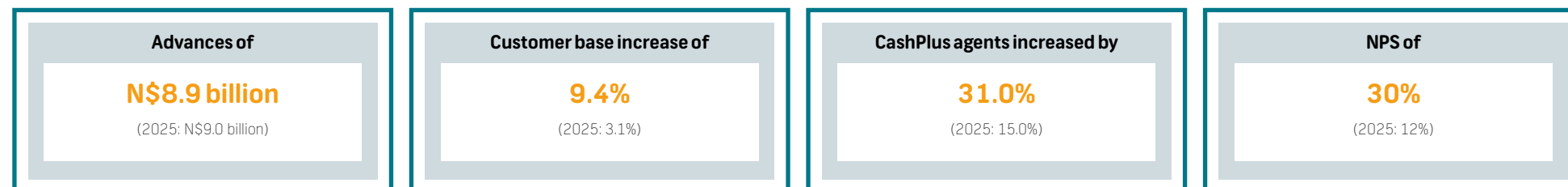
**Mbo Luvindao**

CEO: FNB Namibia Retail Banking



# FNB COMMERCIAL'S PERFORMANCE

*FNB Commercial strengthened its client value proposition by expanding its digitally enabled solutions such as the SME Digital Hub. These solutions deepen support for business clients and SMEs, improve access to banking services and reinforce our role in enabling enterprise growth across Namibia.*



## Financial and operational summary

Financial performance was supported by strong deposit growth of 10.3% and expansion of the customer base by 9.4%. This translated into higher transaction volumes, which contributed to growth in NIR. Advances were flat compared to the prior year, impacted by facility repayments and a tight credit market.

The rundown in the term loan book remains high, primarily reflecting elevated capital repayments within the commercial property finance and agricultural portfolios. These facilities have now progressed into the latter stages of their contractual terms, and balances continue to reduce. The current year saw strong growth in the asset finance division and in working capital. The asset book remains sound and consistent with the group's disciplined credit appetite and prudent portfolio management approach. This reinforces our focus on asset quality and balance sheet resilience.

Non-performing loans (NPLs) continued to decline this year, driven by lower inflows into distress categories and improved recovery performance across the portfolio. This reflects the strengthened credit risk management and workout strategies.

***We position our solutions where clients need them most. We expanded the CashPlus agent footprint by 31.0%, Cash@Till by 59% and merchant services by 15%.***

FNB Commercial received multiple awards this year (refer to page 11), reflecting the team's commitment to delivering outstanding client experience.

## 2026 focus areas

SMEs remain central to Namibia's economic development and long-term growth. FNB Commercial began migrating clients to a dedicated SME Digital Hub in 2025. For 2026, this was scaled with more dedicated capacity and strong client growth. This Hub is a comprehensive platform that empowers SMEs with tools and services to manage and grow their portfolios without having to visit a branch.

The platform enhances service delivery, improves accessibility and enables more tailored support for SME clients. It gives SME business owners easier access to credit and business insights to scale their operations and expand their goals, with geographic location no longer a limiting factor.

Advances growth remained constrained by elevated facility repayments and a tight credit market. To address this, the segment is expanding scored and re-advance credit offerings while enhancing value propositions in key sectors to improve credit uptake and support sustainable portfolio growth. Data-led insights will remain central to this approach, enabling improved client penetration, reduced attrition, and optimisation of end-to-end processes across lending, payments, and collections. These initiatives focus on delivering materially improved turnaround times and operational efficiency, while supporting clients in strengthening their overall creditworthiness.

The segment is scaling franchise-based solutions and accelerating the deployment of alternative distribution channels and merchant-acquiring capabilities. The group's continued investment in digital-first lending and payment solutions, supported by award-winning platforms, reinforces its commitment to inclusive growth.

## *Leveraging technology to simplify access to financial services remains key in delivering sustainable value for clients while driving efficiency and resilience across the portfolio.*

In agriculture, we partner with farmers and:

- financed multiple capital expenditure projects for commercial farming operations;
- helped finance agricultural infrastructure;
- built resilience against environmental challenges; and
- contributed over N\$2 million towards agricultural CSI initiatives.

The segment has committed significant resources to support and understand the emerging oil and gas sector and related industries through conference attendance and support, and engagement with global clients and governments. The process highlighted the need for enhanced cross-border products and solutions, which remain a critical focus.

The tourism industry is a strong growth engine for the segment, with an enhanced focus on this sector. International visitors to Namibia remain high, presenting further growth opportunities. Through various initiatives and client solutions, FNB Commercial remains a market leader in solutioning for this sector.

We deepen client relationships through strategic community partnerships. Our sponsorship of the Namibia cricket team reflects our commitment to developing national talent beyond the banking sector.

## **Risks and opportunities**

The rapidly evolving payments landscape presents significant growth opportunities through enhanced digital capabilities and client experiences, but also increases competitive pressure as client expectations for seamless, real-time payment solutions continue to rise. To enhance efficiencies across our platform, we are:

- integrating platform assistance;
- simplifying the account opening process; and
- ensuring a seamless, efficient user experience.

These initiatives support scalability, turnaround time improvements and deeper client engagement across key segments.

Weak economic growth affects clients in various sectors, with manufacturing and services most materially affected by the slowdown. Therefore, a prudent credit appetite, strong due diligence and ongoing portfolio monitoring are critical to balancing growth potential with balance sheet resilience.

## **Looking ahead**

Namibia's economy is at an important juncture, with slower growth affecting the private and public sector. Against this backdrop, the segment continues to provide clients with relevant banking and risk management solutions aligned to current economic conditions.

The payments landscape is evolving rapidly, with new platforms, digital capabilities and alternative payment solutions emerging across global markets. This creates meaningful opportunities to improve convenience, speed and client value, while intensifying competition as clients expect more seamless, responsive and fit-for-purpose payment experiences. In response, several new solutions are in the pipeline for delivery. These solutions are focused on strengthening our payment capabilities, meeting evolving client expectations and supporting future growth across the segment.

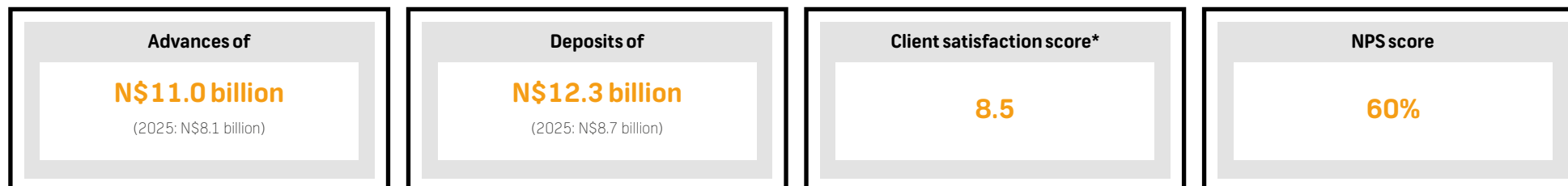
AI is reshaping the economic landscape and creating meaningful opportunities to improve efficiency, competitiveness and decision-making. The segment continues to invest in these capabilities to enhance client service delivery, streamline internal processes and support more informed, data-led engagement. Over time, this will help us respond to client needs faster, improve consistency across service channels and strengthen overall client outcomes.

**Philip Chapman**

CEO: FNB Commercial Banking

# RMB'S PERFORMANCE

*RMB Namibia had a year of strong delivery and made a real difference to our stakeholders.*



\* Measured from 0 being low to 10 being high satisfaction

## Financial and operational summary

The RMB client base grew from 309 to 315 clients in 2026, demonstrating steady portfolio expansion. Of this base, 57% now view RMB as their primary banking partner and trusted adviser, underscoring the strength of client relationships. The segment also received positive feedback from our clients' banking experience, with a NPS of 60%. The lending business delivered franchise-leading growth in advances of 35.1%. RMB delivered strong deposit growth during the 2026 financial year, with total deposits increasing by 41.4% to N\$12.3 billion. This increase reflects the continued client confidence in the franchise and the effectiveness of RMB's deposit mobilisation and client engagement efforts. The growth further strengthened the bank's funding base and supported its ability to deliver sustainable value to clients and stakeholders.

### Sovereign's Eurobond redemption strategy

RMB structured and executed a N\$1.5 billion locally anchored debt package in support of the Sovereign's Eurobond redemption strategy. The transaction demonstrates prudent fiscal management, supports the deepening of Namibia's local debt capital markets and reflects RMB's commitment to advancing the country's financial sovereignty and long-term economic growth.

## 2026 focus areas

*RMB Namibia has been actively involved with promoting local content development and deepening meaningful Namibian participation in the rapidly expanding upstream oil and gas sector.*

RMB Namibia, together with FNB Namibia, partnered with the Petroleum Training and Education Fund, under the Government of the Republic of Namibia, and the Namibia Investment Promotion and Development Board to host a series of upstream oil and gas suppliers' workshops. These engagements were designed to build supplier capability, foster collaboration, and unlock opportunities for local businesses across the upstream value chain.

RMB Namibia strives to create real value for its clients and partners by extending credit that promotes sustainable growth and development. Together with FNB Commercial, we developed an Exchange Control (ExCon) Scenarios Booklet launched at the Namibia International Energy Conference 2026. The booklet reinforces our commitment to enabling regulatory clarity and supporting cross-border business activity in Namibia. Developed in collaboration with the Bank of Namibia and key stakeholders, it provides practical guidance for businesses navigating exchange control requirements. It addresses common scenarios, including salary payments to foreign individuals and payments to and from foreign companies, and includes a dedicated section on exchange control operational guidance for incoming investors in the Namibian market.



## Risks and opportunities

RMB Namibia's risk profile remains stable and managed within the approved risk appetite and threshold. This is achieved through continuous embedding of fit-for-purpose risk management principles and collaboration across multiple governance structures.

RMB continues to build out people and systems capabilities to maintain market relevance across client groupings and solution platforms. We deliver long-term value by providing clients with innovative financing tools and tailor-made advice. This empowers them to navigate complex financial landscapes and capitalise on long-term opportunities.

Significant strides have been made in positioning the group as a knowledgeable and proactive banking partner in Namibia's emerging oil and gas sector. We attended and contributed to numerous local and international conferences to facilitate industry insights and upskilled staff at various levels within the group by providing oil and gas sector-specific training.

## Looking ahead

The RMB Namibia team will support the Namibian economy through:

- exceeding the industry benchmark for private sector credit extension growth;
- playing a critical role in driving investment in the country in a diverse array of economic sectors; and
- maintaining a well-diversified and high-quality balance sheet.

We will focus on diversifying across sectors and solutions, platform stability and process optimisation initiatives to enhance client experience and ease of doing business. RMB Namibia will harness the group's power and leverage the broader FNB ecosystem to solve for our clients holistically in Namibia and across jurisdictions.

**Daniel Motinga**

CEO RMB Namibia

For information on how these three segments supported the group's Do What Matters approach in 2026, refer to the Do What Matters report.

# HUMAN CAPITAL'S PERFORMANCE

*The group's ability to execute its strategy and create sustainable value is fundamentally dependent on a strong culture and the depth, capability and commitment of its people.*

Culture and talent are recognised as material matters because they directly influence strategic execution, risk management, innovation and long-term business resilience. A values-driven culture underpins ethical decision-making and accountability, while targeted investment in talent ensures the group has the skills, leadership capacity and agility required to respond to a changing operating environment. Therefore, our human capital performance reflects how effectively we align our culture, leadership and talent practices with the strategic choices required to deliver inclusive and sustainable growth.

## Human capital strategy

Our people strategy focuses on embedding the group's desired culture, strengthening leadership capability and building a sustainable talent pipeline. We are committed to attracting, developing and retaining diverse talent in line with our values and strategic priorities. This enables consistent performance, supports innovation and strengthens the group's long-term competitiveness and resilience.

*The Top Employers Institute recognised FNB Namibia as a Top Employer in Namibia and Africa for a second consecutive year, with an overall score of 94%. We also achieved an engagement score of 84% in the 2026 GES survey, up from 82% in the previous year.*

## Strategic focus areas

### Talent attraction, development and retention

## Required actions

- Implementing industry-leading recruitment practices to attract top talent
- Enhancing learning and development initiatives to support continuous professional growth
- Strengthening retention through tailored career pathways and leadership development opportunities

## Intended outcome

- Strong organisational culture and performance
- Strong leadership pipeline and solid succession readiness
- Reduced employee turnover and recruitment costs
- Improved employee engagement and morale
- Enhanced employee brand
- Greater innovation and adaptability

### Fostering a high-performance culture

- Promoting a culture anchored in accountability, collaboration and empowerment
- Investing in programmes to build resilient, forward-thinking leaders
- Driving innovation, agility and teamwork as enablers of the group's success

- Increased productivity and efficiency
- Higher employee engagement as evidenced by Group Engagement Survey (GES) results
- Greater accountability and ownership
- High talent attraction and retention
- Competitive advantage

## Key strategic initiatives

To deliver on our people strategy, we are investing in the following priority areas:

## Focus areas

### Best-in-class talent

### Digital enablement

### Effective organisation design

### Exceptional employee experience

### High-performance culture

## Achieved through

Enhancing recruitment capabilities, leadership pipelines and diversity initiatives

Leveraging automation and digital platforms to streamline HR operations and improve employee engagement

Structuring teams for optimal collaboration and responsiveness

Providing an exceptional employee experience by prioritising engagement, wellbeing and career development

Embedding a high-performance culture with a results-oriented mindset

Foundational pillars of success

- Our **employee value proposition** is to provide a caring, connected, inspiring and liberating workplace where our people thrive. The following priorities ensure our employee experience aligns with our brand promise and purpose:
  - Best-in-class talent
  - Exceptional people experiences
  - Widescale digitalisation and data insights
  - Operational excellence
- **Data-driven decision-making:** Utilising analytics and AI for smarter workforce planning
- **Operational excellence:** Maintaining structured execution and high accountability
- **HR capability building:** Continuously enhancing the capacity and effectiveness of HR functions
- **Values-based behaviour:** Aligning leadership and employee behaviour with our values as set out on page IFC



## Key focus areas and priorities

During the year under review, the group focused on strengthening its ethics management framework in line with its 2026 stabilisation objectives. Priority was given to promoting awareness of the code of ethics across the organisation and reinforcing a culture of integrity through targeted communication initiatives. Efforts were also directed at enhancing awareness and use of the ethics line, with particular emphasis on building trust and providing consistent assurances of confidentiality. Foundational progress was made in embedding the ethical use of data framework, including strengthening governance processes and executive management oversight of key decisions. The group initiated enhanced engagement with suppliers, focusing on the supplier code of conduct and due diligence requirements, and delivered expanded ethics and fraud awareness training programmes. These initiatives were supported by ongoing leadership communication to reinforce expected standards of conduct.

## Equity and inclusion

Diversity, equity and inclusion are central to the group's ethos. We have 2 276 (2024: 2 170) employees of whom 62% (2025: 62%) are women and 88% (2025: 89%) are from historically disadvantaged backgrounds. We are guided by a robust transformation plan and a dedicated transformation committee.

40% (2025: 50%) of exco members are women, and 53% (2025: 50%) are from historically disadvantaged groups.

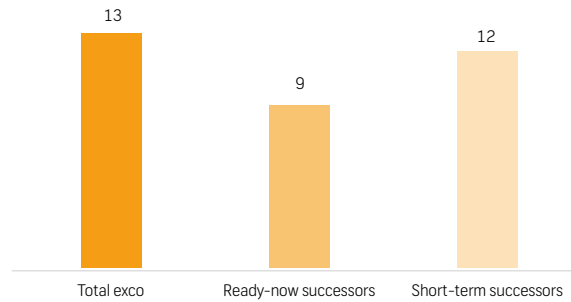
FNB Namibia was awarded A-Grade certification by the Employment Equity Commission, with an overall compliance of 85% (2025: 92%). This underscores our commitment to workplace transformation. Equal opportunity is integral across the business, from hiring and promotions to compensation and recognition.

## Talent management and succession

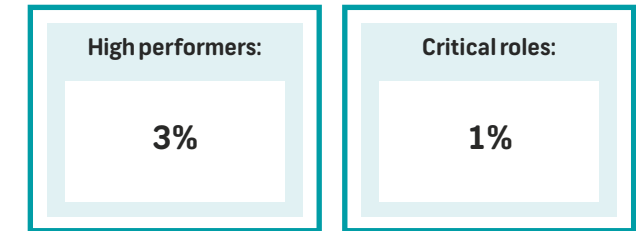
There are 52 high-potential individuals in our executive succession pool. Each one is supported by structured development plans and career experience maps. We use psychometric and potential assessments to guide growth and address development needs.

In 2026, we made three external executive hires (2025 and 2024: zero). We remain committed to reinforcing the group's "grow our own timber" philosophy.

There are 13 executive positions

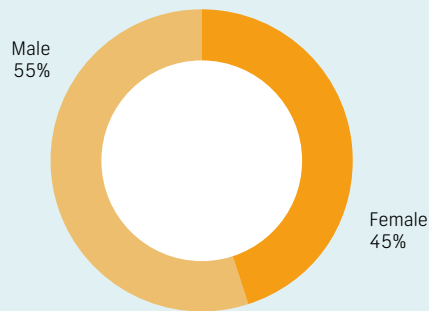


Talent attrition\*

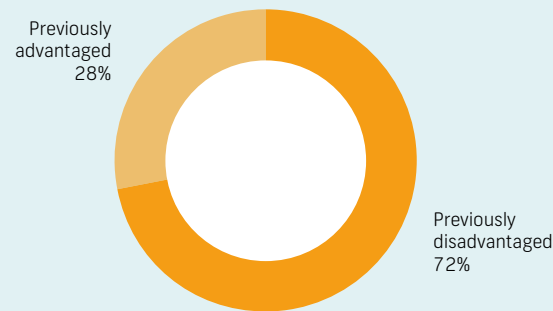


\* Talent attrition: resignations from the talent pool.

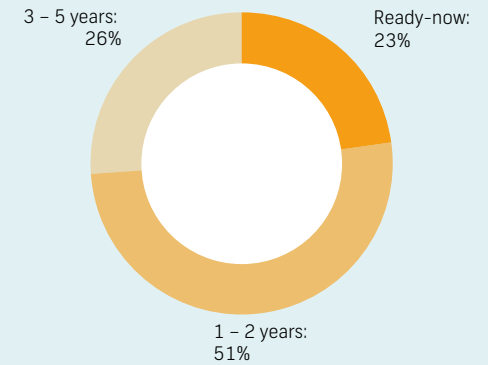
Successor gender representation



Successor racial representation



Executive succession pool 53



## Talent development

### Strategic talent programmes

These ensure that emerging professionals and future leaders are equipped for tomorrow's challenges.

- FirstJob: Equips unemployed youth with practical skills and experience. We have onboarded 27 interns during 2026.
- Graduate development: Onboarded 14 graduate trainees in 2026 for a two-year structured programme (2025: 8).
- Experiential learning: Supported 2 students with work-integrated learning opportunities during 2026.
- Accelerated talent development: Provides leadership coaching, technical skills and executive exposure.
- Leadership DNA project: Aligns our leadership development with business needs and future roles.
- Talent mobility: Through our Chobe talent mobility framework, which facilitates talent movement between Namibia, Zambia, Lesotho and Botswana, there were four outbound and four inbound mobility assignments in 2026. In addition, other mobility engagements within the wider ecosystem have occurred, exposing employees to working opportunities that enhance their knowledge, experience and contribution to the group.

### Learning and development

We invested N\$13.1 million (2025: N\$7.4 million) in training interventions to upskill our workforce.

- 78 non-managerial employees from previously disadvantaged backgrounds received tertiary education support via the Staff Assistance Trust.
- 20 internal/external bursaries were awarded for tertiary education.
- 99 managers are participating in the World Class Managers Programme and 44 in Women in Leadership Programme, a flagship leadership development initiatives aimed at building world-class people leadership capabilities and driving leadership excellence across the group.

*We are committed to strengthening our culture, empowering our people and ensuring FNB Namibia remains an employer of choice.*

## Employee wellbeing

As a Top Employer, we prioritise the holistic wellbeing of our employees. We recognise its critical role alongside our broader contribution to the country's socio-economic needs.

Achievements for the year include:

- On-site blood donation clinics achieved the Blood Transfusion Service of Namibia's Gold Award for the fifth consecutive year.
- Expanded the on-site clinic by adding dedicated rooms for physiotherapy, chiropractic services and counselling. This expansion strengthened access to a broader range of employee wellbeing support services.
- Conducted wellness screenings across branches and executive medicals.
- Provided financial support for 32 employees and 13 dependents to cover medical expenses to the value of N\$498 000 (2025: 33 employees, 13 dependents, N\$471 000).

In addition to the above, LifeAssist Employee Wellness Programme has provided 24/7 support services to employees and their families for 13 consecutive years. Services are offered via phone, digital platforms and in-person channels.

These initiatives reflect our ongoing commitment to a healthier, more supported and more resilient workforce.

## Going forward

Our investment in human capital is positioning FNB Namibia for long-term sustainable growth.

Our key priorities are to:

- attract and retain best-in-class talent;
- deliver exceptional employee experiences;
- drive widescale digitalisation and leverage data insights;
- achieve operational excellence; and
- embed a high-performance culture.

Through our integrated people strategy, we are creating a future-fit workforce capable of navigating disruption and driving innovation.



# E

## REWARDING VALUE CREATION

Remuneration report

85

# REMUNERATION REPORT

*The principle of aligning reward with shareholder value is central to the group's remuneration approach. It is embedded in a performance management framework that drives performance at individual, team, business unit and group level.*

## Remuneration philosophy

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

- **Attracting and retaining talent** in the market is critical for the group to execute its strategy and deliver on its promises to stakeholders.
- **Aligning with shareholder** means that management should not be rewarded beyond the value delivered to shareholder. To support this principle, the group uses NIACC as its key performance measure. This ensures that variable pay is only awarded once all obligations are met, including "paying" shareholder for their equity.
- **Pay for performance delivered** through variable pay, linked to financial and non-financial performance criteria that are aligned to the group's strategic objectives. To promote sustainable outperformance, the targeted remuneration mix offered to key talent is weighted towards variable pay (short- and long-term incentives).
- **Sustainable business** means that management also has a responsibility to regulators, customers, deposit holders, employees and broader society. In determining remuneration, the TRC aims to ensure that the group delivers long-term growth for the benefit of all stakeholders.
- **Fair and responsible remuneration** means that the group promotes equal pay for work of equal value. This includes two aspects: market-related pay and internal parity. TRC considers total remuneration across fixed salaries, short-term incentives (STIs) and long-term incentives (LTIs). The group aims to ensure there is equitable pay among employees who do similar work, regardless of race or gender.

## Fair and responsible remuneration

| Fairness definition                                                                                                                                                                                                                                                                     | Responsible definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Practices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• The principle of equal pay for work of equal value is applied across all job roles.</li> <li>• Remuneration practices are impartial and not affected by self-interest or prejudice on arbitrary grounds, including race and gender.</li> </ul> | <ul style="list-style-type: none"> <li>• Remuneration outcomes are aligned with group strategy and sustainable value creation.</li> <li>• Incentives are based on corporate performance conditions and individual performance criteria.</li> <li>• Incentive schemes do not promote excessive risk-taking. The committee assesses material risk events and behaviours to ensure that actions falling outside the group's risk appetite are not rewarded and that incentive pools are appropriately adjusted for risk.</li> <li>• Variable remuneration is subject to malus and clawback (refer to page 91).</li> </ul> | <ul style="list-style-type: none"> <li>• Adhering to legislative requirements relevant to remuneration and benefits.</li> <li>• Using independent service providers to benchmark market data relating to guaranteed remuneration.</li> <li>• Setting salary ranges per grade and role (based on role evaluations and benchmarking) for recruitment and the annual review of salaries.</li> <li>• Placing new employees within the salary range based on their skills, qualifications and experience in the role.</li> <li>• Conducting annual remuneration reviews for each employee, considering their performance in their roles and market benchmarks as a minimum requirement.</li> <li>• Annually reviewing and adjusting for internal income differentials when required.</li> <li>• Continually monitoring for pay gaps based on race and gender.</li> <li>• Monitoring the minimum salary bands to ensure employees receive a salary that is market-competitive and offers a decent standard of living.</li> </ul> |

*The group applies an outcomes-based approach to remuneration. We believe this is best-suited to the diverse nature of our operations.*

## Benchmarking

The group conducts annual external benchmarking to ensure fair and competitive remuneration for all employee levels. *Ad hoc* surveys are conducted if significant shifts in market practices occur. Market data points are used to determine a pay range for each role that is anchored to the market median. Employee positioning in the pay range is based on:

- employee experience and competence;
- scarcity of skill; and
- employee performance in the role.

TRC benchmarks the remuneration of executive directors and prescribed officers against peers in the banking and financial services sector. FNB Namibia defines its prescribed officers as the group's executive directors and the CEOs of the group's retail, commercial, corporate and institutional, insure and invest segments. These officers are members of the group's exco.

TRC uses benchmark information from external service providers and internal analysis for annual salary reviews. This ensures the total remuneration of executive directors and prescribed officers is market-aligned and competitive.

## Remuneration policy and structures

### Summary view of remuneration

FNB Namibia's remuneration structure consists of:

- **Fixed pay:** A guaranteed package (GP) that is market-competitive and reflects the individual employee's role, skills and experience.
- **Variable pay:**
  - STIs based on group, segment and individual performance.
  - LTIs calibrated to three-year, forward-looking group performance conditions. The greater the individual's influence on the overall risk and returns of the group, the higher the proportion of LTIs awarded.
  - LTIs and deferred STI payments also act as retention mechanisms.

The diagram below illustrates the different components of fixed and variable pay.

Each of these components is based on pools that are set using the methods described in the table below.

|                       |                                                                                                                                     | Remuneration Category |     |     |    | Settlement and Vesting Timing |                                 |                                    |                                    |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----|-----|----|-------------------------------|---------------------------------|------------------------------------|------------------------------------|
|                       |                                                                                                                                     | AE*                   | MM* | SM* | E* | Paid during the year          | Deferred for 6 months to 1 year | Deferred for 2 years               | Deferred for/vesting after 3 years |
| Guaranteed package    | Cash package (based on cost to company)                                                                                             | ✓                     |     |     |    | Cash package                  |                                 |                                    |                                    |
|                       | Benefits <ul style="list-style-type: none"> <li>• Retirement</li> <li>• Medical aid</li> </ul>                                      | ✓                     |     |     |    | Benefits                      |                                 |                                    |                                    |
| Short-term incentives | Cash award                                                                                                                          | ✓                     | ✓   |     |    | Cash-award                    |                                 |                                    |                                    |
|                       | Deferred cash award                                                                                                                 | ✓                     | ✓   |     |    | Deferred cash award           |                                 |                                    |                                    |
|                       | Deferred bonus award/Bonus share ownership plan (BSOP)                                                                              |                       | ✓   | ✓   | ✓  |                               |                                 | Deferred bonus award/BSOP          |                                    |
|                       | Medium term deferral                                                                                                                |                       | ✓   | ✓   | ✓  |                               |                                 | Medium-term deferral (unit linked) | Medium-term deferral (unit linked) |
|                       | Deferred incentive plan (DIP)/Deferred share ownership plan (DSOP)***                                                               |                       | ✓   | ✓   | ✓  |                               |                                 |                                    | DIP/DSOP                           |
| Long-term incentives  | FirstRand share price linked conditional incentive plan (CIP): Share price linked plan based on achieving group performance targets |                       |     | ✓   | ✓  |                               |                                 |                                    | FirstRand** share price linked CIP |

\* AE: all employees; MM: middle management; SM: senior management; E: executives.

\*\* FirstRand refers to FirstRand Limited, the ultimate holding company listed on the Johannesburg Stock Exchange. The share price of FirstRand Limited is used to determine the value of cash-settled share awards under the BSOP, DSOP and CIP incentive plans.

\*\*\* Refer to the short-term incentives section below for deferral thresholds.

- Inaugural DSOP awards commenced in September 2024, replacing the DIP. The DIP has a final vesting in September 2026, after which it will be discontinued.
- The first awards in the BSOP and DSOP were made in the 2024 annual reward review cycle.
- The DSOP and BSOP are indexed to the FirstRand share price and will pay dividend equivalents to participants as and when dividends are declared for FirstRand shareholders. At vesting, both awards will be cashed out and paid through the payroll.

## Components of remuneration

### GP and benefits

Increases are informed by inflation, benchmarking and union negotiations.

### Short-term incentives

#### Annual bonus award

The STI pool is based on:

- Unionised staff: Based on FNB Namibia earnings performance. 95% is based on individual performance, and 5% is discretionary.
- Managerial: Determined against financial and non-financial performance, with financial performance linked to earnings growth and NIACC. The outcome is adjusted for risk. Individual allocation is based on individual performance.

DSOP is a restricted share instrument designed to increase employee ownership, offering dividend participation and share price growth, with allocations guided by business-specific frameworks.

BSOP\*/DSOP

### Long-term incentives

The pool growth is linked to Namibia's inflation. The allocation of the pool to the operating businesses is determined by considering the franchise value created and the sustainability of the operating businesses' contributions to shareholder value.

CIP

\* Applies to STI above N\$2 million. Refer to Short-term incentives on pages 88 to 89 for detail.

## Guaranteed package

GP is based on the group's cost-to-company remuneration approach. It is market-related and comprises a cash component and benefits. It reflects the responsibilities of the role (pay for the role) and the expertise and skills of the individual employee (pay for the person).

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 annually as provided for in the recognition agreement. Salary negotiations and resulting settlements are informed by prevailing macroeconomic factors and individual employees' performance.

## Retirement contribution

All employees are contractually obliged to contribute to the FirstRand Namibia Retirement Fund under the Benchmark Umbrella Fund. A board of trustees manages the fund, seeking to maximise investment returns and minimise costs. A management committee is in place with employer and employee representatives.

## Medical aid contribution

All employees are contractually obliged to belong to a medical aid or become a member of the Namibia Health Plan. An independent board of trustees has been constituted with employer and employee representatives. The board of trustees manages the medical aid to ensure that relevant benefits are provided to employees at a reasonable cost.

## Short-term incentives

The performance management cycle begins with an annual planning process informed by the group's strategic direction. The board sets the strategic focus areas and performance targets for the financial year, ensuring alignment with the group's overarching risk appetite and long-term objectives.

*STIs reward group and individual performance achieved, considering the strategic priorities and objectives.*

### STI pool determination and adjustments

- TRC determines the STI pool using key financial metrics, including earnings growth and ROE, aligned to deliver positive NIACC.
- Growth in management remuneration is capped to not exceed growth in accumulated NAV and dividends over the economic cycle (currently six years).
- Normalised earnings exclude impairments of intangible assets, with a corresponding reduction to the STI pool.

### Risk and conduct adjustments

- TRC may reduce STI pools for material risk and conduct considerations, including:
  - control environment effectiveness, audit outcomes, compliance with risk policies and platform maturity;
  - employee, client, business and market conduct; and
  - regulatory compliance.

Deferral thresholds:

- Up to N\$1 million: Paid in full in August.
- Above N\$1 million up to N\$2 million: Paid in three tranches – in August, December and the following June. The second and third tranches include interest.
- Above N\$2 million: A portion is paid in three tranches – in August, December and the following June. The second and third tranches include interest. The remaining portion (50% for executive directors and 30% for exco members) is deferred in restricted shares (BSOP) that vest after two years. Restricted shares qualify for dividends as declared.

|                                           | Immediate                                                | 6 months         | 12 months        | 24 months |
|-------------------------------------------|----------------------------------------------------------|------------------|------------------|-----------|
| <b>First N\$1 million</b>                 | Cash paid immediately                                    |                  |                  |           |
| <b>Next N\$1 million</b>                  | Cash – tranche 1                                         | Cash – tranche 2 | Cash – tranche 3 |           |
| CEO 50%/exco 70%                          | Cash – tranche 1                                         | Cash – tranche 2 | Cash – tranche 3 |           |
| <b>Over N\$2 million</b> CEO 50%/exco 30% | Restricted cash-settled share award vesting in 24 months |                  |                  |           |

## Final pool allocation

The bottom-up pool determination is constrained by the group STI pool calculation and adjusted accordingly. The bottom-up approach considers business unit growth rate in profit before tax, NIACC, and volatility over the economic cycle. In determining the group STI pool, TRC ensures that shareholder does better than management.

## Deferred incentive plan/Deferred share ownership plan

The DSOP replaced the DIP from September 2024. The pool for DSOP awards is developed bottom-up and moderated by considering inflation and strategic headcount growth. The 2023 in-flight DIP awards vest in September 2026.

Whereas the DIP is share price linked, the DSOP is awarded as a restricted share instrument. Alignment to shareholder is maintained, as the award comprises FirstRand shares. Specific allocation guidelines are provided to businesses to inform awards.

*The DSOP aims to increase employee ownership by enabling them to experience annuity value unlock through dividends and enjoy share price growth.*

The diagram below sets out the key features of the DSOP:

| Key element                              | Policy and design features                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Eligibility                              | Aims to promote high performance and retention of key talent with scarce skills.                                                                                                                                                                                                                                                                                                                          |
| Pool determination                       | <p>The pool is allocated bottom-up and moderated by considering inflation. Allocation of the pool to the operating businesses is determined by considering increases in packages.</p> <p>Awards are made annually, but no one is guaranteed an annual allocation. Allocation to individuals is driven by eligibility criteria that include talent classification, scarcity of skills and performance.</p> |
| DSOP award vesting period and conditions | Awards vest three years after the award date. Vesting depends on the participant remaining in the employ of the group and meeting individual performance requirements.                                                                                                                                                                                                                                    |
| Dividends                                | Participants qualify for notional dividends as and when dividends are declared during the vesting period.                                                                                                                                                                                                                                                                                                 |
| Settlement at vesting                    | Awards are settled in cash, based on the underlying value of the FirstRand share price.                                                                                                                                                                                                                                                                                                                   |
| Provisions for malus and clawback        | Malus and clawback will apply in accordance with the policy on remuneration risk and governance. Refer to malus and clawback on page 91.                                                                                                                                                                                                                                                                  |

## Long-term incentives

The group's LTI scheme seeks to ensure that employees are aligned to shareholder requirements for sustainable earnings growth, sustainable and superior returns, and creation of long-term franchise value. LTIs also support the long-term retention of critical management-level employees. The group utilises the FirstRand Limited CIP in Namibia to achieve these objectives.

Allocation of LTIs to individuals is driven by eligibility criteria, with guidance on quantum linked to individual GP. The performance conditions for the LTI plans are embedded in the group's performance culture. They include targets for ROE and earnings growth. The group does not assign weightings to the ROE and earnings growth conditions, as this creates two separate instruments for driving behaviour, where one condition could be favoured at the cost of the other. The group requires both conditions to be met.

ROE takes priority and must be achieved before growth is assessed. The earnings growth target is measured over a three-year rolling period on a cumulative basis. The ROE target is measured as average ROE over the three-year vesting period, and positive NIACC is required in line with the group's performance philosophy. ROE is based on NAV, not on tangible NAV, and as such includes goodwill.

LTIs are linked to the FirstRand share price. Therefore, participants in the LTI CIP are exposed to fluctuations in the group's share price and consequent increases or decreases in the value of their awards over the vesting period. This supports alignment between participants and shareholders.

## Operation of the LTI awards

The table below sets out the key features of the LTIs.

| Key element                     | Policy and design features                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Key element                      | Policy and design features                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Eligibility</b>              | <p>Granted to executives and senior managers in decision-making positions that affect overall group performance and delivery of value to shareholder.</p>                                                                                                                                                                                                                                                                                                                                                                                           |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Award allocation</b>         | <p>Creation and allocation of the pool to the operating businesses is determined by considering:</p> <ul style="list-style-type: none"> <li>the franchise value created; and</li> <li>the sustainability of the operating businesses' contributions to shareholder value.</li> </ul> <p>The allocation to individuals is driven by eligibility criteria that include seniority, talent classification, ability to influence strategy and individual performance. Awards are generally made annually. No one is guaranteed an annual allocation.</p> | <b>Performance conditions</b>    | <p>100% of LTI awards are subject to performance conditions. Performance conditions should support motivation and retention. Therefore, TRC considers several factors, including:</p> <ul style="list-style-type: none"> <li>the outcomes of the three-year budget process, including scenario analyses of the budgets that incorporate risk and stressed views;</li> <li>the macroeconomic outlook together with the probabilities assigned to the different scenarios;</li> <li>the required investment in platforms and new business development for future growth strategies, with this investment expensed and not capitalised;</li> <li>the opportunity to grow in excess of the economy, given the group's relative market share; and</li> <li>the requirement to protect the return profile, as opposed to incentivising earnings growth at the expense of returns.</li> </ul> |
| <b>Vesting value</b>            | <p>All LTI awards are subject to forward-looking performance conditions linked to group outcomes and are settled in cash, based on the underlying value of FirstRand Limited shares. Therefore, participants are fully exposed to fluctuations in the group's share price over the vesting period.</p>                                                                                                                                                                                                                                              | <b>Vesting ranges</b>            | <p>Vesting of LTI awards is based on a graded structure, where minimum performance conditions are set for each vesting level, namely threshold vesting (50% vesting level), on-target vesting (100% vesting level) and a range of stretch targets. If the performance conditions for threshold vesting are not met, the vesting outcome will be zero, and the award will lapse.</p> <p>ROE and earnings growth conditions are set for each vesting level, with the earnings growth outcome determining the graded vesting percentage.</p>                                                                                                                                                                                                                                                                                                                                              |
| <b>LTI award vesting period</b> | <p>The performance conditions are measured over three years. Awards vest three years from the award date to the extent that the conditions have been met.</p>                                                                                                                                                                                                                                                                                                                                                                                       | <b>Maximum LTI vesting level</b> | <p>Graded vesting includes stretch and super-stretch targets for vesting above 100%. Awards can vest up to a maximum level of 150%. This will correlate with exceptional value for shareholder based on the performance conditions set for these vesting levels.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## Key element

## Policy and design features

### In-flight awards

Current in-flight awards were made in September 2023, September 2024 and September 2025. Awards for 2026 will be made in September 2026.

### Changes to performance conditions of in-flight awards

TRC does not:

- amend the performance conditions of in-flight awards once issued;
- reprice share incentive awards for changes in the share price; or
- re-test performance conditions or delay their measurement.

### Downward adjustment

Where performance conditions have been met, TRC can reduce the vesting outcome with a downward adjustment of up to 20% for materially negative outcomes within management control. This allows TRC to guard against financial targets being achieved by compromising on risk, compliance or conduct.

### Dividends

Dividends or notional dividends are not accrued over the vesting period.

### Settlement at vesting

The participant receives the vesting value based on the share price at the end of the vesting period. Settlement is in cash.

### Change in employment before award vests

Refer to termination categories on page 92.

### Provisions for malus and clawback

Malus and clawback will apply in accordance with the policy.

