FirstRand
NAMIBIA

Consolidated annual financial statements

FOR THE YEAR ENDED 30 JUNE **2023**

Reporting suite

We are committed to reporting transparently to our broad range of stakeholders. For our 2023 financial year (1 July 2022 to 30 June 2023), our reporting suite, which is available at www.firstrandnamibia.com.na consists of our:

- **Integrated Report**
  Our integrated report is the prime report to our stakeholders. It is designed to show the connection between the inter-reliant elements involved in our value creation.

- Consolidated Annual Financial Statements of FirstRand Namibia Limited group for 30 June 2023. Including FirstRand Namibia Limited (company) Annual Financial Statements for 30 June 2023.

Building a Globally Competitive Namibia
- PROVIDING ACCESS TO OPPORTUNITIES

Contents

Directors' responsibility statement

To the shareholders of FirstRand Namibia Limited

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

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

In preparing the consolidated and separate annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The consolidated and separate annual financial statements incorporate full and responsible disclosure in line with the group philosophy on corporate governance and as required by the Namibian Stock Exchange. The group has complied in all material respects with the requirements set out in BID2 with regards to asset classification, suspension of interest and provisioning. The group's policies with this regard are stated in the notes on accounting policies, disclosed on pages 10 to 48.

The directors are responsible for the group's system of internal control. To enable the directors to meet these responsibilities, the directors set the standards for internal control 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 enterprise risk management and internal audit. Enterprise risk management is responsible for independent oversight and monitoring of controls and reports to 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, Deloitte & Touche, have audited the consolidated and separate financial statements and their report appears on page 3 to 7.

Approval of financial statements

The consolidated annual financial statements of the group, which appear on pages 8 to 137 and the separate annual financial statements of the company, which appear on pages 139 to 150 were approved by the board of directors on 23 August 2023 and signed on its behalf by:

P Gruttemeyer
Chairperson

C Dempsey
Chief Executive Officer

Windhoek
23 August 2023

Independent audit report

To the members of FirstRand Namibia Limited

Opinion

We have audited the consolidated and separate financial statements of FirstRand Namibia Limited (the Group) set out on pages 8 -150, which comprise the consolidated and separate statements of financial position as at 30 June 2023 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 financial statements, including a summary of significant accounting policies and the directors' report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 June 2023 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Financial Statements section of our report. We are independent of the FirstRand Namibia Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia.

We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period.

The key audit matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter – Group	How the matter was addressed in the audit
Impairment of advances	
International Financial Reporting Standards (IFRS) 9 Financial Instruments remains an area of significant management judgement and estimation. The Group continued to enhance models, processes, and judgements over the course of the year in response to known limitations and as part of the ongoing annual improvements. The current year was characterised by the tightening of monetary policy, and the economic impact of the war in Ukraine. This adds further uncertainty, particularly around the incorporation of forward-looking information to predict the impact on default rates and the realisation of collateral.	Our audit of the impairment of advances included, inter alia, the following audit procedures performed with the assistance of our credit and actuarial specialists: • Across all significant portfolios we assessed the advances impairment practices applied by management against the requirements of IFRS 9; • In addition, we tested the design and implementation of relevant controls over the processes used to calculate impairments; and • We assessed the Group's probability-weighted macroeconomic scenario reports and analysed the outlined methodology, scenario views and associated probabilities in terms of the principles of IFRS 9, including the review of the approval of the macroeconomic outlook. Below is a summary of the substantive procedures performed for each segment:

Independent audit report continued

Key Audit Matter continued

<table>
<tr><th>Key audit matter – Group</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Impairment of advances continued</td></tr>
<tr><td>The Group’s advances fall into three broad customer segments:

• Retail.
• Commercial
(both as part of the First National Bank (FNB) segment); and
• Corporate/Wholesale which forms part of the Rand Merchant Bank (RMB) busines

We have set out below the risks and responses based on the expected credit loss (ECL) approach adopted.

The impairment of advances was considered to be a matter of significant importance to our current year audit due to the following:

• Advances are material to the financial statements;

• The level of judgement applied in determining the ECL on advances; and

• The uncertainty related to unprecedented global and local economic stress.</td><td>Retail and commercial advances

We performed the following procedures on the ECL for all material retail and commercial advances portfolios with the assistance of our credit and actuarial experts:

• Obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) and assessed these against the requirements of IFRS 9 and best practice;

• Assessed the reasonableness of the SICR criteria adopted by management and tested whether this was correctly and consistently applied in the models;

• Assessed the application of forward-looking information in the ECL calculation, this included selection of relevant macro-economic variables such as Gross Domestic Product (GDP), Consumer Price Index (CPI), and the central bank rates, and assessing whether these variables were appropriate indicators of future losses;

• Confirmed that the latest available and relevant probability weighted forward-looking information has been appropriately incorporated within the impairment models by comparing these to widely available market data;

• Assessed the accuracy of the Group’s model output at a parameter level and in total against our independent challenger model output, and investigated any material variances; and

• Inspected a sample of legal agreements and supporting documentation to assess the legal right to and the existence of collateral.</td></tr>
</table>

Independent audit report continued

Key Audit Matter continued

Key audit matter – Group	How the matter was addressed in the audit
Impairment of advances continued	
Portfolio impairments Where clients have not defaulted on their advances, management uses a portfolio provisioning approach in which they use statistical models incorporating various judgements and assumptions in developing their expected credit losses on the portfolio of clients. The inputs into the modelling process require significant management judgement, including: • The input assumptions and methodologies applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL calculations; • The assessment of whether there has been a SICR event since origination date of the exposure to the reporting date. IFRS 9 requires that accounts reflecting signs of SICR should be reported as Stage 2 and attract a lifetime ECL provision, relative to Stage 1 accounts which attract a 12-month ECL; • The valuation of watchlist accounts which are individually assessed for ECL; • The determination of the lifetime of a financial instrument subject to ECL assessment; and • The incorporation of unbiased probability weighted forward-looking information. Particularly in the current year where the rising interest rates are resulting in a continued reduction in economic activity which has an impact on the realisation of collateral. There remains significant uncertainty around the recovery path which has a significant impact on ECLs.	**Corporate advances** We performed the following procedures on the ECL for corporate advances with the assistance of our credit and actuarial experts: • We assessed the appropriateness of assumptions made by management in determining the level of impairment, including the probability of default and valuation of collateral and the incorporation of the macro-economic variables; • Tested the performance and sensitivity of the forward-looking information in order to evaluate whether the chosen macro-economic factors and model fit provide a reasonable representation of the impact of macro-economic changes on the ECL results; • Assessed the reasonability of the credit risk parameters calculated by management; and • Inspected a sample of legal agreements and supporting documentation to assess the valuation, legal right to and existence of collateral.

Independent audit report continued

Key Audit Matter continued

Key audit matter – Group	How the matter was addressed in the audit
Impairment of advances continued	
Model overlays Across all portfolios, management applies judgement to recognise additional ECL (in the form of overlays and out of model adjustments) where there is uncertainty in respect of the models' ability to accurately predict future losses. This could be due to data limitations, inability to accurately model emerging risks due to inherent limitations of modelling based on past performance, and macro-economic events that are not adequately captured by the models. We consider out of model adjustments and overlays as a significant risk across all segments given the high level of judgement inherent in these. In the current year, a significant proportion of the overlays relates to industries significantly impacted by the current and expected economic conditions. Related disclosures in the consolidated financial statements: • Accounting Policies: 4.1 – Accounting policy for financial instruments; • Accounting Policies: 9 – Critical accounting estimates, assumptions and judgements; • Note 13 – Advances to customers; • Note 14 – Impairment of advances; and • Note 34 – Financial risk management.	**Out of model adjustments and overlays** • We challenged the validity and reasonableness of overlays recorded by management by ensuring each overlay was related to a known model weakness or model limitation; • We challenged the key assumptions and judgements related to each overlay to ensure that these were reasonable and supportable using available Group information or other widely available market data; • We assessed the need for any other overlays not considered by management based on our expert judgement and widely available information; and • We performed a top-down test of the reasonableness of the overall ECL provisions under stressed conditions to assess whether adequate provisions were recorded given the uncertainty brought by tighter external liquidity, currency depreciation and tighter domestic monetary policy. In conclusion, we determined the impairment of advances to be within a reasonable range.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' responsibility statement, approval of the financial statements and Shareholders' information, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements, Directors' report and our Auditor's report thereon.

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

In connection with our audit of the consolidated and separate 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 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 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 Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

Independent audit report continued

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 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'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'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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)
ICAN practice number: 9407

Per: Julius Nghikevali
Partner
Windhoek
13 September 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of FirstRand Namibia Limited for the year ended 30 June 2023.

1. Nature of business

FirstRand Namibia Limited is the holding company of the FirstRand Namibia group of companies. The group provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers through its portfolio of market leading franchises: FNB, the retail and commercial bank, RMB, the corporate and investment bank, WesBank, an instalment finance provider, FNB Short Term Insurance Company, a short term insurance provider, Pointbreak and Ashburton Investments, an investment management businesses.

Refer to page 154 for a simplified Group Structure.

2. Review of financial results and activities

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

The financial statements on pages 10 to 137 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 22), the chief executive officer's report (page 53) and the chief financial officer's report (page 85) on the separate Integrated annual report.

3. Share capital

The company's authorised share capital remained unchanged at N$5 million.

The company's authorised share capital at year end consists of 990 000 000 (2022: 990 000 000) ordinary shares of 0.5 cents each and 10 000 000 (2022: 10 000 000) cumulative convertible redeemable preference shares of 0.5 cents each.

The issued ordinary share capital remained unchanged at 267 593 250 ordinary shares and 2 cumulative convertible redeemable preference shares.

Share analysis – ordinary shares

Based on information disclosed by the Namibian Stock Exchange and investigations conducted on behalf of the company, the following shareholders have a beneficial interest of 5% or more in the issued ordinary shares of the company:

FirstRand EMA Holdings Limited	58.4% (2022: 58.4%)
Government Institutions Pension Fund	15.7% (2022: 15.7%)

A detailed analysis of shareholders is set out on page 155.

Share analysis – preference shares

RMB SI Investments (Pty) Limited	100% (2022: 100%)

4. Dividends

The following dividends were declared in respect of the current and previous financial years:

Cents per share	2023	2022
Ordinary dividend		
Interim (declared February)	209.70	153.00
Final (declared August)	368.14	319.84
Special dividend		
Interim (declared February)	186.85	-
Total dividends	**764.69**	**472.84**

5. Directorate

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

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

* Appointed as Board Chairperson effective 01 December 2022

** South African

*** South African with Namibian permanent residence

Directors' Report continued

5. Directorate continued

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 FirstRand Namibia Limited:

Retirements/Resignation

CLR Haikali	(20 October 2022)
II Zaamwani	(30 November 2022)
OLP Capelao	(28 April 2023)

Appointments

R Makanjee	(01 August 2022)
LD Kapere	(01 December 2022)
MJ Lubbe	(01 February 2023)
ON Shikongo	(01 February 2023)
LP Smit	(24 July 2023)

Directors' emoluments

Directors' emoluments are disclosed in note 6 to the annual financial statements.