## Other governance matters

### Malus and clawback

Malus and clawback provisions for STIs and LTIs align employee behaviour to the delivery of sustainable risk-adjusted performance by ensuring that any serious risk event can lead to consequences for award participants. The deferral of STIs and the use of forward-looking LTI performance and vesting periods extend the malus and clawback periods.

Malus and clawback are applied to all variable pay. They can be invoked upon the occurrence of a trigger event and applied as follows:

- Malus applies to awards that have not yet vested or settled, allowing for them to be cancelled on the occurrence of a trigger event.
- Clawback applies once an award has vested upon the occurrence of a trigger event. TRC has discretion to claw back any variable remuneration upon the occurrence of any of the trigger events detailed below. Clawback applies for three years after vesting.

A trigger event may include, among others:

- discovery of a material misstatement of performance that resulted in a variable reward made, with the board being satisfied that the employee contributed to and is responsible for the misstatement;
- discovery that the assessment upon which the award was made was based on erroneous, inaccurate or misleading information;
- any action or conduct which, in the reasonable opinion of the board, amounts to dishonesty, fraud or misconduct;
- discovery of a material failure in risk management to which the employee contributed and is responsible for; and/or
- discovery that performance related to financial or non-financial targets was misrepresented and that such misstatement led to over-payment of incentives.

### Executive contracts and policies

There are no contractual entitlements to payments on termination and no special termination arrangements or golden-parachute agreements in place. Contractual notice and accrued leave are paid out where legally required. Unvested deferred STI awards or unvested LTI awards are dealt with in accordance with the applicable scheme rules.

All executive directors and prescribed officers in Namibia have a one-month notice period, which can be extended by mutual consent.

## Buy-out awards

The group grants buy-out awards in selected recruitment scenarios to compensate employees for incentive awards they will forfeit upon leaving their previous employer. This is typically done:

- when the business is heavily reliant on high-demand, scarce skills;
- to replace prospective employees' current benefits; and/or
- to remain attractive and competitive in the market.

Buy-out awards can be made in cash, deferred awards or LTIs, and will be similar in value, nature and time period attached to the incentive that is being bought out, subject to clawback if the employee leaves. LTI awards are subject to their respective applicable performance conditions.

The buy-out is also subject to FNB Namibia's leaver forfeiture provisions (refer to termination categories) and malus and clawback in line with policy.

## Sign-on bonuses

Sign-on bonuses are rarely paid to attract employees to join the group and require specific executive and human capital approval.

Sign-on bonuses are subject to FNB Namibia's leaver forfeiture provisions and malus and clawback in line with policy.

## Corporate performance targets

TRC sets corporate performance targets for each award based on expected macroeconomic conditions, group earnings and returns forecasts over the performance period. The criteria vary from year to year, depending on the expectations for each of the above 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 earnings per share (EPS) growth targets and minimum ROE requirements. The vesting outcome is based on the delivery of the performance conditions. TRC may adjust the final outcome of the graded vesting level downwards for predetermined issues.

The criteria for expired and currently open schemes are set out in the following pages.

## Termination categories for outstanding STI and LTI awards

The following conditions apply to outstanding STI and LTI awards upon termination of employment:

|                                           | STI                                                                                                                                                                                                                                     | LTI                                                                                                                                                                                                                                                   |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Resignation and fault terminations</b> |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                       |
| <b>Resignation or dismissal</b>           | Employees who resign or are dismissed before the vesting or payment date of cash or restricted share awards will forfeit these awards.                                                                                                  | Employees who resign or are dismissed before the vesting date of outstanding LTIs will forfeit these awards.                                                                                                                                          |
| <b>No-fault terminations</b>              |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                       |
| <b>Retirement</b>                         | The cash and restricted share awards of employees who retire in terms of the group's retirement policy continue for the duration of the vesting period and remain subject to the applicable rules.                                      | 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 applicable rules and performance conditions.                                           |
| <b>Injury, disability or ill health</b>   | The cash and restricted share awards of employees who are terminated due to injury, disability or ill health in terms of the group's policy continue for the duration of the vesting period and remain subject to the applicable rules. | The LTI awards of employees who are terminated due to injury, disability or ill health in terms of the group's policy continue for the duration of the performance period and remain subject to the applicable rules and performance conditions.      |
| <b>Death or retrenchment</b>              | Vesting for employees' cash and restricted share awards is accelerated and pro-rated where appropriate in line with scheme rules.                                                                                                       | The awards are pro-rated for the remaining vesting period and adjusted for the performance conditions, which are tested against the roll-forward conditions to date to determine vesting. Thereafter, vesting of the pro-rated awards is accelerated. |

## Expired schemes

**2022 (Vested 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. The 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 EPS growth between targets.

TRC 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 damage the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to TRC by the audit 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 sets out 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 EPS growth requirement (three-year compound annual growth rate (CAGR)) <sup>#</sup>                                                                                                                                                                                                     |
|                                                                  |                |                           | FirstRand Limited must achieve growth in normalised EPS relative to the consumer price index (CPI) plus real gross domestic product (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 below: |
| <b>Threshold (minimum vesting, below which the award lapses)</b> | 50%            | ≥19%                      | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 1.5%                                                                                                                                                                                                       |
| <b>On-target performance</b>                                     | 100%           | ≥20.5%                    | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 2.5%                                                                                                                                                                                                       |
| <b>Stretch<sup>†</sup></b>                                       | 120%           | ≥22%                      | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 5%                                                                                                                                                                                                         |
| <b>Super-stretch<sup>†</sup></b>                                 | 150%           | ≥22%                      | Cumulative normalised EPS growth rate over three 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 ROE and 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 Accounting Standards changes or volatile reserves.

<sup>#</sup> If the three-year CAGR of real GDP is negative, CPI will be referenced.

<sup>†</sup> 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.

## Currently open schemes

**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 EPS growth between targets.

TRC 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 damage the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to TRC by the audit 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 sets out 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 EPS growth requirement (three-year CAGR) <sup>#</sup>                                                                                                                                                                                   |
|                                                                  |                |                           | FirstRand Limited must achieve growth in normalised EPS relative to the 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 below: |
| <b>Threshold (minimum vesting, below which the award lapses)</b> | 50%            | ≥20%                      | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 4%                                                                                                                                                         |
| <b>On-target performance</b>                                     | 100%           | ≥21%                      | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 4%                                                                                                                                                         |
| <b>Stretch<sup>†</sup></b>                                       | 120%           | ≥22%                      | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 6.5%                                                                                                                                                       |
| <b>Super-stretch<sup>†</sup></b>                                 | 150%           | ≥22%                      | Cumulative normalised EPS growth rate over three 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 ROE and 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 Accounting Standards changes or volatile reserves.

<sup>#</sup> If the three-year CAGR of real GDP is negative, CPI will be referenced.

<sup>†</sup> 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.

**2024 (Vesting date in September 2027)** – 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 EPS growth between targets.

TRC 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 audit 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 sets out 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 EPS growth requirement (three-year CAGR)#                                                                                                                                                                                                           |
|                                                                  |                |                           | FirstRand Limited must achieve growth in normalised EPS relative to the CPI, plus real GDP growth on a cumulative basis, over the three-year performance period from the base year end, being 30 June 2023, as set out for each vesting level indicated below: |
| <b>Threshold (minimum vesting, below which the award lapses)</b> | 50%            | ≥19.5%                    | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 1.5%                                                                                                                                                                   |
| <b>On-target performance</b>                                     | 100%           | ≥20.5%                    | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 2.5% to real GDP growth plus CPI plus 4%                                                                                                                               |
| <b>Stretch†</b>                                                  | 120%           | ≥21.5%                    | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 6%                                                                                                                                                                     |
| <b>Super-stretch†</b>                                            | 150%           | ≥21.5%                    | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 9%                                                                                                                                                                     |

\* Linear grading between these vesting levels based on the earnings growth achieved. After measuring the ROE outcome and growth outcome separately, the lower of the two will become the vesting level. Both conditions must be met for vesting at any level to occur. Thereafter, TRC will assess if any downward adjustment is necessary for the factors listed.

\*\* The ROE 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 Accounting Standards changes or volatile reserves (including foreign currency translation reserves).

# If the three-year CAGR of real GDP is negative, CPI will be referenced.

† For vesting at 120% or above, ROE of ≥21.5% 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.

**2025 (Vesting date in September 2028)** – All CIP awards are subject to performance conditions and must be settled in FirstRand shares (with the exception of employees outside of South Africa who are settled in cash). 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 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 materially 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 following table 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, measured over the period 1 July 2025 to 30 June 2028. 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 EPS growth requirement (3-year CAGR)#                                                                                                                                                                                                           |
|------------------------------------------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                  |                           | FirstRand Limited must achieve growth in normalised EPS relative to CPI, plus real GDP growth on a cumulative basis, over the three-year performance period from the base year end, being 30 June 2025, as set out for each vesting level indicated below: |
| <b>Threshold (minimum vesting, below which the award lapses)</b> | 50%                       | ≥19.5%                                                                                                                                                                                                                                                     |
|                                                                  |                           | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 1.5%                                                                                                                                                               |
| <b>On-target performance</b>                                     | 100%                      | ≥20.5%                                                                                                                                                                                                                                                     |
|                                                                  |                           | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 3% to real GDP growth plus CPI plus 5%                                                                                                                             |
|                                                                  | 100.1% to 119.9%          | ≥21%                                                                                                                                                                                                                                                       |
|                                                                  |                           | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus >5% to real GDP growth plus CPI plus <6%                                                                                                                           |
| <b>Stretch+</b>                                                  | 120%                      | ≥21.5%                                                                                                                                                                                                                                                     |
|                                                                  |                           | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 6%                                                                                                                                                                 |
|                                                                  | 150%                      | >22%                                                                                                                                                                                                                                                       |
|                                                                  |                           | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 7.5%                                                                                                                                                               |
| <b>Super-stretch+</b>                                            | 200%                      | >22%                                                                                                                                                                                                                                                       |
|                                                                  |                           | Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 10%                                                                                                                                                                |

\* Linear grading between these vesting levels based on the earnings growth achieved. After measuring the ROE outcome and growth outcome separately, the lower of either will become the vesting level. Both conditions must be met for vesting at any level to occur. Thereafter, TRC will assess if any downward adjustment is necessary for the factors listed.

\*\* The ROE 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 Accounting Standards changes or changes in volatile reserves (including the foreign currency translation reserves).

# In the event that the three-year CAGR of real GDP is negative, the target will be calculated using CPI only.

+ For vesting of 120% to 150%, average ROE of ≥21.5% is required and for vesting of 150% and above, average ROE of >22% is required. The vesting level between 120% and 150% or between 150% and 200% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 200% at a level of real GDP growth plus CPI plus 10% over the three-year period.

## Executive directors

Executive directors are employed on fairly standard employment contracts similar to those of other employees. Remuneration paid is based on the group's remuneration policy as set out on page 85.

After due consideration, and with the board's agreement, TRC resolved that disclosure of the executive directors' remuneration sufficiently illustrates the alignment between executive reward and shareholder return.

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

Executive directors have no guaranteed termination payments. After the group STI pool has been determined, TRC considers STIs for executive directors and prescribed officers using a scorecard. The STI scorecard categories and hurdles are considered only if STI pools are available for the year, i.e. the financial metrics have been met.

## 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 an attendance basis. The fees vary depending on the role of the committee, are based on market comparisons, and are reviewed annually to align with the group's fair and responsible remuneration philosophy. The fees are reviewed by TRC and approved by shareholder at the AGM.

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 NAMIBIA GROUP ANNUAL FINANCIAL STATEMENTS

|                                          |     |
|------------------------------------------|-----|
| Directors' responsibilities and approval | 97  |
| Independent auditor's report             | 98  |
| Directors' report                        | 104 |
| Accounting policies                      | 106 |
| Statements of comprehensive income       | 140 |
| Statements of financial position         | 141 |
| Statements of changes in equity          | 142 |
| Statements of cash flows                 | 143 |
| Notes to the annual financial statements | 145 |
| Capital management                       | 229 |

# DIRECTORS' RESPONSIBILITIES AND APPROVAL

## To the shareholder of FNB 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 as at, and for the year ended June 2026.

These annual financial statements have been prepared in accordance with IFRS Accounting Standards, including interpretations issued by the IFRS Interpretations Committee, the Namibia Securities 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 (Nam) (SA) (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 Securities 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 106 to 139.

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 oversees the group's risk governance structures and processes. Internal audit provides independent assurance on the adequacy and effectiveness of controls and report 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 financial statements and their report appears on pages 98 to 103.

## Approval of financial statements

The consolidated and separate annual financial statements of the group, which appear on pages 104 to 230, were approved by the board of directors on 20 August 2026 and were signed on its behalf by:



**ON Shikongo**

Chairperson

Windhoek  
20 August 2026



**C Dempsey**

Chief Executive Officer

# INDEPENDENT AUDITOR'S REPORT

## To the members 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 ('the company') and its subsidiary ('the group') set out on pages 104 to 230, which comprise the consolidated and separate statements of financial position as at 30 June 2026, and the consolidated and separate statements of 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 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 2026, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (IASB) 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)**, as applicable to audits of financial statements of public interest entities and other independence requirements applicable to performing audits of financial statements of public interest entities in Namibia. We have also 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT *continued*

| Key Audit Matter – Group and Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Valuation of expected credit losses on advances</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p>Significant macroeconomic uncertainty persists in the environment in which the Group operates.</p> <p>Consequently, management has continued to exercise judgement to ensure that the final Expected Credit Loss (ECL) is aligned to the requirements of International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) and industry developments. This judgement includes the setting of macroeconomic scenarios and associated probabilities, as well as the forecasting of macroeconomic variables under the set scenarios.</p> <p>Impairment of advances is a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> <li>Advances are material to the consolidated and separate financial statements.</li> <li>The level of subjective judgement applied in determining the ECL on advances.</li> <li>Event-driven uncertainty and its impact on the assessment of ECL.</li> </ul> <p>The Group's advances fall into three broad customer segments for which significant audit or attention was required:</p> <ul style="list-style-type: none"> <li>Retail, Commercial and Corporate.</li> </ul> <p>The credit impairment models, which outline the Group's macroeconomic forecasting principles are subject to formal model governance and approval.</p> | <p>Our audit of expected credit losses (ECL) of advances included the following procedures to address the key areas of significant judgement and estimation uncertainty in determining the ECL.</p> <p>We performed these procedures with the assistance of our economic, credit and actuarial specialists:</p> <ul style="list-style-type: none"> <li>Across all significant portfolios, assessed the advances impairment policies and practices applied by inspecting the Group's policies and comparing it against the requirements of IFRS 9.</li> <li>Assessed the Group's probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario views and associated probabilities against the principles of IFRS 9.</li> <li>Assessed the forecasts for appropriateness against the Group's macroeconomic forecasting principles by reviewing the approval of these macroeconomic variables by the appropriate governance structures through discussions with management, inspecting documentation and comparing to our own and benchmarked economic forecasts and independent market data, as well as attendance at the governance forums.</li> </ul> |
| <b>Retail and commercial advances</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Retail and commercial advances</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p>Retail and commercial advances are higher in volume and lower in value and, therefore, a significant portion of credit impairments are calculated on a portfolio basis. This requires the use of statistical models incorporating data and assumptions which are not always observable.</p> <p>The areas of significant judgement and estimation uncertainty relating to the retail and commercial advances customer segment include:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>We performed the following procedures on the ECL for all material retail and commercial advances portfolios with the assistance of our economic, credit and actuarial experts:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>Inputs, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry, and assessed these against the requirements of IFRS 9.</li> <li>Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model.</li> <li>Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results.</li> </ul>                                                                                                                                                                                                                                                                                   |

# INDEPENDENT AUDITOR'S REPORT *continued*

| Key Audit Matter – Group and Company                                                                                                                                                                                                                                                                                                                                                           | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Valuation of expected credit losses on advances</b>                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Evaluation of SICR</b><br><br>Evaluating whether there has been a Significant Increase in Credit Risk (SICR) event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).                                                         | <b>Evaluation of SICR</b><br><br>Evaluated the appropriateness of the SICR triggers adopted by management and tested whether this was correctly and consistently applied in the models by performing an independent SICR efficacy assessment to confirm the appropriateness of the implemented PD thresholds and that the required SICR has been recognised.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Incorporation of macro-economic inputs and FLI into the ECL measurement</b><br><br><ul style="list-style-type: none"> <li>The incorporation of probability-weighted forward-looking information (FLI) and consideration of the appropriate macroeconomic inputs into the ECL calculations.</li> </ul>                                                                                       | <b>Incorporation of macro-economic inputs and FLI into the ECL measurement</b><br><br><ul style="list-style-type: none"> <li>Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP), Consumer Price Index (CPI), and the central bank rates; and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used.</li> <li>Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated.</li> <li>Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9.</li> </ul> |
| <b>Assessment of post model adjustments</b><br><br><ul style="list-style-type: none"> <li>Assessing the appropriateness and impact of the macroeconomic uncertainty assumptions on the forward-looking econometric information not incorporated into the respective models but rather in post model adjustments.</li> <li>Assessing the completeness of the post model adjustments.</li> </ul> | <b>Assessment of post model adjustments</b><br><br><ul style="list-style-type: none"> <li>Performed industry analysis and assessed individual counterparties using publicly available information to evaluate the appropriateness of the macroeconomic assumptions applied in the post-model adjustments raised and released.</li> <li>Assessed the inherent limitations of the ECL models within the banking portfolios, including the limitation of past performance, emerging industry risks which are not yet present in the current data, macroeconomic forecast challenges and sectoral stresses, by benchmarking against our own economic forecasts and building our own independent model which incorporates our own point estimates and inputs.</li> <li>Assessed the completeness of the post model adjustments against our own research and publicly available information including country, sector, Group and portfolio specific risk factors.</li> </ul>                                                                                                                |

# INDEPENDENT AUDITOR'S REPORT *continued*

| Key Audit Matter – Group and Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Valuation of expected credit losses on advances</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Assessment of ECL raised for Stage 3 exposures</b> <ul style="list-style-type: none"> <li>Assumptions used to estimate the realisable values and timing of future cash flows of individual exposures, which have been classified as non-performing.</li> </ul> <b>The related disclosures in the consolidated and separate financial statements are included in:</b> <ul style="list-style-type: none"> <li>Critical accounting estimates, assumptions and judgements: Impairment of financial assets (Accounting policies section 8.4);</li> <li>Note 12 – Advances;</li> <li>Note 13 – Impairment on advances;</li> <li>Note 31 – Risk management; and</li> <li>Accounting policies: Financial Instruments (section 4).</li> </ul> | <b>Assessment of ECL raised for Stage 3 exposures</b> <ul style="list-style-type: none"> <li>Assessed the Stage 3 LGD, EAD and PD assumptions used by management by inspecting the methodology used for providing for non-performing loans and comparing these against the requirements of IFRS 9.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Corporate advances</b> <p>Corporate advances are dealt with on a case-to-case basis unlike retail and commercial advances. This also requires the use of statistical models incorporating data and assumptions which are not always observable. The areas of significant judgement and estimation uncertainty relating to the corporate advances customer segment include:</p>                                                                                                                                                                                                                                                                                                                                                       | <b>Corporate advances</b> <p>We performed the following procedures on the ECL for all material corporate advances portfolio with the assistance of our economic, credit and actuarial experts:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b> <ul style="list-style-type: none"> <li>Inputs, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b> <ul style="list-style-type: none"> <li>Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry and assessed these against the requirements of IFRS 9.</li> <li>Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, PDs, EADs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model.</li> <li>Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results.</li> </ul> |

# INDEPENDENT AUDITOR'S REPORT *continued*

| Key Audit Matter – Group and Company                                                                                                                                                                                                                                                                                                        | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation of expected credit losses on advances                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Evaluation of SICR</b> <ul style="list-style-type: none"> <li>Evaluating whether there has been a SICR event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).</li> </ul> | <b>Evaluation of SICR</b> <ul style="list-style-type: none"> <li>Selected a sample of performing advances and assessed if the application of the SICR trigger was reasonable by forming an independent view based on publicly available information and management's periodic credit reviews.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Incorporation of macro-economic inputs and FLI into the ECL measurement</b> <ul style="list-style-type: none"> <li>Assessing the appropriateness and impact of probability-weighted macroeconomic uncertainty on the forward-looking econometric information incorporated into the respective models.</li> </ul>                         | <b>Incorporation of macro-economic inputs and FLI into the ECL measurement</b> <ul style="list-style-type: none"> <li>Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP), Consumer Price Index (CPI), and the central bank rates; and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used.</li> <li>Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated.</li> <li>Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9.</li> </ul> |

## Other Information

The directors are responsible for the other information. The other information comprises the Directors' responsibilities and approval which we obtained prior to the date of this auditor's report. The other information does not include the consolidated or the 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 express 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.

## Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the IASB 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 Annual 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/or the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

**Ernst & Young Namibia**  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)

Per: Jaco Coetzee  
Partner

Windhoek, Namibia  
Date: 25 September 2026

# 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 (The Group) for the year ended 30 June 2026.

## 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 and RMB, the corporate and investment bank. 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 note 29 of the group's financial statements for a simplified group structure.

## 2. 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 NSX Listing Requirements, Banking Institutions Act and the requirements of the Companies Act of Namibia.

The consolidated and separate annual financial statements on pages 104 to 230 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 20), the chief executive officer's report (page 39) and the chief financial officer's report (page 67).

## 3. Share capital

The company's authorised share capital at year end consists of 4 000 (2025: 4 000) ordinary shares of N\$1 each.

Details of FNB's authorised share capital as at 30 June 2026 are shown in note 26 to the group's financial statements.

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

## 4. Dividends

During the current year cash dividends of N\$1 314 million (2025: N\$937 million) were declared and paid in respect of the current 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.

## 6. Directorate

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

| Directors     | Office                  | Designation               |
|---------------|-------------------------|---------------------------|
| ON Shikongo   | Chairperson             | Independent non-executive |
| C Dempsey     | Chief Executive Officer | Executive                 |
| LP Smit       | Chief Financial Officer | Executive                 |
| JR Formby*    | Other                   | Independent non-executive |
| S Quarmby     | Other                   | Independent non-executive |
| LD Kapere     | Other                   | Independent non-executive |
| MJ Lubbe**    | Other                   | Independent non-executive |
| E van Zyl     | Other                   | Independent non-executive |
| SL Balsdon*** | Other                   | Non-executive             |

\* South African.

\*\* South African with Namibian permanent residence.

\*\*\* South African and Irish.

### 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.

| Director                               | Nature of change     | Effective date  |
|----------------------------------------|----------------------|-----------------|
| IN Nashandi<br>Non-executive           | Director resignation | 17 October 2025 |
| JR Formby<br>Independent non-executive | Director appointment | 1 November 2025 |
| S Quarmby<br>Independent non-executive | Director appointment | 1 April 2026    |
| J Coetzee<br>Independent non-executive | Director resignation | 30 April 2026   |

### 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

During the year, management discontinued the plan to sell a building previously classified as a non-current asset held for sale under IFRS 5. The property was reintroduced for internal use and reclassified to property and equipment. Refer to note 19.

## 10. Holding company

The holding company of First National Bank of Namibia Limited is FirstRand Namibia Limited a Namibia Securities 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

Apart from the final dividend declared subsequent to 30 June 2026, 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 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 2026; the income statements and statements of other 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 2025.

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 the subsidiary 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 accounting standards 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                                      | <p>The group presents its statement of financial position in order of liquidity.</p> <p>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.</p>                                                                            |
| Materiality                                       | <p>IFRS Accounting Standards are 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 the user of the financial statement and considers both qualitative and quantitative factors in determining the materiality threshold for disclosure and presentation purposes.</p> |
| Functional and presentation currency of the group | <p>Namibia dollar (N\$)</p>                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Level of rounding                                 | <p>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.</p>                                                                                                                                                                                                                                                                                 |
| Foreign currency transactions of the group        | <p>Translated into the functional currency using the exchange rates prevailing at the date of the transactions.</p>                                                                                                                                                                                                                                                                                                                          |

|                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Translation and treatment of foreign denominated balances | <p>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.</p> <p>Foreign exchange gains or losses are recognised in profit or loss in fair value gains or losses.</p> <p>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:</p> <ul style="list-style-type: none"> <li>Equity instruments – recognised in other comprehensive income (OCI) as part of the fair value movement; and</li> <li>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).</li> </ul> |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# ACCOUNTING POLICIES *continued*

## 1. Introduction and basis of preparation *continued*

### 1.3 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                                       |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| IFRS 9 and IFRS 7 | <p><b>Amendments to the Classification and Measurement of Financial Instruments</b></p> <p>The amendments clarify:</p> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>the treatment of non-recourse assets and contractually linked instruments; and</li> <li>additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event.</li> </ul> <p>The impact on the annual financial statements is currently being assessed and not expected to have a material impact on the group's results.</p> | Annual periods commencing on or after 1 January 2026 |
| IFRS 9 and IFRS 7 | <p><b>Contracts referencing nature-dependent electricity – Amendments to IFRS 9 and IFRS 7</b></p> <p>The amendments include:</p> <ul style="list-style-type: none"> <li>Clarifying the application of the 'own-use' requirements.</li> <li>Permitting hedge accounting if these contracts are used as hedging instruments.</li> <li>Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.</li> </ul> <p>The group does not expect this amendment to have a significant impact on the annual financial statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                               | Annual periods commencing on or after 1 January 2026 |
| IFRS 18           | <p><b>Presentation and Disclosure in Financial Statements</b></p> <p>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.</p> <p>IFRS 18 aims to improve financial reporting by:</p> <ul style="list-style-type: none"> <li>Requiring additional defined subtotals in the statement of profit or loss;</li> <li>Requiring disclosures about management-defined performance measures; and</li> <li>Adding new principles for grouping (aggregation and disaggregation) of information.</li> </ul> <p>The new standard is expected to impact group presentation of its statement of profit or loss.</p>                                                                                                                                                                                                       | Annual periods commencing on or after 1 January 2027 |

# ACCOUNTING POLICIES *continued*

## 1. Introduction and basis of preparation *continued*

### 1.3 Standards and interpretations issued but not yet effective *continued*

|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                      |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| IFRS 19       | <p><b>Subsidiaries without Public Accountability: Disclosures</b></p> <p>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.</p> <p>IFRS 19 would not be applicable to the group annual financial statements.</p>                                                                                                                                                                                                                                                                                                                                                                                           | Annual periods commencing on or after 1 January 2027 |
| IFRS for SMEs | <p><b>IFRS for SMEs third edition</b></p> <p>The IASB has issued the third edition of the IFRS for SMEs Accounting Standard. The new IFRS for SMEs Accounting Standard reflects updates that now largely align it with IFRS Accounting Standards. Some areas of divergence remain – the International Accounting Standards Board (IASB) has notably opted to defer alignment with IFRS 16 Leases – but the updated SMEs Accounting Standard now broadly reflects:</p> <ul style="list-style-type: none"> <li>• IFRS 3 Business Combinations;</li> <li>• IFRS 10 Consolidated Financial Statements;</li> <li>• IFRS 15 Revenue from Contracts with Customers; and</li> <li>• other relevant changes made to IFRS Accounting Standards since 2015.</li> </ul> <p>IFRS for SMEs is not applicable to the group annual financial statements.</p> | Annual periods commencing on or after 1 January 2027 |

### New standards adopted in the current year

Amendments to IAS 21 Lack of Exchangeability disclosures became effective in the current year. This amendment to IFRS Accounting Standards did not impact 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 Summary of material accounting policies

The group adopts the following material accounting policies in preparing its financial statements.

#### Summary of material accounting policies

|   |                                                              |                                                   |                                                |                                                          |
|---|--------------------------------------------------------------|---------------------------------------------------|------------------------------------------------|----------------------------------------------------------|
| 2 | Subsidiaries                                                 | 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)               | Derivatives and hedge accounting (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 liabilities (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

### 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), with the exception of investments acquired and held exclusively with the view to dispose of them in the near future (within 12 months). These investments are measured at fair value less cost to sell in terms of IFRS 5. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 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.<br>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.<br>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.<br>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 *continued*

### 2.2 Related party transactions

Related parties of the group, as defined, include:

| Subsidiaries                   |                                                                                                          | Post-employment benefit funds (pension funds)                                               |                             |
|--------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------|
| 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 | Close family members of KMP |

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

Key management personnel of the group are the FirstRand Namibia Limited board of directors and the FirstRand 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.

## 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.
- 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;
- 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.

# 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

##### Non-interest revenue from contracts with customers

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.

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fee and commission income | <p>Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Banking fee and commission income;</li> <li>• Knowledge-based fee and commission income;</li> <li>• Management, trust and fiduciary fees;</li> <li>• Fee and commission income from service providers; and</li> <li>• Other non-banking fee and commission income.</li> </ul> <p>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.</p> <p>Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:</p> <ul style="list-style-type: none"> <li>• 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 related fees.</li> <li>• 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.</li> </ul> <p>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.</p> <p>Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers. 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.</p> |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# 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 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 policyholder liabilities and 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;
- Fair value gains or losses on policyholder liabilities under investment contracts; 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*

#### Non-interest and financial instrument revenue recognised in profit or loss *continued*

##### Gains less losses from investing activities

The following items are included in gains less losses from investing activities:

- Any gains or losses on disposals of investments in subsidiaries;
- 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.

##### Dividend income

The group recognises dividend income when the group's right to receive payment is established.

##### Expenses

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.

|                      |                                                                                                                                                                                                                                             |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indirect tax expense | 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. |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# 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 | <ul style="list-style-type: none"> <li>• Provision for loan impairment.</li> <li>• Instalment credit assets.</li> <li>• Revaluation (including ECL movements) of certain financial assets and liabilities, including derivative contracts.</li> <li>• Provisions for pensions and other post-retirement benefits.</li> </ul>                                                                                                                                                                                                                                                                                                                       |
| 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                                                     | <p>Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or OCI.</p> <p>Items recognised directly in equity or OCI relate to:</p> <ul style="list-style-type: none"> <li>• Fair value remeasurement of financial assets measured at FVOCI; and</li> <li>• Remeasurements of defined benefit post-employment plans.</li> </ul> <p>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.</p> |
| 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                                  | <p>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.</p> <p>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.</p>                                            |

# ACCOUNTING POLICIES *continued*

## 4. Financial instruments

### 4.1 Classification and measurement

#### 4.1.1 Initial measurement

The group recognises purchases and sale of financial instruments that require delivery within the time frame established by regulation or market convention (regular way purchases and sales) at settlement date, which is the date the asset is delivered or received.

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.

# 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

##### 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.

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.

# 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*

##### Classification and subsequent measurement of financial assets *continued*

##### 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.

##### Retail advances

|                 | Business model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Cash flow characteristics                                                                                                                                                                                                                                                                                                   |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Retail advances | <p>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.</p> <p>The products included under this business model include:</p> <ul style="list-style-type: none"> <li>• Property mortgages;</li> <li>• Vehicle and asset finance;</li> <li>• Personal loans;</li> <li>• Credit cards; and</li> <li>• Other retail products such as overdrafts.</li> </ul> | <p>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.</p> |

# 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*

| Corporate and commercial advances |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                   | Business model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Cash flow characteristics                                                                                                                                                                                                                                                                                                                                                          |
| Corporate and commercial advances | <p>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.</p> <p>The products under in this business model include:</p> <ul style="list-style-type: none"> <li>• Trade and working capital finance;</li> <li>• Specialised finance;</li> <li>• Commercial property finance; and</li> <li>• Asset-backed finance.</li> </ul> <p>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.</p> <p>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.</p> | <p>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.</p> |
| Investment securities             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                    |
| Investment securities             | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>The cash flows on these investment securities are SPPI.</p>                                                                                                                                                                                                                                                                                                                     |
| Cash and cash equivalents         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                    |
| Cash and cash equivalents         | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>The cash flows on these assets are SPPI.</p>                                                                                                                                                                                                                                                                                                                                    |
| Other assets                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                    |
| Other assets                      | <p>Other assets are short-term financial assets that are held to collect contractual cash flows.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>The cash flows on these assets are SPPI.</p>                                                                                                                                                                                                                                                                                                                                    |

# 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*

##### Corporate and commercial advances *continued*

##### 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.<br><br>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.                                                                                                                                                                          |

##### Debt Instruments at FVOCI

|                       |                                                                                                                                                                                                                                                                                                                                                  |                                                         |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Investment securities | Group Treasury holds certain investment securities for liquidity management purposes. Local regulators require that the bank/branch prove liquidity of its assets by way of periodic outright sales. Therefore, the business model for these investment securities is both collecting contractual cash flows and selling these financial assets. | The cash flows on these investment securities are SPPI. |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|

##### Equity Investments at FVOCI

|                       |                                                                                                             |
|-----------------------|-------------------------------------------------------------------------------------------------------------|
| Investment securities | The group has elected to designate certain equity investments not held for trading to be measured at FVOCI. |
|-----------------------|-------------------------------------------------------------------------------------------------------------|

##### 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. Tier 2 instruments which have write-down or conversion features are classified based on the nature of the instrument and the definitions. Tier 2 and other funding liabilities are presented in separate lines on the statement of financial position of the group.

##### 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;
- Tier 2; and
- Other funding liabilities.

# 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*

##### Corporate and commercial advances *continued*

##### 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                                                                 |

##### 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.

# ACCOUNTING POLICIES *continued*

## 4. Financial instruments *continued*

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

#### Expected credit losses *continued*

#### Advances *continued*

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Credit impaired financial assets | <p>Advances are considered credit-impaired if they meet the definition of default.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Any distressed restructures of accounts which have experienced a SICR since initial recognition are defined as default events.</p> <p>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 judgementslly through a committee process.</p> |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### 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.

# ACCOUNTING POLICIES *continued*

## 4. Financial instruments *continued*

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

#### Expected credit losses *continued*

#### Other financial assets *continued*

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment securities | <p>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.</p> <p>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.</p> <p>The group does not use the low credit risk exemption for investment securities, including government bonds.</p> |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### 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:

| Transaction type                                                  | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Accounting treatment                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfers without derecognition                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                  |
| Reverse repurchase agreements                                     | <p>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.</p> <p>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.</p> | <p>The transferred assets continue to be recognised by the group in full. Such advances and investment securities are disclosed separately in the relevant notes.</p> <p>The group recognises an associated liability for the obligation for the cash received as a separate category of deposits.</p>                                           |
| Securities lending                                                | <p>Investment securities are lent to external counterparties in exchange for cash collateral as security for the return of the securities.</p> <p>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.</p>                                                                                                          |                                                                                                                                                                                                                                                                                                                                                  |
| Modifications without derecognition                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                  |
| Modification of contractual cash flows                            | 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.                                                                                                                                                                                            | 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. |
| Modifications with derecognition (i.e. substantial modifications) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                  |
| Retail advances                                                   | 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.                                                                                                                                                                                                                          | The existing asset is derecognised and a new asset is recognised at fair value based on the modified contractual terms.                                                                                                                                                                                                                          |

# ACCOUNTING POLICIES *continued*

## 4. Financial instruments *continued*

### 4.4 Offsetting of financial instruments and collateral

Where the requirements of IAS 32 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                                                                | <p>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).</p> <p>Financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties to mitigate credit risk.</p> |
| Repurchase and reverse repurchase agreements, and securities lending and borrowing transactions | <p>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.</p> <p>The group receives and accepts collateral for these transactions in the form of cash and other investment securities.</p>                                                                                                                                                                                                                           |
| Other advances and deposits                                                                     | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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

| Classification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Measurement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Property and equipment (owned and right of use)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Property and equipment of the group include:</p> <ul style="list-style-type: none"> <li>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);</li> <li>Assets which are owned by the group and leased to third parties under operating leases as part of the group's revenue-generating operations;</li> <li>Capitalised leased assets; and</li> <li>Other assets utilised by the group in the normal course of operations, including computer and office equipment, motor vehicles and furniture and fittings.</li> </ul>                                                                                                                                                                                                                     | <p>Historical cost less accumulated depreciation and impairment losses, except for land, which is not depreciated.</p> <p>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.</p> <p>Freehold property and property held under leasing agreements:</p> <ul style="list-style-type: none"> <li>Buildings and structures 50 years</li> <li>Motor vehicle 5 years</li> <li>Sundries 3 – 5 years</li> <li>IT equipment 3 – 5 years</li> <li>Other equipment: various 3 – 10 years</li> <li>Furniture and fixtures 5 – 10 years</li> </ul> |
| <b>Intangible assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Intangible assets of the group include:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul> <p>All other costs related to intangible assets are expensed in the financial period incurred.</p> | <p>Cost less accumulated amortisation and any impairment losses.</p> <p>Amortisation is on a straight-line basis over the useful life of the asset. The useful life of each asset is assessed individually.</p> <p>The benchmarks used when assessing the useful life of the individual assets are:</p> <ul style="list-style-type: none"> <li>Software development costs 3 years</li> <li>Trademarks 10 – 20 years</li> <li>Other 3 – 10 years</li> <li>Customer related intangibles 10 years</li> </ul>                                                                                                                                                                                                                  |
| Goodwill arising from business combinations is recognised as an intangible asset.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Tested for impairment annually.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Properties in possession</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

# ACCOUNTING POLICIES *continued*

## 5. Other assets and liabilities *continued*

### 5.1 Classification and measurement *continued*

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.

## 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 | <p>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.</p> <p>The ROUAs are measured at cost comprising of:</p> <ul style="list-style-type: none"> <li>• The amount of the initial measurement of the lease liability;</li> <li>• Any initial direct costs incurred;</li> <li>• Restoration costs where required by the lessee by the terms and conditions of the lease; and</li> <li>• Any lease payments made at or before the commencement date, less any lease incentives received.</li> </ul> <p>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.</p> | <p>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.</p> |

# 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 | <p>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.</p> <p>The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses.</p> <p>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.</p> <p>The group applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss.</p> | <p>Unearned finance income is recognised as interest income over the term of the lease using the effective interest rate method.</p> <p>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.</p> |
| Presentation               | <p>The lease liability is presented in other liabilities in the consolidated statement of financial position.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>Finance lease receivables are presented as part of advances in the consolidated statement of financial position.</p>                                                                                                                                                                                                                                                                                                                                                       |
| Operating leases           | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Assets held under operating leases are included in property and equipment and depreciated – refer to accounting policy 5.1.</p> <p>Rental income is recognised as other NIR on a straight-line basis over the lease term.</p>                                                                                                                                                                                                                                              |

### 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.<br><br>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 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 and defined contribution 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 contribution plans                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determination of defined contribution plan                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Recognition</b><br>Contributions are recognised as an expense, included in staff costs, when the employees have rendered the service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.                                                                                                                                                                                                                                                                                                                                                            |
| Defined benefit plans                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Defined benefit obligation liability                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Recognition</b><br>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.<br><b>Measurement</b><br>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: <ul style="list-style-type: none"> <li>Current and past service costs calculated on the projected unit credit method.</li> <li>Gains or losses on curtailments and settlements that took place in the current period.</li> <li>Net interest income calculated by applying the discount rate at the beginning of the period to the net asset or liability.</li> <li>Actuarial gains or losses on long-term employee benefits.</li> </ul>                                                                                                                                                                                   |
| 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 and an immaterial equity-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 34.