6. Directors' interests in shares

The following shares are held by the directors or individuals related to them in the year under review.

Interests in shares

Directors	2023 Direct	2022 Direct	2023 Indirect	2022 Indirect
P Grüttemeyer	106 000	100 000	-	-
C Dempsey	45 905	37 433	-	-
CLR Haikali [1]	88 550	68 550	3 018 199	3 018 199
II Zaamwani [2]	54 463	54 463	-	-
OLP Capelao [3]	149 649	149 649	-	-
	444 567	410 095	3 018 199	3 018 199

[1] CLR Haikali (retired 20 October 2022)
[2] II Zaamwani (retired 30 November 2022)
[3] OLP Capelao (resigned 28 April 2023)

The register of interests of directors and others in shares of the company is available to the shareholder on request. There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

7. Directors' interests in contracts

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

8. Property and equipment

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

9. Holding company

The holding company of FirstRand Namibia Limited is FirstRand EMA Proprietary Holdings Limited and its ultimate holding company is FirstRand Limited, both of which are incorporated in the Republic of South Africa.

10. Subsidiaries

Interest in and aggregate profits of subsidiaries are set out in note 30 of the annual financial statements. During the financial year FirstRand Namibia Ltd acquired the remaining shareholding of FNB Short Term Insurance Company Ltd. Refer to note 29 for more details.

11. Events after the reporting period

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

12. Company secretary and registered office

The company secretary is Mrs. N Makemba.

Postal address:	P O Box 195 Windhoek Namibia
Registered address:	130 Independence Avenue Windhoek

Accounting Policies

1. INTRODUCTION AND BASIS OF PREPARATION

The group's consolidated and separate annual financial statements have been prepared in accordance with IFRS, including interpretations issued by the IFRS Interpretations Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, NSX Listings Requirements, the Banking Institutions Act and requirements of the Companies Act of Namibia.

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 30 June 2023; the income statements and statements of other comprehensive income; statements of changes in equity and statements of cash flows for the year ended; summary of significant accounting policies and notes to the annual financial statements.

The group prepares consolidated financial statements which include the assets, liabilities and results of the operations of FirstRand Namibia Limited, its subsidiaries and its share of earnings of associates. To compile the consolidated financial statements the following information is used:

- Audited information about the financial position and results of operations at 30 June each year for all subsidiaries in the group. For insignificant private equity subsidiaries that have a year-end that is less than three months different to that of the group, the latest audited financial statements are used.

- The most recent audited annual financial statements of associates and joint ventures. These are not always drawn up to the same date as the financial statements of the group. Where the reporting date is different from that of the group, the group uses the most recently available financial statements of the investee and reviews the investee's management accounts for material transactions during the intervening period. In instances where significant events occurred between the last reporting date of an investee and the reporting date of the group, the effect of such events is adjusted for.

The segmental analysis included in the segment report is based on the information reported to the chief operating decision maker for the respective segments under the current operating business management structures. The information is prepared in terms of IFRS and certain adjustments are made to the segment results in order to eliminate the effect of non-taxable income and other segment specific items that impact certain key ratios reviewed by the chief operating decision maker when assessing the operating segments' performance (chief operating decision maker is set out in note 30).

Presentation of financial statements, functional and foreign currency

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

Presentation	The group presents its statement of financial position in order of liquidity. Where permitted or required under IFRS, the group offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position, the income statement or the statement of other comprehensive income.
Materiality	IFRS is only applicable to material items. Management applies judgement and considers both qualitative and quantitative factors in determining materiality.
Functional and presentation currency of the group	Namibia dollar (N$)
Level of rounding	The group has a policy of rounding to the nearest thousand. Amounts less than N$500 will therefore round down to N$nil and are presented as a dash.
Foreign currency transactions of the group	Translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

Presentation of financial statements, functional and foreign currency continued

Translation and treatment of foreign denominated balances	Translated at the relevant exchange rates, depending on whether it is a monetary item (in which case the closing spot rate is applied) or non-monetary items. For non-monetary items measured at cost the rate applied is the rate on transaction date. For non-monetary items measured at fair value the rate at the date the fair value is determined (reporting date) is applied. Foreign exchange gains or losses are recognised in profit or loss in fair value gains or losses. To the extent that foreign exchange gains or losses relate to financial assets held at fair value through other comprehensive income (FVOCI) the following applies: Equity instruments - recognised in other comprehensive income as part of the fair value movement; and Debt instruments - allocated between profit or loss (those that relate to changes in amortised cost) and other comprehensive income (those that relate to changes in the fair value).

1.1 Application of the going concern principle

The directors reviewed the group and company's budgets and flow of funds forecasts for the next three years and considered the group and company's ability to continue as a going concern in light of current and anticipated economic conditions. These budgets and flow of funds forecasts took the impact projections of the impact on the group's capital into consideration, including funding and liquidity requirements, all of which have remained within internal targets and above regulatory requirements.

As part of this assessment, the directors considered the sufficiency of the group's financial resources throughout the endemic. The management of the group's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the group's stated growth and return targets and is driven by the group's overall risk appetite. 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.

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 annual financial statements.

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

The group adopts the following significant accounting policies in preparing its financial statements. These policies have been consistently applied to all years presented.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES				
2	Subsidiaries and associates	Consolidation and equity accounting (section 2.1)	Related party transactions (section 2.2)	
3	Income, expenses and taxation	Income and expenses (section 3.1)	Taxation (section 3.2)	
4	Financial instruments	Classification and measurement (section 4.1)	Impairment (section 4.2)	Transfers, modifications and derecognition (section 4.3)
		Offset and collateral (section 4.4)	Derivatives (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)
		Provisions (section 5.1)	Leases (section 5.2)	
6	Capital and reserves	Share capital and treasury shares (section 6)	Dividends (section 6)	Other reserves (section 6)
7	Transactions with employees	Employee benefits (section 7.1)	Share-based payment transactions (section 7.2)	
8	Non-banking activities	Insurance activities (section 8.1)	Investment management activities (section 8.2)	
9	Significant accounting estimates, assumptions and judgements	Introduction (section 9.1)	Subsidiaries and associates (section 9.2)	
		Taxation (section 9.3)	Impairment of financial assets (section 9.4)	Provisions (section 9.5)
		Transactions with employees (section 9.6)	Insurance activities (section 9.7)	

New standards adopted in the current year

There were no new or amended IFRS standards which became effective for the year ended 30 June 2023 that impacted the group's reported earnings, financial position or reserves, or the accounting policies.

Accounting Policies continued

2. SUBSIDIARIES AND ASSOCIATES

2.1 Basis of consolidation and equity accounting

	Subsidiaries and other structured entities	Associates
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 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.	Entities over which the group has significant influence as defined in IAS 28. These include investment funds not consolidated, but which the group has significant influence over.
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	Equity accounting
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, the fair value of any existing interest, and 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.	Associates are initially recognised at cost (including goodwill) and subsequently equity accounted. The carrying amount is increased or decreased to recognise the group's share of profit or loss from the investee after the date of acquisition. Items that impact the investee's net asset value that don't impact other comprehensive income are recognised directly in gains less losses from investing activities within non-interest revenue.
Intercompany transactions and balances	Intercompany transactions are all eliminated on consolidation, including unrealised gains. Unrealised losses on transactions between group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the group's impairment policies.	Unrealised gains on transactions are eliminated to the extent of the group's interest in the entity. Unrealised losses are also eliminated to the extent of the group's interest in the entity, unless the transaction provides evidence of an impairment of the transferred asset.

Accounting Policies continued

2. SUBSIDIARIES AND ASSOCIATES continued

2.1 Basis of consolidation and equity accounting continued

Consolidated financial statements continued		
	Consolidation	Equity accounting
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.	The entire carrying amount of the investment, including other long-term interests, is tested for impairment. Certain loans and other long-term interests in associates are considered to be, in substance, part of the net investment in the entity when settlement is neither planned nor likely to occur in the foreseeable future. Such items may include preference shares and long-term receivables or loans, but do not include trade receivables or any long-term loans for which adequate collateral exists. These loans and other long-term interests in associates are included in advances on the face of the statement of financial position and are measured in terms of IFRS 9. The value of such loans after any expected credit losses (ECL) raised for IFRS 9 where such loans are measured at amortised cost is, however, included in the carrying amount of the investee for purposes of determining the share of losses of the investee attributable to the group and for impairment testing purposes.
Goodwill	Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses. If this amount is negative, as in the case of a bargain purchase, the difference is immediately recognised in gains less losses from investing activities within non-interest revenue. 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. Impairment losses in respect of goodwill are not subsequently reversed.	Notional goodwill on the acquisition of associates is included in the equity accounted carrying amount of the investment. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that that the investment's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Accounting Policies continued

2. SUBSIDIARIES AND ASSOCIATES continued

2.1 Basis of consolidation and equity accounting continued

Consolidated financial statements continued		
	Consolidation	Equity accounting
Non-controlling interest	Non-controlling interests in the net assets of subsidiaries are separately identified and presented from the group's equity. All transactions with non-controlling interests which do not result in a loss of control are treated as transactions with equity-holders. Partial disposals and increases in effective shareholding between 50% and 100% are treated as transactions with equity-holders. Non-controlling interest is initially measured either at the proportional share of net assets or at fair value. The measurement distinction is made by the group on a case-by-case basis.	Transactions with other shareholders are not equity transactions and the effects thereof are recognised in profit or loss as part of gains less losses from investing activities in non-interest revenue.

2.2 Related party transactions

Related parties of the group, as defined, include:

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

The principal shareholder of the FirstRand Namibia Limited group is FirstRand EMA Holdings (Pty) 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.

Accounting Policies continued

3. INCOME, EXPENSES AND TAXATION

3.1 Income and expenses

Net interest income recognised in profit or loss

Interest income includes:

- Interest on financial instruments measured at amortised cost and debt instruments measured at FVOCI, including the effect of qualifying hedges for interest rate risk.
- Interest on financial asset debt instruments measured at fair value through profit or loss (FVTPL) that are held by and managed as part of the group's funding or insurance operations.
- Interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:
  - the gross carrying amount 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 gross carrying amount.
- 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 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 non-interest revenue.

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	
Fee and commission income	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. Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers. Fee and commission income is earned by the group by providing customers with a range of services and products, and consists of the following main categories: • Banking fee and commission income; • Knowledge-based fee and commission income; • Management, trust and fiduciary fees; • Fee and commission income from service providers; and • Other non-banking fee and commission income. The bulk of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, which typically includes transactional banking fees such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, is recognised at a point in time. Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows: • Fees for services rendered are recognised on an accrual basis as the service is rendered and the group's performance obligation is satisfied, e.g. annual card fees and asset management and related fees. • Commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

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 income continued	Commitment fees for unutilised funds made available to customers in the past are recognised as revenue at the end of the contract period. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the group, are recognised as revenue on a straight-line basis over the period for which the funds are promised to be kept available. Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime, data vouchers and electricity, and traffic fines paid through FNB channels, as well as insurance commission. Fee and commission expenses are expenses 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. Expenses relating to the provision of the customer loyalty reward credits are recognised as fee and commission expenses as incurred. The Group operates a customer loyalty programme, Rewards, in terms of which it undertakes to provide reward credits to customers when they transact. Reward credits are recognised as fee and commission expenses as incurred.
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. Expenses relating to the provision of the customer loyalty reward credits are recognised as fee and commission expenses as incurred.
Insurance income – non-risk-related	Where the group is acting as an agent, commissions and brokerage earned on the sale of insurance products to customers of the group on behalf of an insurer are recognised at the point that the significant obligation has been fulfilled. Income arising from third-party insurance cell captives and profit share agreements, where there is not a significant transfer of insurance risk, are executory contracts. Revenue is recognised when both parties have fulfilled their obligations.
Insurance income – risk-related	Insurance-related income represents the premiums written on short-term, long-term and vehicle-related warranty products which transfer significant insurance risk to the group, where the earned portion of the premium received is recognised as revenue. Reinsurance premiums are accounted for as expenses in the same accounting period as the premiums to which the reinsurance relates. Commissions payable, together with insurance benefits, claims and movements in insurance liabilities, provide the resultant insurance risk-related income.

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	
Fair value gains or losses	
Fair value gains or losses of the group recognised in non-interest revenue include the following: • Fair value adjustments and interest on financial instruments at FVTPL, including derivative instruments that do not qualify for hedge accounting; • Fair value adjustments that are not related to credit risk on advances designated at FVTPL; • A component of interest expense that relates to interest paid on liabilities which fund the group's fair value operations. Interest expense is reduced by the amount that is included in fair value income; • Fair value adjustment on financial instruments designated at FVTPL in order to eliminate an accounting mismatch, except for such instruments relating to the group's insurance and funding operations, for which the interest component is recognised in net interest income. 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.	
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 and associates; • 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, non-trading equity instruments measured at fair value through other comprehensive income.	
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	• Provision for loan impairment. • Instalment credit assets. • Revaluation (including ECL movements) of certain financial assets and liabilities, including derivative contracts. • Provisions for pensions and other post-retirement benefits.
Measurement	The liability method under IAS 12 is used, which means applying tax rates and laws applicable at the reporting date which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Presentation	Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or other comprehensive income. Items recognised directly in equity or other comprehensive income relate to: • fair value remeasurement of financial assets measured at fair value through other comprehensive income; and • remeasurements of defined benefit post-employment plans. Tax in respect of share transactions is recognised directly in equity. Tax in respect of the other items is recognised directly in other comprehensive income and subsequently reclassified to profit or loss (where applicable) at the same time as the related gain or loss.
Deferred tax assets	The group recognises deferred income tax assets only if it is probable that future taxable income will be available, against which the unused tax losses can be utilised, based on management's review of the budget and forecast information. The group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.
Substantively enacted tax rates	Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies continued

4. FINANCIAL INSTRUMENTS

4.1 Classification and measurement

4.1.1 Initial measurement

All financial instruments are initially measured at fair value including transaction costs, except for those classified as fair value through profit or loss, 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 expected credit loss allowance is recognised for newly originated financial assets measured at amortised cost or fair value through other comprehensive income debt instruments.

4.1.2 Classification and subsequent measurement of financial assets and liabilities

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

Classification and subsequent measurement of financial assets continued		
Retail advances		
	Business model	Cash flow characteristics
Retail advances	The FNB and WesBank hold retail advances to collect contractual cash flows. Their business models focus on growing these advances within acceptable credit appetite limits and maintaining strong collection practices. The products included under this business model include: • residential mortgages; • vehicle and asset finance; • personal loans; • credit cards; and • other retail products such as overdrafts.	The cash flows on retail advances are SPPI. Interest charged to customers compensates the bank 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.
Corporate and commercial advances		
	Business model	Cash flow characteristics
Corporate and commercial advances	The business models of FNB Commercial, Wesbank and RMB Corporate are also focused on collecting contractual cash flows on corporate and commercial advances and growing these advances within acceptable credit appetite limits. The products under in this business model include: • trade and working capital finance; • specialised finance; • commercial property finance; and • asset-backed finance. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return. Within RMB's Investment Banking Division (IBD), 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.	The cash flows on corporate and commercial advances are solely payments of principal and 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. 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.

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		
Investment securities		
Investment securities	Group Treasury holds investment securities with lower credit risk (typically government bonds and treasury bills). These investment securities are held in a business model with the objective of collecting contractual cash flows.	The cash flows on these investment securities are solely payments of principal and interest.
Cash and cash equivalents		
Cash and cash equivalents	Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. These assets are held to collect contractual cash flows.	The cash flows on these assets are solely payments of principal and interest.
Other assets		
Other assets	Other assets are short-term financial assets that are held to collect contractual cash flows.	The cash flows on these assets are solely payments of principal and interest.

Classification and subsequent measurement of financial assets 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.
Investment securities	RMB Global Markets holds portfolios of investment securities (including corporate and government bonds) to hedge risks or for short-term profit realisation. These securities are managed on a fair value basis. All equity investments of the group are managed on a fair value basis, either through profit or loss (FVTPL) or designated at fair value through other comprehensive income.
Derivative assets	Derivatives are either held for trading or to hedge risk. These instruments are managed on a fair value basis.
Equity investments at fair value through other comprehensive income	
Investment securities	The group has elected to designate certain equity investments not held for trading to be measured at fair value through other comprehensive income.

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

Financial liabilities and compound financial instruments
The group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement. 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 fair value through profit or loss: • Deposits; • Creditors; and • Other funding liabilities.
Financial liabilities measured mandatory at fair value through profit or loss
The following held for trading liabilities are measured at fair value through profit or loss: • 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 9.4 where all risk parameters, scenarios and sources of estimation are detailed more extensively.

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

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

Advances	
Significant increase in credit risk (SICR) since initial recognition	In order to determine whether an advance has experienced a significant increase in credit risk (SICR), the PD of the asset calculated at the origination date is compared to that calculated at the reporting date (incorporating forward looking information). The origination date is defined as the most recent date at which the group has repriced an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility. SICR test thresholds are reassessed and, if necessary, updated, on at least an annual basis. Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a SICR. In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of wholesale and commercial small and medium-sized enterprise (SME) facilities on a credit watch list. Any up-to-date facility that has undergone a distressed restructure (i.e. a modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a SICR, and will be disclosed within stage 2 at a minimum. The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a SICR are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a SICR has occurred. No standard minimum period for transition from stage 2 back to stage 1 is applied across all advances, with the exception of cured distressed restructured exposures that are required to remain in stage 2 for a minimum period of six months before re-entering stage 1.
Low credit risk	The group does not use the low credit risk assumption.
Credit impaired financial assets	Advances are considered credit-impaired if they meet the definition of default. The group's definition of default applied to calculating provisions under IFRS 9 has been aligned to the definition applied to regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes. Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, are more than three instalments in arrears. In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the group to actions such as the realisation of security. Indicators of unlikeliness to pay are determined based on the requirements of Regulation 67 of the Banks Act. Examples include application for bankruptcy or obligor insolvency. Any distressed restructures of accounts which have experienced a SICR since initial recognition are defined as default events. Retail accounts are considered to no longer be in default if they meet the stringent cure definition, which has been determined at portfolio level based on analysis of re-defaulted rates. Curing from default within wholesale is determined judgementally through a committee process.

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

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

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.3 Transfers, modifications and derecognition

Financial instruments are derecognised when:

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

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

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

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

Derecognition of financial liabilities includes a situation of substantial modification of the terms and conditions of an existing financial liability. A substantial modification of the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different 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		
Repurchase agreements	Investment securities and advances are sold to an external counterparty in exchange for cash and the group agrees to repurchase the assets at a specified price at a specific future date. The counterparty's only recourse is to the transferred investment securities and advances that are subject to the agreement. The group remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks.	The transferred assets continue to be recognised by the group in full. Such advances and investment securities are disclosed separately in the relevant notes. The group recognises an associated liability for the obligation for the cash received as a separate category of deposits.
Securities lending	Investment securities are lent to external counterparties in exchange for cash collateral as security for the return of the securities. The group's only recourse in respect of the return of the securities it has lent is to the cash collateral held and as such, the group generally requires cash collateral in excess of the fair value of the securities lent.	
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 gross carrying amount 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 IFRS are met, the group offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to master netting arrangements (MNAs) or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

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

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

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

4.5 Derivative financial instruments

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

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

Accounting Policies continued

5. OTHER ASSETS AND LIABILITIES

5.1 Classification and measurement

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

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

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

Leasehold premises are measured on the shorter of estimated life or period of lease.

Freehold property and property held under leasing agreements:

- Buildings and structures 50 years
- Motor vehicle 5 years
- Sundries 3 - 5 years
- IT equipment 3 - 5 years
- Other equipment: various 3 - 10 years
- Furniture and fixtures 5 - 10 years</td></tr>
</table>

Accounting Policies continued

5. OTHER ASSETS AND LIABILITIES continued

5.1 Classification and measurement continued

<table>
<tr><th>Classification</th><th>Measurement</th></tr>
<tr><td colspan="2">Intangible assets</td></tr>
<tr><td>Intangible assets of the group include:

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

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

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

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

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

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 non-interest revenue.

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

5. OTHER ASSETS AND LIABILITIES continued

5.2 Leases

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

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

	Group company is the lessee	Group company is the lessor
At inception	The group recognises a ROUA and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The 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 individual group lessee uses its own incremental borrowing rate, being the rate that it can borrow funds from the Group Treasury function. The ROUAs are measured at cost comprising of the amount of the initial measurement of the lease liability plus any initial direct costs and restoration costs. Where applicable, any lease payments made at or before the commencement date less any lease incentives received is deducted from the cost. Post initial recognition, ROUA's are treated in line with other property and equipment. Variable payments that do not depend on an index or rate are not included in the measurement of the lease liability and the ROUA. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line operating expenses in the consolidated income statement.	The group recognises assets sold under a finance lease as finance lease receivables included in advances and impair the advances, as required, in line with the impairment of financial assets accounting policy in section 4.2. No practical expedients are applied, and the general model under IFRS 9 is used for impairment calculations on lease receivables.

Accounting Policies continued

5. OTHER ASSETS AND LIABILITIES continued

5.2 Leases continued

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

Accounting Policies continued

6. CAPITAL AND RESERVES

Transaction	Liability	Equity
Shares issued and issue costs	Ordinary shares and any preference shares which meet the definition of equity issued by the group less any incremental costs directly related to the issue of new shares or options, net of any related tax benefit.	
Share Trust	Not applicable	Certain of the groups remuneration schemes are operated through various shares trusts. These trusts are considered to be structured entities. In instances where the group has control over the share trust in terms of IFRS 10 they are consolidated. Where the employee share trust which form part of the consolidated group purchases the company's equity share capital, the consideration paid, including any directly attributable incremental costs, is deducted from total shareholders' equity as treasury shares until they are reissued or sold. Where the shares are subsequently sold or reissued, any consideration received net of any directly incremental costs is included in shareholders' equity.
Dividends paid / declared	Recognised as interest expense on the underlying liability.	Dividends on equity instruments are recognised against equity. A corresponding liability is recognised when the dividends have been approved by the company's shareholders and distribution is no longer at the discretion of the entity.
Treasury shares, i.e. where the group purchases its own equity share capital	If the group reacquires its own equity instruments, those instruments are deducted from the group's equity.	The consideration paid, including any directly attributable incremental costs, is deducted from total shareholders' equity as treasury shares until they are reissued or sold. Where the shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental costs is included in shareholders' equity.
Other reserves	Not applicable	Other reserves recognised by the group include general risk reserves, required to be held by some of the group's African operations capital redemption reserve funds and insurance contingency reserves. These reserves are required by in-country legislation governing these subsidiaries and are calculated based on the requirements outlined in the relevant legislation applicable in the specific jurisdiction.