### 8.2 Subsidiary

#### Subsidiary

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.

#### Decision-making power

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; and
- 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.

# ACCOUNTING POLICIES *continued*

## 8. Significant accounting estimates, assumptions and judgements *continued*

### 8.2 Subsidiary *continued*

| Subsidiary <i>continued</i>            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exposure to variable returns           | <p>Factors considered include:</p> <ul style="list-style-type: none"> <li>• The group's rights in respect of profit or residual distributions;</li> <li>• The group's rights in respect of repayments and return of debt funding;</li> <li>• Whether the group receives any remuneration from servicing assets or liabilities of the entity;</li> <li>• Whether the group provides any credit or liquidity support to the entity;</li> <li>• Whether the group receives any management fees and whether these are market-related; and</li> <li>• 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.</li> </ul> |
| Ability to use power to affect returns | <p>Factors considered include:</p> <ul style="list-style-type: none"> <li>• Whether the group is acting as an agent or principal;</li> <li>• Whether the group has any de facto decision-making rights;</li> <li>• Whether the decision-making rights the group has are protective or substantive; and</li> <li>• Whether the group has the practical ability to direct the relevant activities.</li> </ul>                                                                                                                                                                                                                                                                                                                                              |

# ACCOUNTING POLICIES *continued*

## 8. Significant accounting estimates, assumptions and judgements *continued*

### 8.3 Taxation

The group is subject to direct tax in Namibia and South Africa. 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.

### 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 & Poor's 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.

# ACCOUNTING POLICIES *continued*

## 8. Significant accounting estimates, assumptions and judgements *continued*

### 8.4 Impairment of financial assets *continued*

#### Forward-looking information *continued*

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.

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

| Scenario | Probability         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Baseline | 62.4% (2025: 64.5%) | Global growth slows amid US protectionism, but stimulus supports recovery as trade wars are avoided. Domestically, near-term momentum is weak as an oil-price shock weighs on growth, before a mining-led recovery takes hold. Diamond prices stay soft and Southern African Customs Union (SACU) receipts ease. Inflation stays anchored below 5%, with policy broadly flat.                                                                                                             |
| Upside   | 20.3% (2025: 18.8%) | Namibia's growth accelerates amid strong mining exports, tourism, and infrastructure investment, supported by confirmed energy-project Final Investment Decision's (FID) and restored investor confidence as indigenisation policy reverses. Inflation rises with higher spending, deposit and Private Sector Credit Extension (PSCE) growth, and currency appreciation. Improved capital inflows and stronger public finances support broader resilience and credit sentiment.           |
| Downside | 17.3% (2025: 16.7%) | Namibia enters a mild recession as exports weaken and a key energy FID is deferred. A prolonged oil-price shock drives Consumer Price Index (CPI) higher, while rapid currency depreciation, drought conditions, and rising energy costs further intensify inflation. Private sector credit extension and deposits contract, dampening consumption. Interest rates are raised to defend the currency peg amid regional shocks. Both the currency and inflation only stabilise after 2028. |

#### Namibia

Namibia's economic outlook remains positive but moderate, with GDP growth projected to stay below 3.5% over the medium term as structural constraints re-emerge. Near-term growth has been revised downward: an imported oil-price shock is weighing on activity, lowering the 2026 real GDP forecast to 0.8% (from 1.2%). A mining-led recovery, supported by new uranium, gold, oil, and gas capacity, is expected to lift growth to 3.3% in 2027 and 3.5% in 2028.

The medium-term outlook is increasingly shaped by rising fiscal pressures. Weak SACU inflows, softer diamond revenues, and higher borrowing costs are expected to constrain government spending from 2026 onward. The fiscal deficit is projected to exceed 6% of GDP, while public debt is likely to breach 70% of GDP. Fiscal consolidation will weigh on public sector-driven activity, particularly in construction, education, and public services.

Inflation is expected to rise gradually, averaging 4.7% in 2026 (up from 4.2%) and reaching year-end levels near 6.0%, before moderating in 2027 as fuel-price impulses fade. Risks remain tilted to the upside, including global trade disruptions, volatile food prices, and persistent rent inflation.

Following recent rate cuts, the Bank of Namibia is expected to raise the repo rate once, by 25 basis points to 6.75%, and then hold it steady over the forecast horizon to preserve the interest-rate differential with South Africa and safeguard the currency peg.

# ACCOUNTING POLICIES *continued*

## 8. Significant accounting estimates, assumptions and judgements *continued*

### 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 2026       | Upside scenario |      |      | Baseline expectation |      |      | Downside scenario |      |      |
|-----------------|-----------------|------|------|----------------------|------|------|-------------------|------|------|
| %               | 2027            | 2028 | 2029 | 2027                 | 2028 | 2029 | 2027              | 2028 | 2029 |
| Real GDP growth | 6.60            | 4.70 | 4.50 | 3.30                 | 3.20 | 3.70 | (0.80)            | 1.60 | 3.60 |
| CPI inflation   | 5.30            | 4.80 | 3.30 | 4.70                 | 3.60 | 3.50 | 8.80              | 5.50 | 4.40 |
| Repo rate       | 7.00            | 6.50 | 5.50 | 6.75                 | 6.75 | 6.75 | 8.50              | 7.75 | 7.00 |

| June 2025       | Upside scenario |      |      | Baseline expectation |      |      | Downside scenario |      |      |
|-----------------|-----------------|------|------|----------------------|------|------|-------------------|------|------|
| %               | 2026            | 2027 | 2028 | 2026                 | 2027 | 2028 | 2026              | 2027 | 2028 |
| Real GDP growth | 5.75            | 6.25 | 6.00 | 3.50                 | 3.20 | 3.00 | (0.50)            | –    | 0.50 |
| CPI inflation   | 5.65            | 6.20 | 6.00 | 4.40                 | 4.60 | 4.60 | 6.75              | 7.5  | 7.00 |
| Repo rate       | 7.50            | 7.25 | 7.25 | 6.75                 | 6.75 | 6.75 | 9.00              | 8.5  | 7.75 |

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 | 2026      |                                    | 2025      |                                    |
|----------------------------------------|-----------|------------------------------------|-----------|------------------------------------|
|                                        | N\$'000   | % change on total IFRS 9 provision | N\$'000   | % change on total IFRS 9 provision |
| Baseline                               | 1 340 065 | 0.37%                              | 1 590 337 | (0.42%)                            |
| Upside                                 | 1 269 173 | (4.94%)                            | 1 558 549 | (2.41%)                            |
| Downside*                              | 1 402 397 | 5.04%                              | 1 649 613 | 3.29%                              |

\* 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 *continued*

### 8.4 Impairment of financial assets *continued*

| Judgement                                                                                                                       | Retail and retail SME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Wholesale and commercial SME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measurement of the 12-month and LECL                                                                                            | <p>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.</p> <p>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.</p> <p>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.</p> | <p>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.</p> <p>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.</p> |
|                                                                                                                                 | <p>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.</p> <p>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.</p> <p>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.</p>                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Determination of whether the credit risk of financial instruments have increased significantly since initial recognition (SICR) | <p>SICR triggers continue to be based on client behaviour, client-based behaviour scores and judgemental factors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>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.</p>                                                                                                    |

# ACCOUNTING POLICIES *continued*

## 8. Significant accounting estimates, assumptions and judgements *continued*

### 8.4 Impairment of financial assets *continued*

| Judgement                                  | Retail and retail SME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Wholesale and commercial SME                     |                                |                                                  |                                |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------|--------------------------------------------------|--------------------------------|
| Sensitivity staging                        | The move from 12-month ECL (stage 1) to LECL (stage 2) can result in a substantial increase in ECL. The sensitivity information provided in the table below details the estimated additional ECL charge to the income statement that the group would need to recognise if 5% of the stage 1 gross carrying amount (GCA) of advances suffered a SICR and were moved from stage 1 to stage 2 as at 30 June 2026. A movement of 5% of the stage 1 balance to stage 2 can be viewed as a reasonably possible alternative based on the current economic conditions.                                                 |                                                  |                                |                                                  |                                |
|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | June 2026                                        |                                | June 2025                                        |                                |
|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5% increase in gross carrying amount of exposure | Increase in the loss allowance | 5% increase in gross carrying amount of exposure | Increase in the loss allowance |
| N\$'000                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                  |                                |                                                  |                                |
| Retail                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1 079 685                                        | 77 894                         | 1 019 164                                        | 95 898                         |
| FNB commercial                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 360 442                                          | 28 248                         | 366 584                                          | 42 874                         |
| RMB corporate and investment banking       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 520 178                                          | 31 088                         | 390 889                                          | 41 967                         |
| Total increase in stage 2 advances and ECL |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1 960 305                                        | 137 230                        | 1 776 636                                        | 180 739                        |
| Credit risk reserve                        | The Group recognised a credit risk reserve as a regulatory overlay in accordance with the Bank of Namibia Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2). The reserve is created where IFRS 9 expected credit loss provisions are lower than the regulatory provisioning requirements. The credit risk reserve is recognised as a non-distributable reserve through a transfer from retained earnings, with no impact on profit or loss or the carrying value of financial assets. Any subsequent movements in the reserve are recorded directly in retained earnings. |                                                  |                                |                                                  |                                |

# ACCOUNTING POLICIES *continued*

## 8. Significant accounting estimates, assumptions and judgements *continued*

### 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.

#### Cash settled share-based payment plans

Determination of fair value of the award

The award is determined using the volume-weighted average price of the underlying share price at grant date, adjusted for:

- the time value between grant date and vesting date through discounting using the risk-free interest rate;
- the expected future dividends over the vesting period, based on independently observable market expectations (including Bloomberg consensus data) and adjusted using the risk-free interest rate; and
- expected staff turnover referenced to historical behaviour as indicators of future conditions and reviewed annually against actual experience.

### 8.7 Fair value

#### Fair value measurement

The details of the processes, procedures and assumptions used in the determination of fair value are disclosed in note 30. In particular, the areas that involve the greatest amount of judgement and complexity include the following:

- assessing whether instruments are trading with sufficient frequency and volume that can be considered liquid;
- the inclusion of a measure of the risk of counterparty non-performance in the fair value measurement of loans and advances; and
- the inclusion of credit valuation adjustments and funding valuation adjustments in the fair value measurement of derivative instruments.

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2026

| N\$'000                                                                        | Note(s) | Group       |             | Company     |             |
|--------------------------------------------------------------------------------|---------|-------------|-------------|-------------|-------------|
|                                                                                |         | 2026        | 2025        | 2026        | 2025        |
| Interest and similar income                                                    | 1       | 5 687 695   | 5 850 605   | 5 687 190   | 5 840 040   |
| Interest expense and similar charges                                           | 2       | (2 038 423) | (2 518 154) | (2 038 423) | (2 509 142) |
| <b>Net interest income before impairment of advances</b>                       |         | 3 649 272   | 3 332 451   | 3 648 767   | 3 330 898   |
| Impairment and fair value of credit on advances                                | 13      | (248 951)   | (527 411)   | (246 769)   | (521 106)   |
| <b>Net interest income after impairment of advances</b>                        |         | 3 400 321   | 2 805 040   | 3 401 998   | 2 809 792   |
| Non-interest revenue                                                           | 3       | 2 543 946   | 2 496 190   | 2 541 196   | 2 493 503   |
| – Net fee and commission income                                                |         | 2 213 701   | 2 119 448   | 2 213 669   | 2 119 598   |
| – Fee and commission income                                                    |         | 2 644 126   | 2 470 213   | 2 644 094   | 2 470 363   |
| – Fee and commission expenses                                                  |         | (430 425)   | (350 765)   | (430 425)   | (350 765)   |
| – Fair value gains                                                             |         | 284 326     | 310 062     | 284 326     | 310 062     |
| – Gains less losses from investing activities                                  |         | (818)       | (542)       | (818)       | (542)       |
| – Other non-interest income                                                    |         | 46 737      | 67 222      | 44 019      | 64 385      |
| Income from operations                                                         |         | 5 944 267   | 5 301 230   | 5 943 194   | 5 303 295   |
| Operating expenses                                                             | 4       | (2 957 038) | (2 650 565) | (2 951 665) | (2 648 745) |
| <b>Net income from operations</b>                                              |         | 2 987 229   | 2 650 665   | 2 991 529   | 2 654 550   |
| Income before indirect tax                                                     |         | 2 987 229   | 2 650 665   | 2 991 529   | 2 654 550   |
| Indirect tax                                                                   | 6       | (58 393)    | (59 234)    | (58 353)    | (59 212)    |
| <b>Profit before income tax</b>                                                |         | 2 928 836   | 2 591 431   | 2 933 176   | 2 595 338   |
| Income tax expense                                                             | 6       | (852 815)   | (749 397)   | (852 815)   | (753 457)   |
| <b>Profit for the year</b>                                                     |         | 2 076 021   | 1 842 034   | 2 080 361   | 1 841 881   |
| <b>Other comprehensive income:</b>                                             |         |             |             |             |             |
| <b>Items that may be subsequently reclassified to profit or loss:</b>          |         |             |             |             |             |
| <b>FVOCI debt reserve</b>                                                      |         |             |             |             |             |
| Gain arising during the year                                                   |         | 103         | –           | 103         | –           |
| Deferred income tax                                                            | 18      | (31)        | –           | (31)        | –           |
| <b>Total items that may be subsequently reclassified to profit or loss</b>     |         | 72          | –           | 72          | –           |
| <b>Items that may not be subsequently reclassified to profit or loss:</b>      |         |             |             |             |             |
| <b>Defined benefit post-employment plan</b>                                    |         |             |             |             |             |
| Remeasurements on defined benefit post-employment plans                        |         | (6 392)     | (2 446)     | (6 392)     | (2 446)     |
| Deferred income tax                                                            | 18      | 1 918       | 758         | 1 918       | 758         |
| <b>Total items that may not be subsequently reclassified to profit or loss</b> |         | (4 474)     | (1 688)     | (4 474)     | (1 688)     |
| <b>Other comprehensive (loss) for the year net of taxation</b>                 |         | (4 402)     | (1 688)     | (4 402)     | (1 688)     |
| <b>Total comprehensive income for the year</b>                                 |         | 2 071 619   | 1 840 346   | 2 075 959   | 1 840 193   |

# STATEMENTS OF FINANCIAL POSITION

as at 30 June 2026

| N\$'000                                         | Note(s) | Group             |                   | Company           |                   |
|-------------------------------------------------|---------|-------------------|-------------------|-------------------|-------------------|
|                                                 |         | 2026              | 2025              | 2026              | 2025              |
| <b>Assets</b>                                   |         |                   |                   |                   |                   |
| Cash and cash equivalents                       | 8       | 2 377 194         | 3 069 530         | 2 377 194         | 3 069 530         |
| Due from banks and other financial institutions | 9       | 3 033 374         | 2 194 327         | 3 033 374         | 2 194 327         |
| Derivative financial instruments                | 10      | 50 227            | 943 324           | 50 227            | 943 324           |
| Investment securities                           | 11      | 13 078 324        | 9 317 365         | 13 078 324        | 9 317 365         |
| Advances                                        | 12      | 42 814 021        | 39 222 390        | 42 753 608        | 39 145 260        |
| Other assets                                    | 14      | 472 582           | 328 140           | 472 520           | 327 165           |
| Current tax asset                               |         | 300               | 245               | –                 | –                 |
| Non-current assets held for sale                | 19      | –                 | 55 040            | –                 | –                 |
| Investment in subsidiary                        | 15      | –                 | –                 | 104 572           | 119 021           |
| Property and equipment                          | 16      | 1 005 890         | 878 200           | 951 496           | 877 466           |
| Intangible assets                               | 17      | 56 139            | 55 216            | 56 139            | 55 216            |
| <b>Total Assets</b>                             |         | <b>62 888 051</b> | <b>56 063 777</b> | <b>62 877 454</b> | <b>56 048 674</b> |
| <b>Equity and Liabilities</b>                   |         |                   |                   |                   |                   |
| <b>Liabilities</b>                              |         |                   |                   |                   |                   |
| Short trading position                          | 21      | 32 199            | 16 682            | 32 199            | 16 682            |
| Derivative financial instruments                | 10      | 59 558            | 984 517           | 59 558            | 984 517           |
| Creditors and accruals                          | 20      | 1 341 267         | 931 757           | 1 340 842         | 931 337           |
| Current tax liability                           |         | 98 961            | 90 899            | 98 961            | 90 899            |
| Deposits and current accounts                   | 22      | 52 789 291        | 46 220 104        | 52 788 248        | 46 218 890        |
| – Deposits from customers                       | 22      | 47 751 418        | 41 307 918        | 47 750 375        | 41 306 704        |
| – Debt securities                               | 22      | 4 760 999         | 4 659 032         | 4 760 999         | 4 659 032         |
| – Due to banks and other financial institutions | 22      | 276 874           | 253 154           | 276 874           | 253 154           |
| Employee liabilities                            | 23      | 323 966           | 292 839           | 323 966           | 292 839           |
| Other liabilities                               | 24      | 80 476            | 103 941           | 80 476            | 103 941           |
| Tier 2 liabilities                              | 25      | 503 426           | 503 558           | 503 426           | 503 558           |
| Deferred tax liability                          | 18      | 207 081           | 224 971           | 211 817           | 229 707           |
|                                                 |         | <b>55 436 225</b> | <b>49 369 268</b> | <b>55 439 493</b> | <b>49 372 370</b> |
| <b>Equity</b>                                   |         |                   |                   |                   |                   |
| Share capital                                   | 26      | 1                 | 1                 | 1                 | 1                 |
| Share premium                                   | 26      | 1 142 791         | 1 142 791         | 1 142 791         | 1 142 791         |
| Reserves                                        |         | 56 456            | 2 915             | 56 456            | 2 915             |
| Retained earnings                               |         | 6 252 578         | 5 548 802         | 6 238 713         | 5 530 597         |
|                                                 |         | <b>7 451 826</b>  | <b>6 694 509</b>  | <b>7 437 961</b>  | <b>6 676 304</b>  |
| <b>Total Equity and Liabilities</b>             |         | <b>62 888 051</b> | <b>56 063 777</b> | <b>62 877 454</b> | <b>56 048 674</b> |

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2026

| N\$'000                                               | Share capital | Share premium | Total share capital | Defined benefit post-employment reserve | FVOCI debt reserve | Credit risk reserve* | Total reserves | Retained earnings | Total equity |
|-------------------------------------------------------|---------------|---------------|---------------------|-----------------------------------------|--------------------|----------------------|----------------|-------------------|--------------|
| <b>Group</b>                                          |               |               |                     |                                         |                    |                      |                |                   |              |
| <b>Balance at 1 July 2024</b>                         | 1             | 1 142 791     | 1 142 792           | 4 603                                   | –                  | –                    | 4 603          | 4 643 680         | 5 791 075    |
| Profit for the year                                   | –             | –             | –                   | –                                       | –                  | –                    | –              | 1 842 034         | 1 842 034    |
| Other comprehensive loss                              | –             | –             | –                   | (1 688)                                 | –                  | –                    | (1 688)        | –                 | (1 688)      |
| <b>Total comprehensive loss for the year</b>          | –             | –             | –                   | (1 688)                                 | –                  | –                    | (1 688)        | 1 842 034         | 1 840 346    |
| Dividends                                             | –             | –             | –                   | –                                       | –                  | –                    | –              | (936 912)         | (936 912)    |
| <b>Balance at 1 July 2025</b>                         | 1             | 1 142 791     | 1 142 792           | 2 915                                   | –                  | –                    | 2 915          | 5 548 802         | 6 694 509    |
| Profit for the year                                   | –             | –             | –                   | –                                       | –                  | –                    | –              | 2 076 021         | 2 076 021    |
| Other comprehensive (loss)/income                     | –             | –             | –                   | (4 474)                                 | 72                 | –                    | (4 402)        | –                 | (4 402)      |
| <b>Total comprehensive (loss)/income for the year</b> | –             | –             | –                   | (4 474)                                 | 72                 | –                    | (4 402)        | 2 076 021         | 2 071 619    |
| Dividends                                             | –             | –             | –                   | –                                       | –                  | –                    | –              | (1 314 302)       | (1 314 302)  |
| Transfer between reserves                             | –             | –             | –                   | –                                       | –                  | 57 943               | 57 943         | (57 943)          | –            |
| <b>Balance at 30 June 2026</b>                        | 1             | 1 142 791     | 1 142 792           | (1 559)                                 | 72                 | 57 943               | 56 456         | 6 252 578         | 7 451 826    |
| Note(s)                                               | 26            | 26            | 26                  |                                         |                    |                      |                |                   |              |
| <b>Company</b>                                        |               |               |                     |                                         |                    |                      |                |                   |              |
| <b>Balance at 1 July 2024</b>                         | 1             | 1 142 791     | 1 142 792           | 4 603                                   | –                  | –                    | 4 603          | 4 625 628         | 5 773 023    |
| Profit for the year                                   | –             | –             | –                   | –                                       | –                  | –                    | –              | 1 841 881         | 1 841 881    |
| Other comprehensive loss                              | –             | –             | –                   | (1 688)                                 | –                  | –                    | (1 688)        | –                 | (1 688)      |
| <b>Total comprehensive (loss)/income for the year</b> | –             | –             | –                   | (1 688)                                 | –                  | –                    | (1 688)        | 1 841 881         | 1 840 193    |
| Dividends                                             | –             | –             | –                   | –                                       | –                  | –                    | –              | (936 912)         | (936 912)    |
| <b>Balance at 1 July 2025</b>                         | 1             | 1 142 791     | 1 142 792           | 2 915                                   | –                  | –                    | 2 915          | 5 530 597         | 6 676 304    |
| Profit for the year                                   | –             | –             | –                   | –                                       | –                  | –                    | –              | 2 080 361         | 2 080 361    |
| Other comprehensive (loss)/income                     | –             | –             | –                   | (4 474)                                 | 72                 | –                    | (4 402)        | –                 | (4 402)      |
| <b>Total comprehensive (loss)/income for the year</b> | –             | –             | –                   | (4 474)                                 | 72                 | –                    | (4 402)        | 2 080 361         | 2 075 959    |
| Dividends                                             | –             | –             | –                   | –                                       | –                  | –                    | –              | (1 314 302)       | (1 314 302)  |
| Transfer between reserves                             | –             | –             | –                   | –                                       | –                  | 57 943               | 57 943         | (57 943)          | –            |
| <b>Balance at 30 June 2026</b>                        | 1             | 1 142 791     | 1 142 792           | (1 559)                                 | 72                 | 57 943               | 56 456         | 6 238 713         | 7 437 961    |
| Note(s)                                               | 26            | 26            | 26                  |                                         |                    |                      |                |                   |              |

\* Credit risk reserve details are disclosed in accounting policy 8.4.

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2026

| N\$'000                                                                  | Note(s) | Group            |                  | Company          |                  |
|--------------------------------------------------------------------------|---------|------------------|------------------|------------------|------------------|
|                                                                          |         | 2026             | 2025             | 2026             | 2025             |
| <b>Cash generated from operating activities</b>                          |         |                  |                  |                  |                  |
| Profit before taxation                                                   |         | 2 928 836        | 2 591 431        | 2 933 176        | 2 595 338        |
| <b>Adjusted for:</b>                                                     |         |                  |                  |                  |                  |
| – Amortisation of intangibles                                            | 17      | 5 482            | 8 039            | 5 482            | 8 039            |
| – Depreciation of property and equipment                                 | 16      | 129 037          | 121 288          | 125 879          | 121 068          |
| – Impairment loss on advances excluding post write-off recoveries        | 13      | 354 058          | 576 106          | 351 884          | 569 793          |
| – Provision post-employment benefit obligation                           |         | 4 753            | 3 894            | 4 753            | 3 894            |
| – Other employment accruals                                              |         | 167 051          | 150 358          | 167 051          | 150 358          |
| – Impairment of other assets                                             | 4       | 9 771            | 1 283            | 9 771            | 1 283            |
| – Gains & losses from banking and trading activities                     | 3       | (283 508)        | (309 520)        | (283 508)        | (309 520)        |
| – (Profit)/loss on sale of property and equipment                        | 3       | (1 267)          | (2 394)          | (1 267)          | (2 394)          |
| – Share-based payment expenses                                           | 4       | 29 653           | 24 991           | 29 653           | 24 991           |
| – Indirect tax                                                           | 6       | 58 393           | 59 234           | 58 353           | 59 212           |
| – (Reversal of impairment)/Impairment of non-current asset held for sale | 3       | (1 780)          | (2 040)          | –                | –                |
| – Interest and similar income                                            | 1       | (5 687 695)      | (5 850 605)      | (5 687 190)      | (5 840 040)      |
| – Interest and similar expense                                           | 2       | 2 038 423        | 2 518 154        | 2 038 423        | 2 509 142        |
| Interest received                                                        |         | 5 735 458        | 5 936 560        | 5 734 886        | 5 925 889        |
| Interest paid                                                            |         | (1 986 301)      | (2 401 666)      | (1 986 301)      | (2 392 655)      |
| Taxation paid                                                            |         | (903 866)        | (1 135 735)      | (903 743)        | (1 135 715)      |
| <b>Cash generated from operating activities</b>                          |         | <b>2 596 498</b> | <b>2 289 377</b> | <b>2 597 302</b> | <b>2 288 683</b> |
| <b>Movement in operating assets and liabilities</b>                      |         |                  |                  |                  |                  |
| Investment securities                                                    | 11      | (3 700 150)      | (729 858)        | (3 700 150)      | (729 858)        |
| Due from banks and other financial institutions                          | 9       | (624 710)        | 7 459 193        | (624 710)        | 7 459 192        |
| Advances                                                                 | 12      | (3 991 571)      | (2 048 555)      | (4 006 048)      | (2 066 724)      |
| Deposits                                                                 | 22      | 6 492 982        | 981 891          | 6 493 154        | 982 184          |
| Due to banks and other financial institutions                            | 22      | 23 720           | (7 388 278)      | 23 720           | (7 388 278)      |
| Other assets                                                             | 14      | (183 866)        | (67 000)         | (184 779)        | (144 361)        |
| Creditors and other payables                                             | 20      | 410 475          | 214 152          | 410 439          | 292 905          |
| Employee liabilities                                                     | 23      | (140 678)        | (129 740)        | (140 678)        | (129 740)        |
| Other liabilities                                                        | 24      | (22 911)         | (21 778)         | (22 911)         | (21 778)         |
| Short-term trading                                                       | 21      | 15 517           | (17 402)         | 15 517           | (17 402)         |
| Derivative financial instruments                                         |         | (25 383)         | (23 196)         | (25 383)         | (23 196)         |
| <b>Net cash generated from operating activities</b>                      |         | <b>849 923</b>   | <b>518 806</b>   | <b>835 473</b>   | <b>501 627</b>   |
| <b>Cash flows from investing activities</b>                              |         |                  |                  |                  |                  |
| Acquisition of property and equipment                                    | 16      | (169 734)        | (112 701)        | (169 734)        | (112 700)        |
| Proceeds on disposal of property and equipment                           |         | 2 042            | 7 395            | 2 042            | 7 395            |
| Acquisition of intangible assets                                         | 17      | (6 405)          | (3 722)          | (6 405)          | (3 722)          |
| Loans to shareholders repaid                                             |         | –                | –                | 14 450           | 17 178           |
| <b>Net cash outflow from investing activities</b>                        |         | <b>(174 097)</b> | <b>(109 028)</b> | <b>(159 647)</b> | <b>(91 849)</b>  |

# STATEMENTS OF CASH FLOWS *continued*

## for the year ended 30 June 2026

| N\$'000                                           | Note(s) | Group              |                  | Company            |                  |
|---------------------------------------------------|---------|--------------------|------------------|--------------------|------------------|
|                                                   |         | 2026               | 2025             | 2026               | 2025             |
| <b>Cash flows from financing activities</b>       |         |                    |                  |                    |                  |
| Payments on lease liabilities                     | 24      | (22 574)           | (21 175)         | (22 574)           | (21 175)         |
| Proceeds from the issue of Tier 2 liabilities     | 25      | –                  | 500 000          | –                  | 500 000          |
| Payments on other liabilities                     | 24      | (31 286)           | (31 286)         | (31 286)           | (31 286)         |
| Dividends paid                                    |         | (1 314 302)        | (936 912)        | (1 314 302)        | (936 912)        |
| <b>Net cash outflow from financing activities</b> |         | <b>(1 368 162)</b> | <b>(489 373)</b> | <b>(1 368 162)</b> | <b>(489 373)</b> |
| <b>Total cash movement for the year</b>           |         | <b>(692 336)</b>   | <b>(79 595)</b>  | <b>(692 336)</b>   | <b>(79 595)</b>  |
| Cash at the beginning of the year                 |         | 3 069 530          | 3 149 125        | 3 069 530          | 3 149 125        |
| <b>Total cash at end of the year</b>              | 8       | <b>2 377 194</b>   | <b>3 069 530</b> | <b>2 377 194</b>   | <b>3 069 530</b> |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026

## 1. Interest and similar income

| N\$'000                                                                    | Group            |                  | Company          |                  |
|----------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                            | 2026             | 2025             | 2026             | 2025             |
| <b>Analysis of interest and similar income</b>                             |                  |                  |                  |                  |
| Instruments at amortised cost using effective interest rate                | 5 687 695        | 5 850 605        | 5 687 190        | 5 840 040        |
| <b>Revenue other than from contracts with customers</b>                    |                  |                  |                  |                  |
| – Overdrafts and cash managed accounts                                     | 432 741          | 464 719          | 432 741          | 464 428          |
| – Term loans                                                               | 768 167          | 526 810          | 768 167          | 526 810          |
| – Card loans                                                               | 74 968           | 79 199           | 74 968           | 79 199           |
| – Instalment sales                                                         | 521 775          | 508 801          | 521 775          | 508 801          |
| – Lease payments receivable                                                | 14 998           | 14 331           | 14 998           | 14 331           |
| – Home loans                                                               | 1 758 458        | 1 847 779        | 1 751 183        | 1 837 505        |
| – Commercial property finance                                              | 379 708          | 460 125          | 379 549          | 460 125          |
| – Personal loans                                                           | 521 903          | 528 392          | 521 903          | 528 392          |
| – Preference share agreements                                              | 98 643           | 97 588           | 98 643           | 97 588           |
| – Other advances                                                           | 18 408           | 29 510           | 18 408           | 29 510           |
| – Invoice financing                                                        | 2 732            | 4 407            | 2 732            | 4 407            |
|                                                                            | 4 592 501        | 4 561 661        | 4 585 067        | 4 551 096        |
| Due from banks, other financial institutions and cash and cash equivalents | 233 144          | 512 106          | 240 073          | 512 106          |
| Investment securities                                                      | 862 051          | 776 838          | 862 051          | 776 838          |
| <b>Interest and similar income</b>                                         | <b>5 687 695</b> | <b>5 850 605</b> | <b>5 687 190</b> | <b>5 840 040</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 2. Interest expense and similar charges

| N\$'000                                                     | Group     |           | Company   |           |
|-------------------------------------------------------------|-----------|-----------|-----------|-----------|
|                                                             | 2026      | 2025      | 2026      | 2025      |
| <b>Analysis of interest expense and similar charges</b>     |           |           |           |           |
| Instruments at amortised cost                               | 2 038 423 | 2 518 154 | 2 038 423 | 2 509 142 |
| <b>Deposits from customers</b>                              |           |           |           |           |
| – Current accounts                                          | 237 423   | 294 206   | 237 423   | 294 206   |
| – Savings deposits                                          | 35 206    | 34 854    | 35 206    | 34 854    |
| – Call deposits                                             | 724 550   | 708 659   | 724 550   | 708 659   |
| – Fixed and notice deposits                                 | 638 035   | 643 534   | 638 035   | 643 534   |
|                                                             | 1 635 214 | 1 681 253 | 1 635 214 | 1 681 253 |
| <b>Debt securities</b>                                      |           |           |           |           |
| – Negotiable certificate of deposit                         | 289 442   | 470 351   | 289 442   | 470 351   |
| – Fixed and floating rate notes                             | 49 167    | 38 829    | 49 167    | 38 829    |
|                                                             | 338 609   | 509 180   | 338 609   | 509 180   |
| <b>Deposits from banks and other financial institutions</b> | 9 175     | 289 706   | 9 175     | 280 694   |
| <b>Other funding liabilities</b>                            |           |           |           |           |
| – Other liabilities                                         | 7 736     | 7 600     | 7 736     | 7 600     |
| – Lease liabilities                                         | 3 369     | 2 872     | 3 369     | 2 872     |
| – Tier 2 liabilities                                        | 44 320    | 27 543    | 44 320    | 27 543    |
|                                                             | 55 425    | 38 015    | 55 425    | 38 015    |
| <b>Interest expense and similar charges</b>                 | 2 038 423 | 2 518 154 | 2 038 423 | 2 509 142 |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 3. Non-interest revenue

| N\$'000                                           | Group         |           | Company   |           |
|---------------------------------------------------|---------------|-----------|-----------|-----------|
|                                                   | 2026          | 2025      | 2026      | 2025      |
| <b>Analysis of non-interest revenue</b>           |               |           |           |           |
| Fee and commission income                         | 2 644 126     | 2 470 213 | 2 644 094 | 2 470 363 |
| Instruments at amortised cost                     | 2 631 441     | 2 461 664 | 2 631 409 | 2 461 814 |
| Non-financial instruments                         | 12 685        | 8 549     | 12 685    | 8 549     |
| Fee and commission expense                        | (430 425)     | (350 765) | (430 425) | (350 765) |
| Net fee and commission income                     | 3.1 2 213 701 | 2 119 448 | 2 213 669 | 2 119 598 |
| Fair value gains                                  | 3.2 284 326   | 310 062   | 284 326   | 310 062   |
| Gains less losses from investing activities       | 3.3 (818)     | (542)     | (818)     | (542)     |
| Other non-interest revenue                        | 3.4 46 737    | 67 222    | 44 019    | 64 385    |
| <b>Total non-interest revenue</b>                 | 2 543 946     | 2 496 190 | 2 541 196 | 2 493 503 |
| <b>3.1 Net fee and commission income</b>          |               |           |           |           |
| – Card commissions                                | 544 492       | 435 379   | 544 492   | 435 379   |
| – Cash deposit fee                                | 132 612       | 117 953   | 132 612   | 117 953   |
| – Commissions: bills and drafts                   | 62 722        | 55 807    | 62 836    | 55 943    |
| – Bank charges                                    | 1 781 717     | 1 738 128 | 1 781 309 | 1 737 780 |
| <b>Banking fee and commissions gains</b>          | 2 521 543     | 2 347 267 | 2 521 249 | 2 347 055 |
| – Documentation and administration fees           | 78 768        | 79 206    | 79 030    | 79 568    |
| – Cash handling fees                              | 31 130        | 35 191    | 31 130    | 35 191    |
| – Other commission income                         | 12 685        | 8 549     | 12 685    | 8 549     |
| <b>Total fee and commission income</b>            | 2 644 126     | 2 470 213 | 2 644 094 | 2 470 363 |
| Transaction processing fee                        | (320 703)     | (267 864) | (320 703) | (267 864) |
| Cash sorting, handling and transportation charges | (47 889)      | (29 577)  | (47 889)  | (29 577)  |
| Customer loyalty programmes                       | (44 771)      | (37 923)  | (44 771)  | (37 923)  |
| ATM commission paid                               | (11 297)      | (10 750)  | (11 297)  | (10 750)  |
| Other                                             | (5 765)       | (4 651)   | (5 765)   | (4 651)   |
| <b>Total fee and commission expenses</b>          | (430 425)     | (350 765) | (430 425) | (350 765) |
| <b>Net fee and commission income*</b>             | 2 213 701     | 2 119 448 | 2 213 669 | 2 119 598 |

\* Revenue from contracts with customers that are within the scope of IFRS 15. Majority of the fee and commission income are recognised at a point in time, including bank charges, exchange commissions, cash deposit fees and commission income.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 3. Non-interest revenue *continued*

| N\$'000                                                | Group          |                | Company        |                |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                        | 2026           | 2025           | 2026           | 2025           |
| <b>3.2 Fair value gains</b>                            |                |                |                |                |
| Foreign exchange                                       | 230 827        | 199 955        | 230 827        | 199 955        |
| Designated at fair value through profit or loss        | 53 499         | 110 107        | 53 499         | 110 107        |
| <b>Total fair value gains</b>                          | <b>284 326</b> | <b>310 062</b> | <b>284 326</b> | <b>310 062</b> |
| <b>3.3 Gains less losses from investing activities</b> |                |                |                |                |
| Loss allowance on investment securities                | (818)          | (542)          | (818)          | (542)          |
| <b>Gains less losses from investing activities</b>     | <b>(818)</b>   | <b>(542)</b>   | <b>(818)</b>   | <b>(542)</b>   |
| <b>3.4 Other non-interest revenue</b>                  |                |                |                |                |
| Gain on disposal of property and equipment             | 1 267          | 2 394          | 1 267          | 2 394          |
| Rental income                                          | 8 480          | 7 404          | 7 542          | 6 607          |
| Other income                                           | 35 210         | 55 384         | 35 210         | 55 384         |
| Impairment reversal                                    | 1 780          | 2 040          | –              | –              |
| <b>Total other non-interest income</b>                 | <b>46 737</b>  | <b>67 222</b>  | <b>44 019</b>  | <b>64 385</b>  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 4. Operating expenses

| N\$'000                                    | Group            |                  | Company          |                  |
|--------------------------------------------|------------------|------------------|------------------|------------------|
|                                            | 2026             | 2025             | 2026             | 2025             |
| <b>Auditor's remuneration – external</b>   |                  |                  |                  |                  |
| Audit fees                                 | 14 778           | 13 855           | 14 257           | 13 364           |
| Fees for other services                    | 891              | 1 985            | 891              | 1 889            |
| <b>Total auditors' remuneration</b>        | <b>15 669</b>    | <b>15 840</b>    | <b>15 148</b>    | <b>15 253</b>    |
| <b>Non-capitalised lease charges</b>       |                  |                  |                  |                  |
| – Short-term leases                        | 3 870            | 7 303            | 7 032            | 10 325           |
| – Low value lease charges                  | 3 501            | 3 274            | 3 501            | 3 274            |
| <b>Total non-capitalised lease charges</b> | <b>7 371</b>     | <b>10 577</b>    | <b>10 533</b>    | <b>13 599</b>    |
| <b>Staff costs</b>                         |                  |                  |                  |                  |
| Salaries, wages and allowances             | 1 288 070        | 1 161 110        | 1 288 070        | 1 161 110        |
| Defined contribution schemes: pension      | 171 957          | 156 623          | 171 957          | 156 623          |
| Defined contribution schemes: medical      | 120 232          | 111 950          | 120 232          | 111 950          |
| Severance pay: death in service            | 734              | 301              | 734              | 301              |
| Post retirement medical expense            | 4 019            | 4 235            | 4 019            | 4 235            |
| Social security levies                     | 2 622            | 2 242            | 2 622            | 2 242            |
| Share-based payments                       | 29 653           | 24 991           | 29 653           | 24 991           |
| Skills development levies                  | 16 240           | 12 295           | 16 240           | 12 295           |
| Other staff costs                          | 11 702           | 11 377           | 11 702           | 11 379           |
| <b>Total staff costs</b>                   | <b>1 645 229</b> | <b>1 485 124</b> | <b>1 645 229</b> | <b>1 485 126</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 4. Operating expenses *continued*

| N\$'000                                   | Group            |                  | Company          |                  |
|-------------------------------------------|------------------|------------------|------------------|------------------|
|                                           | 2026             | 2025             | 2026             | 2025             |
| <b>Other operating costs</b>              |                  |                  |                  |                  |
| Advertising and marketing                 | 82 726           | 83 544           | 82 726           | 83 544           |
| Amortisation of intangible assets         | 5 482            | 8 039            | 5 482            | 8 039            |
| Business travel                           | 25 188           | 24 991           | 25 188           | 24 991           |
| Computer expenses                         | 630 917          | 530 802          | 630 917          | 530 802          |
| Depreciation                              | 129 037          | 121 288          | 125 879          | 121 068          |
| Directors' remuneration                   | 21 529           | 21 820           | 21 529           | 21 820           |
| Donations                                 | 19 367           | 17 528           | 19 367           | 17 528           |
| Impairment loss                           | 9 771            | 1 283            | 9 771            | 1 283            |
| Insurance                                 | 18 098           | 15 769           | 17 936           | 15 563           |
| Legal and other related expenses          | 6 024            | 5 171            | 6 024            | 5 169            |
| Other operating expenditure               | 173 361          | 166 994          | 171 615          | 165 360          |
| Postage                                   | 1 491            | 1 674            | 1 491            | 1 674            |
| Professional fees                         | 27 694           | 20 716           | 27 639           | 20 694           |
| Property and maintenance related expenses | 103 982          | 86 533           | 101 089          | 84 360           |
| Stationery                                | 10 001           | 9 860            | 10 001           | 9 860            |
| Telecommunications                        | 24 101           | 23 012           | 24 101           | 23 012           |
| <b>Total other operating costs</b>        | <b>1 288 769</b> | <b>1 139 024</b> | <b>1 280 755</b> | <b>1 134 767</b> |
| <b>Total operating expenses</b>           | <b>2 957 038</b> | <b>2 650 565</b> | <b>2 951 665</b> | <b>2 648 745</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 5. Directors' remuneration

| N\$'000                              | Group         |               | Company       |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2026          | 2025          | 2026          | 2025          |
| Executive directors                  | 17 442        | 17 512        | 17 442        | 17 512        |
| Non-executive directors              | 4 087         | 4 308         | 4 087         | 4 308         |
| <b>Total directors' remuneration</b> | <b>21 529</b> | <b>21 820</b> | <b>21 529</b> | <b>21 820</b> |
| N\$'000                              |               |               | <b>2026</b>   | 2025          |
| <b>Non-executive directors</b>       |               |               |               |               |
| <b>Group and company</b>             |               |               |               |               |
| J Coetzee                            |               |               | 451           | 573           |
| P Grüttemeyer                        |               |               | –             | 223           |
| JR Formby                            |               |               | 314           | –             |
| S Quarmby                            |               |               | 199           | –             |
| LD Kapere                            |               |               | 419           | 527           |
| MJ Lubbe                             |               |               | 687           | 716           |
| IN Nashandi                          |               |               | 141           | 348           |
| ON Shikongo                          |               |               | 665           | 716           |
| E van Zyl                            |               |               | 793           | 823           |
| SL Balsdon                           |               |               | 418           | 382           |
|                                      |               |               | <b>4 087</b>  | <b>4 308</b>  |

Non-executive directors employed within the FirstRand SA Group do not receive directors fees for services.

As part of ongoing governance improvements, the group refined the structure and composition of its board committees, resulting in changes in the non-executive directors' fees in the current year. Refer to page 22 for detailed changes.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 5. Directors' remuneration *continued*

| N\$'000                                       | C Dempsey (CEO) |        | LP Smit (CFO) |       |
|-----------------------------------------------|-----------------|--------|---------------|-------|
|                                               | 2026            | 2025   | 2026          | 2025  |
| <b>Executive – Group and company</b>          |                 |        |               |       |
| Cash packages paid during the year            | 3 028           | 2 796  | 2 222         | 1 841 |
| Retirement contributions paid during the year | 579             | 551    | 364           | 302   |
| Other allowances                              | 821             | 820    | 161           | 161   |
| <b>Guaranteed package</b>                     | 4 428           | 4 167  | 2 747         | 2 304 |
| Cash:*                                        |                 |        |               |       |
| – within 6 months                             | 1 445           | 1 640  | 347           | 245   |
| – within 1 year                               | 1 693           | 1 782  | 1 167         | 1 117 |
| LTI award**                                   | 5 158           | 5 847  | 457           | 410   |
| <b>Variable pay</b>                           | 8 296           | 9 269  | 1 971         | 1 772 |
| <b>Total guaranteed and variable pay</b>      | 12 724          | 13 436 | 4 718         | 4 076 |

\* 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.

\*\* LTI 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.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 5. Directors' remuneration *continued*

|                                                      | Grant Date        | Value at<br>Grant Date<br>(N\$'000) | Vesting Date      | Units                           |                               |             |                                      |                                       | Value of Sale<br>(N\$'000) | FV as at<br>June 2026<br>(N\$'000) |
|------------------------------------------------------|-------------------|-------------------------------------|-------------------|---------------------------------|-------------------------------|-------------|--------------------------------------|---------------------------------------|----------------------------|------------------------------------|
|                                                      |                   |                                     |                   | Opening<br>balance<br>June 2025 | Granted<br>during<br>the year | Converted   | Taken this<br>year (vested/<br>sold) | Closing<br>balance as at<br>June 2026 |                            |                                    |
| <b>C Dempsey</b>                                     |                   |                                     |                   |                                 |                               |             |                                      |                                       |                            |                                    |
| <b>CIP</b>                                           |                   |                                     |                   |                                 |                               |             |                                      |                                       |                            |                                    |
| FirstRand SA Ltd shares                              | 26 September 2022 | 3 396                               | 26 September 2025 | 48 325                          | 6 379                         | –           | (54 704)                             | –                                     | (4 434)                    | –                                  |
| FirstRand SA Ltd shares                              | 26 September 2023 | 3 500                               | 26 September 2026 | 53 962                          | –                             | –           | –                                    | 53 962                                | –                          | 5 248                              |
| FirstRand SA Ltd shares                              | 23 September 2024 | 3 675                               | 23 September 2027 | 43 672                          | –                             | –           | –                                    | 43 672                                | –                          | 4 248                              |
| FirstRand SA Ltd shares                              | 22 September 2025 | 3 822                               | 22 September 2028 |                                 | 47 153                        | –           | –                                    | 47 153                                | –                          | 4 586                              |
| <b>Balance CIP</b>                                   |                   | 14 393                              |                   | 145 959                         | 53 532                        | –           | (54 704)                             | 144 787                               | (4 434)                    | 14 082                             |
| <b>Bonus Deferral (CIP)</b>                          |                   |                                     |                   |                                 |                               |             |                                      |                                       |                            |                                    |
| FirstRand SA Ltd shares                              | 26 September 2023 | 510                                 | 26 September 2025 | 7 863                           | –                             | –           | (7 863)                              | –                                     | (637)                      | –                                  |
| <b>Balance Bonus Deferral CIP</b>                    |                   | 510                                 |                   | 7 863                           | –                             | –           | (7 863)                              | –                                     | (637)                      | –                                  |
| <b>Bonus Share Ownership Plan Cash Settled</b>       |                   |                                     |                   |                                 |                               |             |                                      |                                       |                            |                                    |
| FirstRand SA Ltd shares                              | 23 September 2024 | 577                                 | 23 September 2026 | –                               | –                             | 7 825       | –                                    | 7 825                                 | –                          | 761                                |
| FirstRand SA Ltd shares                              | 22 September 2025 | 1 079                               | 23 September 2027 | –                               | –                             | 12 094      | –                                    | 12 094                                | –                          | 1 176                              |
| <b>Balance Bonus Deferral CIP</b>                    |                   | 1 656                               |                   | –                               | –                             | 19 919      | –                                    | 19 919                                | –                          | 1 937                              |
| <b>Total Conditional Incentive Plans (FR shares)</b> |                   | 16 559                              |                   | 153 822                         | 53 532                        | 19 919      | (62 567)                             | 164 706                               | (5 071)                    | 16 019                             |
| <b>Bonus Share Ownership Plan Cash Settled</b>       |                   |                                     |                   |                                 |                               |             |                                      |                                       |                            |                                    |
| Namibian Dollar Value                                | 23 September 2024 | 577                                 | 23 September 2026 | 576 600                         | –                             | (576 600)   | –                                    | –                                     | –                          | –                                  |
| Namibian Dollar Value                                | 22 September 2025 | 1 079                               | 23 September 2027 |                                 | 1 078 660                     | (1 078 660) | –                                    | –                                     | –                          | –                                  |
| <b>Total Bonus Share Award Plan</b>                  |                   | 1 656                               |                   | 576 600                         | 1 078 660                     | (1 655 260) | –                                    | –                                     | –                          | –                                  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 5. Directors' remuneration *continued*

|                                               |                   |                                     |                   | Units                           |                               |           |                                      |                                       |                            |                                    |
|-----------------------------------------------|-------------------|-------------------------------------|-------------------|---------------------------------|-------------------------------|-----------|--------------------------------------|---------------------------------------|----------------------------|------------------------------------|
|                                               | Grant Date        | Value at<br>Grant Date<br>(N\$'000) | Vesting Date      | Opening<br>balance<br>June 2025 | Granted<br>during<br>the year | Converted | Taken this<br>year (vested/<br>sold) | Closing<br>balance as at<br>June 2026 | Value of Sale<br>(N\$'000) | FV as at<br>June 2026<br>(N\$'000) |
| L Smit                                        |                   |                                     |                   |                                 |                               |           |                                      |                                       |                            |                                    |
| CIP                                           |                   |                                     |                   |                                 |                               |           |                                      |                                       |                            |                                    |
| FirstRand SA Ltd shares                       | 26 September 2023 | 500                                 | 26 September 2026 | 7 709                           | –                             | –         | –                                    | 7 709                                 | –                          | 750                                |
| FirstRand SA Ltd shares                       | 23 September 2024 | 625                                 | 23 September 2027 | 7 427                           | –                             | –         | –                                    | 7 427                                 | –                          | 722                                |
| FirstRand SA Ltd shares                       | 22 September 2025 | 1 500                               | 22 September 2028 | –                               | 18 505                        | –         | –                                    | 18 505                                | –                          | 1 800                              |
| Balance CIP                                   |                   | 2 625                               |                   | 15 136                          | 18 505                        | –         | –                                    | 33 641                                | –                          | 3 272                              |
| Deferred Share Ownership Plan Cash Settled    |                   |                                     |                   |                                 |                               |           |                                      |                                       |                            |                                    |
| FirstRand SA Ltd shares                       | 23 September 2024 | 625                                 | 23 September 2027 | –                               | –                             | 3 842     | –                                    | 3 842                                 | –                          | 625                                |
| Balance Deferred Share Ownership Plan         |                   | 625                                 |                   | –                               | –                             | 3 842     | –                                    | 3 842                                 | –                          | 625                                |
| Deferred Incentive Plan (DIP)                 |                   |                                     |                   |                                 |                               |           |                                      |                                       |                            |                                    |
| FirstRand SA Ltd shares                       | 26 September 2022 | 350                                 | 26 September 2025 | 5 638                           | –                             | –         | (5 638)                              | –                                     | (457)                      | –                                  |
| FirstRand SA Ltd shares                       | 26 September 2023 | 500                                 | 26 September 2026 | 7 708                           | –                             | –         | –                                    | 7 708                                 | –                          | 750                                |
| Balance Deferred Incentive Plan (DIP)         |                   | 850                                 |                   | 13 346                          | –                             | –         | (5 638)                              | 7 708                                 | (457)                      | 750                                |
| Total Conditional Incentive Plans (FR shares) |                   |                                     |                   | 28 482                          | 18 505                        | 3 842     | (5 638)                              | 45 191                                | (457)                      | 4 395                              |
| Deferred Share Ownership Plan Cash Settled    |                   |                                     |                   |                                 |                               |           |                                      |                                       |                            |                                    |
| Namibian Dollar Value                         | 23 September 2024 | 625                                 | 23 September 2027 | 625 000                         | –                             | (312 500) | –                                    | 312 500                               | –                          | 313                                |
| Total Bonus Share Award Plan                  |                   | 625                                 |                   | 625 000                         | –                             | (312 500) | –                                    | 312 500                               | –                          | 313                                |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 6. Taxation

| N\$'000                                                                    | Group          |                | Company        |                |
|----------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                            | 2026           | 2025           | 2026           | 2025           |
| <b>Indirect tax</b>                                                        |                |                |                |                |
| Stamp duties                                                               | 5 952          | 10 386         | 5 952          | 10 386         |
| Value-added tax (net)                                                      | 52 441         | 48 848         | 52 401         | 48 826         |
| <b>Total indirect tax</b>                                                  | <b>58 393</b>  | <b>59 234</b>  | <b>58 353</b>  | <b>59 212</b>  |
| <b>Direct tax</b>                                                          |                |                |                |                |
| <b>Current</b>                                                             |                |                |                |                |
| Local income tax current period                                            | 868 818        | 815 104        | 868 818        | 815 104        |
| <b>Deferred</b>                                                            |                |                |                |                |
| Originating and reversing temporary differences                            | (16 003)       | (65 707)       | (16 003)       | (61 647)       |
| <b>Total income tax expense</b>                                            | <b>852 815</b> | <b>749 397</b> | <b>852 815</b> | <b>753 457</b> |
| <b>Reconciliation of the tax expense</b>                                   |                |                |                |                |
| Reconciliation between applicable tax rate and average effective tax rate. |                |                |                |                |
| Applicable tax rate                                                        | 30.00%         | 31.00%         | 30.00%         | 31.00%         |
| <b>Total tax has been affected by:</b>                                     |                |                |                |                |
| Tax rate change adjustment                                                 | –              | (0.29)%        | –              | (0.29)%        |
| Other non-taxable income*                                                  | (1.02)%        | (1.69)%        | (1.02)%        | (1.69)%        |
| Other                                                                      | –              | (0.11)%        | –              | –              |
| Disallowed expenditure**                                                   | 0.10%          | 0.01%          | 0.10%          | 0.01%          |
| <b>Effective rate of tax</b>                                               | <b>29.08%</b>  | <b>28.92%</b>  | <b>29.08%</b>  | <b>29.03%</b>  |

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

\*\* Includes donations and regulatory fines which are not deductible for tax purposes.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 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.

Other assets include non-contractual balances such as prepayments and properties in possession, which do not have contractual maturity dates or contractual cash flow profiles. Creditors, accruals and provisions also include non-contractual balances relating to unclaimed balances. Accordingly, these balances are disclosed within the non-contractual category and are not allocated to specific maturity buckets.

| N\$'000                                         | Amortised<br>cost | At fair value<br>through<br>profit or loss<br>Mandatory | At fair value<br>through other<br>comprehensive<br>income (debt) | At fair value<br>through other<br>comprehensive<br>income (equity) | Non-financial<br>assets and<br>liabilities | Total<br>carrying<br>value | Current           | Non-current<br>and non-<br>contractual |
|-------------------------------------------------|-------------------|---------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------|----------------------------|-------------------|----------------------------------------|
| <b>Group – 2026</b>                             |                   |                                                         |                                                                  |                                                                    |                                            |                            |                   |                                        |
| <b>Assets</b>                                   |                   |                                                         |                                                                  |                                                                    |                                            |                            |                   |                                        |
| Cash and cash equivalents                       | 2 377 194         | –                                                       | –                                                                | –                                                                  | –                                          | 2 377 194                  | 2 377 194         | –                                      |
| Due from banks and other financial institutions | 3 033 374         | –                                                       | –                                                                | –                                                                  | –                                          | 3 033 374                  | 3 033 374         | –                                      |
| Derivative financial instruments                | –                 | 50 227                                                  | –                                                                | –                                                                  | –                                          | 50 227                     | 23 993            | 26 234                                 |
| Investment securities                           | 12 342 446        | 729 674                                                 | 5 415                                                            | 789                                                                | –                                          | 13 078 324                 | 7 301 375         | 5 776 949                              |
| Advances                                        | 42 814 021        | –                                                       | –                                                                | –                                                                  | –                                          | 42 814 021                 | 9 720 053         | 33 093 968                             |
| Other assets                                    | 341 480           | –                                                       | –                                                                | –                                                                  | 131 102                                    | 472 582                    | 214 641           | 257 941                                |
| Non-financial assets                            | –                 | –                                                       | –                                                                | –                                                                  | 1 062 329                                  | 1 062 329                  | –                 | 1 062 329                              |
| <b>Total assets</b>                             | <b>60 908 515</b> | <b>779 901</b>                                          | <b>5 415</b>                                                     | <b>789</b>                                                         | <b>1 193 431</b>                           | <b>62 888 051</b>          | <b>22 670 630</b> | <b>40 217 421</b>                      |
| <b>Equity and Liabilities</b>                   |                   |                                                         |                                                                  |                                                                    |                                            |                            |                   |                                        |
| <b>Total equity</b>                             | <b>–</b>          | <b>–</b>                                                | <b>–</b>                                                         | <b>–</b>                                                           | <b>7 451 826</b>                           | <b>7 451 826</b>           | <b>–</b>          | <b>7 451 826</b>                       |
| <b>Liabilities</b>                              |                   |                                                         |                                                                  |                                                                    |                                            |                            |                   |                                        |
| Short trading position                          | –                 | 32 199                                                  | –                                                                | –                                                                  | –                                          | 32 199                     | 32 199            | –                                      |
| Derivative financial instruments                | –                 | 59 558                                                  | –                                                                | –                                                                  | –                                          | 59 558                     | 22 999            | 36 559                                 |
| Creditors and accruals                          | 1 131 205         | –                                                       | –                                                                | –                                                                  | 210 062                                    | 1 341 267                  | 1 187 776         | 153 491                                |
| Deposits                                        | 52 512 417        | –                                                       | –                                                                | –                                                                  | –                                          | 52 512 417                 | 50 511 569        | 2 000 848                              |
| Due to banks and other financial institutions   | 276 874           | –                                                       | –                                                                | –                                                                  | –                                          | 276 874                    | 188 649           | 88 225                                 |
| Other liabilities                               | 80 476            | –                                                       | –                                                                | –                                                                  | –                                          | 80 476                     | 34 516            | 45 960                                 |
| Tier 2 liabilities                              | 503 426           | –                                                       | –                                                                | –                                                                  | –                                          | 503 426                    | 42 543            | 460 883                                |
| Non-financial liabilities                       | –                 | –                                                       | –                                                                | –                                                                  | 630 008                                    | 630 008                    | 288 503           | 341 505                                |
| <b>Total liabilities</b>                        | <b>54 504 398</b> | <b>91 757</b>                                           | <b>–</b>                                                         | <b>–</b>                                                           | <b>840 070</b>                             | <b>55 436 225</b>          | <b>52 308 753</b> | <b>3 127 472</b>                       |
| <b>Equity and liabilities</b>                   | <b>54 504 398</b> | <b>91 757</b>                                           | <b>–</b>                                                         | <b>–</b>                                                           | <b>8 291 896</b>                           | <b>62 888 051</b>          | <b>52 308 753</b> | <b>10 579 298</b>                      |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 7. Analysis of assets and liabilities *continued*

| N\$'000                                         | Amortised<br>cost | At fair value<br>through<br>profit or loss<br>Mandatory | At fair value<br>through other<br>comprehensive<br>income (equity) | Non-financial<br>assets and<br>liabilities | Total<br>carrying<br>value | Current           | Non-current<br>and non-<br>contractual |
|-------------------------------------------------|-------------------|---------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------|----------------------------|-------------------|----------------------------------------|
| <b>Group – 2025</b>                             |                   |                                                         |                                                                    |                                            |                            |                   |                                        |
| <b>Assets</b>                                   |                   |                                                         |                                                                    |                                            |                            |                   |                                        |
| Cash and cash equivalents                       | 3 069 530         | –                                                       | –                                                                  | –                                          | 3 069 530                  | 3 069 530         | –                                      |
| Due from banks and other financial institutions | 2 194 327         | –                                                       | –                                                                  | –                                          | 2 194 327                  | 2 194 327         | –                                      |
| Derivative financial instruments                | –                 | 943 324                                                 | –                                                                  | –                                          | 943 324                    | 413 690           | 529 634                                |
| Investment securities                           | 8 249 420         | 1 067 156                                               | 789                                                                | –                                          | 9 317 365                  | 5 123 967         | 4 193 398                              |
| Advances                                        | 39 222 390        | –                                                       | –                                                                  | –                                          | 39 222 390                 | 9 596 964         | 29 625 426                             |
| Other assets                                    | 223 826           | –                                                       | –                                                                  | 104 314                                    | 328 140                    | 27 758            | 300 382                                |
| Non-current asset held for sale                 | –                 | –                                                       | –                                                                  | 55 040                                     | 55 040                     | 55 040            | –                                      |
| Non-financial assets                            | –                 | –                                                       | –                                                                  | 933 661                                    | 933 661                    | –                 | 933 661                                |
| <b>Total assets</b>                             | <b>52 959 493</b> | <b>2 010 480</b>                                        | <b>789</b>                                                         | <b>1 093 015</b>                           | <b>56 063 777</b>          | <b>20 481 276</b> | <b>35 582 501</b>                      |
| <b>Equity and Liabilities</b>                   |                   |                                                         |                                                                    |                                            |                            |                   |                                        |
| Total equity                                    | –                 | –                                                       | –                                                                  | 6 694 509                                  | 6 694 509                  | –                 | 6 694 509                              |
| <b>Liabilities</b>                              |                   |                                                         |                                                                    |                                            |                            |                   |                                        |
| Short trading position                          | –                 | 16 682                                                  | –                                                                  | –                                          | 16 682                     | 16 682            | –                                      |
| Derivative financial instruments                | –                 | 984 517                                                 | –                                                                  | –                                          | 984 517                    | 953 932           | 30 585                                 |
| Creditors and accruals                          | 692 147           | –                                                       | –                                                                  | 239 610                                    | 931 757                    | 816 863           | 114 894                                |
| Deposits                                        | 45 966 950        | –                                                       | –                                                                  | –                                          | 45 966 950                 | 42 719 510        | 3 247 440                              |
| Due to banks and other financial institutions   | 253 154           | –                                                       | –                                                                  | –                                          | 253 154                    | 123 567           | 129 587                                |
| Other liabilities                               | 103 941           | –                                                       | –                                                                  | –                                          | 103 941                    | 38 060            | 65 881                                 |
| Tier 2 liabilities                              | 503 558           | –                                                       | –                                                                  | –                                          | 503 558                    | 41 782            | 461 776                                |
| Non-financial liabilities                       | –                 | –                                                       | –                                                                  | 608 709                                    | 608 709                    | 259 932           | 348 777                                |
| <b>Total liabilities</b>                        | <b>47 519 750</b> | <b>1 001 199</b>                                        | <b>–</b>                                                           | <b>848 319</b>                             | <b>49 369 268</b>          | <b>44 970 329</b> | <b>4 398 939</b>                       |
| <b>Equity and liabilities</b>                   | <b>47 519 750</b> | <b>1 001 199</b>                                        | <b>–</b>                                                           | <b>7 542 828</b>                           | <b>56 063 777</b>          | <b>44 970 329</b> | <b>11 093 448</b>                      |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 7. Analysis of assets and liabilities *continued*

| N\$'000                                         | Amortised<br>cost | At fair value<br>through<br>profit or loss<br>Mandatory | At fair value<br>through other<br>comprehensive<br>income (debt) | At fair value<br>through other<br>comprehensive<br>income (equity) | Non-financial<br>instruments | Total<br>carrying<br>value | Current           | Non-current<br>and non-<br>contractual |
|-------------------------------------------------|-------------------|---------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------|----------------------------|-------------------|----------------------------------------|
| <b>Company – 2026</b>                           |                   |                                                         |                                                                  |                                                                    |                              |                            |                   |                                        |
| <b>Assets</b>                                   |                   |                                                         |                                                                  |                                                                    |                              |                            |                   |                                        |
| Cash and cash equivalents                       | 2 377 194         | –                                                       | –                                                                | –                                                                  | –                            | 2 377 194                  | 2 377 194         | –                                      |
| Due from banks and other financial institutions | 3 033 374         | –                                                       | –                                                                | –                                                                  | –                            | 3 033 374                  | 3 033 374         | –                                      |
| Derivative financial instruments                | –                 | 50 227                                                  | –                                                                | –                                                                  | –                            | 50 227                     | 23 993            | 26 234                                 |
| Investment securities                           | 12 342 446        | 729 674                                                 | 5 415                                                            | 789                                                                | –                            | 13 078 324                 | 7 301 375         | 5 776 949                              |
| Advances                                        | 42 753 608        | –                                                       | –                                                                | –                                                                  | –                            | 42 753 608                 | 9 716 576         | 33 037 032                             |
| Other assets                                    | 341 415           | –                                                       | –                                                                | –                                                                  | 131 103                      | 472 520                    | 214 604           | 257 916                                |
| Non-financial assets                            | –                 | –                                                       | –                                                                | –                                                                  | 1 112 207                    | 1 112 207                  | –                 | 1 112 207                              |
| <b>Total assets</b>                             | <b>60 848 040</b> | <b>779 901</b>                                          | <b>5 415</b>                                                     | <b>789</b>                                                         | <b>1 243 310</b>             | <b>62 877 454</b>          | <b>22 667 116</b> | <b>40 210 338</b>                      |
| <b>Equity and Liabilities</b>                   |                   |                                                         |                                                                  |                                                                    |                              |                            |                   |                                        |
| <b>Total equity</b>                             | <b>–</b>          | <b>–</b>                                                | <b>–</b>                                                         | <b>–</b>                                                           | <b>7 437 961</b>             | <b>7 437 961</b>           | <b>–</b>          | <b>7 437 961</b>                       |
| <b>Liabilities</b>                              |                   |                                                         |                                                                  |                                                                    |                              |                            |                   |                                        |
| Short trading position                          | –                 | 32 199                                                  | –                                                                | –                                                                  | –                            | 32 199                     | 32 199            | –                                      |
| Derivative financial instruments                | –                 | 59 558                                                  | –                                                                | –                                                                  | –                            | 59 558                     | 22 999            | 36 559                                 |
| Creditors and accruals                          | 1 130 780         | –                                                       | –                                                                | –                                                                  | 210 062                      | 1 340 842                  | 1 187 809         | 153 033                                |
| Deposits                                        | 52 511 374        | –                                                       | –                                                                | –                                                                  | –                            | 52 511 374                 | 50 510 526        | 2 000 848                              |
| Due to banks and other financial institutions   | 276 874           | –                                                       | –                                                                | –                                                                  | –                            | 276 874                    | 188 649           | 88 225                                 |
| Other liabilities                               | 80 476            | –                                                       | –                                                                | –                                                                  | –                            | 80 476                     | 34 516            | 45 960                                 |
| Tier 2 liabilities                              | 503 426           | –                                                       | –                                                                | –                                                                  | –                            | 503 426                    | 42 543            | 460 883                                |
| Non-financial liabilities                       | –                 | –                                                       | –                                                                | –                                                                  | 634 744                      | 634 744                    | 288 502           | 346 242                                |
| <b>Total liabilities</b>                        | <b>54 502 930</b> | <b>91 757</b>                                           | <b>–</b>                                                         | <b>–</b>                                                           | <b>844 806</b>               | <b>55 439 493</b>          | <b>52 307 743</b> | <b>3 131 750</b>                       |
| <b>Equity and liabilities</b>                   | <b>54 502 930</b> | <b>91 757</b>                                           | <b>–</b>                                                         | <b>–</b>                                                           | <b>8 282 767</b>             | <b>62 877 454</b>          | <b>52 307 743</b> | <b>10 569 711</b>                      |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 7. Analysis of assets and liabilities *continued*

| N\$'000                                         | Amortised<br>cost | At fair value<br>through<br>profit or loss<br>Mandatory | At fair value<br>through other<br>comprehensive<br>income (equity) | Non-financial<br>instruments | Total<br>carrying<br>value | Current           | Non-current<br>and non-<br>contractual |
|-------------------------------------------------|-------------------|---------------------------------------------------------|--------------------------------------------------------------------|------------------------------|----------------------------|-------------------|----------------------------------------|
| <b>Company – 2025</b>                           |                   |                                                         |                                                                    |                              |                            |                   |                                        |
| <b>Assets</b>                                   |                   |                                                         |                                                                    |                              |                            |                   |                                        |
| Cash and cash equivalents                       | 3 069 530         | –                                                       | –                                                                  | –                            | 3 069 530                  | 3 069 530         | –                                      |
| Due from banks and other financial institutions | 2 194 327         | –                                                       | –                                                                  | –                            | 2 194 327                  | 2 194 327         | –                                      |
| Derivative financial instruments                | –                 | 943 324                                                 | –                                                                  | –                            | 943 324                    | 413 690           | 529 634                                |
| Investment securities                           | 8 249 420         | 1 067 156                                               | 789                                                                | –                            | 9 317 365                  | 5 123 967         | 4 193 398                              |
| Advances                                        | 39 145 260        | –                                                       | –                                                                  | –                            | 39 145 260                 | 9 514 490         | 29 630 770                             |
| Other assets                                    | 222 851           | –                                                       | –                                                                  | 104 314                      | 327 165                    | 26 783            | 300 382                                |
| Non-financial assets                            | –                 | –                                                       | –                                                                  | 1 051 703                    | 1 051 703                  | –                 | 1 051 703                              |
| <b>Total assets</b>                             | <b>52 881 388</b> | <b>2 010 480</b>                                        | <b>789</b>                                                         | <b>1 156 017</b>             | <b>56 048 674</b>          | <b>20 342 787</b> | <b>35 705 887</b>                      |
| <b>Equity and Liabilities</b>                   |                   |                                                         |                                                                    |                              |                            |                   |                                        |
| <b>Total equity</b>                             | <b>–</b>          | <b>–</b>                                                | <b>–</b>                                                           | <b>6 676 304</b>             | <b>6 676 304</b>           | <b>–</b>          | <b>6 676 304</b>                       |
| <b>Liabilities</b>                              |                   |                                                         |                                                                    |                              |                            |                   |                                        |
| Short trading position                          | –                 | 16 682                                                  | –                                                                  | –                            | 16 682                     | 16 682            | –                                      |
| Derivative financial instruments                | –                 | 984 517                                                 | –                                                                  | –                            | 984 517                    | 953 932           | 30 585                                 |
| Creditors and accruals                          | 691 690           | –                                                       | –                                                                  | 239 647                      | 931 337                    | 816 447           | 114 890                                |
| Deposits                                        | 45 965 736        | –                                                       | –                                                                  | –                            | 45 965 736                 | 42 900 724        | 3 065 012                              |
| Due to banks and other financial institutions   | 253 154           | –                                                       | –                                                                  | –                            | 253 154                    | 123 567           | 129 587                                |
| Other liabilities                               | 103 941           | –                                                       | –                                                                  | –                            | 103 941                    | 38 060            | 65 881                                 |
| Tier 2 liabilities                              | 503 558           | –                                                       | –                                                                  | –                            | 503 558                    | 41 782            | 461 776                                |
| Non-financial liabilities                       | –                 | –                                                       | –                                                                  | 613 445                      | 613 445                    | 259 932           | 353 513                                |
| <b>Total liabilities</b>                        | <b>47 518 079</b> | <b>1 001 199</b>                                        | <b>–</b>                                                           | <b>853 092</b>               | <b>49 372 370</b>          | <b>45 151 126</b> | <b>4 221 244</b>                       |
| <b>Equity and liabilities</b>                   | <b>47 518 079</b> | <b>1 001 199</b>                                        | <b>–</b>                                                           | <b>7 529 396</b>             | <b>56 048 674</b>          | <b>45 151 126</b> | <b>10 897 548</b>                      |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 8. Cash and cash equivalents

| N\$'000                                     | Group            |                  | Company          |                  |
|---------------------------------------------|------------------|------------------|------------------|------------------|
|                                             | 2026             | 2025             | 2026             | 2025             |
| Coins and bank notes                        | 627 064          | 583 415          | 627 064          | 583 415          |
| Balances with central bank                  | 1 750 130        | 2 486 115        | 1 750 130        | 2 486 115        |
| <b>Total cash and cash equivalents</b>      | <b>2 377 194</b> | <b>3 069 530</b> | <b>2 377 194</b> | <b>3 069 530</b> |
| Mandatory reserve balance included in above | 568 887          | 506 908          | 568 887          | 506 908          |

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.

The carrying value of cash and cash equivalent approximates the fair value.

ECL for cash and cash equivalent are immaterial.

No cash and cash equivalents have been pledged.

## 9. Due from banks and other financial institutions

|                                                 |           |           |           |           |
|-------------------------------------------------|-----------|-----------|-----------|-----------|
| Due from banks and other financial institutions | 3 033 374 | 2 194 327 | 3 033 374 | 2 194 327 |
|-------------------------------------------------|-----------|-----------|-----------|-----------|

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

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 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.

### Hedging instruments

The group's hedges consist principally of currency forwards and interest swaps used to hedge the risk associated with changes in interest rates.

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 and commodity prices, 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:

| N\$'000                     | Group and company  |                      |                         |                           |
|-----------------------------|--------------------|----------------------|-------------------------|---------------------------|
|                             | Assets<br>notional | Fair value<br>Assets | Liabilities<br>notional | Fair value<br>Liabilities |
| <b>2026</b>                 |                    |                      |                         |                           |
| <b>Held for trading</b>     |                    |                      |                         |                           |
| – Currency derivatives      | 1 383 108          | 22 956               | 1 900 910               | 33 788                    |
| – Interest rate derivatives | 3 486 383          | 27 271               | 3 311 383               | 25 770                    |
| <b>Total</b>                | <b>4 869 491</b>   | <b>50 227</b>        | <b>5 212 292</b>        | <b>59 558</b>             |
| <b>2025</b>                 |                    |                      |                         |                           |
| <b>Held for trading</b>     |                    |                      |                         |                           |
| – Currency derivatives      | 2 584 932          | 126 993              | 2 526 467               | 124 010                   |
| – Interest rate derivatives | 2 272 609          | 26 734               | 2 097 609               | 24 041                    |
| – Commodity derivatives     | 2 509 681          | 787 687              | 2 509 681               | 834 556                   |
| – Energy derivatives        | 19 303             | 1 910                | 19 303                  | 1 910                     |
| <b>Total</b>                | <b>7 386 525</b>   | <b>943 324</b>       | <b>7 153 060</b>        | <b>984 517</b>            |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 11. Investment securities

| N\$'000                                                  | Group             |                  | Company           |                  |
|----------------------------------------------------------|-------------------|------------------|-------------------|------------------|
|                                                          | 2026              | 2025             | 2026              | 2025             |
| Treasury bills                                           | 6 418 677         | 3 109 859        | 6 418 677         | 3 109 859        |
| Other government and government guaranteed stock         | 6 664 105         | 6 211 145        | 6 664 105         | 6 211 145        |
| Unlisted equity                                          | 789               | 789              | 789               | 789              |
| Total gross carrying amount of investment securities     | 13 083 571        | 9 321 793        | 13 083 571        | 9 321 793        |
| Loss allowance on investment securities                  | (5 247)           | (4 428)          | (5 247)           | (4 428)          |
| <b>Total investment securities</b>                       | <b>13 078 324</b> | <b>9 317 365</b> | <b>13 078 324</b> | <b>9 317 365</b> |
| <b>Analysis of Investment securities</b>                 |                   |                  |                   |                  |
| Amortised cost                                           | 12 342 446        | 8 249 420        | 12 342 446        | 8 249 420        |
| Equities – Fair value through other comprehensive income | 789               | 789              | 789               | 789              |
| Debt – Fair value through other comprehensive income     | 5 415             | –                | 5 415             | –                |
| Other securities – Fair value through profit or loss     | 729 674           | 1 067 156        | 729 674           | 1 067 156        |
| <b>Total investment securities</b>                       | <b>13 078 324</b> | <b>9 317 365</b> | <b>13 078 324</b> | <b>9 317 365</b> |

N\$12 342 million (2025: N\$8 249 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\$5.2 million (2025: N\$4.4 million).