Accounting Policies continued

7. TRANSACTIONS WITH EMPLOYEES

7.1 Employee benefits

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

7.2 Share-based payment transactions

The group operates a cash-settled and an immaterial equity-settled share-based incentive plan for employees.

Options and 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. NON-BANKING ACTIVITIES

8.1 Insurance activities

Insurance activities include contracts issued by the group, which transfer significant insurance risk or financial risk. Furthermore, the group has entered into reinsurance contracts.

Insurance contracts are contracts under which the group, as the insurer, accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more (at least 10%) than the benefits payable if the insured event did not occur. The group issues insurance contracts in terms of the Insurance Act 18 of 2017 (Insurance Act) as well as the Short-term Insurance Act 53 of 1998 (Short-term Act).

Investment contracts which are linked-fund policies falling within the scope of the Insurance Act are viewed as a form of long-term insurance from a legal perspective. However, as investment contracts do not convey insurance risk upon the company, they are scoped out of IFRS 4 and are accounted for in terms of IFRS 9. Investment contracts are classified as financial liabilities, measured at FVTPL.

The group obtains reinsurance in the ordinary course of business for the purpose of limiting its net loss potential through the diversification of its risks on certain long-term and short-term insurance contracts. Reinsurance arrangements do not relieve the group from its direct obligations to policyholders.

Insurance contracts	
Definitions	Contracts that transfer significant insurance risk to the group and are within the scope of IFRS 4.
Recognition	Insurance policies are recognized when contracts are concluded between the policyholder and the group.
Premiums	Premiums on insurance contracts are recognised when due. Premiums are recognised gross of commission payable to intermediaries and reinsurance premiums, before the deduction of acquisition costs but net of taxes and levies and are recognised in profit or loss as part of premium income in non-interest revenue.
Claims and benefits paid	Claims and benefits paid consist of claims and claims handling expenses paid during the financial year and are determined by the market value of the indemnification received by the policyholder.
Acquisition costs	Acquisition costs include all commission and expenses directly related to acquiring new business.
Policyholder liabilities	In terms of IFRS 4, insurance contracts may be measured under existing local practice.

Accounting Policies continued

8. NON-BANKING ACTIVITIES continued

8.1 Insurance activities continued

Investment contracts	
Income statement impact of movements in policyholder liabilities	The movement in the liability for policyholder liabilities under investment contracts is recognised as adjustments in long term policyholder liabilities under investment contracts.
Short-term insurance contracts	
Policyholder liability	In terms of IFRS 4, insurance contracts may be measured under existing local practice. The provision for the outstanding claims reserve (OCR) comprises the group's estimate of settling all claims reported (notified claims) but unpaid at year end, and claims incurred but not reported (IBNR).
Changes in the policyholder liabilities	Adjustments to the amounts of policyholder liabilities for policies established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.
Liability adequacy test	The insurance liability is tested for adequacy by calculating current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability. Where a shortfall is identified, an additional liability and the related expense are recognised.
Acquisition costs	Acquisition costs include all commission and expenses directly related to acquiring new business. Acquisition costs are expensed as they are incurred.
Insurance premium receivables and payables	Amounts due from policyholders relate to insurance premiums receivable from policyholders whose payments were not received on the due date, due to technical collection issues, and are included in other assets. Insurance creditors and accruals include sundry creditors as well as the reinsurer premium due and are included in creditors, accruals and provisions. These are measured using existing local practices. Collection rates, applicable to the product arrears rules, are applied to amounts that are not successfully collected from premium debtors to determine the amount that is recoverable. In the current year, an overall collection rate of 60% was assumed. The recoverable amount is excluded from amounts that are not successfully collected. The unrecoverable amount is then included in the measurement of the impairment provision. The collection rates are determined using historical information and trends available to the company. The unrecoverable amount is determined on a product level.

Accounting Policies continued

8. NON-BANKING ACTIVITIES continued

8.1 Insurance activities continued

Reinsurance contracts held	
Definition	Contracts that give rise to a significant transfer of insurance risk from the group to another insurance entity.
Premiums/recoveries	Premiums paid to reinsurers are recognised as a deduction against premium income at the undiscounted amounts due in terms of the contract when they become due for payment. Recoveries are recognised in profit or loss as part of insurance premiums in non-interest revenue in the same period as the related claim at the undiscounted amount receivable in terms of the contract.
Reinsurance assets	The benefits to which the group is entitled under its reinsurance contracts are recognised as assets including: • short-term balances due from reinsurers on settled claims (included in other assets); and • receivables that are dependent on the expected claims and benefits arising under the related insurance contracts (classified as reinsurance assets). Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of each reinsurance contract. IFRS 4 requires reinsurance assets to be reduced to the extent of the impairment of such reinsurance assets and specifies the conditions for impairment – objective evidence, the result of an event, and reliably measurable impacts on the amounts that the cedant may not receive from the reinsurer. This is an in accordance with the incurred loss model specified in IFRS 9, i.e. an event must have occurred in order for the impairment to be recognised. Whilst IFRS 4 does not include specific guidance as to what types of events would trigger an impairment test, the guidance in IFRS 9 for objective evidence of impairment is used.
Changes in reinsurance assets	Any difference between the carrying amount of the reinsurance asset and the recoverable amount is recognised in profit or loss as an adjustment to premium income included in non-interest revenue.
Related reinsurance payables	Liabilities relating to reinsurance comprising premiums payable for reinsurance contracts are included in accounts payable and are recognised as an expense when they fall due in terms of the contract.
Policyholder liabilities	These are recognised within policyholder liabilities in the statement of financial position when the group becomes party to the contractual provisions of the contract. These liabilities are designated at fair value through profit or loss on initial recognition. The fair value of the financial liability recognised is never less than the amount payable on surrender, discounted for the required notice period, where applicable.

8.2 Investment management activities

Certain divisions within the group engage in investment management activities that result in managing assets on behalf of clients. The group excludes assets related to these activities from the statement of financial position as these are not assets of the group, but of the client and are held in a fiduciary capacity. However, the group discloses the value of the assets in its notes.

The fee income earned and fee expenses incurred by the group relating to these activities are recognised in fee and commission income and expenses within non-interest revenue in the period to which the service relates.

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.1 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 significant accounting estimates, assumptions and judgements made by the group, except those related to fair value measurement, which are included in note 34.

9.2 Subsidiaries and associates

Subsidiaries	
	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. • To what extent the group is responsible to ensure that the entity operates as intended.

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.2 Subsidiaries and associates continued

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

Structured entities
Structured entities are those where voting rights generally relate to administrative tasks only and the relevant activities are determined only by means of a contractual arrangement. When assessing whether the group has control over a structured entity, specific consideration is given to the purpose and design of the structured entity, and whether the group has power over decisions that relate to activities that the entity was designed to conduct.

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.2 Subsidiaries and associates continued

Investment funds
The group acts as fund manager to a number of investment funds. In terms of a mandate the group is required to make active investment management decisions in respect of the fund. Determining whether the group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the group in the fund (comprising any direct interests in the fund and expected management fees), as well as the investors' right to remove the group as fund manager. If the other investors are able to remove the group as fund manager easily or the group's aggregate interest is not deemed to be significant, the group does not consolidate the funds as it is merely acting as an agent for other investors. Other investors are considered to be able to remove the fund manager easily if it is possible for a small number of investors acting together to appoint a new fund manager in the absence of misconduct. Where the group has a significant investment and an irrevocable fund management agreement, the fund is consolidated. Where such funds are consolidated, judgement is applied in determining if the non-controlling interests in the funds are classified as equity or financial liabilities. Where the external investors have the right to put their investments back into the fund, these non-controlling interests do not meet the definition of equity and are classified as financial liabilities. Where such funds are not consolidated or equity accounted, the group accounts for the investments in the funds as investment securities in terms of IFRS 9. Where investments in funds managed by the group meet the criteria for consolidation but are considered to be financially inconsequential both individually and in aggregate with other inconsequential investments in funds, they are not consolidated by the group, and are recognised as marketable advances. As decisions related to the relevant activities are based on a contractual agreement (mandate) as opposed to voting or similar rights, investment funds that are managed by the group are considered to be structured entities as defined in IFRS 12, except where other investors can easily remove the group as fund manager without cause as this represents rights similar to voting rights. The group receives investment management fees from the funds for investment management services rendered. These fees are typical of supplier-customer relationships in the investment management industry. Where the group provides seed funding or has any other interests in investment funds it manages, and does not consolidate, the investment is considered to represent a typical customer-supplier relationship.

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.3 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.

9.4 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 probability of default/loss given default (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 borrower's behaviour and transaction characteristics in accordance 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 probability of default, loss given default and exposure at default (PD, LGD and EAD) based on the predictive characteristics identified through the regression process.
Forward-looking information
Forward-looking information has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based post-model adjustments. Both quantitative models and expert judgment-based adjustments consider a range of forecast macroeconomic scenarios as inputs. The 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 macro forum, which is responsible for oversight and is independent from credit and modelling functions. To arrive at the macroeconomic forecasts teams of economists, both locally and within the various subsidiaries, assess the micro- and macroeconomic developments to formulate the macroeconomic forecasts. A number of internal and external economists are then requested to assign a probability to each scenario. During the year global economic growth continued to moderate. With the invasion of Ukraine having exacerbated the already elevated cost-of-living pressures in both developed and emerging economies, central banks persisted with aggressive interest rate hikes to stem inflation, resulting in further downward revisions to growth expectations and increased risk aversion. These hikes were coupled with plans to reduce fiscal stimulus, but this had to be balanced with shielding consumers from the impacts of slowing growth and higher inflation. The complexity of these policy actions, combined with a significant increase in geopolitical risk, resulted in ongoing market volatility.

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.4 Impairment of financial assets continued

Forward-looking information

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.

The following scenarios were applied at 30 June 2023:

Scenario	Probability	Description
Baseline	57.6% (2022: 55.5%)	Assumes global inflation continues to slow but remains above central bank targets, thus keeping interest rates elevated and growth muted. Domestic growth will remain above its medium-term average.
Upside	10.5% (2022: 13.3%)	Assumes global inflationary pressures reduce materially, financial conditions loosen and growth remains above trend. Domestic growth is supported by a stronger global backdrop and increased government stimulus.
Downside	31.9% (2022: 31.2%)	Assumes global inflation lifts, central banks tighten monetary conditions and growth falls below trend. Domestic growth faces headwinds from fiscal pressures, increase in prices, tighter monetary policy and a stretched consumer.