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

The carrying amount approximates the fair value.

| N\$'000                                                                      | Group        |              | Company      |              |
|------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                                              | 2026         | 2025         | 2026         | 2025         |
| <b>Reconciliation of the loss allowance</b>                                  |              |              |              |              |
| Balance at the beginning of the year                                         | 4 428        | 3 887        | 4 428        | 3 887        |
| <b>Impairment for the periods: Impairment charge in the income statement</b> |              |              |              |              |
| – Stage 1                                                                    | 819          | 541          | 819          | 541          |
| <b>Balance at the end of the year</b>                                        | <b>5 247</b> | <b>4 428</b> | <b>5 247</b> | <b>4 428</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 12. Advances

| N\$'000                                 | Group       |             | Company     |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|
|                                         | 2026        | 2025        | 2026        | 2025        |
| Notional value of advances              | 44 149 098  | 40 819 299  | 44 085 676  | 40 736 825  |
| <b>Category analysis</b>                |             |             |             |             |
| Overdrafts and cash management accounts | 4 219 351   | 4 134 159   | 4 219 351   | 4 134 159   |
| Term loans                              | 8 259 624   | 5 875 237   | 8 259 624   | 5 875 237   |
| Card loans                              | 582 872     | 562 363     | 582 872     | 562 363     |
| Instalment sales                        | 5 012 751   | 4 474 282   | 5 012 751   | 4 474 282   |
| Lease payments receivable               | 180 243     | 154 002     | 180 243     | 154 002     |
| Home loans                              | 16 840 706  | 16 618 829  | 16 778 632  | 16 538 348  |
| Commercial property finance             | 3 945 897   | 3 889 922   | 3 944 549   | 3 887 929   |
| Personal loans                          | 3 684 775   | 3 637 927   | 3 684 775   | 3 637 927   |
| Preference share agreements             | 1 220 280   | 1 192 198   | 1 220 280   | 1 192 198   |
| Invoice finance                         | –           | 84 979      | –           | 84 979      |
| Other                                   | 202 599     | 195 401     | 202 599     | 195 401     |
| <b>Gross value of advances</b>          | 44 149 098  | 40 819 299  | 44 085 676  | 40 736 825  |
| Impairment of advances                  | (1 335 077) | (1 596 909) | (1 332 068) | (1 591 565) |
| <b>Net advances</b>                     | 42 814 021  | 39 222 390  | 42 753 608  | 39 145 260  |
| Gross advances – amortised cost         | 44 149 098  | 40 819 299  | 44 085 676  | 40 736 825  |
| Impairment of advances – amortised cost | (1 335 077) | (1 596 909) | (1 332 068) | (1 591 565) |
| Net advances – amortised cost           | 42 814 021  | 39 222 390  | 42 753 608  | 39 145 260  |
| <b>Net advances</b>                     | 42 814 021  | 39 222 390  | 42 753 608  | 39 145 260  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

## for the year ended 30 June 2026

### 12. Advances *continued*

#### Maturity analysis of lease payment receivables

| N\$'000                  | Group and company |                |
|--------------------------|-------------------|----------------|
|                          | 2026              | 2025           |
| Within 1 year            | 126 887           | 100 839        |
| Between 1 and 2 years    | 47 023            | 57 902         |
| Between 2 and 3 years    | 31 161            | 12 867         |
| Between 3 and 4 years    | 3 316             | 6 561          |
| Between 4 and 5 years    | 1 485             | 2 146          |
| More than 5 years        | 4                 | 100            |
| Total gross amount       | 209 876           | 180 415        |
| Unearned finance charges | (29 633)          | (26 413)       |
| <b>Net amount</b>        | <b>180 243</b>    | <b>154 002</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 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.

| N\$'000                              | Amortised<br>cost | Loss<br>allowance  | Total             |
|--------------------------------------|-------------------|--------------------|-------------------|
| <b>Group – 2026</b>                  |                   |                    |                   |
| Property finance                     | 16 853 083        | (283 505)          | 16 569 578        |
| Vehicle asset finance                | 2 535 168         | (44 404)           | 2 490 764         |
| Total Retail secured                 | 19 388 251        | (327 909)          | 19 060 342        |
| Credit card                          | 520 399           | (71 350)           | 449 049           |
| Personal loans                       | 3 682 346         | (305 798)          | 3 376 548         |
| Other retail                         | 672 290           | (121 345)          | 550 945           |
| Total Retail unsecured               | 4 875 035         | (498 493)          | 4 376 542         |
| Total Retail                         | 24 263 286        | (826 402)          | 23 436 884        |
| FNB Commercial                       | 5 995 111         | (314 271)          | 5 680 840         |
| Commercial vehicle finance           | 2 860 426         | (121 860)          | 2 738 566         |
| Total FNB Commercial                 | 8 855 537         | (436 131)          | 8 419 406         |
| RMB Corporate and Investment banking | 11 030 275        | (72 544)           | 10 957 731        |
| Total Corporate and Commercial       | 19 885 812        | (508 675)          | 19 377 137        |
| <b>Total advances</b>                | <b>44 149 098</b> | <b>(1 335 077)</b> | <b>42 814 021</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

## for the year ended 30 June 2026

### 12. Advances *continued*

#### Analysis of advances per class *continued*

| N\$'000                              | Amortised<br>cost | Loss<br>allowance  | Total             |
|--------------------------------------|-------------------|--------------------|-------------------|
| <b>Group – 2025</b>                  |                   |                    |                   |
| Property finance                     | 16 633 705        | (420 157)          | 16 213 548        |
| Vehicle asset finance                | 2 168 406         | (53 108)           | 2 115 298         |
| Total Retail secured                 | 18 802 111        | (473 265)          | 18 328 846        |
| Credit card                          | 540 833           | (54 265)           | 486 568           |
| Personal loans                       | 3 635 390         | (351 330)          | 3 284 060         |
| Other retail                         | 623 362           | (111 224)          | 512 138           |
| Total Retail unsecured               | 4 799 585         | (516 819)          | 4 282 766         |
| Total Retail                         | 23 601 696        | (990 084)          | 22 611 612        |
| FNB Commercial                       | 6 392 049         | (416 970)          | 5 975 079         |
| Commercial vehicle finance           | 2 655 279         | (133 389)          | 2 521 890         |
| Total FNB Commercial                 | 9 047 328         | (550 359)          | 8 496 969         |
| RMB Corporate and Investment banking | 8 170 275         | (56 466)           | 8 113 809         |
| Total Corporate and Commercial       | 17 217 603        | (606 825)          | 16 610 778        |
| <b>Total advances</b>                | <b>40 819 299</b> | <b>(1 596 909)</b> | <b>39 222 390</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 12. Advances *continued*

### Analysis of advances per class *continued*

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.

| N\$'000                              | Amortised<br>cost | Loss<br>allowance  | Total             |
|--------------------------------------|-------------------|--------------------|-------------------|
| <b>Company – 2026</b>                |                   |                    |                   |
| Property finance                     | 16 789 661        | (280 496)          | 16 509 165        |
| Vehicle asset finance                | 2 535 168         | (44 404)           | 2 490 764         |
| Total Retail secured                 | 19 324 829        | (324 900)          | 18 999 929        |
| Credit card                          | 520 399           | (71 350)           | 449 049           |
| Personal loans                       | 3 682 346         | (305 798)          | 3 376 548         |
| Other retail unsecured               | 672 290           | (121 345)          | 550 945           |
| Total Retail unsecured               | 4 875 035         | (498 493)          | 4 376 542         |
| Total Retail                         | 24 199 864        | (823 393)          | 23 376 471        |
| FNB Commercial                       | 5 995 111         | (314 271)          | 5 680 840         |
| Commercial vehicle finance           | 2 860 426         | (121 860)          | 2 738 566         |
| Total FNB Commercial                 | 8 855 537         | (436 131)          | 8 419 406         |
| RMB Corporate and Investment banking | 11 030 275        | (72 544)           | 10 957 731        |
| Total Corporate and Commercial       | 19 885 812        | (508 675)          | 19 377 137        |
| <b>Total advances</b>                | <b>44 085 676</b> | <b>(1 332 068)</b> | <b>42 753 608</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

## for the year ended 30 June 2026

### 12. Advances *continued*

#### Analysis of advances per class *continued*

| N\$'000                              | Amortised<br>cost | Loss<br>allowance  | Total             |
|--------------------------------------|-------------------|--------------------|-------------------|
| <b>Company – 2025</b>                |                   |                    |                   |
| Property finance                     | 16 551 231        | (414 812)          | 16 136 419        |
| Vehicle asset finance                | 2 168 406         | (53 108)           | 2 115 298         |
| Total Retail secured                 | 18 719 637        | (467 920)          | 18 251 717        |
| Credit card                          | 540 833           | (54 265)           | 486 568           |
| Personal loans                       | 3 635 390         | (351 330)          | 3 284 060         |
| Other retail                         | 623 362           | (111 225)          | 512 137           |
| Total Retail unsecured               | 4 799 585         | (516 820)          | 4 282 765         |
| Total Retail                         | 23 519 222        | (984 740)          | 22 534 482        |
| FNB Commercial                       | 6 392 049         | (416 970)          | 5 975 079         |
| Commercial asset finance             | 2 655 279         | (133 389)          | 2 521 890         |
| Total FNB Commercial                 | 9 047 328         | (550 359)          | 8 496 969         |
| RMB Corporate and Investment banking | 8 170 275         | (56 466)           | 8 113 809         |
| Total Corporate and Commercial       | 17 217 603        | (606 825)          | 16 610 778        |
| <b>Total advances</b>                | <b>40 736 825</b> | <b>(1 591 565)</b> | <b>39 145 260</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 12. Advances *continued*

### Reconciliation of the gross carrying amount of advances and loss allowance on total advances

| N\$'000                                                               | Gross advances |             |           |             | Loss allowance |          |           |           |
|-----------------------------------------------------------------------|----------------|-------------|-----------|-------------|----------------|----------|-----------|-----------|
|                                                                       | Stage 1        | Stage 2     | Stage 3   | Total       | Stage 1        | Stage 2  | Stage 3   | Total     |
| <b>Group – 2026</b>                                                   |                |             |           |             |                |          |           |           |
| Amortised cost                                                        | 35 532 655     | 3 162 425   | 2 124 219 | 40 819 299  | 218 408        | 347 000  | 1 031 501 | 1 596 909 |
| Amount as at 1 July 2025                                              | 35 532 655     | 3 162 425   | 2 124 219 | 40 819 299  | 218 408        | 347 000  | 1 031 501 | 1 596 909 |
| Transfer from stage 1 to stage 2                                      | (971 757)      | 971 757     | –         | –           | (11 526)       | 11 526   | –         | –         |
| Transfer from stage 1 to stage 3                                      | (179 582)      | –           | 179 582   | –           | (3 379)        | –        | 3 379     | –         |
| Transfer from stage 2 to stage 3                                      | –              | (201 572)   | 201 572   | –           | –              | (26 936) | 26 936    | –         |
| Transfer from stage 2 to stage 1                                      | 1 235 881      | (1 235 881) | –         | –           | 55 562         | (55 562) | –         | –         |
| Transfer from stage 3 to stage 2                                      | –              | 11 848      | (11 848)  | –           | –              | 7 827    | (7 827)   | –         |
| Transfer from stage 3 to stage 1                                      | 58 090         | –           | (58 090)  | –           | 19 835         | –        | (19 835)  | –         |
| <b>Opening balance after transfer*</b>                                | 35 675 287     | 2 708 577   | 2 435 435 | 40 819 299  | 278 900        | 283 855  | 1 034 154 | 1 596 909 |
| Other current period charges/(releases)                               | 3 530 803      | 542 227     | (59 919)  | 4 013 111   | (41 800)       | (28 886) | 492 166   | 421 480   |
| Change in exposure of back book in the current period                 | (5 778 297)    | 144 478     | (145 807) | (5 779 626) | (96 551)       | (48 837) | 418 493   | 273 105   |
| – Exposures with a change in measurement basis from 12 months to LECL | –              | 177 157     | –         | 177 157     | –              | 22 505   | –         | 22 505    |
| – Other current year impairment charge/(release)                      | (5 778 297)    | (32 679)    | (145 807) | (5 956 783) | (96 551)       | (71 342) | 418 493   | 250 600   |
| Change in exposure due to new business in the current year            | 9 309 100      | 397 749     | 85 888    | 9 792 737   | 54 751         | 19 951   | 73 673    | 148 375   |
| Bad debts written off**                                               | –              | –           | (683 312) | (683 312)   | –              | –        | (683 312) | (683 312) |
| <b>Amount as at 30 June 2026</b>                                      | 39 206 090     | 3 250 804   | 1 692 204 | 44 149 098  | 237 100        | 254 969  | 843 008   | 1 335 077 |
| Amortised cost                                                        | 39 206 090     | 3 250 804   | 1 692 204 | 44 149 098  | 237 100        | 254 969  | 843 008   | 1 335 077 |

\* 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\$683.3 million (2025: N\$761.7 million).

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 12. Advances *continued*

### Reconciliation of the gross carrying amount of advances and loss allowance on total advances *continued*

| N\$'000                                                               | Gross advances |             |           |             | Loss allowance |          |           |           |
|-----------------------------------------------------------------------|----------------|-------------|-----------|-------------|----------------|----------|-----------|-----------|
|                                                                       | Stage 1        | Stage 2     | Stage 3   | Total       | Stage 1        | Stage 2  | Stage 3   | Total     |
| <b>Group – 2025</b>                                                   |                |             |           |             |                |          |           |           |
| 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       |
| Amount as at 1 July 2024                                              | 33 710 349     | 3 312 239   | 2 393 652 | 39 416 240  | 257 535        | 350 567  | 1 063 409 | 1 671 511 |
| Transfer from stage 1 to stage 2                                      | (1 025 415)    | 1 025 415   | –         | –           | (20 769)       | 20 769   | –         | –         |
| Transfer from stage 1 to stage 3                                      | (169 993)      | –           | 169 993   | –           | (3 052)        | –        | 3 052     | –         |
| Transfer from stage 2 to stage 3                                      | –              | (144 944)   | 144 944   | –           | –              | (24 467) | 24 467    | –         |
| Transfer from stage 2 to stage 1                                      | 1 220 793      | (1 220 793) | –         | –           | 44 114         | (44 114) | –         | –         |
| <b>Opening balance after transfer*</b>                                | 33 735 734     | 2 971 917   | 2 708 589 | 39 416 240  | 277 828        | 302 755  | 1 090 928 | 1 671 511 |
| Other current period charges/(releases)                               | 1 796 921      | 190 508     | 177 310   | 2 164 739   | (59 420)       | 44 245   | 702 253   | 687 078   |
| Change in exposure of back book in the current year                   | (1 999 463)    | (19 394)    | 111 819   | (1 907 038) | (97 569)       | 20 806   | 642 025   | 565 262   |
| – Exposures with a change in measurement basis from 12 months to LECL | –              | 133 171     | –         | 133 171     | –              | 7 244    | –         | 7 244     |
| – Other current year impairment charge/(release)                      | (1 999 463)    | (152 565)   | 111 819   | (2 040 209) | (97 569)       | 13 562   | 642 025   | 558 018   |
| Change in exposure due to new business in the current year            | 3 796 384      | 209 902     | 65 491    | 4 071 777   | 38 149         | 23 439   | 60 228    | 121 816   |
| Bad debts written off**                                               | –              | –           | (761 680) | (761 680)   | –              | –        | (761 680) | (761 680) |
| <b>Amount as at 30 June 2025</b>                                      | 35 532 655     | 3 162 425   | 2 124 219 | 40 819 299  | 218 408        | 347 000  | 1 031 501 | 1 596 909 |
| Amortised cost                                                        | 35 532 655     | 3 162 425   | 2 124 219 | 40 819 299  | 218 408        | 347 000  | 1 031 501 | 1 596 909 |

\* 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\$683.3 million (2025: N\$761.7 million).

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 12. Advances *continued*

### Reconciliation of the gross carrying amount of advances and loss allowance on total advances *continued*

| N\$'000                                                               | Gross advances |             |           |             | Loss allowance |          |           |           |
|-----------------------------------------------------------------------|----------------|-------------|-----------|-------------|----------------|----------|-----------|-----------|
|                                                                       | Stage 1        | Stage 2     | Stage 3   | Total       | Stage 1        | Stage 2  | Stage 3   | Total     |
| <b>Company – 2026</b>                                                 |                |             |           |             |                |          |           |           |
| Amortised cost                                                        | 35 470 288     | 3 153 989   | 2 112 548 | 40 736 825  | 218 175        | 346 437  | 1 026 952 | 1 591 565 |
| Amount as at 1 July 2025                                              | 35 470 288     | 3 153 989   | 2 112 548 | 40 736 825  | 218 175        | 346 437  | 1 026 952 | 1 591 565 |
| Transfer from stage 1 to stage 2                                      | (963 744)      | 963 744     | –         | –           | (11 505)       | 11 505   | –         | –         |
| Transfer from stage 1 to stage 3                                      | (179 582)      | –           | 179 582   | –           | (3 379)        | –        | 3 379     | –         |
| Transfer from stage 2 to stage 3                                      | –              | (188 551)   | 188 551   | –           | –              | (26 634) | 26 634    | –         |
| Transfer from stage 2 to stage 1                                      | 1 235 881      | (1 235 881) | –         | –           | 55 562         | (55 562) | –         | –         |
| Transfer from stage 3 to stage 2                                      | –              | 11 594      | (11 594)  | –           | –              | 7 827    | (7 827)   | –         |
| Transfer from stage 3 to stage 1                                      | 58 090         | –           | (58 090)  | –           | 19 835         | –        | (19 835)  | –         |
| <b>Opening balance after transfer*</b>                                | 35 620 933     | 2 704 895   | 2 410 997 | 40 736 825  | 278 688        | 283 573  | 1 029 303 | 1 591 565 |
| Other current period charges/(released)                               | 3 530 802      | 542 226     | (45 589)  | 4 027 439   | (41 802)       | (28 887) | 489 779   | 419 089   |
| Change in exposure of back book in the current year                   | (5 778 298)    | 144 477     | (145 806) | (5 779 627) | (96 552)       | (48 838) | 418 488   | 273 098   |
| – Exposures with a change in measurement basis from 12 months to LECL | –              | 177 157     | –         | 177 157     | –              | 22 505   | –         | 22 505    |
| – Other current year impairment charge/(release)                      | (5 778 298)    | (32 681)    | (145 806) | (5 956 785) | (96 552)       | (71 343) | 418 488   | 250 593   |
| Change in exposure due to new business in the current year            | 9 309 100      | 397 749     | 100 217   | 9 807 066   | 54 750         | 19 951   | 71 291    | 145 992   |
| Bad debts written off**                                               | –              | –           | (678 586) | (678 586)   | –              | –        | (678 586) | (678 586) |
| <b>Amount as at 30 June 2026</b>                                      | 39 151 735     | 3 247 120   | 1 686 821 | 44 085 676  | 236 886        | 254 686  | 840 496   | 1 332 068 |
| Amortised cost                                                        | 39 151 735     | 3 247 120   | 1 686 821 | 44 085 676  | 236 886        | 254 686  | 840 496   | 1 332 068 |

\* 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\$678.6 million (2025: N\$749.6 million).

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 12. Advances *continued*

### Reconciliation of the gross carrying amount of advances and loss allowance on total advances *continued*

| N\$'000                                                               | Gross advances |             |           |             | Loss allowance |          |           |           |
|-----------------------------------------------------------------------|----------------|-------------|-----------|-------------|----------------|----------|-----------|-----------|
|                                                                       | Stage 1        | Stage 2     | Stage 3   | Total       | Stage 1        | Stage 2  | Stage 3   | Total     |
| <b>Company – 2025</b>                                                 |                |             |           |             |                |          |           |           |
| 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       |
| Amount as at 1 July 2024                                              | 33 627 250     | 3 299 008   | 2 378 143 | 39 304 401  | 257 439        | 349 550  | 1 054 212 | 1 661 201 |
| Transfer from stage 1 to stage 2                                      | (1 014 286)    | 1 014 286   | –         | –           | (20 918)       | 20 918   | –         | –         |
| Transfer from stage 1 to stage 3                                      | (169 993)      | –           | 169 993   | –           | (3 052)        | –        | 3 052     | –         |
| Transfer from stage 2 to stage 3                                      | –              | (138 352)   | 138 352   | –           | –              | (24 577) | 24 577    | –         |
| Transfer from stage 2 to stage 1                                      | 1 220 793      | (1 220 793) | –         | –           | 43 843         | (43 843) | –         | –         |
| Transfer from stage 3 to stage 2                                      | –              | –           | –         | –           | –              | –        | –         | –         |
| <b>Opening balance after transfer*</b>                                | 33 663 764     | 2 954 149   | 2 686 488 | 39 304 401  | 277 312        | 302 048  | 1 081 841 | 1 661 201 |
| Other current period charges/(releases)                               | 1 806 521      | 199 841     | 175 704   | 2 182 067   | (59 135)       | 44 390   | 694 754   | 680 009   |
| Change in exposure of back book in the current year                   | (1 989 863)    | (10 061)    | 110 213   | (1 889 710) | (97 284)       | 20 951   | 634 526   | 558 193   |
| – Exposures with a change in measurement basis from 12 months to LECL | –              | 133 171     | –         | 133 171     | –              | 7 389    | –         | 7 389     |
| – Other current year impairment charge/(release)                      | (1 989 863)    | (143 232)   | 110 212   | (2 022 881) | (97 284)       | 13 562   | 634 526   | 550 804   |
| Change in exposure due to new business in the current year            | 3 796 384      | 209 902     | 65 491    | 4 071 777   | 38 149         | 23 439   | 60 228    | 121 816   |
| Bad debts written off**                                               | –              | –           | (749 643) | (749 643)   | –              | –        | (749 643) | (749 643) |
| <b>Amount as at 30 June 2025</b>                                      | 35 470 288     | 3 153 989   | 2 112 548 | 40 736 825  | 218 175        | 346 437  | 1 026 952 | 1 591 565 |
| Amortised cost                                                        | 35 470 288     | 3 153 989   | 2 112 548 | 40 736 825  | 218 175        | 346 437  | 1 026 952 | 1 591 565 |

\* 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\$678.6 million (2025: N\$749.6 million).

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 12. Advances *continued*

### Reconciliation of the gross carrying amount of advances and loss allowance on total advances *continued*

| N\$'000                              | Gross advances |           |           |            | Loss allowance |         |           |           |
|--------------------------------------|----------------|-----------|-----------|------------|----------------|---------|-----------|-----------|
|                                      | Stage 1        | Stage 2   | Stage 3   | Total      | Stage 1        | Stage 2 | Stage 3   | Total     |
| <b>Group – 2026</b>                  |                |           |           |            |                |         |           |           |
| Retail                               | 21 593 702     | 1 468 927 | 1 200 657 | 24 263 286 | 148 307        | 116 064 | 562 031   | 826 402   |
| FNB Commercial                       | 7 208 837      | 1 155 153 | 491 547   | 8 855 537  | 55 698         | 99 456  | 280 977   | 436 131   |
| RMB Corporate and Investment banking | 10 403 551     | 626 724   | –         | 11 030 275 | 33 095         | 39 449  | –         | 72 544    |
|                                      | 39 206 090     | 3 250 804 | 1 692 204 | 44 149 098 | 237 100        | 254 969 | 843 008   | 1 335 077 |
| <b>Company – 2026</b>                |                |           |           |            |                |         |           |           |
| Retail                               | 21 539 347     | 1 465 243 | 1 195 274 | 24 199 864 | 148 092        | 115 781 | 559 520   | 823 393   |
| FNB Commercial                       | 7 208 837      | 1 155 153 | 491 547   | 8 855 537  | 55 699         | 99 456  | 280 976   | 436 131   |
| RMB Corporate and Investment banking | 10 403 551     | 626 724   | –         | 11 030 275 | 33 095         | 39 449  | –         | 72 544    |
|                                      | 39 151 735     | 3 247 120 | 1 686 821 | 44 085 676 | 236 886        | 254 686 | 840 496   | 1 332 068 |
| <b>Group – 2025</b>                  |                |           |           |            |                |         |           |           |
| Retail                               | 20 383 243     | 1 773 172 | 1 445 281 | 23 601 696 | 147 416        | 179 579 | 663 089   | 990 085   |
| FNB Commercial                       | 7 331 680      | 1 036 710 | 678 938   | 9 047 328  | 53 178         | 128 769 | 368 412   | 550 359   |
| RMB Corporate and Investment banking | 7 817 732      | 352 543   | –         | 8 170 275  | 17 814         | 38 652  | –         | 56 465    |
|                                      | 35 532 655     | 3 162 425 | 2 124 219 | 40 819 299 | 218 408        | 347 000 | 1 031 501 | 1 596 909 |
| <b>Company – 2025</b>                |                |           |           |            |                |         |           |           |
| Retail                               | 20 320 876     | 1 764 736 | 1 433 610 | 23 519 222 | 147 182        | 179 018 | 658 540   | 984 740   |
| FNB Commercial                       | 7 331 680      | 1 036 710 | 678 938   | 9 047 328  | 53 178         | 128 769 | 368 412   | 550 359   |
| RMB Corporate and Investment banking | 7 817 732      | 352 543   | –         | 8 170 275  | 17 814         | 38 652  | –         | 56 466    |
|                                      | 35 470 288     | 3 153 989 | 2 112 548 | 40 736 825 | 218 175        | 346 438 | 1 026 952 | 1 591 565 |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 13. Impairment of advances

### Analysis of the loss allowance closing balance

| N\$'000                                        | 2026           |         |         |           | 2025           |         |           |           |
|------------------------------------------------|----------------|---------|---------|-----------|----------------|---------|-----------|-----------|
|                                                | Loss allowance |         |         |           | Loss allowance |         |           |           |
|                                                | Stage 1        | Stage 2 | Stage 3 | Total     | Stage 1        | Stage 2 | Stage 3   | Total     |
| <b>Group</b>                                   |                |         |         |           |                |         |           |           |
| Included in the total loss allowance           | 237 100        | 254 969 | 843 008 | 1 335 077 | 218 408        | 347 000 | 1 031 501 | 1 596 909 |
| On and off balance sheet exposure*             | 233 460        | 254 969 | 843 008 | 1 331 437 | 215 104        | 347 000 | 1 031 501 | 1 593 605 |
| Letters of credit and guarantees               | 3 640          | –       | –       | 3 640     | 3 304          | –       | –         | 3 304     |
| Components of total loss allowance             |                |         |         |           |                |         |           |           |
| – Forward looking information**                | 21 475         | 33 842  | –       | 55 317    | 21 649         | 29 783  | 630       | 52 062    |
| – Model update***                              | –              | (4 430) | –       | (4 430)   | –              | –       | –         | –         |
| – Interest on stage 3 advances#                | –              | –       | 276 611 | 276 611   | –              | –       | 356 248   | 356 248   |
| <b>Company</b>                                 |                |         |         |           |                |         |           |           |
| Included in the total loss allowance           | 236 886        | 254 686 | 840 496 | 1 332 068 | 218 174        | 346 439 | 1 026 952 | 1 591 565 |
| On and off balance sheet exposure*             | 233 246        | 254 686 | 840 496 | 1 328 428 | 214 870        | 346 439 | 1 026 952 | 1 588 261 |
| Letters of credit and guarantees               | 3 640          | –       | –       | 3 640     | 3 304          | –       | –         | 3 304     |
| Significant components of total loss allowance |                |         |         |           |                |         |           |           |
| – Forward looking information**                | 21 475         | 33 842  | –       | 55 317    | 21 649         | 29 783  | 630       | 52 062    |
| – Model update***                              | –              | (4 430) | –       | (4 430)   | –              | –       | –         | –         |
| – Interest on stage 3 advances#                | –              | –       | 275 569 | 275 569   | –              | –       | 354 056   | 354 056   |

\* 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 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.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

## for the year ended 30 June 2026

### 13. Impairment of advances *continued*

#### Breakdown of impairment charge recognised during the year

| N\$'000                                                    | 2026           |                | 2025           |                |
|------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                            | Amortised cost | Total          | Amortised cost | Total          |
| <b>Group</b>                                               |                |                |                |                |
| Increase in loss allowance                                 | 421 480        | 421 480        | 687 078        | 687 078        |
| Interest in suspense                                       | (67 423)       | (67 423)       | (110 971)      | (110 971)      |
| Recoveries of bad debts                                    | (105 107)      | (105 107)      | (48 696)       | (48 696)       |
| <b>Impairment of advances recognised during the period</b> | <b>248 951</b> | <b>248 951</b> | <b>527 411</b> | <b>527 411</b> |
| <b>Company</b>                                             |                |                |                |                |
| Increase in loss allowance                                 | 419 089        | 419 089        | 680 007        | 680 007        |
| Interest in suspense                                       | (67 205)       | (67 205)       | (110 218)      | (110 218)      |
| Recoveries of bad debts                                    | (105 115)      | (105 115)      | (48 683)       | (48 683)       |
| <b>Impairment of advances recognised during the period</b> | <b>246 769</b> | <b>246 769</b> | <b>521 106</b> | <b>521 106</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 13. Impairment of advances *continued*

### Reconciliation of the loss allowance on total advances per class

| N\$'000                      | Retail secured        |                       | Retail unsecured |                |              | Corporate and commercial |                                  |                                  | RMB | Total     |
|------------------------------|-----------------------|-----------------------|------------------|----------------|--------------|--------------------------|----------------------------------|----------------------------------|-----|-----------|
|                              | Residential mortgages | Vehicle asset finance | Credit card      | Personal loans | Other Retail | FNB Commercial           | Commercial vehicle asset finance | Corporate and investment banking |     |           |
| <b>Group – 2026</b>          |                       |                       |                  |                |              |                          |                                  |                                  |     |           |
| Amounts as at 30 June 2025   | 420 157               | 53 108                | 54 265           | 351 330        | 111 224      | 416 970                  | 133 389                          | 56 466                           |     | 1 596 909 |
| – Stage 1                    | 46 826                | 21 114                | 14 710           | 47 202         | 17 564       | 42 064                   | 11 114                           | 17 814                           |     | 218 408   |
| – Stage 2                    | 83 648                | 5 575                 | 9 392            | 31 927         | 49 037       | 91 090                   | 37 679                           | 38 652                           |     | 347 000   |
| – Stage 3                    | 289 683               | 26 419                | 30 163           | 272 201        | 44 623       | 283 816                  | 84 596                           | –                                |     | 1 031 501 |
| Bad debts written off        | (218 360)             | (13 293)              | (6 711)          | (169 583)      | (40 214)     | (197 688)                | (37 463)                         | –                                |     | (683 312) |
| Provision created/(released) | 81 708                | 4 589                 | 23 796           | 124 051        | 50 335       | 94 989                   | 25 934                           | 16 078                           |     | 421 480   |
| – Stage 1                    | (1 232)               | (5 617)               | 2 659            | 5 337          | (256)        | (5 622)                  | 8 143                            | 15 281                           |     | 18 690    |
| – Stage 2                    | (50 150)              | (1 301)               | (1 448)          | (10 726)       | 110          | (26 992)                 | (2 321)                          | 797                              |     | (92 032)  |
| – Stage 3                    | 133 090               | 11 507                | 22 585           | 129 440        | 50 481       | 127 603                  | 20 112                           | –                                |     | 494 821   |
| Amount as at 30 June 2026    | 283 505               | 44 404                | 71 350           | 305 798        | 121 345      | 314 271                  | 121 860                          | 72 544                           |     | 1 335 077 |
| – Stage 1                    | 45 594                | 15 497                | 17 369           | 52 539         | 17 307       | 36 442                   | 19 257                           | 33 095                           |     | 237 100   |
| – Stage 2                    | 33 498                | 4 274                 | 7 944            | 21 201         | 49 147       | 64 098                   | 35 358                           | 39 449                           |     | 254 969   |
| – Stage 3                    | 204 413               | 24 633                | 46 037           | 232 058        | 54 891       | 213 731                  | 67 245                           | –                                |     | 843 008   |
| <b>Company – 2026</b>        |                       |                       |                  |                |              |                          |                                  |                                  |     |           |
| Amount as at 30 June 2025    | 414 812               | 53 108                | 54 265           | 351 330        | 111 225      | 416 970                  | 133 389                          | 56 466                           |     | 1 591 565 |
| – Stage 1                    | 46 593                | 21 114                | 14 710           | 47 202         | 17 563       | 42 064                   | 11 114                           | 17 814                           |     | 218 174   |
| – Stage 2                    | 83 085                | 5 575                 | 9 392            | 31 927         | 49 039       | 91 090                   | 37 679                           | 38 652                           |     | 346 439   |
| – Stage 3                    | 285 134               | 26 419                | 30 163           | 272 201        | 44 623       | 283 816                  | 84 596                           | –                                |     | 1 026 952 |
| Bad debts written off        | (213 635)             | (13 292)              | (6 711)          | (169 583)      | (40 214)     | (197 688)                | (37 463)                         | –                                |     | (678 586) |
| Provision created/(released) | 79 319                | 4 588                 | 23 796           | 124 051        | 50 334       | 94 989                   | 25 934                           | 16 078                           |     | 419 089   |
| – Stage 1                    | (1 203)               | (5 626)               | 2 660            | 5 337          | (258)        | (5 622)                  | 8 143                            | 15 281                           |     | 18 712    |
| – Stage 2                    | (49 868)              | (1 302)               | (1 449)          | (10 733)       | 115          | (26 992)                 | (2 321)                          | 797                              |     | (91 754)  |
| – Stage 3                    | 130 390               | 11 516                | 22 585           | 129 447        | 50 477       | 127 603                  | 20 112                           | –                                |     | 492 131   |
| Amount as at 30 June 2026    | 280 496               | 44 404                | 71 350           | 305 798        | 121 345      | 314 271                  | 121 860                          | 72 544                           |     | 1 332 068 |
| – Stage 1                    | 45 390                | 15 488                | 17 370           | 52 539         | 17 305       | 36 442                   | 19 257                           | 33 095                           |     | 236 886   |
| – Stage 2                    | 33 217                | 4 273                 | 7 943            | 21 194         | 49 154       | 64 098                   | 35 358                           | 39 449                           |     | 254 686   |
| – Stage 3                    | 201 889               | 24 643                | 46 037           | 232 065        | 54 886       | 213 731                  | 67 245                           | –                                |     | 840 496   |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 13. Impairment of advances *continued*

### Reconciliation of the loss allowance on total advances per class *continued*

|                              | Retail secured           |                          | Retail unsecured |                   |              | Corporate and commercial |                                        |                                               |           |
|------------------------------|--------------------------|--------------------------|------------------|-------------------|--------------|--------------------------|----------------------------------------|-----------------------------------------------|-----------|
|                              | Residential<br>mortgages | Vehicle asset<br>finance | Credit card      | Personal<br>loans | Other Retail | FNB<br>Commercial        | Commercial<br>vehicle asset<br>finance | RMB<br>Corporate and<br>Investment<br>banking | Total     |
| <b>N\$'000</b>               |                          |                          |                  |                   |              |                          |                                        |                                               |           |
| <b>Group – 2025</b>          |                          |                          |                  |                   |              |                          |                                        |                                               |           |
| Amounts 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                                        | 350 568   |
| – Stage 3                    | 366 106                  | 34 708                   | 45 476           | 219 698           | 42 086       | 298 456                  | 56 879                                 | –                                             | 1 063 409 |
| Bad debts written off        | (325 636)                | (13 397)                 | (15 082)         | (99 847)          | (24 953)     | (273 637)                | (9 128)                                | –                                             | (761 680) |
| Provision created/(released) | 193 544                  | 6 877                    | 1 693            | 141 624           | 33 583       | 267 675                  | 39 179                                 | 2 903                                         | 687 078   |
| – Stage 1                    | (20 974)                 | 1 656                    | 264              | (11 496)          | 695          | (5 174)                  | (754)                                  | (3 342)                                       | (39 125)  |
| – Stage 2                    | (34 695)                 | 113                      | 1 660            | 770               | 5 398        | 13 852                   | 3 088                                  | 6 245                                         | (3 569)   |
| – Stage 3                    | 249 213                  | 5 108                    | (231)            | 152 350           | 27 490       | 258 997                  | 36 845                                 | –                                             | 729 772   |
| Amount as at 30 June 2025    | 420 157                  | 53 108                   | 54 265           | 351 330           | 111 224      | 416 970                  | 133 389                                | 56 466                                        | 1 596 909 |
| – Stage 1                    | 46 826                   | 21 114                   | 14 710           | 47 202            | 17 564       | 42 064                   | 11 114                                 | 17 814                                        | 218 408   |
| – Stage 2                    | 83 648                   | 5 575                    | 9 392            | 31 927            | 49 037       | 91 090                   | 37 679                                 | 38 652                                        | 347 000   |
| – Stage 3                    | 289 683                  | 26 419                   | 30 163           | 272 201           | 44 623       | 283 816                  | 84 596                                 | –                                             | 1 031 501 |
| <b>Company – 2025</b>        |                          |                          |                  |                   |              |                          |                                        |                                               |           |
| Amount as at 30 June 2024    | 541 939                  | 59 628                   | 67 655           | 309 554           | 102 593      | 422 931                  | 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 |
| Bad debts written off        | (313 599)                | (13 397)                 | (15 082)         | (99 847)          | (24 953)     | (273 637)                | (9 128)                                | –                                             | (749 643) |
| Provision created/(released) | 186 472                  | 6 877                    | 1 692            | 141 623           | 33 585       | 267 676                  | 39 179                                 | 2 903                                         | 680 007   |
| – Stage 1                    | (21 112)                 | 1 656                    | 263              | (11 497)          | 695          | (5 173)                  | (754)                                  | (3 343)                                       | (39 265)  |
| – Stage 2                    | (34 240)                 | 113                      | 1 660            | 770               | 5 400        | 13 852                   | 3 088                                  | 6 246                                         | (3 111)   |
| – Stage 3                    | 241 824                  | 5 108                    | (231)            | 152 350           | 27 490       | 258 997                  | 36 845                                 | –                                             | 722 383   |
| Amount as at 30 June 2025    | 414 812                  | 53 108                   | 54 265           | 351 330           | 111 225      | 416 970                  | 133 389                                | 56 466                                        | 1 591 565 |
| – Stage 1                    | 46 593                   | 21 114                   | 14 710           | 47 202            | 17 563       | 42 064                   | 11 114                                 | 17 814                                        | 218 174   |
| – Stage 2                    | 83 085                   | 5 575                    | 9 392            | 31 927            | 49 039       | 91 090                   | 37 679                                 | 38 652                                        | 346 439   |
| – Stage 3                    | 285 134                  | 26 419                   | 30 163           | 272 201           | 44 623       | 283 816                  | 84 596                                 | –                                             | 1 026 952 |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 14. Other assets

| N\$'000                                                                   | Group          |                | Company        |                |
|---------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                           | 2026           | 2025           | 2026           | 2025           |
| Items in transit                                                          | 305 317        | 178 376        | 305 334        | 177 480        |
| Property in possession                                                    | 14 234         | 31 866         | 14 234         | 31 866         |
| Prepayments                                                               | 116 868        | 72 448         | 116 868        | 72 448         |
| Other receivables                                                         | 36 722         | 48 286         | 36 618         | 48 182         |
| Loss allowance                                                            | (559)          | (2 836)        | (534)          | (2 811)        |
| <b>Total other assets</b>                                                 | <b>472 582</b> | <b>328 140</b> | <b>472 520</b> | <b>327 165</b> |
| <b>Financial asset and non-financial asset components of other assets</b> |                |                |                |                |
| Financial asset                                                           | 341 480        | 223 826        | 341 418        | 222 851        |
| Non-financial asset                                                       | 131 102        | 104 314        | 131 102        | 104 314        |
|                                                                           | <b>472 582</b> | <b>328 140</b> | <b>472 520</b> | <b>327 165</b> |

The group has not pledged any of its property in possession. An impairment loss of N\$9.8 million (2025: N\$1.3 million) was recognised on property in possession.

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\$0.6 million (2025: N\$2.8 million).

## 15. Investment in subsidiary

### Significant subsidiary

| N\$'000                                            | Nature of business | Date of acquisition | Country of incorporation | Listed/unlisted | Number of shares  | 2026             | 2025             |
|----------------------------------------------------|--------------------|---------------------|--------------------------|-----------------|-------------------|------------------|------------------|
| Swabou Investments (Pty) Ltd                       | Property finance   | 1 Jul 03            | Namibia                  | Unlisted        | 2 of N\$0.05 each | 100%             | 100%             |
| <b>Swabou Investments (Pty) Ltd</b>                |                    |                     |                          |                 |                   |                  |                  |
| Aggregate (loss)/income of subsidiary (before tax) |                    |                     |                          |                 |                   | 13 823           | (3 946)          |
| Total indebtedness                                 |                    |                     |                          |                 |                   | (104 572)        | (119 021)        |
| <b>Total investment</b>                            |                    |                     |                          |                 |                   | <b>(104 572)</b> | <b>(119 021)</b> |

Interest paid by Swabou Investments (Pty) Ltd to First National Bank of Namibia Limited totalled N\$6.9 million (2025: N\$9.0 million).