Namibia

In 2022, the Namibian economy recorded GDP growth of 4.6%, the highest since 2015, primarily led by improved offshore diamond mining activity. Further support was provided by services sectors which recovered from their pandemic lows. We forecast growth to slow to 3.3% in 2023 and 2.8% in 2024. The slowdown is on account of a number of factors namely: 1) depressed activity in major trading partners (South Africa and China); 2) a contraction in real (short term) credit extension; and 3) poor agricultural output because of dry weather conditions. Notwithstanding these factors, growth should remain above its medium-term historical average primarily supported by continued expansion in mining activity, oil and gas exploration, renewable energy projects, tourism and higher SACU revenues.

Headline inflation will continue to moderate on account of base effects in transport inflation and a deceleration in food price inflation. Still, inflation should settle above its pre-pandemic levels over the forecast horizon. This is owing mainly to higher electricity tariffs and a weak exchange rate. In the latter part of the forecast horizon, we have incorporated modest inflationary pressures emanating from more vibrant spending resulting from an expected increase in expat arrivals related to buoyancy in the oil, gas and renewable energy sectors.

In August the BoN kept the repo rate at 7.75% - 50bps below the policy rate of South Arica. Given healthy foreign exchange reserves of 5.7 months import cover, moderating inflation and growing concerns of the impact of tight monetary policy on household indebtedness (and credit extension more generally) we expect 7.75% to be the peak for this cycle, with the BoN likely maintaining the 50bps differential until the SARB starts cutting rates in 2H-2024.

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.4 Impairment of financial assets continued

Significant macroeconomic factors

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions.

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

June 2022	Upside scenario			Baseline expectation			Downside scenario		
%	2023	2024	2025	2023	2024	2025	2023	2024	2025
Real GDP growth	4.80	5.50	5.50	3.00	3.50	3.50	(0.50)	(0.50)	(0.50)
CPI inflation	4.60	4.20	4.20	5.00	4.90	4.70	7.30	7.20	7.20
Repo rate	5.50	5.25	5.25	5.75	5.75	5.75	10.00	8.00	7.00

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

IFRS 9 impairment provision at 30 June 2023	N$ '000	% change on total IFRS 9 provision
Baseline	1 310 986	(1.4%)
Upside	1 208 746	(9.1%)
Downside *	1 476 679	11.09%

IFRS 9 impairment provision at 30 June 2022	N$ '000	% change on total IFRS 9 provision
Baseline	1 316 833	(0.5%)
Upside	1 294 508	(2.1%)
Downside *	1 347 485	1.9%

* 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

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.4 Impairment of financial assets continued

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

PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates.

EAD parameter estimates are based on product characteristics in addition to historical drawdown and payment behaviour.

LGDs are determined by estimating expected future cash flows, adjusted for forward-looking information such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes.

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

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

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

ECL on open accounts are discounted from the expected date of default to the reporting date using the asset's original effective interest rate or a reasonable approximation thereof.</td></tr>
</table>

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.4 Impairment of financial assets continued

Judgement	Retail and retail SME	Wholesale and commercial SME
Determination of whether the credit risk of financial instruments have increased significantly since initial recognition (SICR)	SICR triggers continue to be based on client behaviour, client-based behaviour scores and judgemental factors. In the prior year, additional judgemental triggers that arose due to the impact of Covid-19, such as employment in industries in distress, were calibrated into the SICR triggers. Additional enhancements were incorporated including SICR rules that cater for behaviour that had not been previously captured. These specific updates catered for performing customers, in particular those in severely impacted sectors that may have exhausted or close to having exhausted their emergency savings, but for which the strain of this was likely to only become evident shortly after year end. In the current year, no additional judgemental triggers have been added.	SICR triggers continue to be determined based on client behaviour, client internal FirstRand rating or risk score, as well as judgemental factors, which includes triggers for industries in distress, which may result 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 significant increase in credit risk.

9.5 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.

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.6 Transactions with employees continued

Employee benefits – post employment plans
Determination of present value of post employment plan obligations The cost of the benefits and the present value of the 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.

9.7 Insurance activities

Short -term insurance contracts	
Determination of policyholder liability for short-term insurance contracts	Outstanding claims reserves (OCR) are derived from actual claims submitted and repudiation factor is applied when calculating the reserve based on historical claim repudiation rates. Intimated claims represent claims where the incident giving rise to a claim has occurred and has been reported to the insurer for settlement, but has not yet been finalised and paid by the insurer. The liability is measured at the value assessed for the claim. IBNR represent claims incurred but not yet reported or paid. The liability is estimated by assuming that the final settled claims for a cohort of policies will emerge as assumed in the pricing basis (the prior loss ratio). This loss ratio is applied to gross earned insurance premiums to obtain the ultimate view of claims to which the OCR at year end date and paid claims to date are subtracted to obtain the IBNR reserve.

Consolidated annual financial statements

for the year ended 30 June

Consolidated statement of comprehensive income
for the year ended 30 June 2023

N$'000	Note(s)	2023	2022
Interest and similar income	1	4 961 308	3 325 633
Interest expense and similar charges	1	(2 265 111)	(1 123 058)
Net interest income before impairment of advances		**2 696 197**	**2 202 575**
Impairment and fair value of credit on advances	14	(213 572)	(95 365)
Net interest income after impairment of advances		**2 482 625**	**2 107 210**
Non-interest revenue	2	2 207 775	1 980 980
- Net fee and commission income		1 916 693	1 786 758
- fee and commission income		2 187 681	2 003 074
- fee and commission expense		(270 988)	(216 316)
- Fair value gains		155 469	136 942
- Gains less losses from investing activities		51 277	44 956
- Other non-interest income		84 336	12 324
Net insurance premium income	3	147 638	129 568
Net claims and benefits paid	4	(92 549)	(70 609)
Income from operations		**4 745 489**	**4 147 149**
Operating expenses	5	(2 429 685)	(2 238 323)
Net income from operations		**2 315 804**	**1 908 826**
Income before indirect tax		**2 315 804**	**1 908 826**
Indirect tax	7	(53 944)	(41 359)
Profit before income tax		**2 261 860**	**1 867 467**
Income tax expense	7	(700 687)	(594 621)
Profit for the year		**1 561 173**	**1 272 846**

Consolidated statement of comprehensive income

for the year ended 30 June 2023 continued

N$'000	Note(s)	2023	2022
Other comprehensive income:			
Items that may not be subsequently reclassified to profit or loss:			
Remeasurements on net defined benefit post-employment plan	23	8 857	(2 125)
Deferred income tax		(2 833)	680
Total items that may not be subsequently reclassified to profit or loss		6 024	(1 445)
Other comprehensive income/(loss) for the year net of taxation		6 024	(1 445)
Total comprehensive income for the year		1 567 197	1 271 401
Profit attributable to:			
Owners of the parent		1 557 712	1 265 292
Non-controlling interest		3 461	7 554
		1 561 173	1 272 846
Total comprehensive income attributable to:			
Owners of the parent		1 563 736	1 263 847
Non-controlling interest		3 461	7 554
		1 567 197	1 271 401
Earnings per share (cents)			
Basic and diluted earnings per share (cents)	8	587.9	483.0

Consolidated statement of financial position
as at 30 June 2023

N$'000	Note(s)	2023	2022
Assets			
Cash and cash equivalents	10	1 809 926	2 395 398
Due from banks and other financial institutions	10	9 468 311	9 231 486
Derivative financial instruments	11	375 784	93 610
Investment securities	12	9 949 026	7 416 757
Advances	13	35 449 607	31 962 564
Other assets	15	244 136	328 037
Current tax asset		1 019	1 526
Reinsurance assets	25	24 662	13 780
Property and equipment	17	912 660	897 828
Intangible assets	18	70 973	79 217
Deferred tax asset	19	25 236	21 993
		58 331 340	52 442 196
Equity and Liabilities			
Liabilities			
Short trading position	21	-	31 864
Derivative financial instruments	11	404 096	227 448
Creditors and accruals	20	850 698	899 457
Current tax liability		50 069	56 958
Deposits and current accounts	22	42 752 375	37 114 206
Due to banks and other financial institutions	22	7 503 075	7 229 779
Employee liabilities	23	268 413	244 930
Other liabilities	24	171 412	202 658
Policyholder Liabilities	25	43 652	37 696
Deferred tax liability	19	303 410	124 973
		52 347 200	46 169 969
Equity			
Equity Attributable to Equity Holders of Parent			
Share capital	26	1 335	1 323
Share premium	26	278 023	95 385
Reserves		5 704 782	6 133 951
		5 984 140	6 230 659
Non-controlling interest	29	-	41 568
		5 984 140	6 272 227
Total Equity and Liabilities		58 331 340	52 442 196

Consolidated statement of changes in equity

as at 30 June 2023

N$'000	Share capital	Share premium	Total share capital	Defined benefit post-employment reserve	General risk reserve	Total reserves	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 1 July 2021	1 308	5 039	6 347	6 334	95 423	101 757	5 478 083	5 586 187	59 494	5 645 681
Profit for the year	-	-	-	-	-	-	1 265 292	1 265 292	7 554	1 272 846
Other comprehensive income	-	-	-	(1 445)	-	(1 445)	-	(1 445)	-	(1 445)
Total comprehensive income for the year	-	-	-	(1 445)	-	(1 445)	1 265 292	1 263 847	7 554	1 271 401
Transfer between reserves	-	-	-	-	(95 423)	(95 423)	95 423	-	-	-
Consolidation of shares held by share trust	15	90 346	90 361	-	-	-	-	90 361	-	90 361
Dividends	-	-	-	-	-	-	(709 736)	(709 736)	(25 480)	(735 216)
Balance at 1 July 2022	1 323	95 385	96 708	4 889	-	4 889	6 129 062	6 230 659	41 568	6 272 227
Profit for the year	-	-	-	-	-	-	1 557 712	1 557 712	3 461	1 561 173
Other comprehensive income	-	-	-	6 024	-	6 024	-	6 024	-	6 024
Total comprehensive income for the year	-	-	-	6 024	-	6 024	1 557 712	1 563 736	3 461	1 567 197
Change in ownership interest	-	-	-	-	-	-	(20 414)	(20 414)	(41 109)	(61 523)
Consolidation of shares held by share trust	12	182 638	182 650	-	-	-	(77 434)	105 216	-	105 216
Dividends	-	-	-	-	-	-	(1 895 057)	(1 895 057)	(3 920)	(1 898 977)
Balance at 30 June 2023	1 335	278 023	279 358	10 913	-	10 913	5 693 869	5 984 140	-	5 984 140
Note(s)	26	26	26						29	

Consolidated statement of cash flows
for the year ended 30 June 2023

N$'000	Note(s)	2023	2022
Cash flows from operating activities			
Interest and fee commission receipts	28	6 897 252	5 217 724
- Interest received		4 832 921	3 301 398
- Fee and commission received		2 187 681	2 003 074
- Insurance income received		147 638	129 568
- Fee and commission paid		(270 988)	(216 316)
Trading and other income		185 622	331 110
Interest payments	28	(2 231 566)	(1 199 526)
Other operating expenses	28	(2 255 865)	(2 071 469)
Taxation paid	28	(589 537)	(630 991)
Cash generated from operating activities		2 005 906	1 646 848
Movement in operating assets and liabilities			
Liquid assets and trading securities	28	(2 709 897)	(6 504 375)
Advances	28	(3 631 426)	(1 827 019)
Deposits	28	5 561 877	1 450 443
Other assets	28	71 547	79 833
Due to banks and other financial institutions	28	229 674	7 097 118
Creditors	28	(84 708)	327 246
Net cash from operating activities		1 442 973	2 270 094
Cash flows from investing activities			
Acquisition of property and equipment	17	(120 529)	(102 625)
Proceeds from the disposal of property and equipment		3 074	23 346
Acquisition of intangible assets	18	(11 585)	(699)
Net cash from investing activities		(129 040)	(79 978)
Cash flows from financing activities			
Proceeds received from the disposal of shares from share trust	26	105 214	90 361
Acquisition of non-controlling interest	29	(61 523)	-
Repayment of Tier 2 liabilities		-	(400 000)
Dividends paid		(1 895 057)	(709 736)
Dividends paid to non-controlling interests		(3 920)	(25 480)
Principal payments on lease liabilities		(23 061)	(25 554)
Principal payments on other liabilities		(21 058)	(23 650)
Net cash from financing activities		(1 899 405)	(1 094 059)
Total cash movement for the year		(585 472)	1 096 057
Cash at the beginning of the year		2 395 398	1 299 341
Total cash at end of the year	10	1 809 926	2 395 398

Notes to the consolidated annual financial statements
for the year ended 30 June 2023

1. Interest and similar income

N$'000	2023	2022
Analysis of interest and similar income		
Instruments at amortised cost	4 961 308	3 325 633
Interest and similar income	4 961 308	3 325 633
Advances		
Overdrafts and cash managed accounts	367 652	260 016
Term loans	325 557	341 885
Card loans	65 712	46 865
Instalment sales	358 293	252 841
Lease payments receivable	11 399	8 989
Home loans	1 674 072	1 211 934
Commercial property finance	345 735	142 902
Personal loans	399 518	277 800
Preference share agreements	70 443	55 337
Other advances	22 100	14 382
Invoice financing	16 021	17 097
	3 656 502	2 630 048
Cash and cash equivalents	677 462	214 538
Investment securities	625 872	478 908
Accrued on off-market advances	1 472	2 139
Interest and similar income	4 961 308	3 325 633

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

1. Interest and similar income continued

N$'000	2023	2022
Analysis of interest expense and similar charges		
Instruments at amortised cost	2 265 111	1 123 058
	2 265 111	1 123 058
Deposits from customers		
Current accounts	177 464	55 821
Savings deposits	22 236	11 606
Call deposits	511 504	256 098
Fixed and notice deposits	608 129	366 407
	1 319 333	689 932
Debt securities		
Negotiable certificates of deposit	407 946	234 348
Fixed and floating rate notes	30 717	27 522
Deposits from banks and other financial institutions	492 598	136 876
	931 261	398 746
Other funding liabilities		
Other liabilities	11 842	9 987
Lease liabilities	2 675	2 787
Tier 2 liabilities	-	21 606
	14 517	34 380
Interest expense and similar charges	2 265 111	1 123 058

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

2. Non-interest revenue

N$'000	Note(s)	2023	2022
Analysis of non-interest revenue			
Fee and commission income	2.1	2 187 681	2 003 074
Instruments at amortised cost		2 049 635	1 851 708
- Non financial instruments		138 046	151 366
Fee and commission expense	2.2	(270 988)	(216 316)
Net fee and commission income		1 916 693	1 786 758
Fair value income			
- Instruments at fair value through profit or loss	2.3	155 469	136 942
Gains less losses from investing activities	2.4	51 277	44 956
Other non-interest income	2.5	84 336	12 324
Total non-interest revenue		2 207 775	1 980 980

2.1 Fee and commission income:

Card commissions		319 860	273 634
Cash deposit fees		101 443	101 436
Commissions: bills, drafts and cheques		26 023	23 163
Bank charges		1 602 309	1 453 475
Banking fee and commission income		2 049 635	1 851 708
Non-banking Fee and commission income			
Brokerage Income		56 750	55 427
Management, trust and fiduciary service fees		81 296	95 939
Non-banking fee and commission income		138 046	151 366
Fee and commission income*		2 187 681	2 003 074

* Revenue from contracts with customers.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

2. Non-interest revenue continued

N$'000	Note(s)	2023	2022
2.2 Fee and commission expenses:			
ATM commissions paid		(7 925)	(8 139)
Cash sorting handling and transportation charges		(25 919)	(24 504)
Customer loyalty program		(29 335)	(26 202)
Transaction processing fees		(197 976)	(152 763)
Other		(9 833)	(4 708)
Fee and commission expenses		(270 988)	(216 316)
2.3 Fair value gains			
Foreign exchange		135 944	111 125
Designated at fair value through profit or loss		19 525	25 817
Fair value income		155 469	136 942
2.4 Gains less losses from investing activities			
Gains on investment securities designated at fair value through profit or loss		7 532	3 546
Loss allowance on investment securities		(130)	(1 849)
Dividends received		43 875	43 259
Gains less losses from investing activities		51 277	44 956
2.5 Other non-interest income			
Losses on sale of property and equipment		(65)	(5 613)
Rental income		5 244	2 932
Other income		79 157	15 005
Other non-interest income		84 336	12 324

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

3. Net insurance premium income

N$'000	2023	2022
Gross income premium written	167 671	149 067
Outward reinsurance premiums	(20 033)	(19 499)
Net insurance premium income	147 638	129 568

4. Net claims and benefits paid

N$'000	2023	2022
Short term insurance contracts		
Gross insurance contract claims	90 969	85 478
Transfer to / (from) provision for unintimated claims	1 580	(3 085)
Reinsurer's share of insurance contract claims	-	(11 784)
	92 549	70 609

5. Operating expenses

N$'000	2023	2022
Auditor's remuneration - external		
Audit fees	14 133	13 036
Fees for other services	247	452
	14 380	13 488
Non-capitalised lease charges		
Short term leases	6 834	7 945
Leases of low value assets	3 219	5 272
	10 053	13 217

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

5. Operating expenses continued

N$'000	2023	2022
Staff costs		
Salaries, wages and allowances	1 087 529	1 021 551
Off-market staff loans amortisation	1 472	2 139
Defined contribution schemes: pension	98 861	94 083
Defined contribution schemes: medical	99 618	94 925
Post retirement medical expense	4 688	3 684
Severance pay: death in service	726	471
Social security levies	1 930	1 876
Share-based payments	24 134	20 719
Skills development levies	9 299	10 315
Other staff related costs	4 003	2 221
Total staff costs	1 332 260	1 251 984
Other operating costs		
Advertising and marketing	72 993	63 752
Amortisation of intangible assets	19 828	17 483
Business travel	14 424	8 575
Computer	503 176	429 304
Depreciation of property and equipment	100 734	102 420
Donations	13 078	13 753
Insurance	12 452	11 502
Legal and other related expenses	16 728	14 655
Other operating expenditure	176 909	154 171
Postage	2 992	2 773
Professional fees	17 065	22 634
Property and maintenance related expenses	78 131	79 295
Stationery	8 195	4 776
Telecommunications	23 744	22 489
Total directors remuneration	12 543	12 052
Other Operating costs	1 072 992	959 634
Total operating expenses	2 429 685	2 238 323

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

6. Directors' emoluments

N$'000	2023	2022
Executive		
C Dempsey (CEO)		
Cash packages paid during the year	2 151	2 057
Retirement contributions paid during the year	444	430
Other allowances	748	756
Guaranteed package	**3 343**	**3 243**
Cash: *		
- Within 6 months	2 031	1 792
- Within 1 year	725	590
Variable pay	**2 756**	**2 382**
Total guaranteed and variable pay	**6 099**	**5 625**
OLP Capelao (CFO - resigned 28 April 2023) **		
Cash package paid during the year	1 433	1 709
Retirement contributions paid during the year	242	275
Other allowances	354	139
Guaranteed package	**2 029**	**2 123**
Cash: *		
- within 6 months	1 121	845
- within 1 year	-	100
Variable pay	**1 121**	**945**
Total Guaranteed and Variable pay	**3 150**	**3 068**

* 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 ending on 30 June, i.e. August, December and June.

** Pro rata 2023 remuneration disclosed to reflect the period of the year he was executive director.

Executive Directors share options and detail incentive awards are set out in the Talent and Remuneration committee report in the separate Integrated annual report (refer to page 47 of the separate Integrated annual report).

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

6. Directors' emoluments continued

N$'000	2023	2022
Non-executive		
P Gruttemeyer	685	643
IN Nashandi	306	269
J Coetzee	378	274
E van Zyl	850	130
CRL Haikali (retired 20 October 2022)	346	693
II Zaamwani (retired 30 November 2022)	175	531
JH Hausiku (resigned 30 June 2022)	-	237
JG Daun (resigned 31 December 2021)	-	427
JR Khethe (resigned 31 December 2021)	-	155
LD Kapere (appointed 1 December 2022)	192	-
MJ Lubbe (appointed 1 February 2023)	214	-
ON Shikongo (appointed 1 February 2023)	148	-
	3 294	3 359

Executive directors and non-executive directors appointed by FirstRand SA do not receive directors fees for services.

Notes to the consolidated annual financial statements

for the year ended 30 June 2023 continued

7. Taxation

N$'000	2023	2022
Indirect tax		
Stamp duties	13 487	9 480
Value-added tax (net)	40 457	31 879
Total indirect tax	53 944	41 359
Direct tax		
Current		
Local income tax current period	528 269	537 531
Non-residents shareholder tax	138	-
	528 407	537 531
Deferred		
Originating and reversing temporary differences	172 280	57 090
Total income tax expense	700 687	594 621
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	32.00%	32.00%
Dividend income	(1.61%)	(1.65%)
Other non-taxable income *	(0.28%)	(0.16%)
Disallowed expenditure **	0.73%	1.39%
Other	0.13%	0.26%
Effective rate of tax	30.97%	31.84%

* Includes fair value income which are non-taxable.

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

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

8. Headline earnings, dividend and earnings per share

8.1 Headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and dilutive headline earnings by the weighted average number of ordinary shares outstanding during the period.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and dilutive earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted earnings are presented after tax and non-controlling interest.

	2023	2022
Headline earnings per share (cents)	587.9	484.5
Reconciliation between earnings and headline earnings		
Basic earnings (N$'000)	1 557 712	1 265 292
Adjusted for:		
Loss on sale of property and equipment (N$'000)	65	5 613
Tax effect (N$'000)	(21)	(1 796)
	1 557 756	1 269 109
Dividends per share		
Interim (8 February 2023: 209.70 cents); (10 February 2022: 153 cents)	554 718	400 584
Final (18 August 2022: 319.84 cents); (19 August 2021: 118 cents)	846 068	309 152
Special dividend (8 February 2023: 186.85 cents)	494 271	-
	1 895 057	709 736

The final dividend of 368.14 cents (2022: 319.84 cents) was declared and authorised after the reporting period. The dividend is therefore not been recognised as a liability in the reporting period. It has been disclosed for information purposes only (refer to directors' report).