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 16. Property and equipment

| N\$'000                     | 2026                   |                             |                  | 2025                   |                             |                |
|-----------------------------|------------------------|-----------------------------|------------------|------------------------|-----------------------------|----------------|
|                             | Cost or<br>revaluation | Accumulated<br>depreciation | Carrying value   | Cost or<br>revaluation | Accumulated<br>depreciation | Carrying value |
| <b>Group</b>                |                        |                             |                  |                        |                             |                |
| Buildings                   | 778 694                | (105 711)                   | 672 983          | 657 130                | (74 459)                    | 582 671        |
| Leasehold property          | 84 955                 | (49 459)                    | 35 496           | 80 938                 | (45 284)                    | 35 654         |
| Furniture and fittings      | 234 177                | (190 012)                   | 44 165           | 217 602                | (175 742)                   | 41 860         |
| Motor vehicles              | 8 545                  | (4 769)                     | 3 776            | 9 542                  | (4 457)                     | 5 085          |
| Office equipment            | 108 822                | (94 633)                    | 14 189           | 101 601                | (93 219)                    | 8 382          |
| IT equipment                | 542 385                | (352 819)                   | 189 566          | 476 994                | (310 448)                   | 166 546        |
| Right of use asset property | 81 085                 | (35 370)                    | 45 715           | 73 163                 | (35 161)                    | 38 002         |
| Capitalised lease equipment | 12 289                 | (12 289)                    | –                | 12 289                 | (12 289)                    | –              |
| <b>Total</b>                | <b>1 850 952</b>       | <b>(845 062)</b>            | <b>1 005 890</b> | <b>1 629 259</b>       | <b>(751 059)</b>            | <b>878 200</b> |
| <b>Company</b>              |                        |                             |                  |                        |                             |                |
| Buildings                   | 704 176                | (85 072)                    | 619 104          | 657 130                | (74 459)                    | 582 671        |
| Leasehold property          | 84 955                 | (49 459)                    | 35 496           | 80 938                 | (45 284)                    | 35 654         |
| Furniture and fittings      | 233 228                | (189 426)                   | 43 802           | 216 652                | (175 278)                   | 41 374         |
| Motor vehicles              | 8 545                  | (4 769)                     | 3 776            | 9 542                  | (4 457)                     | 5 085          |
| Office equipment            | 108 579                | (94 442)                    | 14 137           | 101 358                | (93 077)                    | 8 281          |
| IT equipment                | 542 151                | (352 685)                   | 189 466          | 476 760                | (310 361)                   | 166 399        |
| Right of use asset property | 81 085                 | (35 370)                    | 45 715           | 73 163                 | (35 161)                    | 38 002         |
| Capitalised lease equipment | 12 289                 | (12 289)                    | –                | 12 289                 | (12 289)                    | –              |
| <b>Total</b>                | <b>1 775 008</b>       | <b>(823 512)</b>            | <b>951 496</b>   | <b>1 627 832</b>       | <b>(750 366)</b>            | <b>877 466</b> |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 16. Property and equipment *continued*

### Reconciliation of property and equipment

| N\$'000                     | Opening<br>balance | Additions | Disposals | Transfers* | Depreciation | Total     |
|-----------------------------|--------------------|-----------|-----------|------------|--------------|-----------|
| <b>Group – 2026</b>         |                    |           |           |            |              |           |
| Buildings                   | 582 671            | 48 655    | (35)      | 55 277     | (13 585)     | 672 983   |
| Leasehold property          | 35 654             | 2 510     | –         | 1 509      | (4 175)      | 35 496    |
| Furniture and fixtures      | 41 860             | 17 346    | (8)       | –          | (15 033)     | 44 165    |
| Motor vehicles              | 5 085              | 578       | (541)     | –          | (1 346)      | 3 776     |
| Office equipment            | 8 382              | 9 056     | –         | (28)       | (3 221)      | 14 189    |
| IT equipment                | 166 546            | 91 587    | (190)     | 62         | (68 439)     | 189 566   |
| Right of use asset property | 38 002             | 30 950    | –         | –          | (23 237)     | 45 715    |
|                             | 878 200            | 200 682   | (774)     | 56 820     | (129 037)    | 1 005 890 |
| <b>Group – 2025</b>         |                    |           |           |            |              |           |
| Buildings                   | 582 217            | 11 211    | (1 010)   | –          | (9 747)      | 582 671   |
| Leasehold property          | 33 592             | 7 189     | (37)      | –          | (5 090)      | 35 654    |
| Furniture and fixtures      | 54 248             | 7 711     | (506)     | –          | (19 593)     | 41 860    |
| Motor vehicles              | 4 892              | 1 355     | (122)     | –          | (1 040)      | 5 085     |
| Office equipment            | 15 055             | 5 219     | (12)      | (9 685)    | (2 195)      | 8 382     |
| IT equipment                | 141 989            | 80 016    | (3 089)   | 9 685      | (62 055)     | 166 546   |
| Right of use asset property | 29 268             | 30 527    | (225)     | –          | (21 568)     | 38 002    |
|                             | 861 261            | 143 228   | (5 001)   | –          | (121 288)    | 878 200   |

\* During the year, management decided to discontinue the plan to sell the building previously classified as a non-current asset held for sale in terms of IFRS 5, to reintroduce the property for internal use. Accordingly, the asset no longer met the criteria for classification as held for sale and was reclassified to property and equipment. Upon reclassification, the building was measured at the lower of the carrying amount that would have been recognised had the asset not been classified as held for sale, adjusted for depreciation, and its recoverable amount at the date of the decision not to sell. The building is now presented under property and equipment, and depreciation resumed from the date of reclassification.

The transfers column includes minor reclassifications between property and equipment categories during the year. Please see note 19 for more detail.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 16. Property and equipment *continued*

### Reconciliation of property and equipment *continued*

| N\$'000                     | Opening<br>balance | Additions | Disposals | Transfers | Depreciation | Total   |
|-----------------------------|--------------------|-----------|-----------|-----------|--------------|---------|
| <b>Company – 2026</b>       |                    |           |           |           |              |         |
| Buildings                   | 582 671            | 48 657    | (35)      | (1 544)   | (10 645)     | 619 104 |
| Leasehold property          | 35 654             | 2 510     | –         | 1 509     | (4 177)      | 35 496  |
| Furniture and fixtures      | 41 374             | 17 347    | (8)       | –         | (14 911)     | 43 802  |
| Motor vehicles              | 5 085              | 578       | (541)     | –         | (1 346)      | 3 776   |
| Office equipment            | 8 281              | 9 055     | –         | (27)      | (3 172)      | 14 137  |
| IT equipment                | 166 399            | 91 588    | (190)     | 62        | (68 392)     | 189 466 |
| Right of use asset property | 38 002             | 30 949    | –         | –         | (23 236)     | 45 715  |
|                             | 877 466            | 200 684   | (774)     | –         | (125 879)    | 951 496 |
| <b>Company – 2025</b>       |                    |           |           |           |              |         |
| Buildings                   | 582 217            | 11 211    | (1 010)   | –         | (9 747)      | 582 671 |
| Leasehold property          | 33 592             | 7 189     | (37)      | –         | (5 090)      | 35 654  |
| Furniture and fixtures      | 53 637             | 7 712     | (506)     | –         | (19 469)     | 41 374  |
| Motor vehicles              | 4 892              | 1 355     | (122)     | –         | (1 040)      | 5 085   |
| Office equipment            | 14 906             | 5 218     | (12)      | (9 685)   | (2 146)      | 8 281   |
| IT equipment                | 141 796            | 80 015    | (3 089)   | 9 685     | (62 008)     | 166 399 |
| Right of use asset property | 29 268             | 30 527    | (225)     | –         | (21 568)     | 38 002  |
|                             | 860 308            | 143 227   | (5 001)   | –         | (121 068)    | 877 466 |

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.

The transfers column includes minor reclassifications between property and equipment categories during the year.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 17. Intangible assets

| N\$'000        | 2026               |                             |                | 2025               |                             |                |
|----------------|--------------------|-----------------------------|----------------|--------------------|-----------------------------|----------------|
|                | Cost/<br>Valuation | Accumulated<br>amortisation | Carrying value | Cost/<br>Valuation | Accumulated<br>amortisation | Carrying value |
| <b>Group</b>   |                    |                             |                |                    |                             |                |
| Trademarks     | 380 713            | (380 713)                   | –              | 380 713            | (380 713)                   | –              |
| Software       | 43 750             | (35 578)                    | 8 172          | 37 344             | (30 095)                    | 7 249          |
| Goodwill       | 47 967             | –                           | 47 967         | 47 967             | –                           | 47 967         |
| <b>Total</b>   | <b>472 430</b>     | <b>(416 291)</b>            | <b>56 139</b>  | <b>466 024</b>     | <b>(410 808)</b>            | <b>55 216</b>  |
| <b>Company</b> |                    |                             |                |                    |                             |                |
| Trademarks     | 354 100            | (354 100)                   | –              | 354 100            | (354 100)                   | –              |
| Software       | 43 750             | (35 578)                    | 8 172          | 37 344             | (30 095)                    | 7 249          |
| Goodwill       | 47 967             | –                           | 47 967         | 47 967             | –                           | 47 967         |
| <b>Total</b>   | <b>445 817</b>     | <b>(389 678)</b>            | <b>56 139</b>  | <b>439 411</b>     | <b>(384 195)</b>            | <b>55 216</b>  |

### Reconciliation of intangible assets

| N\$'000        | 2026            |              |                |               | 2025            |              |                |               |
|----------------|-----------------|--------------|----------------|---------------|-----------------|--------------|----------------|---------------|
|                | Opening balance | Additions    | Amortisation   | Total         | Opening balance | Additions    | Amortisation   | Total         |
| <b>Group</b>   |                 |              |                |               |                 |              |                |               |
| Software       | 7 249           | 6 405        | (5 482)        | 8 172         | 11 566          | 3 722        | (8 039)        | 7 249         |
| Goodwill       | 47 967          | –            | –              | 47 967        | 47 967          | –            | –              | 47 967        |
| <b>Total</b>   | <b>55 216</b>   | <b>6 405</b> | <b>(5 482)</b> | <b>56 139</b> | <b>59 533</b>   | <b>3 722</b> | <b>(8 039)</b> | <b>55 216</b> |
| <b>Company</b> |                 |              |                |               |                 |              |                |               |
| Software       | 7 249           | 6 405        | (5 482)        | 8 172         | 11 566          | 3 722        | (8 039)        | 7 249         |
| Goodwill       | 47 967          | –            | –              | 47 967        | 47 967          | –            | –              | 47 967        |
| <b>Total</b>   | <b>55 216</b>   | <b>6 405</b> | <b>(5 482)</b> | <b>56 139</b> | <b>59 533</b>   | <b>3 722</b> | <b>(8 039)</b> | <b>55 216</b> |

### Impairment of goodwill

The group assessed goodwill and determined that no write down of the carrying amount was necessary.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 18. Deferred tax liability

### Deferred tax

| N\$'000                                                                  | Group            |                  | Company          |                  |
|--------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                          | 2026             | 2025             | 2026             | 2025             |
| Deferred tax liability                                                   | (207 081)        | (224 971)        | (211 817)        | (229 707)        |
| Opening balance                                                          | (224 971)        | (298 168)        | (229 707)        | (298 845)        |
| – Recognised in profit or loss                                           | 16 002           | 65 706           | 16 002           | 61 647           |
| – Deferred tax on amounts charged directly to other comprehensive income | 1 888            | 758              | 1 888            | 758              |
| – Taxable temporary difference adjustment                                | –                | 6 733            | –                | 6 733            |
| <b>Total deferred income tax liability</b>                               | <b>(207 081)</b> | <b>(224 971)</b> | <b>(211 817)</b> | <b>(229 707)</b> |

Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority, same legal entity and there is a legally enforceable right to set-off.

The carrying amount of deferred tax assets is reviewed at each reporting date and is supported by future cash flow forecasts.

The assessed loss rules comprise both a carry-forward limitation of 5 years and an annual utilisation limitation (greater of N\$1 million or 80% of taxable income).

### Reconciliation of deferred tax liability

|                                                   |                  |                  |                  |                  |
|---------------------------------------------------|------------------|------------------|------------------|------------------|
| Deferred tax liability                            | (207 081)        | (224 971)        | (211 817)        | (229 707)        |
| At beginning of year                              | 224 971          | 298 168          | 229 707          | 298 845          |
| Provision for loan impairment                     | 112 418          | 127 038          | 112 418          | 127 038          |
| Post-employment benefits                          | 13 645           | 13 768           | 13 645           | 13 768           |
| Other provisions                                  | (57 479)         | (56 465)         | (62 215)         | (61 201)         |
| Instalment credit agreements                      | (112 924)        | (111 119)        | (112 924)        | (111 119)        |
| Accrual                                           | (138 134)        | (183 316)        | (138 134)        | (183 316)        |
| Fair value adjustment of financial instrument     | (44)             | –                | (44)             | –                |
| Share-based payment                               | (25 992)         | (14 419)         | (25 992)         | (14 419)         |
| Other                                             | 1 429            | (458)            | 1 429            | (458)            |
| <b>Total deferred tax liability</b>               | <b>(207 081)</b> | <b>(224 971)</b> | <b>(211 817)</b> | <b>(229 707)</b> |
| Charge through profit and loss                    | (16 002)         | (65 706)         | (16 002)         | (61 647)         |
| Deferred income tax on other comprehensive income | (1 888)          | (758)            | (1 888)          | (758)            |
|                                                   | (17 890)         | (66 464)         | (17 890)         | (62 405)         |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 19. Non-current assets held for sale

| N\$'000                            | Group    |        | Company |      |
|------------------------------------|----------|--------|---------|------|
|                                    | 2026     | 2025   | 2026    | 2025 |
| Opening balance                    | 55 040   | 53 000 | –       | –    |
| Transfer to property and equipment | (56 820) | –      | –       | –    |
| Reversal of impairment             | 1 780    | 2 040  | –       | –    |
|                                    | –        | 55 040 | –       | –    |

During the year, management decided to discontinue the plan to sell the building previously classified as a non-current asset held for sale in terms of IFRS 5 and to reintroduce the property for internal use. Accordingly, the asset no longer met the criteria for classification as held for sale and was reclassified to property and equipment. Upon reclassification, the building was measured at the lower of the carrying amount that would have been recognised had the asset not been classified as held for sale, adjusted for depreciation, and its recoverable amount at the date of the decision not to sell. The building is now presented under property and equipment (see note 16) and depreciation resumed from the date of reclassification.

## 20. Creditors and accruals

|                                          |           |         |           |         |
|------------------------------------------|-----------|---------|-----------|---------|
| Items in transit                         | 836 078   | 160 835 | 836 078   | 160 831 |
| Audit fees accrued                       | 12 909    | 12 099  | 12 388    | 11 608  |
| Accrued expenses                         | 30 239    | 37 663  | 30 239    | 37 663  |
| Accounts payable and accrued liabilities | 462 041   | 721 160 | 462 137   | 721 235 |
|                                          | 1 341 267 | 931 757 | 1 340 842 | 931 337 |

Accounts payable and accrued liabilities balance mainly includes sundry creditors, withholding tax for employees, VAT payment control and other accrued liabilities.

All amounts are expected to be settled within twelve months.

The carrying value of creditors and accruals approximate fair value.

## 21. Short trading position

|                                            |        |        |        |        |
|--------------------------------------------|--------|--------|--------|--------|
| Government and government guaranteed stock | 32 199 | 16 682 | 32 199 | 16 682 |
|--------------------------------------------|--------|--------|--------|--------|

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 22. Deposits

| N\$'000                                                   | Group             |                   | Company           |                   |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                           | 2026              | 2025              | 2026              | 2025              |
| <b>22.1 Deposits from customers</b>                       |                   |                   |                   |                   |
| Deposits from customers                                   |                   |                   |                   |                   |
| Current accounts                                          | 19 305 444        | 17 965 514        | 19 304 401        | 17 964 300        |
| Call deposits                                             | 13 912 059        | 11 983 532        | 13 912 059        | 11 983 532        |
| Savings deposits                                          | 1 212 310         | 1 010 871         | 1 212 310         | 1 010 871         |
| Fixed and notice deposits                                 | 13 321 605        | 10 348 001        | 13 321 605        | 10 348 001        |
| <b>Deposits from customers</b>                            | <b>47 751 418</b> | <b>41 307 918</b> | <b>47 750 375</b> | <b>41 306 704</b> |
| <b>Debt securities</b>                                    |                   |                   |                   |                   |
| Negotiable certificates of deposit                        | 4 148 040         | 4 046 032         | 4 148 040         | 4 046 032         |
| Fixed and floating rate notes                             | 612 959           | 613 000           | 612 959           | 613 000           |
| <b>Debt securities</b>                                    | <b>4 760 999</b>  | <b>4 659 032</b>  | <b>4 760 999</b>  | <b>4 659 032</b>  |
| <b>Total deposits and current accounts</b>                | <b>52 512 417</b> | <b>45 966 950</b> | <b>52 511 374</b> | <b>45 965 736</b> |
| <b>22.2 Due to banks and other financial institutions</b> |                   |                   |                   |                   |
| Namibia Dollar amount                                     |                   |                   |                   |                   |
| To banks and other financial institutions                 | 276 874           | 253 154           | 276 874           | 253 154           |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 23. Employee liabilities

| N\$'000                                       | Group   |         | Company |         |
|-----------------------------------------------|---------|---------|---------|---------|
|                                               | 2026    | 2025    | 2026    | 2025    |
| Liability for short-term employee liabilities | 270 498 | 246 947 | 270 498 | 246 947 |
| Post-employment benefit liabilities           | 53 468  | 45 892  | 53 468  | 45 892  |
|                                               | 323 966 | 292 839 | 323 966 | 292 839 |

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\$3.6 million (2025: N\$3.6 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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 23. Employee liabilities *continued*

| N\$'000                               | 2026    |           |        | 2025    |           |        |
|---------------------------------------|---------|-----------|--------|---------|-----------|--------|
|                                       | Medical | Severance | Total  | Medical | Severance | Total  |
| <b>Group and company</b>              |         |           |        |         |           |        |
| Present value of unfunded liabilities | 43 243  | 10 225    | 53 468 | 37 262  | 8 630     | 45 892 |

The amount recognised in the statement of comprehensive income are as follows

| N\$'000                                                 | 2026         |              |               | 2025         |              |              |
|---------------------------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|
|                                                         | Medical      | Severance    | Total         | Medical      | Severance    | Total        |
| <b>Group and company</b>                                |              |              |               |              |              |              |
| Current service cost                                    | 205          | 658          | 863           | 189          | 658          | 847          |
| Interest cost                                           | 3 814        | 870          | 4 684         | 4 046        | 870          | 4 916        |
| Included in staff cost                                  | 4 019        | 1 528        | 5 547         | 4 235        | 1 528        | 5 763        |
| Remeasurements recognised in other comprehensive income |              |              |               |              |              |              |
| Actuarial (gains)/loss recognised                       | 5 531        | 861          | 6 392         | 1 295        | 1 151        | 2 446        |
| – Actuarial gains from changes in demographic           | 1 975        | 77           | 2 052         | 2 015        | 599          | 2 614        |
| – Actuarial (gains)/loss from financial assumptions     | 3 556        | 784          | 4 340         | (457)        | (75)         | (532)        |
| – Other remeasurements                                  | –            | –            | –             | (263)        | 627          | 364          |
| <b>Total</b>                                            | <b>9 550</b> | <b>2 389</b> | <b>11 939</b> | <b>5 530</b> | <b>2 678</b> | <b>8 208</b> |

Movement in post-employment liabilities

| N\$'000                                | 2026    |           |         | 2025    |           |         |
|----------------------------------------|---------|-----------|---------|---------|-----------|---------|
|                                        | Medical | Severance | Total   | Medical | Severance | Total   |
| <b>Group and company</b>               |         |           |         |         |           |         |
| Present value at beginning of the year | 37 262  | 8 630     | 45 892  | 35 019  | 7 819     | 42 838  |
| Current service cost                   | 205     | 658       | 863     | 189     | 658       | 847     |
| Interest cost                          | 3 814   | 870       | 4 684   | 4 046   | 870       | 4 916   |
| Benefits paid                          | (3 569) | (792)     | (4 361) | (3 287) | (1 868)   | (5 155) |
| Actuarial (gains)/loss recognised      | 5 531   | 861       | 6 392   | 1 295   | 1 151     | 2 446   |
| Present value at end of the year       | 43 243  | 10 225    | 53 468  | 37 262  | 8 630     | 45 892  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 23. Employee liabilities *continued*

### Movement in post-employment liabilities *continued*

The sensitivity analysis illustrates how the value of the liability would change in response to certain changes in actuarial assumptions.

| N\$'000                                                                             | 2026  | 2025  |
|-------------------------------------------------------------------------------------|-------|-------|
| <b>Company</b>                                                                      |       |       |
| <b>Effect of 1% change in the medical aid inflation assumptions is as follows:</b>  |       |       |
| 1% increase – effect in current service and interest costs                          | 4 293 | 4 399 |
| 1% decrease – effect in current service and interest costs                          | 3 597 | 3 689 |
| <b>Effect of 1% change in the normal salary inflation assumption is as follows:</b> |       |       |
| 1% increase – effect in current service and interest costs                          | 1 976 | 1 776 |
| 1% decrease – effect in current service and interest costs                          | 1 656 | 1 499 |
| <b>Effect of 1% change in the discount rate assumptions is as follows:*</b>         |       |       |
| 1% increase – effect in current service and interest costs                          | 5 749 | 5 620 |
| 1% decrease – effect in current service and interest costs                          | 5 691 | 5 672 |

### The principal actuarial assumptions used for accounting purposes were

| N\$'000                   | 2026    |           | 2025    |           |
|---------------------------|---------|-----------|---------|-----------|
|                           | Medical | Severance | Medical | Severance |
| <b>Group and company</b>  |         |           |         |           |
| Discount rate (%)         | 9.02%   | 8.97%     | 10.71%  | 10.39%    |
| Medical aid inflation (%) | 5.63%   | –         | 6.15%   | –         |
| Salary inflation (%)      | –       | 5.55%     | –       | 5.95%     |
| Employees covered         | 85      | 2 181     | 88      | 2 216     |

\* In the current year, additional disclosure has been included for the discount rate sensitivity to enhance the presentation of the sensitivity analysis. The comparative figures have been included above.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 24. Other liabilities

| N\$'000                                        | Group           |                 | Company         |                 |
|------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                | 2026            | 2025            | 2026            | 2025            |
| Lease liabilities                              | 48 982          | 40 929          | 48 982          | 40 929          |
| Other funding liabilities                      | 31 494          | 63 012          | 31 494          | 63 012          |
| <b>Total other liabilities</b>                 | <b>80 476</b>   | <b>103 941</b>  | <b>80 476</b>   | <b>103 941</b>  |
| <b>Other liabilities reconciliation</b>        |                 |                 |                 |                 |
| Opening balance                                | 103 941         | 125 719         | 103 941         | 125 719         |
| <b>Cash flow movements</b>                     | <b>(61 686)</b> | <b>(62 619)</b> | <b>(61 686)</b> | <b>(62 619)</b> |
| – Principal payments towards other liabilities | (31 286)        | (31 286)        | (31 286)        | (31 286)        |
| – Principal payments towards lease liabilities | (22 574)        | (21 175)        | (22 574)        | (21 175)        |
| – Interest paid on other liabilities           | (4 457)         | (7 286)         | (4 457)         | (7 286)         |
| – Interest paid on lease liabilities           | (3 369)         | (2 872)         | (3 369)         | (2 872)         |
| <b>Non-cash flow movements</b>                 | <b>38 221</b>   | <b>40 841</b>   | <b>38 221</b>   | <b>40 841</b>   |
| – New leases issued during the year            | 29 116          | 17 419          | 29 116          | 17 419          |
| – Early termination of lease                   | 1 511           | 13 553          | 1 511           | 13 553          |
| – Interest accrued                             | 7 594           | 9 869           | 7 594           | 9 869           |
| <b>Total other liabilities</b>                 | <b>80 476</b>   | <b>103 941</b>  | <b>80 476</b>   | <b>103 941</b>  |

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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 25. Tier 2 liabilities

| Subordinated debt instruments            | Interest rate             | Final maturity date | 2026    | 2025    |
|------------------------------------------|---------------------------|---------------------|---------|---------|
| FNB34 (T2) floating rate notes (N\$'000) | Three-month JIBAR + 1.95% | 3 December 2034     | 500 000 | 500 000 |
| Accrued interest (N\$'000)               |                           |                     | 3 426   | 3 558   |

The above FNB floating rate notes were issued 3 December 2024, with a maturity date of 3 December 2034. The bank has the option to redeem in full on 3 December 2029.

Interest is paid quarterly in arrears on 3 March, 3 June, 3 September and 3 December of each year until the maturity date. These notes are listed on the Namibia Securities Exchange (NSX).

The notes are subordinated and unsecured, which qualifies as Tier 2 capital for First National Bank of Namibia Limited. Tier 2 liabilities are measured at amortised cost using the effective interest rate method.

Refer to note 30 fair value of financial instruments for the methodologies used to determine the fair value of the tier 2 liabilities. The group did not have any default of interest or other breaches with respect of its Tier 2 debt instrument during the year.

### Tier 2 liabilities reconciliation

| N\$'000                                     | 2026           | 2025           |
|---------------------------------------------|----------------|----------------|
| Opening balance                             | 503 558        | –              |
| <b>Non-cash flow movement</b>               |                |                |
| Interest accrued                            | 44 320         | 27 421         |
| <b>Cash flow movement</b>                   |                |                |
| – Interest paid                             | (44 452)       | (23 863)       |
| – Proceeds from issue of Tier 2 liabilities | –              | 500 000        |
| <b>Closing balance</b>                      | <b>503 426</b> | <b>503 558</b> |

## 26. Share capital

|                                                                        | Group            |                  | Company          |                  |
|------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                        | 2026             | 2025             | 2026             | 2025             |
| <b>Authorised</b>                                                      |                  |                  |                  |                  |
| 4 000 Ordinary shares with a par value of N\$1 per share               | 4                | 4                | 4                | 4                |
| <b>Issued</b>                                                          |                  |                  |                  |                  |
| 1 200 (2025: 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        |
|                                                                        | <b>1 142 792</b> | <b>1 142 792</b> | <b>1 142 792</b> | <b>1 142 792</b> |

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 and separate statement of changes in equity.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 27. Remuneration schemes

| N\$'000                          | Group  |        | Company |        |
|----------------------------------|--------|--------|---------|--------|
|                                  | 2026   | 2025   | 2026    | 2025   |
| Conditional incentive plan (CIP) |        |        |         |        |
| Other subsidiary schemes         | 29 653 | 24 991 | 29 653  | 24 991 |

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 SA share price (applicable to qualifying employees). For all qualifying employees, 100% of the award has the FirstRand share price as the underlying.

No liability is recognised for the CIP scheme, as the liability is prepaid. Included in prepayments in note 14 is an amount of N\$53.9 million (2025: N\$48.1 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                                | <p><b>Deferred bonus awards</b><br/>Short-term incentives over a specified threshold are converted to notional share awards and vests after 24 months to ensure these payments are share price-linked. These awards are subject to employment conditions, personal and business unit performance requirements and have been included in the share awards outstanding tables below.</p> <p><b>Deferred incentive and conditional incentive awards</b><br/>These awards vest up to three years after the initial award. The deferred incentive plan (DIP) awards are subject to employment conditions and personal performance requirements. During the year, the DIP was replaced with the bonus share ownership plan (BSOP) for all new awards. Similar to the DIP, this award is only forfeited if the individual performance requirements are not met over the three-year vesting period, or if the individual is no longer employed by the group.</p> <p>The conditional incentive plan (CIP) awards are subject to employment conditions and vesting conditions relating to group performance.</p> <p>CIP vesting conditions are subject to specified financial performance targets set annually by the group's remuneration committee. These corporate performance targets (CPTs) are set out below.</p> |
| Valuation methodology                             | The awards are valued using the awards' fair value which is revised for share price, time value of money, adjusted for dividends paid and past staff forfeitures. The awards are repriced at each reporting date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Valuation assumptions                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Dividend data                                     | Expected future dividends over the vesting period are based on independently observable market expectations (including Bloomberg consensus data).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 27. Remuneration schemes *continued*

### Corporate performance targets

The First National Bank of Namibia remuneration committee sets the CPTs for each award based on the 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. From 2019 onwards, 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 earnings per share growth targets and minimum return on equity 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 pre-determined issues.

### Currently open

The significant weighted average assumptions used to estimate the fair value of the conditional share awards granted are detailed below.

|                                                                            | 2026          | 2025          |
|----------------------------------------------------------------------------|---------------|---------------|
| <b>Conditional and deferred incentive plans</b>                            |               |               |
| Award life (years)                                                         | 2 – 3         | 2 – 3         |
| Risk-free rate (%)                                                         | 7.05 – 7.84   | 7.35 – 7.68   |
| <b>Conditional and deferred incentive plans (FirstRand shares)</b>         |               |               |
| <b>Shares awards outstanding</b>                                           |               |               |
| Number of awards in force at the beginning of the year (millions)          | 1.203         | 1.695         |
| Number of awards purchased with respect to the share ownership award plans | 0.263         | –             |
| Number of awards granted during the year (millions)                        | 0.207         | 0.144         |
| Number of awards transferred (within the group) during the year (millions) | 0.056         | –             |
| Number of awards exercised/released during the year                        | (0.579)       | (0.520)       |
| – Market value range at date of exercise/release (cents)*                  | 8 106 – 8 106 | 8 415 – 8 415 |
| – Weighted average (cents)                                                 | 8 106         | 8 415         |
| Number of awards forfeited during the year (millions)                      | (0.090)       | (0.116)       |
| Number of awards in force at the end of the year (millions)                | 1.060         | 1.203         |

\* Market values indicated above include those instances where a probability of vesting is applied to accelerated share award vesting prices due to a no-fault termination, as per the rules of the scheme.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 27. Remuneration schemes *continued*

### Currently open *continued*

|                                                             | 2026                                    |                               | 2025                                    |                               |
|-------------------------------------------------------------|-----------------------------------------|-------------------------------|-----------------------------------------|-------------------------------|
|                                                             | Weighted average remaining life (years) | Outstanding awards (millions) | Weighted average remaining life (years) | Outstanding awards (millions) |
| Conditional and deferred incentive plans (FirstRand shares) |                                         |                               |                                         |                               |
| Awards outstanding**                                        |                                         |                               |                                         |                               |
| Vesting during 2025                                         | –                                       | –                             | 0.32                                    | 0.531                         |
| Vesting during 2026                                         | 0.32                                    | 0.561                         | 1.32                                    | 0.564                         |
| Vesting during 2027                                         | 1.32                                    | 0.338                         | 2.32                                    | 0.108                         |
| Vesting during 2028                                         | 2.32                                    | 0.161                         | –                                       | –                             |
| Total conditional awards                                    | –                                       | 1.060                         | –                                       | 1.203                         |
| Number of participants                                      | –                                       | 109                           | –                                       | 98                            |

\*\* Years referenced in the rows relate to calendar years and not financial years.

The vesting conditions of the award schemes and details of the remunerations schemes are set out in the “Remuneration report.”

Page 85 of the integrated annual report.

The award value outstanding table below reflects the share award value for which shares have not yet been purchased. At the point the shares are purchased, the value of the award is transferred to awards outstanding, with the number of shares purchased with respect to the share award plan reflected in the share award outstanding table above.

These awards are cash settled.

| N\$ millions                                                   | 2026     | 2025    |
|----------------------------------------------------------------|----------|---------|
| Share Award Plan                                               |          |         |
| Award value outstanding                                        |          |         |
| Value of awards in force at the beginning of the year          | 35.619   | –       |
| Value of awards granted during the year                        | 42.015   | 37.844  |
| Value of awards transferred (within the group) during the year | 0.038    | –       |
| Value of awards forfeited during the year                      | (7.028)  | (2.225) |
| Value of awards that were transferred to awards outstanding    | (21.238) | –       |
| Value of awards in force at the end of the year                | 49.406   | 35.619  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 28. Contingent liabilities and capital commitments

| N\$'000                                    | Group and company |                  |
|--------------------------------------------|-------------------|------------------|
|                                            | 2026              | 2025             |
| Contingencies                              |                   |                  |
| Guarantees                                 | 1 568 622         | 1 604 163        |
| Letters of credit                          | 24 510            | 57 094           |
| <b>Total contingencies</b>                 | <b>1 593 132</b>  | <b>1 661 257</b> |
| Irrevocable unutilised facilities          | 3 273 282         | 2 506 109        |
| Committed capital expenditure              | 32 052            | 60 977           |
| <b>Total contingencies and commitments</b> | <b>4 898 466</b>  | <b>4 228 343</b> |

Guarantees consist predominantly of endorsement and performance guarantees. The fair value of guarantees approximates the face value as disclosed.

### 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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 29. Related parties

First National Bank of Namibia Limited is 100% (2025:100%) owned by FirstRand Namibia Limited.

|                                          | Nature of business | Date of acquisition | Country of incorporation | Number of shares   | Effective holding % 2026 | Effective holding % 2025 |
|------------------------------------------|--------------------|---------------------|--------------------------|--------------------|--------------------------|--------------------------|
| FirstRand Namibia Limited                | Holding company    | 7 May 03            | Namibia                  | 1 200 of N\$1 each | 100                      | 100                      |
| Swabou Investments (Proprietary) Limited | Property finance   | 1 Jul 03            | Namibia                  | 2 of N\$0.05 each  | 100                      | 100                      |

FirstRand Namibia Limited is listed on the Namibian Securities Exchange and is 58.4% (2025: 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

| N\$'000                                                        | Group     |           |
|----------------------------------------------------------------|-----------|-----------|
|                                                                | 2026      | 2025      |
| <b>Advances</b>                                                |           |           |
| FirstRand group companies*                                     | 38 497    | 1 033 274 |
| Fellow subsidiary to banking group                             | 5 787     | 4 848     |
| Key management personnel                                       | 27 737    | 29 692    |
| <b>Balances due from banks and other financial institution</b> |           |           |
| FirstRand SA group companies                                   | 2 251 054 | –         |
| <b>Other assets</b>                                            |           |           |
| FirstRand SA group companies                                   | 4 361     | 13 041    |
| <b>Derivative assets</b>                                       |           |           |
| FirstRand SA group companies                                   | 30 116    | 108 259   |
| <b>Deposits</b>                                                |           |           |
| FirstRand SA group companies                                   | 118 415   | 54 553    |
| Fellow subsidiary to banking group                             | 905 830   | 203 161   |
| Key management personnel                                       | 8 175     | 7 532     |
| <b>Derivative liabilities</b>                                  |           |           |
| FirstRand SA group companies                                   | 19 600    | 831 582   |

\* The description 'FirstRand SA group companies' has been updated to 'FirstRand group companies' to provide a more accurate representation of the underlying balance.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 29. Related parties *continued*

### Related party balances *continued*

| N\$'000                                                                                          | Group     |         |
|--------------------------------------------------------------------------------------------------|-----------|---------|
|                                                                                                  | 2026      | 2025    |
| <b>Related party transactions</b>                                                                |           |         |
| <b>Interest received from related parties</b>                                                    |           |         |
| FirstRand SA group companies                                                                     | 112 791   | 374 518 |
| Fellow subsidiary to banking group                                                               | 7 428     | 9 493   |
| <b>Interest paid to related parties</b>                                                          |           |         |
| FirstRand SA group companies                                                                     | 392       | 268 586 |
| Fellow subsidiary to banking group                                                               | 30 453    | 18 229  |
| <b>Non-interest revenue</b>                                                                      |           |         |
| Fellow subsidiary to banking group                                                               | 13 180    | 12 722  |
| <b>Non-interest expenditure (Information technology, platform and other supportive services)</b> |           |         |
| FirstRand SA group companies                                                                     | 626 461   | 563 629 |
| <b>Dividends paid</b>                                                                            |           |         |
| FirstRand Namibia Limited                                                                        | 1 314 302 | 936 912 |
| <b>Compensation to directors and other key management</b>                                        |           |         |
| Directors fees                                                                                   | 21 529    | 21 820  |
| <b>Key management compensation (Group Exco)</b>                                                  |           |         |
| Cash package                                                                                     | 27 969    | 27 414  |
| Retirement contributions                                                                         | 4 324     | 4 272   |
| Performance-related benefits                                                                     | 29 252    | 33 047  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 30. Fair value measurements

### 30.1 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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 30. Fair value measurements *continued*

### 30.2 Fair value hierarchy and measurements

#### 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                  |
| <b>Investment securities and other investments</b> |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                               |                                |
| 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 equities                                  | P/E model and discounted cash flow | For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings, depending on the specific circumstances of the entity whose equity is being valued.<br><br>The P/E multiple is derived from current market observations taking into account an appropriate discount rate for unlisted companies. The valuation of these instruments may be corroborated by discounted cash flow valuation or by the observation of other market transactions that have taken place. | Market transactions and market interest rates | 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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 30. Fair value measurements *continued*

### 30.2 Fair value hierarchy and measurements *continued*

#### Measurement of assets and liabilities at level 2 and level 3 *continued*

| Instrument                                                                                        | Valuation technique                        | Description of valuation technique and main assumptions                                                                                                                                                                                                                                                                                                     | Observable inputs of Level 2                                                                                                                        | Unobservable inputs of Level 3 |
|---------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b>Derivative financial instruments</b>                                                           |                                            |                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                     |                                |
| 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                                                                             | Not applicable                 |
| 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 | Not applicable                 |
| <b>Deposits</b>                                                                                   |                                            |                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                     |                                |
| 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                                                                                                                    | Not applicable                 |
| Other deposits                                                                                    | 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                                                                                                                    | Not applicable                 |
| <b>Other</b>                                                                                      |                                            |                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                     |                                |
| Other liabilities and tier 2                                                                      | 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                  |

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 30. Fair value measurements *continued*

### 30.2 Fair value hierarchy and measurements *continued*

#### 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 current year.

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:

| N\$'000                                      | Level 1 | Level 2   | Level 3 | Total carrying amount |
|----------------------------------------------|---------|-----------|---------|-----------------------|
| <b>2026</b>                                  |         |           |         |                       |
| <b>Assets</b>                                |         |           |         |                       |
| <b>Recurring fair value measurements</b>     |         |           |         |                       |
| Investment securities                        | –       | 729 674   | –       | 729 674               |
| Derivative financial instruments             | –       | 50 227    | –       | 50 227                |
| <b>Total fair value assets</b>               | –       | 779 901   | –       | 779 901               |
| <b>Liabilities</b>                           |         |           |         |                       |
| <b>Recurring fair value measurement</b>      |         |           |         |                       |
| Derivative financial instruments             | –       | 59 558    | –       | 59 558                |
| Short trading position*                      | –       | 32 199    | –       | 32 199                |
| <b>Total fair value liabilities</b>          | –       | 91 757    | –       | 91 757                |
| <b>2025</b>                                  |         |           |         |                       |
| <b>Assets</b>                                |         |           |         |                       |
| <b>Recurring fair value measurements</b>     |         |           |         |                       |
| Investment securities                        | –       | 1 067 945 | –       | 1 067 945             |
| Derivative financial instruments             | –       | 943 324   | –       | 943 324               |
| <b>Non-recurring fair value measurements</b> |         |           |         |                       |
| Non-current asset held for sale              | –       | 55 040    | –       | 55 040                |
| <b>Total fair value assets</b>               | –       | 2 066 309 | –       | 2 066 309             |
| <b>Liabilities</b>                           |         |           |         |                       |
| <b>Recurring fair value measurements</b>     |         |           |         |                       |
| Derivative financial instruments             | –       | 984 517   | –       | 984 517               |
| Short trading position*                      | –       | 16 682    | –       | 16 682                |
| <b>Total fair value liabilities</b>          | –       | 1 001 199 | –       | 1 001 199             |

\* The amount was reclassified from level 1 to level 2, following a reassessment of valuation measures and methods.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

## for the year ended 30 June 2026

### 30. Fair value measurements *continued*

#### 30.2 Fair value hierarchy and measurements *continued*

##### Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

Fair values of financial instruments recognised in the financial statements may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data. In these instances, the net fair value recorded in the financial statements is the sum of three components:

- (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. These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

##### Changes in level 3 instruments with recurring fair value measurements

In the current year, there are no level 3 instruments with recurring fair value measurements.

| N\$'000                                     | Fair value<br>as at June<br>2024 | Gains or losses<br>recognised<br>in profit or loss | Purchases/<br>(sales)/issues/<br>(settlements) | Fair value<br>as at June<br>2025 |
|---------------------------------------------|----------------------------------|----------------------------------------------------|------------------------------------------------|----------------------------------|
| 2025                                        |                                  |                                                    |                                                |                                  |
| Advances                                    | 301 796                          | 190                                                | (301 986)                                      | –                                |
| <b>Total financial assets at fair value</b> | <b>301 796</b>                   | <b>190</b>                                         | <b>(301 986)</b>                               | <b>–</b>                         |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 30. Fair value measurements *continued*

### 30.2 Fair value hierarchy and measurements *continued*

#### 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.

| N\$'000  | 2026                                               |                                                                      | 2025                                               |                                                                      |
|----------|----------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------|
|          | Gains or losses<br>recognised in<br>profit or loss | Gains or losses<br>recognised in<br>other<br>comprehensive<br>income | Gains or losses<br>recognised in<br>profit or loss | Gains or losses<br>recognised in<br>other<br>comprehensive<br>income |
| Advances | -                                                  | -                                                                    | 190                                                | -                                                                    |
|          | -                                                  | -                                                                    | 190                                                | -                                                                    |

#### Financial instruments not measured at fair value

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.

| N\$'000                                       | 2026           |                                 |                                 | 2025           |                                 |                                 |
|-----------------------------------------------|----------------|---------------------------------|---------------------------------|----------------|---------------------------------|---------------------------------|
|                                               | Carrying value | Fair value<br>hierarchy level 2 | Fair value<br>hierarchy level 3 | Carrying value | Fair value<br>hierarchy level 2 | Fair value<br>hierarchy level 3 |
| Advances                                      | 42 814 021     | -                               | 43 184 989                      | 39 222 390     | -                               | 39 942 449                      |
| Total investment securities at amortised cost | 12 342 446     | 12 511 506                      | -                               | 8 249 420      | 8 405 881                       | -                               |
|                                               | 55 156 467     | 12 511 506                      | 43 184 989                      | 47 471 808     | 8 405 881                       | 39 942 449                      |
| Total deposits at amortised cost              | 52 512 417     | 52 459 505                      | -                               | 45 966 950     | 46 055 683                      | -                               |
| Tier 2 liabilities                            | 503 426        | 501 665                         | -                               | 503 558        | 501 889                         | -                               |
| Other liabilities                             | 31 494         | 31 344                          | -                               | 63 012         | 62 930                          | -                               |
|                                               | 53 047 337     | 52 992 514                      | -                               | 46 666 059     | 46 557 572                      | -                               |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management

### Overview of financial risks

The financial instruments recognised on the group's statement of financial position expose the group to various financial risks.

The risk report of the group appears on page 48 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 fulfil 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, fulfil 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.

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 across the group.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

## for the year ended 30 June 2026

### 31. Risk management *continued*

#### Assessment and management *continued*

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

| FNB 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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Total exposure (items where credit risk exposure exist)

|                                                 | Group      |            | Company    |            |
|-------------------------------------------------|------------|------------|------------|------------|
|                                                 | 2026       | 2025       | 2026       | 2025       |
| <b>Cash and cash equivalents</b>                |            |            |            |            |
| Balances with central bank                      | 1 750 130  | 2 486 115  | 1 750 130  | 2 486 115  |
| Total cash and cash equivalents                 | 1 750 130  | 2 486 115  | 1 750 130  | 2 486 115  |
| Due from banks and other financial institutions | 3 033 374  | 2 194 327  | 3 033 374  | 2 194 327  |
| <b>Advances</b>                                 |            |            |            |            |
| Property finance                                | 16 569 578 | 16 213 548 | 16 509 165 | 16 136 419 |
| Vehicle asset finance                           | 2 490 764  | 2 115 298  | 2 490 764  | 2 115 298  |
| Credit card                                     | 449 049    | 486 568    | 449 049    | 486 568    |
| Personal loans                                  | 3 376 548  | 3 284 060  | 3 376 548  | 3 284 060  |
| Other retail                                    | 550 945    | 512 138    | 550 945    | 512 137    |
| FNB Commercial                                  | 5 680 840  | 5 975 079  | 5 680 840  | 5 975 079  |
| Commercial vehicle finance                      | 2 738 566  | 2 521 890  | 2 738 566  | 2 521 890  |
| RMB Corporate and Investment banking            | 10 957 731 | 8 113 809  | 10 957 731 | 8 113 809  |
| <b>Total advances</b>                           | 42 814 021 | 39 222 390 | 42 753 608 | 39 145 260 |
| Derivative financial instruments                | 50 227     | 943 324    | 50 227     | 943 324    |
| <b>Debt investment securities</b>               |            |            |            |            |
| Listed investment securities                    | 8 610 081  | 6 211 145  | 8 610 081  | 6 211 145  |
| Unlisted investment securities                  | 4 468 243  | 3 106 220  | 4 468 243  | 3 106 220  |
| <b>Total debt investment securities</b>         | 13 078 324 | 9 317 365  | 13 078 324 | 9 317 365  |
| Accounts receivable                             | 341 480    | 223 826    | 341 418    | 222 851    |
| Guarantees                                      | 1 568 622  | 1 604 163  | 1 568 622  | 1 604 163  |
| Letters of credit                               | 24 510     | 57 094     | 24 510     | 57 094     |
| Irrevocable commitments                         | 3 273 282  | 2 506 109  | 3 273 282  | 2 506 109  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 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.

| N\$'000                                                    | Carrying<br>amount | Loss<br>allowance | Maximum<br>exposure to<br>credit risk | Netting and<br>financial<br>collateral | Net<br>exposure to<br>credit risk | Unsecured  | Secured    |
|------------------------------------------------------------|--------------------|-------------------|---------------------------------------|----------------------------------------|-----------------------------------|------------|------------|
| <b>Group – 2026</b>                                        |                    |                   |                                       |                                        |                                   |            |            |
| <b>Total exposure (items where credit exposure exists)</b> |                    |                   |                                       |                                        |                                   |            |            |
| <b>Cash and cash equivalents</b>                           |                    |                   |                                       |                                        |                                   |            |            |
| Balances with central bank                                 | 1 750 130          | –                 | 1 750 130                             | –                                      | 1 750 130                         | 1 750 130  | –          |
| <b>Total cash and cash equivalents</b>                     | 1 750 130          | –                 | 1 750 130                             | –                                      | 1 750 130                         | 1 750 130  | –          |
| Due from banks and other financial institutions            | 3 033 374          | –                 | 3 033 374                             | –                                      | 3 033 374                         | 3 033 374  | –          |
| <b>Advances</b>                                            |                    |                   |                                       |                                        |                                   |            |            |
| Residential mortgages                                      | 16 853 083         | (283 505)         | 16 569 578                            | –                                      | 16 569 578                        | –          | 16 569 578 |
| Vehicle and asset finance                                  | 2 535 168          | (44 404)          | 2 490 764                             | –                                      | 2 490 764                         | –          | 2 490 764  |
| Credit card                                                | 520 399            | (71 350)          | 449 049                               | –                                      | 449 049                           | 449 049    | –          |
| Personal loans                                             | 3 682 346          | (305 798)         | 3 376 548                             | –                                      | 3 376 548                         | 3 376 548  | –          |
| Other Retail                                               | 672 290            | (121 345)         | 550 945                               | 696                                    | 550 249                           | 550 249    | –          |
| FNB Commercial                                             | 5 995 111          | (314 271)         | 5 680 840                             | 47 340                                 | 5 633 500                         | 3 946 688  | 1 686 812  |
| Commercial vehicle finance                                 | 2 860 426          | (121 860)         | 2 738 566                             | –                                      | 2 738 566                         | –          | 2 738 566  |
| RMB Corporate and Investment banking                       | 11 030 275         | (72 544)          | 10 957 731                            | 459 807                                | 10 497 924                        | 3 392 378  | 7 105 546  |
| <b>Total advances</b>                                      | 44 149 098         | (1 335 077)       | 42 814 021                            | 507 843                                | 42 306 178                        | 11 714 912 | 30 591 266 |
| Investment securities                                      | 13 083 571         | (5 247)           | 13 078 324                            | –                                      | 13 078 324                        | 13 078 324 | –          |
| Derivatives                                                | 50 227             | –                 | 50 227                                | –                                      | 50 227                            | 50 227     | –          |
| Other assets                                               | 472 582            | –                 | 472 582                               | –                                      | 472 582                           | 472 582    | –          |
| <b>Off balance sheet exposures</b>                         |                    |                   |                                       |                                        |                                   |            |            |
| Guarantees                                                 | 1 568 622          | –                 | 1 568 622                             | 138 437                                | 1 430 185                         | 1 039 441  | 390 744    |
| Letters of credit                                          | 24 510             | –                 | 24 510                                | –                                      | 24 510                            | 24 510     | –          |
| Irrevocable commitments                                    | 3 273 282          | –                 | 3 273 282                             | –                                      | 3 273 282                         | 3 273 282  | –          |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Credit assets *continued*

| N\$'000                                                    | Carrying<br>amount | Loss<br>allowance | Maximum<br>exposure to<br>credit risk | Netting and<br>financial<br>collateral | Net<br>exposure to<br>credit risk | Unsecured  | Secured    |
|------------------------------------------------------------|--------------------|-------------------|---------------------------------------|----------------------------------------|-----------------------------------|------------|------------|
| <b>Group – 2025</b>                                        |                    |                   |                                       |                                        |                                   |            |            |
| <b>Total exposure (items where credit exposure exists)</b> |                    |                   |                                       |                                        |                                   |            |            |
| <b>Cash and cash equivalents</b>                           |                    |                   |                                       |                                        |                                   |            |            |
| Balances with central bank                                 | 2 486 115          | –                 | 2 486 115                             | –                                      | 2 486 115                         | 2 486 115  | –          |
| <b>Total cash and cash equivalents</b>                     | 2 486 115          | –                 | 2 486 115                             | –                                      | 2 486 115                         | 2 486 115  | –          |
| Due from banks and other financial institutions            | 2 194 327          | –                 | 2 194 327                             | –                                      | 2 194 327                         | 2 194 327  | –          |
| <b>Advances</b>                                            |                    |                   |                                       |                                        |                                   |            |            |
| Residential mortgages                                      | 16 633 705         | (420 157)         | 16 213 548                            | –                                      | 16 213 548                        | –          | 16 213 548 |
| Vehicle and asset finance                                  | 2 168 406          | (53 108)          | 2 115 298                             | –                                      | 2 115 298                         | –          | 2 115 298  |
| Credit card                                                | 540 833            | (54 265)          | 486 568                               | –                                      | 486 568                           | 486 568    | –          |
| Personal loans                                             | 3 635 390          | (351 330)         | 3 284 060                             | –                                      | 3 284 060                         | 3 284 060  | –          |
| Other retail                                               | 623 362            | (111 224)         | 512 138                               | 3 397                                  | 508 741                           | 508 741    | –          |
| FNB Commercial                                             | 6 392 049          | (416 970)         | 5 975 079                             | 46 184                                 | 5 928 895                         | 4 241 849  | 1 687 046  |
| Commercial vehicle finance                                 | 2 655 279          | (133 389)         | 2 521 890                             | –                                      | 2 521 890                         | –          | 2 521 890  |
| RMB Corporate and investment banking                       | 8 170 275          | (56 466)          | 8 113 809                             | 770 139                                | 7 343 670                         | 1 640 713  | 5 702 957  |
| <b>Total advances</b>                                      | 40 819 299         | (1 596 909)       | 39 222 390                            | 819 720                                | 38 402 670                        | 10 161 931 | 28 240 739 |
| Investment securities                                      | 9 321 793          | (4 428)           | 9 317 365                             | –                                      | 9 317 365                         | 9 317 365  | –          |
| Derivatives                                                | 943 324            | –                 | 943 324                               | –                                      | 943 324                           | 943 324    | –          |
| Other assets                                               | 328 140            | –                 | 328 140                               | –                                      | 328 140                           | 328 140    | –          |
| <b>Off-balance sheet exposures</b>                         |                    |                   |                                       |                                        |                                   |            |            |
| Guarantees                                                 | 1 604 163          | –                 | 1 604 163                             | 127 526                                | 1 476 637                         | 1 024 569  | 452 068    |
| Letters of credit                                          | 57 094             | –                 | 57 094                                | –                                      | 57 094                            | 57 094     | –          |
| Irrevocable commitments                                    | 2 506 109          | –                 | 2 506 109                             | –                                      | 2 506 109                         | 2 506 109  | –          |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Credit assets *continued*

| N\$'000                                                    | Carrying<br>amount | Loss<br>allowance | Maximum<br>exposure to<br>credit risk | Netting and<br>financial<br>collateral | Net<br>exposure to<br>credit risk | Unsecured  | Secured    |
|------------------------------------------------------------|--------------------|-------------------|---------------------------------------|----------------------------------------|-----------------------------------|------------|------------|
| <b>Company – 2026</b>                                      |                    |                   |                                       |                                        |                                   |            |            |
| <b>Total exposure (items where credit exposure exists)</b> |                    |                   |                                       |                                        |                                   |            |            |
| <b>Cash and cash equivalents</b>                           |                    |                   |                                       |                                        |                                   |            |            |
| Balances with central bank                                 | 1 750 130          | –                 | 1 750 130                             | –                                      | 1 750 130                         | 1 750 130  | –          |
| <b>Total cash and cash equivalents</b>                     | 1 750 130          | –                 | 1 750 130                             | –                                      | 1 750 130                         | 1 750 130  | –          |
| Due from banks and other financial institutions            | 3 033 374          | –                 | 3 033 374                             | –                                      | 3 033 374                         | 3 033 374  | –          |
| <b>Advances</b>                                            |                    |                   |                                       |                                        |                                   |            |            |
| Residential mortgages                                      | 16 789 661         | (280 496)         | 16 509 165                            | –                                      | 16 509 165                        | –          | 16 509 165 |
| Vehicle and asset finance                                  | 2 535 168          | (44 404)          | 2 490 764                             | –                                      | 2 490 764                         | –          | 2 490 764  |
| Credit card                                                | 520 399            | (71 350)          | 449 049                               | –                                      | 449 049                           | 449 049    | –          |
| Personal loans                                             | 3 682 346          | (305 798)         | 3 376 548                             | –                                      | 3 376 548                         | 3 376 548  | –          |
| Other Retail                                               | 672 290            | (121 345)         | 550 945                               | 696                                    | 550 249                           | 550 249    | –          |
| FNB Commercial                                             | 5 995 111          | (314 271)         | 5 680 840                             | 47 340                                 | 5 633 500                         | 3 946 688  | 1 686 812  |
| Commercial vehicle finance                                 | 2 860 426          | (121 860)         | 2 738 566                             | –                                      | 2 738 566                         | –          | 2 738 566  |
| RMB Corporate and Investment banking                       | 11 030 275         | (72 544)          | 10 957 731                            | 459 807                                | 10 497 924                        | 3 392 378  | 7 105 546  |
| <b>Total advances</b>                                      | 44 085 676         | (1 332 068)       | 42 753 608                            | 507 843                                | 42 245 765                        | 11 714 912 | 30 530 853 |
| Investment securities                                      | 13 083 571         | (5 247)           | 13 078 324                            | –                                      | 13 078 324                        | 13 078 324 | –          |
| Derivatives                                                | 50 227             | –                 | 50 227                                | –                                      | 50 227                            | 50 227     | –          |
| Other assets                                               | 472 520            | –                 | 472 520                               | –                                      | 472 520                           | 472 520    | –          |
| <b>Off balance sheet exposures</b>                         |                    |                   |                                       |                                        |                                   |            |            |
| Guarantees                                                 | 1 568 622          | –                 | 1 568 622                             | 138 437                                | 1 430 185                         | 1 039 441  | 390 744    |
| Letters of credit                                          | 24 510             | –                 | 24 510                                | –                                      | 24 510                            | 24 510     | –          |
| Irrevocable commitments                                    | 3 273 282          | –                 | 3 273 282                             | –                                      | 3 273 282                         | 3 273 282  | –          |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Credit assets *continued*

| N\$'000                                                    | Carrying<br>amount | Loss<br>allowance | Maximum<br>exposure to<br>credit risk | Netting and<br>financial<br>collateral | Net<br>exposure to<br>credit risk | Unsecured  | Secured    |
|------------------------------------------------------------|--------------------|-------------------|---------------------------------------|----------------------------------------|-----------------------------------|------------|------------|
| <b>Company – 2025</b>                                      |                    |                   |                                       |                                        |                                   |            |            |
| <b>Total exposure (items where credit exposure exists)</b> |                    |                   |                                       |                                        |                                   |            |            |
| <b>Cash and cash equivalents</b>                           |                    |                   |                                       |                                        |                                   |            |            |
| Balances with central bank                                 | 2 486 115          | –                 | 2 486 115                             | –                                      | 2 486 115                         | 2 486 115  | –          |
| <b>Total cash and cash equivalents</b>                     | 2 486 115          | –                 | 2 486 115                             | –                                      | 2 486 115                         | 2 486 115  | –          |
| Due from banks and other financial institutions            | 2 194 327          | –                 | 2 194 327                             | –                                      | 2 194 327                         | 2 194 327  | –          |
| <b>Advances</b>                                            |                    |                   |                                       |                                        |                                   |            |            |
| Residential mortgages                                      | 16 551 231         | (414 812)         | 16 136 419                            | –                                      | 16 136 419                        | –          | 16 136 419 |
| Vehicle and asset finance                                  | 2 168 406          | (53 108)          | 2 115 298                             | –                                      | 2 115 298                         | –          | 2 115 298  |
| Credit card                                                | 540 833            | (54 265)          | 486 568                               | –                                      | 486 568                           | 486 568    | –          |
| Personal loans                                             | 3 635 390          | (351 330)         | 3 284 060                             | –                                      | 3 284 060                         | 3 284 060  | –          |
| Other retail                                               | 623 362            | (111 225)         | 512 137                               | 3 397                                  | 508 740                           | 508 740    | –          |
| FNB Commercial                                             | 6 392 049          | (416 970)         | 5 975 079                             | 46 184                                 | 5 928 895                         | 4 241 849  | 1 687 046  |
| Commercial vehicle finance                                 | 2 655 279          | (133 389)         | 2 521 890                             | –                                      | 2 521 890                         | –          | 2 521 890  |
| RMB Corporate and investment banking                       | 8 170 275          | (56 466)          | 8 113 809                             | 770 139                                | 7 343 670                         | 1 640 713  | 5 702 957  |
| <b>Total advances</b>                                      | 40 736 825         | (1 591 565)       | 39 145 260                            | 819 720                                | 38 325 540                        | 10 161 930 | 28 163 610 |
| Investment securities                                      | 9 321 793          | (4 428)           | 9 317 365                             | –                                      | 9 317 365                         | 9 317 365  | –          |
| Derivatives                                                | 943 324            | –                 | 943 324                               | –                                      | 943 324                           | 943 324    | –          |
| Other assets                                               | 327 165            | –                 | 327 165                               | –                                      | 327 165                           | 327 165    | –          |
| <b>Off-balance sheet exposures</b>                         |                    |                   |                                       |                                        |                                   |            |            |
| Guarantees                                                 | 1 604 163          | –                 | 1 604 163                             | 127 526                                | 1 476 637                         | 1 024 569  | 452 068    |
| Letters of credit                                          | 57 094             | –                 | 57 094                                | –                                      | 57 094                            | 57 094     | –          |
| Irrevocable commitments                                    | 2 506 109          | –                 | 2 506 109                             | –                                      | 2 506 109                         | 2 506 109  | –          |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### 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.

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.

| N\$'000                             | Group            |                   |                  |                   |                  |                   | Company          |                   |                  |                   |                  |                   |
|-------------------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
|                                     | FR 1 – 25        |                   | FR 26 – 90       |                   | FR 91 – 100      |                   | FR 1 – 25        |                   | FR 26 – 90       |                   | FR 91 – 100      |                   |
|                                     | On balance sheet | Off balance sheet | On balance sheet | Off balance sheet | On balance sheet | Off balance sheet | On balance sheet | Off balance sheet | On balance sheet | Off balance sheet | On balance sheet | Off balance sheet |
| <b>2026</b>                         |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |
| <b>FNB Retail</b>                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |
| Stage 1                             | –                | –                 | 21 593 702       | 1 894 685         | –                | –                 | –                | –                 | 21 539 346       | 1 894 685         | –                | –                 |
| Stage 2                             | –                | –                 | 518 623          | –                 | 950 304          | –                 | –                | –                 | 514 940          | –                 | 950 304          | –                 |
| Stage 3                             | –                | –                 | 5 385            | –                 | 1 195 272        | –                 | –                | –                 | –                | –                 | 1 195 272        | –                 |
| <b>Total Retail</b>                 | –                | –                 | 22 117 710       | 1 894 685         | 2 145 576        | –                 | –                | –                 | 22 054 286       | 1 894 685         | 2 145 576        | –                 |
| <b>FNB Commercial</b>               |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |
| Stage 1                             | –                | –                 | 7 208 837        | 1 422 700         | –                | –                 | –                | –                 | 7 208 837        | 1 422 700         | –                | –                 |
| Stage 2                             | –                | –                 | 953 222          | –                 | 201 931          | –                 | –                | –                 | 953 222          | –                 | 201 931          | –                 |
| Stage 3                             | –                | –                 | –                | –                 | 491 547          | –                 | –                | –                 | –                | –                 | 491 547          | –                 |
| <b>Total Commercial</b>             | –                | –                 | 8 162 059        | 1 422 700         | 693 478          | –                 | –                | –                 | 8 162 059        | 1 422 700         | 693 478          | –                 |
| <b>RMB Corporate banking</b>        |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |
| Stage 1                             | 617 505          | 87 559            | 572 235          | 520 775           | 55               | 7 016             | 617 505          | 87 559            | 572 235          | 520 775           | 55               | 7 016             |
| Stage 2                             | 48               | –                 | 401 615          | 12 887            | 21               | –                 | 48               | –                 | 401 615          | 12 887            | 21               | –                 |
| Stage 3                             | –                | –                 | –                | –                 | –                | –                 | –                | –                 | –                | –                 | –                | –                 |
| <b>Total RMB Corporate banking</b>  | 617 553          | 87 559            | 973 850          | 533 662           | 76               | 7 016             | 617 553          | 87 559            | 973 850          | 533 662           | 76               | 7 016             |
| <b>RMB Investment banking</b>       |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |
| Stage 1                             | 111 119          | 74 775            | 9 102 637        | 840 863           | –                | –                 | 111 119          | 74 775            | 9 102 636        | 840 863           | –                | –                 |
| Stage 2                             | –                | –                 | 225 040          | 5 154             | –                | –                 | –                | –                 | 225 040          | 5 154             | –                | –                 |
| <b>Total RMB Investment banking</b> | 111 119          | 74 775            | 9 327 677        | 846 017           | –                | –                 | 111 119          | 74 775            | 9 327 676        | 846 017           | –                | –                 |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Quality of credit assets *continued*

|                                     | Group            |                   |                   |                   |                   |                   | Company          |                   |                   |                   |                   |                   |
|-------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | FR 1 – 25        |                   | FR 26 – 90        |                   | FR 91 – 100       |                   | FR 1 – 25        |                   | FR 26 – 90        |                   | FR 91 – 100       |                   |
|                                     | On balance sheet | Off balance sheet | On balance sheet* | Off balance sheet | On balance sheet* | Off balance sheet | On balance sheet | Off balance sheet | On balance sheet* | Off balance sheet | On balance sheet* | Off balance sheet |
| <b>N\$'000</b>                      |                  |                   |                   |                   |                   |                   |                  |                   |                   |                   |                   |                   |
| <b>2025</b>                         |                  |                   |                   |                   |                   |                   |                  |                   |                   |                   |                   |                   |
| <b>FNB Retail</b>                   |                  |                   |                   |                   |                   |                   |                  |                   |                   |                   |                   |                   |
| Stage 1*                            | –                | –                 | 20 383 278        | 1 892 621         | –                 | –                 | –                | –                 | 20 320 877        | 1 892 621         | –                 | –                 |
| Stage 2                             | –                | –                 | 873 547           | –                 | 899 625           | –                 | –                | –                 | 865 111           | –                 | 899 625           | –                 |
| Stage 3                             | –                | –                 | 11 671            | –                 | 1 433 610         | –                 | –                | –                 | –                 | –                 | 1 433 610         | –                 |
| <b>Total Retail</b>                 | –                | –                 | 21 268 532        | 1 892 621         | 2 333 235         | –                 | –                | –                 | 21 184 988        | 1 892 621         | 2 333 235         | –                 |
| <b>FNB Commercial</b>               |                  |                   |                   |                   |                   |                   |                  |                   |                   |                   |                   |                   |
| Stage 1*                            | –                | –                 | 7 331 680         | 1 152 658         | –                 | –                 | –                | –                 | 7 331 680         | 1 152 658         | –                 | –                 |
| Stage 2                             | –                | –                 | 452 292           | –                 | 584 418           | –                 | –                | –                 | 452 292           | –                 | 584 418           | –                 |
| Stage 3                             | –                | –                 | –                 | –                 | 678 938           | –                 | –                | –                 | –                 | –                 | 678 938           | –                 |
| <b>Total Commercial</b>             | –                | –                 | 7 783 972         | 1 152 658         | 1 263 356         | –                 | –                | –                 | 7 783 972         | 1 152 658         | 1 263 356         | –                 |
| <b>RMB Corporate banking</b>        |                  |                   |                   |                   |                   |                   |                  |                   |                   |                   |                   |                   |
| Stage 1                             | 387 799          | 152 251           | 947 117           | 589 854           | 59                | 15 941            | 387 799          | 152 251           | 945 117           | 589 854           | 59                | 15 941            |
| Stage 2                             | 26               | 1 269             | 249 297           | 12 687            | 35                | 4 318             | 26               | 1 269             | 249 297           | 12 687            | 35                | 4 318             |
| Stage 3                             | –                | –                 | –                 | –                 | –                 | –                 | –                | –                 | –                 | –                 | –                 | –                 |
| <b>Total RMB Corporate banking</b>  | 387 825          | 153 520           | 1 196 414         | 602 541           | 94                | 20 259            | 387 825          | 153 520           | 1 196 414         | 602 541           | 94                | 20 259            |
| <b>RMB Investment banking</b>       |                  |                   |                   |                   |                   |                   |                  |                   |                   |                   |                   |                   |
| Stage 1                             | 269 092          | 84 623            | 6 213 665         | 255 990           | –                 | –                 | 269 092          | 84 623            | 6 213 665         | 255 990           | –                 | –                 |
| Stage 2                             | –                | –                 | 103 185           | 5 154             | –                 | –                 | –                | –                 | 103 185           | 5 154             | –                 | –                 |
| <b>Total RMB Investment banking</b> | 269 092          | 84 623            | 6 316 850         | 261 144           | –                 | –                 | 269 092          | 84 623            | 6 316 850         | 261 144           | –                 | –                 |

\* During the year, refinements were made to the allocation of exposures across certain credit risk rating bands within the Retail and Commercial portfolios. As a result, a portion of Stage 1 exposures previously classified within the FR 91-100 rating band was reallocated to the FR 26-90 rating band. Consequently, total retail exposures in the FR 26-90 rating band increased from N\$19.2 billion to N\$21.3 billion for group and from N\$19.1 billion to N\$21.2 billion for company, while total retail exposures in the FR 91-100 rating band decreased from N\$4.4 billion to N\$2.3 billion for group and from N\$4.4 billion to N\$2.3 billion for company.

Total commercial exposures in the FR 26-90 rating band increased from N\$5.6 billion to N\$7.8 billion for both group and company, while total commercial exposures in the FR 91-100 rating band decreased from N\$3.4 billion to N\$1.3 billion for both group and company. The refinement represents a reclassification between credit risk rating bands only and had no impact on total gross advances, staging classifications or impairment allowances.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Quality of credit assets *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 manages credit risk.

| N\$'000                                       | 2026                  |                                   |                | 2025                  |                                   |                |
|-----------------------------------------------|-----------------------|-----------------------------------|----------------|-----------------------|-----------------------------------|----------------|
|                                               | Gross carrying amount | Expected recovery from collateral | Loss allowance | Gross carrying amount | Expected recovery from collateral | Loss allowance |
| <b>Group</b>                                  |                       |                                   |                |                       |                                   |                |
| <b>Total retail secured</b>                   | 791 014               | 561 968                           | 229 046        | 1 013 727             | 697 624                           | 316 103        |
| – Residential mortgages                       | 760 982               | 556 569                           | 204 413        | 980 354               | 690 670                           | 289 684        |
| – Vehicle asset finance                       | 30 032                | 5 399                             | 24 633         | 33 373                | 6 954                             | 26 419         |
| <b>Total retail unsecured</b>                 | 409 643               | 76 657                            | 332 986        | 431 554               | 84 568                            | 346 986        |
| – Credit card                                 | 49 018                | 2 981                             | 46 037         | 38 475                | 8 312                             | 30 163         |
| – Personal loans                              | 305 734               | 73 676                            | 232 058        | 348 456               | 76 256                            | 272 200        |
| – Other retail                                | 54 891                | –                                 | 54 891         | 44 623                | –                                 | 44 623         |
| <b>Total corporate and commercial</b>         | 491 547               | 210 571                           | 280 976        | 678 938               | 310 526                           | 368 412        |
| – FNB commercial                              | 401 084               | 187 353                           | 213 731        | 562 962               | 279 145                           | 283 817        |
| – Commercial vehicle finance                  | 90 463                | 23 218                            | 67 245         | 115 976               | 31 381                            | 84 595         |
| <b>Total stage 3</b>                          | 1 692 204             | 849 196                           | 843 008        | 2 124 219             | 1 092 718                         | 1 031 501      |
| <b>Stage 3 by category</b>                    |                       |                                   |                |                       |                                   |                |
| Overdraft and cash management                 | 247 958               | 88 435                            | 159 523        | 284 073               | 73 079                            | 210 994        |
| Term loans                                    | 155 570               | 63 849                            | 91 721         | 214 178               | 122 697                           | 91 481         |
| Card loans                                    | 52 174                | 4 111                             | 48 063         | 38 475                | 6 686                             | 31 789         |
| Instalment sales and hire purchase agreements | 120 351               | 28 473                            | 91 878         | 148 941               | 38 335                            | 110 606        |
| Lease payments receivable                     | 144                   | 144                               | –              | 408                   | –                                 | 408            |
| Property finance                              | 810 273               | 594 462                           | 215 811        | 1 087 575             | 768 537                           | 319 038        |
| Personal loans                                | 305 734               | 69 722                            | 236 012        | 350 569               | 83 384                            | 267 185        |
| <b>Total stage 3</b>                          | 1 692 204             | 849 196                           | 843 008        | 2 124 219             | 1 092 718                         | 1 031 501      |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Quality of credit assets *continued*

The table below sets out an analysis of credit-impaired advances at amortised cost *continued*

| N\$'000                                       | 2026                  |                                   |                | 2025                  |                                   |                |
|-----------------------------------------------|-----------------------|-----------------------------------|----------------|-----------------------|-----------------------------------|----------------|
|                                               | Gross carrying amount | Expected recovery from collateral | Loss allowance | Gross carrying amount | Expected recovery from collateral | Loss allowance |
| <b>Company</b>                                |                       |                                   |                |                       |                                   |                |
| <b>Total retail secured</b>                   | 785 629               | 559 097                           | 226 532        | 1 002 056             | 690 502                           | 311 554        |
| – Residential mortgages                       | 755 587               | 553 698                           | 201 889        | 968 683               | 683 548                           | 285 135        |
| – Vehicle asset finance                       | 30 042                | 5 399                             | 24 643         | 33 373                | 6 954                             | 26 419         |
| <b>Total retail unsecured</b>                 | 409 645               | 76 657                            | 332 988        | 431 554               | 84 568                            | 346 986        |
| – Credit card                                 | 49 018                | 2 981                             | 46 037         | 38 475                | 8 312                             | 30 163         |
| – Personal loans                              | 305 741               | 73 676                            | 232 065        | 348 456               | 76 256                            | 272 200        |
| – Other retail                                | 54 886                | –                                 | 54 886         | 44 623                | –                                 | 44 623         |
| <b>Total corporate and commercial</b>         | 491 547               | 210 571                           | 280 976        | 678 938               | 310 526                           | 368 412        |
| – FNB commercial                              | 401 084               | 187 353                           | 213 731        | 562 962               | 279 145                           | 283 817        |
| – Commercial vehicle finance                  | 90 463                | 23 218                            | 67 245         | 115 976               | 31 381                            | 84 595         |
| <b>Total stage 3</b>                          | 1 686 821             | 846 325                           | 840 496        | 2 112 548             | 1 085 596                         | 1 026 952      |
| <b>Stage 3 by category</b>                    |                       |                                   |                |                       |                                   |                |
| Overdraft and cash management                 | 247 958               | 88 435                            | 159 523        | 284 073               | 73 079                            | 210 994        |
| Term loans                                    | 155 570               | 63 849                            | 91 721         | 214 178               | 122 697                           | 91 481         |
| Card loans                                    | 52 174                | 4 111                             | 48 063         | 38 475                | 6 686                             | 31 789         |
| Instalment sales and hire purchase agreements | 120 351               | 28 473                            | 91 878         | 148 941               | 38 335                            | 110 606        |
| Lease payments receivable                     | 144                   | 144                               | –              | 408                   | –                                 | 408            |
| Property finance                              | 804 890               | 591 591                           | 213 299        | 1 075 904             | 761 415                           | 314 489        |
| Personal loans                                | 305 734               | 69 722                            | 236 012        | 350 569               | 83 384                            | 267 185        |
| <b>Total stage 3</b>                          | 1 686 821             | 846 325                           | 840 496        | 2 112 548             | 1 085 596                         | 1 026 952      |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 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.

| N\$'000                                                                       | Group and company |                   |
|-------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                               | BB+ to B-<br>2026 | BB+ to B-<br>2025 |
| <b>Investment securities</b>                                                  |                   |                   |
| <b>Investment securities at amortised cost</b>                                |                   |                   |
| Stage 1                                                                       | 12 342 446        | 8 249 420         |
| <b>Investment securities at fair value through profit or loss</b>             |                   |                   |
| Stage 1                                                                       | 729 674           | 1 067 156         |
| <b>Investment securities at fair value through other comprehensive income</b> |                   |                   |
| Stage 1                                                                       | 6 204             | 789               |
| <b>Total investment securities</b>                                            | <b>13 078 324</b> | <b>9 317 365</b>  |
| <b>Other financial assets</b>                                                 |                   |                   |
| Stage 1                                                                       | 341 480           | 223 826           |
| <b>Total Other financial assets</b>                                           | <b>341 480</b>    | <b>223 826</b>    |
| <b>Cash and cash equivalents</b>                                              |                   |                   |
| Stage 1                                                                       | 2 377 194         | 3 069 530         |
| <b>Total cash and cash equivalents</b>                                        | <b>2 377 194</b>  | <b>3 069 530</b>  |
| <b>Derivative assets</b>                                                      | <b>50 227</b>     | <b>943 324</b>    |
| <b>Total derivative assets</b>                                                | <b>50 227</b>     | <b>943 324</b>    |
| <b>Due from banks and other financial institutions</b>                        |                   |                   |
| Stage 1                                                                       | 3 033 374         | 2 194 327         |
| <b>Total due from banks and other financial institutions</b>                  | <b>3 033 374</b>  | <b>2 194 327</b>  |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 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.

| N\$'000                           | Group             |                   |                          |                                       |                     |
|-----------------------------------|-------------------|-------------------|--------------------------|---------------------------------------|---------------------|
|                                   | Total advances    | Off-balance sheet | Credit impaired advances | Security held and expected recoveries | Specific impairment |
| <b>2026</b>                       |                   |                   |                          |                                       |                     |
| <b>Sector analysis</b>            |                   |                   |                          |                                       |                     |
| Agriculture                       | 1 607 533         | 72 823            | 39 378                   | 23 091                                | 16 287              |
| Banks and Financial institutions  | 1 808 317         | 358 021           | 17 006                   | 4 812                                 | 12 194              |
| Building and property development | 5 133 162         | 457 398           | 175 324                  | 86 152                                | 89 172              |
| Government and public authorities | 3 395 635         | 74 152            | –                        | –                                     | –                   |
| Individuals                       | 24 289 306        | 1 892 687         | 1 200 657                | 643 921                               | 556 735             |
| Manufacturing and commerce        | 3 753 657         | 652 305           | 98 379                   | 39 248                                | 59 130              |
| Mining                            | 273 787           | 167 826           | 6 493                    | 2 330                                 | 4 163               |
| Transportation and communication  | 982 008           | 399 856           | 66 766                   | 17 458                                | 49 308              |
| Other services                    | 2 905 693         | 791 346           | 88 203                   | 32 184                                | 56 019              |
| <b>Total</b>                      | <b>44 149 098</b> | <b>4 866 414</b>  | <b>1 692 204</b>         | <b>849 196</b>                        | <b>843 008</b>      |
| <b>2025</b>                       |                   |                   |                          |                                       |                     |
| <b>Sector analysis</b>            |                   |                   |                          |                                       |                     |
| Agriculture                       | 1 666 350         | 106 032           | 51 965                   | 31 500                                | 20 465              |
| Banks and Financial institutions  | 1 727 445         | 262 267           | 14 153                   | 3 553                                 | 10 601              |
| Building and property development | 4 777 999         | 243 169           | 264 327                  | 150 775                               | 113 552             |
| Government and public authorities | 1 638 395         | 37 466            | –                        | –                                     | –                   |
| Individuals                       | 23 750 319        | 1 601 007         | 1 445 281                | 786 078                               | 659 203             |
| Manufacturing and commerce        | 3 574 821         | 734 964           | 123 296                  | 44 843                                | 78 453              |
| Mining                            | 261 878           | 281 292           | 66 176                   | 30 334                                | 35 842              |
| Transportation and communication  | 1 170 620         | 259 302           | 42 151                   | 8 324                                 | 33 827              |
| Other services                    | 2 251 472         | 641 867           | 116 870                  | 37 311                                | 79 558              |
| <b>Total</b>                      | <b>40 819 299</b> | <b>4 167 366</b>  | <b>2 124 219</b>         | <b>1 092 718</b>                      | <b>1 031 501</b>    |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Sector analysis concentration of advances *continued*

| N\$'000                           | Company           |                   |                          |                                       |                     |
|-----------------------------------|-------------------|-------------------|--------------------------|---------------------------------------|---------------------|
|                                   | Total advances    | Off-balance sheet | Credit impaired advances | Security held and expected recoveries | Specific impairment |
| <b>2026</b>                       |                   |                   |                          |                                       |                     |
| <b>Sector analysis</b>            |                   |                   |                          |                                       |                     |
| Agriculture                       | 1 607 533         | 72 823            | 39 378                   | 23 091                                | 16 287              |
| Banks and Financial institutions  | 1 808 317         | 358 021           | 17 006                   | 4 812                                 | 12 194              |
| Building and property development | 5 133 162         | 457 398           | 175 324                  | 86 152                                | 89 172              |
| Individuals                       | 24 225 884        | 1 892 687         | 1 195 272                | 641 052                               | 554 220             |
| Manufacturing and commerce        | 3 753 657         | 652 305           | 98 379                   | 39 249                                | 59 130              |
| Mining                            | 273 787           | 167 826           | 6 493                    | 2 330                                 | 4 163               |
| Transportation and communication  | 982 008           | 399 856           | 66 766                   | 17 458                                | 49 310              |
| Other services                    | 2 905 692         | 791 346           | 88 202                   | 32 182                                | 56 020              |
| Government and public authorities | 3 395 635         | 74 152            | –                        | –                                     | –                   |
| <b>Total</b>                      | <b>44 085 676</b> | <b>4 866 414</b>  | <b>1 686 821</b>         | <b>846 325</b>                        | <b>840 496</b>      |
| <b>2025</b>                       |                   |                   |                          |                                       |                     |
| <b>Sector analysis</b>            |                   |                   |                          |                                       |                     |
| Agriculture                       | 1 666 350         | 106 032           | 51 965                   | 31 500                                | 20 465              |
| Banks and Financial institutions  | 1 727 445         | 262 267           | 14 153                   | 3 553                                 | 10 601              |
| Building and property development | 4 777 999         | 243 169           | 264 327                  | 150 775                               | 113 552             |
| Individuals                       | 23 667 846        | 1 601 007         | 1 433 610                | 778 956                               | 654 654             |
| Manufacturing and commerce        | 3 574 821         | 734 964           | 123 296                  | 44 843                                | 78 453              |
| Mining                            | 261 878           | 281 292           | 66 176                   | 30 334                                | 35 842              |
| Transportation and communication  | 1 170 620         | 259 302           | 42 151                   | 8 324                                 | 33 827              |
| Other services                    | 2 251 472         | 641 867           | 116 870                  | 37 311                                | 79 558              |
| Government and public authorities | 1 638 395         | 37 466            | –                        | –                                     | –                   |
| <b>Total</b>                      | <b>40 736 825</b> | <b>4 167 366</b>  | <b>2 112 548</b>         | <b>1 085 596</b>                      | <b>1 026 952</b>    |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Concentration analysis of deposits

| N\$'000                                         | Group             |                   | Company           |                   |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                 | 2026              | 2025              | 2026              | 2025              |
| <b>Sector analysis</b>                          |                   |                   |                   |                   |
| <b>Deposit current accounts and other loans</b> |                   |                   |                   |                   |
| Sovereigns, including central banks             | 1 592 165         | 1 875 438         | 1 592 165         | 1 875 438         |
| Public sector entities                          | 5 035 217         | 3 923 215         | 5 035 217         | 3 923 215         |
| Local authorities                               | 1 447 690         | 1 256 140         | 1 447 690         | 1 256 140         |
| Banks                                           | 266 395           | 70 089            | 265 352           | 68 875            |
| Corporate customers                             | 26 661 376        | 22 322 506        | 26 661 376        | 22 322 506        |
| Retail customers                                | 17 786 448        | 16 772 716        | 17 786 448        | 16 772 716        |
| <b>Total deposits</b>                           | <b>52 789 291</b> | <b>46 220 104</b> | <b>52 788 248</b> | <b>46 218 890</b> |
| <b>Geographical analysis</b>                    |                   |                   |                   |                   |
| Namibia                                         | 52 789 291        | 46 220 104        | 52 788 248        | 46 218 890        |

### 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 group's 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.

Geographical risk is all Namibian counter parties.