8.2 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the group, obtained from profit or loss, by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Earnings attributable to ordinary shareholders (N$'000)	1 557 712	1 265 292
Weighted average number of shares in issue	264 955 934	261 962 480
Weighted average number of shares before shares held by Trust	267 593 250	267 593 250
Less: Shares held by Share Trust	(2 637 316)	(5 630 770)
Basic earnings per share (cents)	587.9	483.0

Diluted earnings per share are equal to earnings per share because there are no dilutive potential ordinary shares in issue.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

9. Analysis of assets and liabilities continued

2023

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair value through profit or loss designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and non-contractual
Assets								
Cash and cash equivalents	1 809 926	-	-	-	-	1 809 926	1 809 926	-
Due from banks and other financial institutions	9 468 311	-	-	-	-	9 468 311	3 472 442	5 995 869
Derivative financial instruments	-	375 784	-	-	-	375 784	156 000	219 784
Investment securities	9 376 281	113 234	449 935	9 576	-	9 949 026	5 136 042	4 812 984
Advances	35 449 607	-	-	-	-	35 449 607	9 874 749	25 574 858
Other assets	41 668	-	-	-	202 468	244 136	51 728	192 408
Non-financial assets	-	-	-	-	1 034 550	1 034 550	24 664	1 009 886
Total assets	56 145 793	489 018	449 935	9 576	1 237 018	58 331 340	20 525 551	37 805 789
Equity and Liabilities								
Total equity	-	-	-	-	5 984 140	5 984 140	-	5 984 140
Derivative financial instruments	-	404 096	-	-	-	404 096	355 226	48 870
Creditors and accruals	649 528	-	-	-	201 170	850 698	769 980	80 718
Deposits and current accounts	42 752 375	-	-	-	-	42 752 375	40 070 930	2 681 445
Due to banks and other financial institutions	7 503 075	-	-	-	-	7 503 075	7 503 075	-
Other liabilities	165 428	5 984	-	-	-	171 412	44 423	126 989
Non-financial liabilities	-	-	-	-	665 544	665 544	244 417	421 127
Total liabilities	51 070 406	410 080	-	-	866 714	52 347 200	48 988 051	3 359 149
Total equity and liabilities	51 070 406	410 080	-	-	6 850 854	58 331 340	48 988 051	9 343 289

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

9. Analysis of assets and liabilities continued

2022

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair value through profit or loss designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and non-contractual
Assets								
Cash and cash equivalents	2 395 398	-	-	-	-	2 395 398	2 395 398	-
Due from banks and other financial institutions	9 231 486	-	-	-	-	9 231 486	3 545 153	5 686 333
Derivative financial instruments	-	93 610	-	-	-	93 610	93 610	-
Investment securities	7 111 806	191 149	104 224	9 578	-	7 416 757	2 936 411	4 480 346
Advances	31 891 720	-	70 844	-	-	31 962 564	7 971 817	23 990 747
Other assets	41 654	-	-	-	288 356	328 037	65 193	262 844
Non-financial assets	-	-	-	-	1 014 344	1 014 344	6 029	1 008 315
Total assets	**50 672 064**	**284 759**	**175 068**	**9 578**	**1 302 700**	**52 444 196**	**17 013 611**	**35 428 585**
Equity and Liabilities								
Total equity	**-**	**-**	**-**	**-**	**6 272 227**	**6 272 227**	**-**	**6 272 227**
Liabilities								
Short trading position	-	31 864	-	-	-	31 864	31 864	-
Derivative financial instruments	-	227 448	-	-	-	227 448	227 448	-
Creditors and accruals	426 886	-	-	-	472 571	899 457	823 269	76 188
Deposits and current accounts	37 114 206	-	-	-	-	37 114 206	35 320 319	1 793 887
Due to banks and other financial institutions	7 229 779	-	-	-	-	7 229 779	7 213 762	16 017
Other liabilities	157 812	774	-	-	44 072	202 658	53 415	149 243
Non-financial liabilities	-	-	-	-	464 557	464 557	212 094	252 463
Total liabilities	44 928 683	260 086	-	-	981 200	46 169 969	43 882 171	2 287 798
Total equity and liabilities	44 928 683	260 086	-	-	7 253 427	52 442 196	43 882 171	8 560 025

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

10. Cash and cash equivalents

N$'000	2023	2022
10.1 Cash and cash equivalents		
Coins and bank notes	557 765	561 435
Balances with other banks	3 988	77 771
Balances with central bank	1 248 173	1 756 192
	1 809 926	2 395 398
Mandatory reserve balances included above:	536 731	461 652
Banks are required to deposit a minimum average balance, calculated monthly, with the central bank, which is not available for use in the group's day to day operations. These deposits bear no interest.		
10.2 Due from banks and other financial institutions		
Namibia Dollar	9 468 311	9 231 486

FNB Namibia (FNBN) entered into a series of fully collateralised repo/reverse trades with FirstRand Bank (FRB). The total value of the transaction amounted to N$7 billion. The repo transaction is disclosed under note 22 due to banks and other financial institutions.

ECL for cash and cash equivalents are insignificant.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

11. Derivative financial instruments

Use of derivatives

The groups transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the group 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 offsetting deals being utilised to achieve this where necessary.

For further details on the valuation of derivatives refer to note 31.

Hedging instruments.

Fair value hedges

The group's fair value hedges consist principally of currency forwards and interest rate swaps used to hedge the fair value risk associated with changes in interest rates.

For further details on the group's approach to managing interest rate risk and market risk, refer to note 36.

By using derivative financial instruments to hedge exposures to changes in interest rates and commodity prices, the group also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item. For information on how the group minimises counterparty credit risk in derivative instruments, refer to note 36.

Most of the groups derivatives transactions relate to sales 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:

2023

N$'000	Asset notional	Fair value	Liabilities notional	Fair value
Currency derivatives	417 517	126 110	1 250 653	137 270
Interest rate derivatives	1 628 086	31 955	2 153 086	49 107
Commodity derivatives	1 525 123	217 152	1 525 123	217 152
Energy derivatives	4 602	567	4 602	567
	3 575 328	**375 784**	**4 933 464**	**404 096**

2022

N$'000	Asset notional	Fair value	Liabilities notional	Fair value
Currency derivatives	525 344	67 222	948 518	184 577
Interest rate derivatives	510 000	24 750	1 435 096	41 233
Energy derivatives	5 647	1 638	2 030 399	1 638
	1 040 991	**93 610**	**4 414 013**	**227 448**

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

12. Investment securities

N$'000	2023	2022
Treasury bills	4 641 740	2 687 550
Other government and government guaranteed stock	5 189 130	4 619 929
Unlisted equity	9 576	9 578
Other undated securities	113 234	104 224
	9 953 680	7 421 281
Loss allowance on investment securities	(4 654)	(4 524)
Total investment securities	**9 949 026**	**7 416 757**
Analysis of investment securities		
Equities - Fair value through other comprehensive income	9 576	9 578
Other securities - Fair value through profit or loss	449 935	104 224
Amortised cost	9 376 281	7 111 806
Fair value through profit or loss	113 234	191 149
Total investment securities	**9 949 026**	**7 416 757**

N$9 376 million (2022: N$7 112 million) of the financial instruments form part of the group's liquid asset portfolio in terms of the Banking Institutions Act, (No 2 of 1998 as amended) and other foreign banking regulators' requirements.

Information regarding other investments as 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 amoritsed cost is N$4.7 million (2022: N$4.5 million).

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

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

Reconciliation of the loss allowance

N$'000	2023	2022
Balance at the beginning of the year	4 524	2 675
Impairment for the periods: (Impairment charge in the income statement)		
- Stage 1	130	1 849
	4 654	4 524

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

13. Advances

N$'000	2023	2022
Notional value of advances	36 778 906	33 337 960
Gross value of advances	**36 778 906**	**33 337 960**
Geographical analysis (based on credit risk)		
Namibia	35 449 607	31 962 564
Category analysis		
Overdraft and cash management accounts	4 405 082	3 249 744
Card loans	551 041	503 033
Instalment sales	3 499 579	3 030 232
Lease payment receivables	116 894	104 716
Term loans	10 541 963	9 434 649
Property finance	16 394 784	15 605 581
Assets under agreement to resell	-	41 764
Investment bank term loans	-	29 080
Preference share agreements	852 178	937 611
Invoice finance	145 033	248 652
Other	272 352	152 898
Gross advances	36 778 906	33 337 960
Impairment of advances	(1 329 299)	(1 375 396)
Net advances	**35 449 607**	**31 962 564**
Portfolio analysis		
Designated at fair value through profit or loss	-	70 844
Amortised cost	35 449 607	31 891 720
	35 449 607	31 962 564

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

13. Advances continued

Maturity analysis of lease payment receivables

N$'000	2023	2022
Within 1 year	68 054	58 721
Between 1 and 2 years	40 168	29 097
Between 2 and 3 years	15 501	16 526
Between 3 and 4 years	9 140	6 193
Between 4 and 5 years	2 573	5 731
More than 5 years	2 518	3 044
Total Gross Amount	137 954	119 312
Unearned finance charges	(21 060)	(14 596)
Net amount	116 894	104 716

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

13. Advances continued

Analysis of advances per class	Amortised cost	Fair value through profit or loss	Loss allowance	Total
2023				
Residential mortgages	16 408 976	-	(435 073)	15 973 903
Vehicle asset finance	1 794 879	-	(66 377)	1 728 502
Total Retail secured	**18 203 855**	**-**	**(501 450)**	**17 702 405**
Credit card	532 095	-	(49 562)	482 533
Personal loans	3 117 628	-	(263 058)	2 854 570
Other retail	539 111	-	(75 767)	463 344
Total Retail unsecured	**4 188 834**	**-**	**(388 387)**	**3 800 447**
FNB Commercial	6 003 963	-	(324 213)	5 679 750
Commercial vehicle asset finance	2 093 939	-	(61 992)	2 031 947
RMB Corporate and Investment banking	6 288 315	-	(53 257)	6 235 058
Total Corporate and Commercial	**14 386 217**	**-**	**(439 462)**	**13 946 755**
	36 778 906	**-**	**(1 329 299)**	**35 449 607**

Analysis of advances per class	Amortised cost	Fair value through profit or loss	Loss allowance	Total
2022				
Residential mortgages	15 591 269	-	(371 981)	15 219 288
Vehicle asset finance	1 741 921	-	(56 182)	1 685 739
Total Retail secured	**17 333 190**	**-**	**(428 163)**	**16 905 027**
Credit card	483 267	-	(64 685)	418 582
Personal loans	2 812 672	-	(263 520)	2 549 152
Other retail	486 655	-	(67 766)	418 889
Total Retail unsecured	**3 782 594**	**-**	**(395 971)**	**3 386 623**
FNB Commercial	6 005 726	-	(393 087)	5 612 639
Commercial vehicle asset finance	1 545 688	-	(105 833)	1 439 855
RMB corporate and investment banking	4 599 918	70 844	(52 342)	4 618 420
Total corporate and commercial	**12 151 332**	**70 844**	**(551 262)**	**11 670 914**
	33 267 116	**70 844**	**(1 375 396)**	**31 962 564**