### 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 counterparty's ability to repay the debt credit mitigation instruments are used where appropriate to reduce the group's 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.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Credit risk mitigation and collateral held *continued*

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.

### 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.

In accordance with IAS 32 the group offsets financial assets and financial liabilities and presents the net amount in the statement of financial position 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 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 out internationally accepted valuation and default covenants, which are evaluated and applied daily, including daily margin calls based on the approved CSA thresholds. Due to the fact that ISDA agreements 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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### 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 group's 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 group's 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 group's 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.

#### 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 group's 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.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Liquidity risk *continued*

#### 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.

Non-contractual balances included within creditors, accruals and provisions relate to unclaimed balances that have no contractual maturity date or contractual cash flow profile. Accordingly, these balances are disclosed within the non-contractual category and are not allocated to a specific maturity bucket.

| N\$'000                                      | 2026<br>Term to maturity |                    |                  |                                        | 2025<br>Term to maturity |                    |                  |                                        |
|----------------------------------------------|--------------------------|--------------------|------------------|----------------------------------------|--------------------------|--------------------|------------------|----------------------------------------|
|                                              | Total                    | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual | Total                    | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual |
| <b>Group</b>                                 |                          |                    |                  |                                        |                          |                    |                  |                                        |
| <b>On-balance sheet exposures</b>            |                          |                    |                  |                                        |                          |                    |                  |                                        |
| Deposits and current accounts                | 52 878 050               | 45 507 281         | 5 074 127        | 2 296 642                              | 46 555 668               | 39 188 720         | 3 741 663        | 3 625 285                              |
| Due to bank and other financial institutions | 285 041                  | 155 023            | 39 181           | 90 837                                 | 888 187                  | 93 709             | 264 570          | 529 908                                |
| Derivative financial instruments             | 59 558                   | 18 594             | 4 404            | 36 560                                 | 984 517                  | 57 203             | 366 821          | 560 493                                |
| Short trading position                       | 32 199                   | 32 199             | –                | –                                      | 16 682                   | 16 682             | –                | –                                      |
| Creditors, accruals and provisions           | 1 337 151                | 1 071 514          | –                | 265 637                                | 930 123                  | 815 229            | –                | 114 894                                |
| Other liabilities                            | 33 191                   | 640                | 32 551           | –                                      | 69 280                   | 1 352              | 34 629           | 33 299                                 |
| Lease liabilities                            | 53 939                   | 311                | 2 805            | 50 823                                 | 45 467                   | 253                | 4 335            | 40 879                                 |
| Tier 2 liabilities                           | 656 389                  | 11 258             | 33 407           | 611 724                                | 708 624                  | 11 689             | 34 686           | 662 249                                |
| <b>Financial liabilities</b>                 | <b>55 335 518</b>        | <b>46 796 820</b>  | <b>5 186 475</b> | <b>3 352 223</b>                       | <b>50 198 548</b>        | <b>40 184 837</b>  | <b>4 446 704</b> | <b>5 567 007</b>                       |
| <b>Off-balance sheet exposures</b>           |                          |                    |                  |                                        |                          |                    |                  |                                        |
| Financial and other guarantees               | 1 593 132                | 1 593 132          | –                | –                                      | 1 661 257                | 1 661 257          | –                | –                                      |
| Other contingencies and commitments          | 3 273 282                | 3 273 282          | –                | –                                      | 2 506 109                | 2 506 109          | –                | –                                      |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Liquidity risk *continued*

#### Undiscounted cash flows *continued*

| N\$'000                                      | 2026<br>Term to maturity |                    |                  |                                        | 2025<br>Term to maturity |                    |                  |                                        |
|----------------------------------------------|--------------------------|--------------------|------------------|----------------------------------------|--------------------------|--------------------|------------------|----------------------------------------|
|                                              | Total                    | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual | Total                    | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual |
| <b>Company</b>                               |                          |                    |                  |                                        |                          |                    |                  |                                        |
| <b>On-balance sheet exposures</b>            |                          |                    |                  |                                        |                          |                    |                  |                                        |
| Deposits and current accounts                | 52 877 007               | 45 506 238         | 5 074 127        | 2 296 642                              | 46 554 454               | 39 187 506         | 3 741 663        | 3 625 285                              |
| Due to bank and other financial institutions | 285 041                  | 155 023            | 39 181           | 90 837                                 | 888 187                  | 93 709             | 264 570          | 529 908                                |
| Derivative financial instruments             | 59 558                   | 18 594             | 4 404            | 36 560                                 | 984 517                  | 57 203             | 366 821          | 560 493                                |
| Short trading position                       | 32 199                   | 32 199             | –                | –                                      | 16 682                   | 16 682             | –                | –                                      |
| Creditors, accruals and provisions           | 931 558                  | 665 921            | –                | 265 637                                | 815 229                  | 815 229            | –                | 114 894                                |
| Other liabilities                            | 33 191                   | 640                | 32 551           | –                                      | 69 280                   | 1 352              | 34 629           | 33 299                                 |
| Lease liabilities                            | 53 939                   | 311                | 2 805            | 50 823                                 | 45 467                   | 253                | 4 335            | 40 879                                 |
| Tier 2 liabilities                           | 656 389                  | 11 258             | 33 407           | 611 724                                | 708 624                  | 11 689             | 34 686           | 662 249                                |
| <b>Financial liabilities</b>                 | <b>54 928 882</b>        | <b>46 390 184</b>  | <b>5 186 475</b> | <b>3 352 223</b>                       | <b>50 197 334</b>        | <b>40 183 623</b>  | <b>4 446 704</b> | <b>5 567 007</b>                       |
| <b>Off-balance sheet exposures</b>           |                          |                    |                  |                                        |                          |                    |                  |                                        |
| Financial and other guarantees               | 1 593 132                | 1 593 132          | –                | –                                      | 1 661 257                | 1 661 257          | –                | –                                      |
| Other contingencies and commitments          | 3 273 282                | 3 273 282          | –                | –                                      | 2 506 109                | 2 506 109          | –                | –                                      |

#### 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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Liquidity risk *continued*

#### Discounted cash flows *continued*

| N\$'000                     | 2026<br>Term to maturity |                    |                  |                                        | 2025<br>Term to maturity |                    |                  |                                        |
|-----------------------------|--------------------------|--------------------|------------------|----------------------------------------|--------------------------|--------------------|------------------|----------------------------------------|
|                             | Carrying<br>amount       | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual | Carrying<br>amount       | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual |
| <b>Group</b>                |                          |                    |                  |                                        |                          |                    |                  |                                        |
| Total financial assets      | 61 694 620               | 16 108 645         | 6 568 138        | 39 017 836                             | 54 970 718               | 13 870 162         | 6 752 100        | 34 348 456                             |
| Total financial liabilities | 54 596 155               | 46 657 352         | 5 152 837        | 2 785 967                              | 48 716 501               | 40 088 227         | 4 163 097        | 4 465 177                              |
| Net liquidity gap           |                          | (30 548 706)       | 1 415 302        | 36 231 869                             |                          | (26 218 065)       | 2 589 003        | 29 883 279                             |
| Cumulative liquidity gap    |                          | (30 548 706)       | (29 133 404)     | 7 098 465                              |                          | (26 218 065)       | (23 629 062)     | 6 254 217                              |

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.

| N\$'000                     | 2026<br>Term to maturity |                    |                  |                                        | 2025<br>Term to maturity |                    |                  |                                        |
|-----------------------------|--------------------------|--------------------|------------------|----------------------------------------|--------------------------|--------------------|------------------|----------------------------------------|
|                             | Carrying<br>amount       | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual | Carrying<br>amount       | Call – 3<br>months | 4 – 12<br>months | > 12 months<br>and non-<br>contractual |
| <b>Company</b>              |                          |                    |                  |                                        |                          |                    |                  |                                        |
| Total financial assets      | 61 634 145               | 16 107 590         | 6 565 655        | 38 960 900                             | 54 892 614               | 13 786 713         | 6 752 100        | 34 353 801                             |
| Total financial liabilities | 54 594 686               | 46 655 884         | 5 152 836        | 2 785 967                              | 48 716 044               | 40 087 770         | 4 163 097        | 4 465 177                              |
| Net liquidity gap           |                          | (30 548 294)       | 1 412 820        | 36 174 933                             |                          | (26 301 057)       | 2 589 003        | 29 888 624                             |
| Cumulative liquidity gap    |                          | (30 548 294)       | (29 135 474)     | 7 039 459                              |                          | (26 301 057)       | (23 712 054)     | 6 176 570                              |

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 FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Market risk

#### Non-traded market risk

##### Interest rate risk in the banking book

Interest rate risk in the sensitivity of the balance sheet and income statement to unexpected, adverse movements in interest 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.

##### 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 implemented 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.

##### 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\$14.5 billion. (2025 N\$12.1 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\$401 million (2025: N\$323 million). A similar increase in interest rates would result in an increase in projected 12-month NII of N\$338 million (2025: N\$263 million).

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Market risk *continued*

#### Non-traded market risk *continued*

#### Earnings sensitivity *continued*

| N\$'000                                                 | 2026                          |                                 |                                       | 2025                          |                                 |                                       |
|---------------------------------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|---------------------------------|---------------------------------------|
|                                                         | Average<br>balance<br>N\$'000 | Interest<br>income/expense<br>% | Interest<br>income/expense<br>N\$'000 | Average<br>balance<br>N\$'000 | Interest<br>income/expense<br>% | Interest<br>income/expense<br>N\$'000 |
| <b>Group</b>                                            |                               |                                 |                                       |                               |                                 |                                       |
| <b>Assets</b>                                           |                               |                                 |                                       |                               |                                 |                                       |
| Cash and cash equivalents, including balance with banks | 5 942 169                     | 3.9                             | 233 144                               | 9 712 926                     | 5.0                             | 512 106                               |
| Advances                                                | 41 412 010                    | 11.1                            | 4 592 500                             | 38 683 279                    | 11.8                            | 4 561 676                             |
| Investment securities                                   | 11 264 852                    | 7.7                             | 862 051                               | 9 467 526                     | 8.2                             | 776 838                               |
| Interest-earning assets                                 | 58 619 031                    | 9.7                             | 5 687 695                             | 57 863 731                    | 10.1                            | 5 850 620                             |
| Non-interest-earning assets                             | 2 828 206                     |                                 |                                       | 1 689 495                     |                                 |                                       |
| Total assets                                            | 61 447 237                    | 9.3                             | 5 687 695                             | 59 553 226                    | 10.1                            | 5 850 620                             |
| <b>Liabilities</b>                                      |                               |                                 |                                       |                               |                                 |                                       |
| Deposits and current accounts, balances due to banks    | 50 758 651                    | 3.9                             | 1 994 103                             | 51 030 649                    | 4.9                             | 2 479 537                             |
| Tier 2 liabilities                                      | 505 613                       | 8.8                             | 44 320                                | 310 145                       | 8.9                             | 27 543                                |
| Interest-earning liabilities                            | 51 264 264                    | 4.4                             | 2 038 423                             | 51 340 794                    | –                               | 2 507 080                             |
| Non-interest-earning liabilities                        | 3 271 737                     |                                 |                                       | 2 154 199                     |                                 |                                       |
| Total liabilities                                       | 54 536 001                    | 3.7                             | 2 038 423                             | 53 494 993                    | 4.7                             | 2 507 080                             |
| Total equity                                            | 6 911 236                     |                                 |                                       | 6 083 436                     |                                 |                                       |
| <b>Total equity and liabilities</b>                     | 61 447 237                    | 3.3                             | 2 038 423                             | 59 578 429                    | 4.9                             | 2 507 080                             |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Market risk *continued*

#### Non-traded market risk *continued*

#### Earnings sensitivity *continued*

| N\$'000                                              | 2026                          |                                 |                                       | 2025                          |                                 |                                       |
|------------------------------------------------------|-------------------------------|---------------------------------|---------------------------------------|-------------------------------|---------------------------------|---------------------------------------|
|                                                      | Average<br>balance<br>N\$'000 | Interest<br>income/expense<br>% | Interest<br>income/expense<br>N\$'000 | Average<br>balance<br>N\$'000 | Interest<br>income/expense<br>% | Interest<br>income/expense<br>N\$'000 |
| <b>Company</b>                                       |                               |                                 |                                       |                               |                                 |                                       |
| <b>Assets</b>                                        |                               |                                 |                                       |                               |                                 |                                       |
| Cash and cash equivalents                            | 5 942 169                     | 4.0                             | 240 073                               | 9 712 961                     | 5.3                             | 512 106                               |
| Advances                                             | 41 344 654                    | 11.1                            | 4 585 066                             | 38 593 682                    | 11.8                            | 4 551 111                             |
| Investment securities                                | 11 264 852                    | 7.7                             | 862 051                               | 9 467 526                     | 8.2                             | 776 838                               |
| Interest-earning assets                              | 58 551 675                    | 9.7                             | 5 687 190                             | 57 774 169                    | –                               | 5 840 055                             |
| Non-interest-earning assets                          | 2 876 072                     |                                 |                                       | 1 756 190                     |                                 |                                       |
| Total assets                                         | 61 427 747                    | 9.3                             | 5 687 190                             | 59 530 359                    | 9.8                             | 5 840 055                             |
| <b>Liabilities</b>                                   |                               |                                 |                                       |                               |                                 |                                       |
| Deposits and current accounts, balances due to banks | 50 757 418                    | 3.9                             | 1 994 103                             | 51 029 232                    | 4.8                             | 2 470 526                             |
| Tier 2 liabilities                                   | 505 613                       | 8.8                             | 44 320                                | 310 145                       | 8.9                             | 27 543                                |
| Interest-earning liabilities                         | 51 263 030                    | 4.0                             | 2 038 423                             | 51 029 232                    | 4.9                             | 2 498 068                             |
| Non-interest-earning liabilities                     | 3 269 913                     |                                 |                                       | 2 148 673                     |                                 |                                       |
| Total liabilities                                    | 54 532 944                    | 3.7                             | 2 038 423                             | 53 488 050                    | 4.7                             | 2 498 068                             |
| Total equity                                         | 6 894 804                     |                                 |                                       | 6 067 511                     |                                 |                                       |
| <b>Total equity and liabilities</b>                  | <b>61 427 747</b>             | <b>3.3</b>                      | <b>2 038 423</b>                      | <b>59 555 561</b>             | <b>4.2</b>                      | <b>2 498 068</b>                      |

Banking book NAV sensitivity to interest rate movement as a percentage of total group capital.

| %                | Group and company                     |                                       |
|------------------|---------------------------------------|---------------------------------------|
|                  | 2026<br>Change in period 12-month NII | 2025<br>Change in period 12-month NII |
| Downward 200 bps | (18.28%)                              | (18.49%)                              |
| Upward 200 bps   | 15.41%                                | 15.06%                                |

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 31. Risk management *continued*

### Effect of reference rate reform

The SARB formally announced on 3 December 2025 that the last date for the publication of Johannesburg Interbank Average Rate (JIBAR) is 31 December 2026, following which JIBAR will be replaced by the South African Rand Overnight Index Average Rate (ZARONIA). The SARB's industry timeline outlines key milestones leading to the transition. These milestones are expected to enable the industry to appropriately prepare and phase in the changes required leading up to the cessation date.

A steering committee, comprising representatives from Finance, Risk, IT, Treasury, Legal and Compliance, together with external advisors, oversees the group's interbank offered rate reform transition. The committee has established a comprehensive transition process for existing contracts and any potential future exposures. This process aims to minimise business disruption, reduce operational and conduct risks, and prevent financial losses during the transition.

The group has certain hedging instruments that reference JIBAR as the interest rate benchmark. It is expected that the impacted hedged items and hedge instruments will transition to ZARONIA continuously during the remainder of the calendar year, with a large quantum transitioning via activation of the fallback clauses (ZARONIA plus CAS) on 31 December 2026.

### Financial instruments that are impacted by the reference rate reform

| N\$'000                                                              | Group and company |                  |
|----------------------------------------------------------------------|-------------------|------------------|
|                                                                      | 2026              | 2025             |
| <b>Assets recognised on the balance sheet</b>                        |                   |                  |
| Derivative financial instruments (assets)*                           | 2 895 477         | 2 202 609        |
| Advances                                                             | 3 340 383         | 1 353 156        |
| <b>Total asset exposure subject to reference rate reform</b>         | <b>6 235 860</b>  | <b>3 555 765</b> |
| <b>Liabilities recognised on the balance sheet</b>                   |                   |                  |
| Derivative financial instruments (liabilities)*                      | 3 240 383         | 2 127 609        |
| Deposits                                                             | 1 505 000         | 4 659 032        |
| Other liabilities                                                    | 643 259           | 63 012           |
| Tier 2 liabilities                                                   | 500 000           | 503 558          |
| <b>Total liabilities recognised subject to reference rate reform</b> | <b>5 888 642</b>  | <b>7 353 211</b> |

\* These balances represent the notional amount directly impacted by the reference rate reform.

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 32. Segment information

### 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 segments' specific products and services offered in their specific markets.<br><br>Operating segments with revenue, absolute profit or loss for the period or total assets that constitutes 10% or more of all the segments' 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 (personal and private), SMEs, business, agricultural, medium corporate, and public sector entities. FNB's products cover the entire spectrum of financial services – transactional, lending, 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, trust and fiduciary services 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 group's 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 it 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 and FCC) | The Centre represents group-wide functions, including Group Treasury, Group Finance, Group Tax, risk, Group Compliance and Group Internal Audit.<br><br>The reportable segment includes all management accounting and consolidated entries. |  |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

# NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2026

## 32. Segment information *continued*

### Reportable segments *continued*

| N\$'000                                                 | Group             |                   | FNB               |                   | RMB               |                  | Other             |                  |
|---------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|
|                                                         | 2026              | 2025              | 2026              | 2025              | 2026              | 2025             | 2026              | 2025             |
| Net interest income before impairment of advances       | 3 649 272         | 3 332 451         | 2 640 847         | 2 568 993         | 658 794           | 503 753          | 349 631           | 259 705          |
| Impairment and fair value of credit advances            | (248 951)         | (527 411)         | (232 872)         | (524 506)         | (16 079)          | (2 905)          | –                 | –                |
| <b>Net interest income after impairment of advances</b> | <b>3 400 321</b>  | <b>2 805 040</b>  | <b>2 407 975</b>  | <b>2 044 487</b>  | <b>642 715</b>    | <b>500 848</b>   | <b>349 631</b>    | <b>259 705</b>   |
| Non-interest income                                     | 2 543 946         | 2 496 190         | 2 260 120         | 2 145 928         | 322 500           | 378 052          | (38 674)          | (27 790)         |
| <b>Income from operations</b>                           | <b>5 944 267</b>  | <b>5 301 230</b>  | <b>4 668 095</b>  | <b>4 190 415</b>  | <b>965 215</b>    | <b>878 900</b>   | <b>310 957</b>    | <b>213 915</b>   |
| Operating expenses                                      | (2 957 038)       | (2 650 565)       | (2 617 957)       | (2 369 447)       | (325 340)         | (268 717)        | (13 741)          | (12 401)         |
| <b>Net income from operations</b>                       | <b>2 987 229</b>  | <b>2 650 665</b>  | <b>2 050 138</b>  | <b>1 820 968</b>  | <b>639 875</b>    | <b>610 183</b>   | <b>297 216</b>    | <b>219 514</b>   |
| Indirect tax                                            | (58 393)          | (59 234)          | (48 887)          | (47 119)          | (6 500)           | (5 469)          | (3 006)           | (6 646)          |
| <b>Profit before tax</b>                                | <b>2 928 836</b>  | <b>2 591 431</b>  | <b>2 001 251</b>  | <b>1 773 849</b>  | <b>633 375</b>    | <b>604 714</b>   | <b>294 210</b>    | <b>212 868</b>   |
| Income tax expense                                      | (852 815)         | (749 397)         | (582 722)         | (512 966)         | (184 425)         | (174 873)        | (85 668)          | (61 558)         |
| <b>Profit for the year</b>                              | <b>2 076 021</b>  | <b>1 842 034</b>  | <b>1 418 529</b>  | <b>1 260 883</b>  | <b>448 950</b>    | <b>429 841</b>   | <b>208 542</b>    | <b>151 310</b>   |
| Depreciation                                            | (129 037)         | (121 288)         | (127 346)         | (119 671)         | (1 430)           | (1 453)          | (261)             | (164)            |
| Amortisation                                            | (5 482)           | (8 039)           | (5 482)           | (8 039)           | –                 | –                | –                 | –                |
| <b>The statement of financial position includes:</b>    |                   |                   |                   |                   |                   |                  |                   |                  |
| Investment securities                                   | 13 078 324        | 9 317 365         | –                 | –                 | 729 674           | 1 067 156        | 12 348 650        | 8 250 209        |
| Advances                                                | 42 814 021        | 39 222 390        | 31 856 290        | 31 108 581        | 10 957 731        | 8 113 809        | –                 | –                |
| Non-current assets held for sale                        | –                 | 55 040            | –                 | 55 040            | –                 | –                | –                 | –                |
| <b>Total assets</b>                                     | <b>62 888 051</b> | <b>56 063 777</b> | <b>41 725 444</b> | <b>38 771 963</b> | <b>10 297 000</b> | <b>7 659 547</b> | <b>10 865 607</b> | <b>9 632 267</b> |
| Deposits                                                | 52 789 291        | 46 220 104        | 34 669 104        | 31 920 753        | 12 276 682        | 8 731 796        | 5 843 505         | 5 567 555        |
| <b>Total liabilities</b>                                | <b>55 436 225</b> | <b>49 369 268</b> | <b>39 812 994</b> | <b>37 061 678</b> | <b>9 702 044</b>  | <b>7 097 322</b> | <b>5 921 187</b>  | <b>5 210 268</b> |

# CAPITAL MANAGEMENT RISK

## Risk definition

This is the risk that the group fails to maintain sufficient capital to meet regulatory capital requirements, support its strategic objectives and absorb losses under stressed conditions.

## How the risk is managed

The board-approved capital management framework sets out the objectives, policies and principles relating to capital management, and the assets, liabilities and capital committee ensures compliance with the framework. Group Treasury is responsible for ensuring the group is adequately capitalised to generate returns while managing risk within the approved risk appetite. The primary objective of the group's capital management strategy is to maintain sufficient capital to build and invest in its businesses through normal economic cycles and under stressed economic conditions.

The group addresses its capital objectives on a forward-looking basis, considering the ICAAP review and annual budget. The budget is prepared using a three-year forecast under stress scenarios.

The group's capital management approach is to increase balance sheet resilience, diversify advances exposures, improve market liquidity and ensure an optimal funding mix. The objectives when managing capital in all its forms are to:

- establish internal minimum capital requirement levels that consider the regulatory capital requirements set by the Bank of Namibia;
- maintain sound capital ratios and quality of capital during calm and turbulent periods of the economy and financial markets;
- safeguard the group's ability to continue as a going concern so it can continue to provide returns to shareholders and benefits to other stakeholders;
- maintain a strong and leading capital base position in the market to support the growth of the group's businesses, protect depositors and creditors, and promote and uphold public confidence; and
- maintain a strong credit rating.

**Effective capital management ensures the group's resilience, protects depositors and sustains stakeholder confidence.**

The bank maintains a capital buffer above the regulatory minimum requirement. Capital stress testing is done annually for the bank as part of the ICAAP to assess the adequacy of the capital buffer. The stress test measures the impact on the balance sheet of macroeconomic and idiosyncratic stress scenarios and the consequent impact on earnings and capital adequacy levels. The group addresses its capital objectives on a forward-looking basis, considering regulatory and economic capital requirements in both normal and stressed conditions.

## Internal capital adequacy assessment process

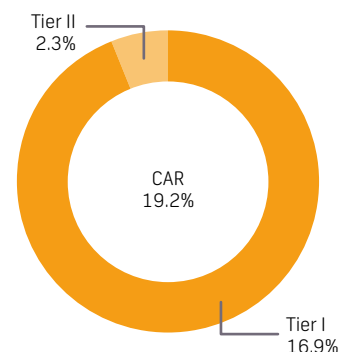
The bank is a material element of the group's capital management programme, which is governed by the ICAAP. This process requires banks to identify and assess risks, maintain sufficient capital to face these risks, and apply appropriate risk management techniques to maintain adequate capitalisation. Risk assessment for the ICAAP includes credit, market, operational and interest rate risk. The group's ICAAP is submitted annually to the Bank of Namibia, with independent assurance provided through reviews performed by the Internal Audit function. The audit and risk committee is responsible for the group's ICAAP. The ICAAP informs the level of capital buffers the group is required to maintain. Capital planning is done as part of regular forecasting and scenario testing and aligns with dividend decisions and growth projections. In the event of a breach of capital buffers, the group's Recovery Plan would be implemented.

The group remained well capitalised with a common equity tier 1 (CET 1) ratio of 18.4%. The CAR for both the bank and the group exceeds the board's set targets.

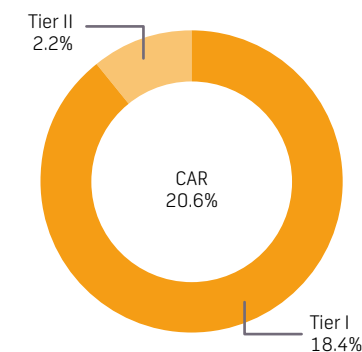
|                                       | Regulatory limits | FNB Namibia | Board target |
|---------------------------------------|-------------------|-------------|--------------|
| Core equity (minimum)                 | 6.0%              | 15.9%       | –            |
| Capital conservation buffer (minimum) | 2.5%              | 2.5%        | –            |
| CET 1 (minimum)                       | 8.5%              | 18.4%       | > 11.5%      |
| Additional tier 1 (maximum)           | 1.5%              | 0.0%        | –            |
| Tier 1 (minimum)                      | 10.0%             | 18.4%       | –            |
| Tier 2 (maximum)                      | 2.5%              | 2.2%        | –            |
| Total CAR (minimum)                   | 12.5%             | 20.6%       | > 14.0%      |

## Banking

June 2025



June 2026

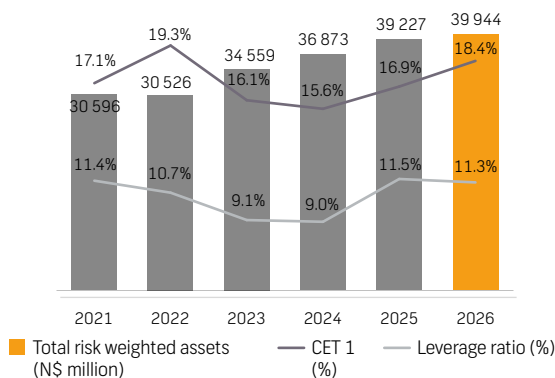


## Regulatory developments

The Bank of Namibia provided an update on the development of the Determination on the Countercyclical Capital Buffer (CCyB) BID-40 to industry. CCyB is a macroprudential policy tool used by central banks to enhance the banking sector's resilience during periods of excessive credit growth, which is often associated with accumulation of systemic risk. The CCyB is designed to counter procyclicality, promote financial stability and safeguard against financial crises. The CCyB rate will be set at zero per cent and reviewed periodically by the central bank. This review will be based on prevailing macro-financial conditions and relevant indicators of systemic risk. The industry will be informed if the CCyB rate is amended, including the applicable date and implementation requirements.

The Bank of Namibia is progressing the implementation of a revised BID-18 determination, which will introduce enhanced Pillar III disclosure requirements for banking institutions. The group is monitoring these developments and undertaking the necessary enhancements to its reporting, governance and disclosure processes to ensure readiness for the new requirements.

### Key performance measures



|                                                       | Banking operations<br>Year end 30 June |                   |
|-------------------------------------------------------|----------------------------------------|-------------------|
| N\$'000                                               | 2026                                   | 2025              |
| <b>Risk weighted assets</b>                           |                                        |                   |
| Credit risk                                           | 31 792 813                             | 31 856 606        |
| Operational risk                                      | 8 037 010                              | 7 292 241         |
| Market risk                                           | 114 217                                | 78 182            |
| <b>Total risk weighted assets</b>                     | <b>39 944 040</b>                      | <b>39 227 029</b> |
| <b>Regulatory capital</b>                             |                                        |                   |
| Share capital and share premium                       | 1 142 792                              | 1 142 792         |
| Retained profits                                      | 6 252 578                              | 5 548 802         |
| Other disclosure reserves                             | (1 488)                                | 2 915             |
| Capital impairments*                                  | (56 139)                               | (55 215)          |
| <b>Total tier 1</b>                                   | <b>7 337 743</b>                       | <b>6 639 294</b>  |
| Eligible subordinated debt                            | 500 000                                | 500 000           |
| General risk reserve, including portfolio impairment  | 397 410                                | 398 208           |
| <b>Total tier 2</b>                                   | <b>897 410</b>                         | <b>898 208</b>    |
| <b>Total tier 1 and tier 2 capital</b>                | <b>8 235 153</b>                       | <b>7 537 502</b>  |
| <b>Consolidated group<br/>Capital adequacy ratios</b> |                                        |                   |
| Tier 1                                                | 18.4%                                  | 16.9%             |
| Tier 2                                                | 2.2%                                   | 2.3%              |
| <b>Total</b>                                          | <b>20.6%</b>                           | <b>19.2%</b>      |
| Tier 1 leverage ratio                                 | 11.3%                                  | 11.5%             |

\* Includes intangible assets and investment in deconsolidated entities. The Bank has complied with all externally imposed capital requirements for the year.



# SUPPLEMENTARY INFORMATION

|                       |     |
|-----------------------|-----|
| Glossary of terms     | 232 |
| Corporate information | 233 |

# GLOSSARY OF TERMS

|                                                 |                                                                                                                                                                             |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Capital adequacy ratio (CAR)</b>             | Total qualifying capital and reserves divided by risk-weighted assets.                                                                                                      |
| <b>Common Equity Tier 1 (CET1) capital</b>      | Share capital and premium, qualifying reserves and third-party capital, less specified regulatory deductions.                                                               |
| <b>Cost of equity (CoE)</b>                     | Refers to the return a company must offer to its equity investors (shareholders) to compensate for the risk they undertake by investing in the company.                     |
| <b>Cost-to-income ratio</b>                     | Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates.                                           |
| <b>Credit loss ratio (CLR)</b>                  | Total impairment charge per the income statement expressed as a percentage of average core lending advances (average between the opening and closing balance for the year). |
| <b>Expected credit loss</b>                     | Is a financial metric used to estimate the potential loss a lender might incur if a borrower defaults on a loan.                                                            |
| <b>Liquidity coverage ratio (LCR)</b>           | Is a regulatory standard requiring banks to hold a sufficient amount of high-quality liquid assets to cover their net cash outflows over a 30-day period.                   |
| <b>Net asset value (NAV)</b>                    | Represents the total value of an entity's assets minus its liabilities, divided by the number of outstanding shares.                                                        |
| <b>Net income after cost of capital (NIACC)</b> | Profit for the year less the cost of equity multiplied by the average ordinary shareholders' equity and reserves.                                                           |
| <b>Net stable funding ratio (NSFR)</b>          | Is a regulatory standard requiring banks to hold enough stable funding to cover the duration of their long-term assets.                                                     |
| <b>Non-performing loan (NPL)</b>                | Is a loan where the borrower has not made the scheduled payments for a specified period, typically 90 days or more.                                                         |

|                                   |                                                                                                                                                                                                                                                           |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Portfolio coverage ratio %</b> | Measures how well the banks loan loss reserves can cover potential losses in its performing loan portfolio. It indicates the banks ability to absorb future loan defaults.                                                                                |
| <b>Return on assets (ROA)</b>     | Profit for the year divided by average assets.                                                                                                                                                                                                            |
| <b>Return on equity (ROE)</b>     | Total comprehensive income for the year divided by average ordinary shareholders' equity.                                                                                                                                                                 |
| <b>Risk-weighted assets</b>       | Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable and in line with the banking regulations. |
| <b>Specific coverage ratio %</b>  | Measures how much of the non-performing loans are covered by provisions set aside specifically for those problem loans. It shows the bank's ability to absorb losses from identified bad loans.                                                           |
| <b>Tier 1 ratio</b>               | Tier 1 capital divided by risk-weighted assets.                                                                                                                                                                                                           |
| <b>Tier 2 capital</b>             | Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties, qualifying provisions less specified regulatory deductions.                                                                 |
| <b>Total coverage %</b>           | Total impairment provisions expressed as a percentage of core lending advances.                                                                                                                                                                           |

# CORPORATE INFORMATION

## Registered Office

First National Bank of Namibia Ltd  
Registration number: 2002/0180  
@Parkside, 130 Independence Avenue, c/o Fidel Castro  
P O Box 195, Windhoek, Namibia  
Tel: +264 (61) 299 2111  
www.fnbnamibia.com.na

## Chief Executive Officer

Conrad Dempsey  
5th Floor, @Parkside  
130 Independence Avenue, c/o Fidel Castro  
P O Box 195, Windhoek, Namibia  
Tel: +264 (61) 299 2111

## Chief Financial Officer

Lizette Smit  
5th Floor, @Parkside  
130 Independence Avenue, c/o Fidel Castro  
P O Box 195, Windhoek, Namibia  
Tel: +264 (61) 299 2111

## Transfer Secretaries

NSX Financial Market Services (Pty) Ltd  
4 Robert Mugabe Avenue  
P O Box 2401, Windhoek, Namibia  
Registration No: 93/0713  
Email: ts@nsx.com.na  
Tel: +264 (61) 227 647

## Sponsor

Cirrus Securities (Pty) Ltd  
Member of the NSX  
35 Schanzen Road, Windhoek, Namibia  
P O Box 27, Windhoek, Namibia  
Registration No: 98/461  
Email: sponsor@cirrus.com.na  
Tel: +264 (61) 256 666

## External Auditors

Ernst & Young Namibia  
c/o Otto Nitzsche and Maritz streets  
Windhoek, Namibia  
P O Box 1857, Windhoek, Namibia  
Email: eynamibia@za.ey.com  
Tel: +264 (61) 289 1100  
www.ey.com/en\_na

## Group Company Secretary

Nelago Makemba  
5th Floor, @Parkside  
130 Independence Avenue, c/o Fidel Castro  
P O Box 195, Windhoek, Namibia  
Tel: +264 (61) 299 2111



[www.fnbnamibia.com.na](http://www.fnbnamibia.com.na)