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

13. Advances continued

Reconciliation of the gross carrying amount of advances:

2023

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	28 718 501	2 760 686	1 787 929	33 267 116	269 880	332 363	773 109	1 375 352
Fair value	70 844	-	-	70 844	44	-	-	44
Amount as at 01 July 2022	**28 789 345**	**2 760 686**	**1 787 929**	**33 337 960**	**269 924**	**332 363**	**773 109**	**1 375 396**
Current year movement in the back book								
Transfer from stage 1 to stage 2	(1 329 936)	1 329 936	-	-	(11 674)	11 674	-	-
Transfer from stage 1 to stage 3	(131 778)	-	131 778	-	(2 312)	-	2 312	-
Transfer from stage 2 to stage 3	-	(145 855)	145 855	-	-	(18 844)	18 844	-
Transfer from stage 2 to stage 1	281 555	(281 555)	-	-	15 675	(15 675)	-	-
Transfer from stage 3 to stage 2	-	101 858	(101 858)	-	-	23 861	(23 861)	-
Transfer from stage 3 to stage 1	777	-	(777)	-	546	-	(546)	-
Opening balance after transfer *	**27 609 963**	**3 765 070**	**1 962 927**	**33 337 960**	**272 159**	**333 379**	**769 858**	**1 375 396**
Current period provision created / (released)	**4 449 312**	**(816 801)**	**162 999**	**3 795 510**	**(24 145)**	**(59 283)**	**391 895**	**308 467**
Change in exposure of back book in the current year								
- Attributable to change in measurement basis	-	(67 677)	-	(67 677)	5	29 517	-	29 522
- Attributable to change in risk parameters	(1 284 401)	(1 195 666)	96 232	(2 383 835)	(69 397)	(125 032)	346 651	152 222
Change in exposure due to new business in the current year	5 733 713	446 542	66 767	6 247 022	45 247	36 232	45 244	126 723
Bad debts written off **	-	-	(354 564)	(354 564)	-	-	(354 564)	(354 564)
Amount as at 30 June 2023	**32 059 275**	**2 948 269**	**1 771 362**	**36 778 906**	**248 014**	**274 096**	**807 189**	**1 329 299**
Amortised cost	32 059 275	2 948 269	1 771 362	36 778 906	248 014	274 096	807 189	1 329 299

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

13. Advances continued

Reconciliation of the gross carrying amount of advances:

2022

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Armotised cost	25 759 040	3 926 081	1 645 094	31 330 215	346 611	344 515	672 585	1 363 711
Fair value	241 294	-	-	241 294	1 125	-	-	1 125
Amount as at 01 July 2021	**26 000 334**	**3 926 081**	**1 645 094**	**31 571 509**	**347 736**	**344 515**	**672 585**	**1 364 836**
Movement in the back book								
Transfer from stage 1 to stage 2	(499 637)	499 637	-	-	(5 300)	5 300	-	-
Transfer from stage 1 to stage 3	(141 669)	-	141 669	-	(2 494)	-	2 494	-
Transfer from stage 2 to stage 3	-	(75 901)	75 901	-	-	(14 706)	14 706	-
Transfer from stage 2 to stage 1	1 008 138	(1 008 138)	-	-	33 883	(33 883)	-	-
Transfer from stage 3 to stage 2	-	27 491	(27 491)	-	-	5 691	(5 691)	-
Transfer from stage 3 to stage 1	26 470	-	(26 470)	-	3 375	-	(3 375)	-
Opening balance after transfer *	**26 393 636**	**3 369 170**	**1 808 703**	**31 571 509**	**377 200**	**306 917**	**680 719**	**1 364 836**
Current period provision created / (released)	**-**	**-**	**-**	**-**	**(107 276)**	**25 446**	**266 099**	**184 269**
Change in exposure of back book in the current year								
- Attributable to change in measurement basis	-	-	-	-	-	14 756	-	14 756
- Attributable to change in risk parameters	-	-	-	-	(145 345)	(16 261)	248 356	86 750
Change in exposure due to new business in the current year	2 395 709	(608 484)	152 935	1 940 160	38 069	26 951	17 743	82 763
Bad debts written off **	-	-	(173 709)	(173 709)	-	-	(173 709)	(173 709)
Amount as at 30 June 2022	**28 789 345**	**2 760 686**	**1 787 929**	**33 337 960**	**269 924**	**332 363**	**773 109**	**1 375 396**
Amortised cost	28 718 501	2 760 686	1 787 929	33 267 116	269 880	332 363	773 109	1 375 352
Fair value	70 844	-	-	70 844	44	-	-	44

* 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 balances as at 1 July is 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$354.6 million (2022: N$173.7 million).

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

13. Advances continued

Analysis of the gross advances and loss allowance on total advances per class:

2023

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Retail	18 578 535	2 503 449	1 310 705	22 392 689	143 689	155 333	590 815	889 837
FNB Commercial	5 298 634	280 583	424 746	6 003 963	51 630	73 863	198 720	324 213
Commercial vehicle finance	1 943 578	114 450	35 911	2 093 939	16 365	27 973	17 654	61 992
RMB Corporate and Investment banking	6 238 528	49 787	-	6 288 315	36 330	16 927	-	53 257
Total advances at 30 June 2023	**32 059 275**	**2 948 269**	**1 771 362**	**36 778 906**	**248 014**	**274 096**	**807 189**	**1 329 299**

2022

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Retail	17 841 916	2 036 853	1 237 015	21 115 784	158 527	160 724	504 883	824 134
FNB Commercial	4 918 475	589 346	497 904	6 005 725	45 307	126 211	221 569	393 087
Commercial vehicle finance	1 375 965	116 713	53 010	1 545 688	31 203	27 973	46 657	105 833
RMB Corporate and Investment banking	4 652 988	17 775	-	4 670 763	34 887	17 455	-	52 342
Total advances at 30 June 2022	28 789 344	2 760 687	1 787 929	33 337 960	269 924	332 363	773 109	1 375 396

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

14. Impairment

Analysis of the loss allowance closing balance:

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amount as at 30 June								
Included in the total loss allowance	248 014	274 096	807 189	1 329 299	269 924	332 363	773 109	1 375 396
On and off balance sheet exposure*	245 412	274 096	807 189	1 326 697	268 506	332 308	773 109	1 373 923
Letters of credit and guarantees	2 602	-	-	2 602	1 418	55	-	1 473
Components of total loss allowance								
- Forward looking information**	1 618	12 655	183	14 456	33 965	16 773	-	50 738
- Changes in models^	(1 398)	(2 985)	-	(4 383)	1 495	(452)	-	1 043
- Interest on stage 3 advances”	-	-	301 551	301 551	-	-	284 544	284 544

* 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 information into the ECL calculations. For more detail on the process of incorporating FLI into the ECL calculation refer to the accounting policy note 9.4.

^ This represents the total ECL closing balance as at 30 June that is attributable to significant model changes, such as model recalibrations or changes in the impairment methodology used that has been approved by a governance body. The amount reflected is the additional ECL recognised at the point/date that the model change was implemented.

‘’ Cumulative balance as at 30 June.

Breakdown of impairment charge recognised during the year:

	2023			2022		
N$ 000’s	Amortised cost	Fair value	Total	Amortised cost	Fair value	Total
Increase in loss allowance	238 480	-	238 480	129 904	(1 081)	128 823
Recoveries/release of bad debts	(24 908)	-	(24 908)	(33 458)	-	(33 458)
Impairment of advances recognised during the period	**213 572**	**-**	**213 572**	**96 446**	**(1 081)**	**95 365**

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

14. Impairment continued

Reconciliation of the loss allowance on total advances per class:

	Retail secured		Retail unsecured			Corporate and commercial			
N$ 000's	Residential mortgages	Vehicle asset finance	Credit card	Personal loans	Other retail	FNB Commercial	Commercial vehicle asset finance	RMB Corporate and Investment banking	Total
Amount as at 1 July 2022	371 981	56 182	64 685	263 520	67 766	393 087	105 833	52 342	1 375 396
- Stage 1	77 437	9 489	12 859	45 880	21 934	45 307	31 203	34 887	278 996
- Stage 2	92 514	6 546	5 045	25 009	22 536	126 211	27 973	17 455	323 289
- Stage 3	202 030	40 147	46 781	192 631	23 296	221 569	46 657	-	773 111
Bad debts written off	(26 152)	(14 458)	(464)	(103 688)	(41 943)	(139 303)	(28 556)	-	(354 564)
Provision created/(released) for current reporting period	89 244	24 653	(14 659)	103 226	49 944	70 429	(15 285)	915	308 467
- Stage 1	(29 813)	13 787	(409)	(3 858)	(3 618)	6 323	(14 838)	1 444	(30 982)
- Stage 2	(11 925)	1 051	1 478	748	12 332	(52 348)	-	(529)	(49 193)
- Stage 3	130 982	9 815	(15 728)	106 336	41 230	116 454	(447)	-	388 642
Amounts as at 30 June 2023	435 073	66 377	49 562	263 058	75 767	324 213	61 992	53 257	1 329 299
- Stage 1	47 624	23 276	12 450	42 022	18 316	51 630	16 365	36 331	248 014
- Stage 2	80 589	7 597	6 523	25 757	34 868	73 863	27 973	16 926	274 096
- Stage 3	306 860	35 504	30 589	195 279	22 583	198 720	17 654	-	807 189

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

14. Impairment continued

Reconciliation of the loss allowance on total advances per class:

N$ 000's	Residential mortgages	Vehicle asset finance	Credit card	Personal loans	Other retail	FNB Commercial	Commercial vehicle asset finance	RMB Corporate and Investment banking	Total
Amount as at 01 July 2021	323 645	78 427	54 494	216 678	63 825	471 448	103 782	52 536	1 364 835
Stage 1	78 609	38 856	13 189	44 666	21 622	101 292	35 628	14 870	348 732
Stage 2	83 386	6 047	4 628	28 094	13 465	146 721	23 511	37 666	343 518
Stage 3	161 650	33 524	36 677	143 918	28 738	223 435	44 643	-	672 585
Bad debts written off	(14 108)	-	(467)	(52 062)	(25 924)	(76 220)	(4 928)	-	(173 709)
Provision created / (released) for current reporting period	62 444	(22 245)	10 658	98 904	29 865	(2 141)	6 979	(194)	184 270
Stage 1	(1 172)	(14 529)	(329)	1 214	(8 298)	(71 450)	(19 265)	6 553	(107 276)
Stage 2	(1 910)	1 804	1 887	1 501	29 494	(5 044)	4 463	(6 747)	25 448
Stage 3	65 526	(9 520)	9 100	96 189	8 669	74 353	21 781	-	266 098
Amount as at 30 June 2022	371 981	56 182	64 685	263 520	67 766	393 087	105 833	52 342	1 375 396
Stage 1	77 437	9 489	12 859	45 880	21 934	45 307	31 203	34 887	278 996
Stage 2	92 514	6 546	5 045	25 009	22 536	126 211	27 973	17 455	323 289
Stage 3	202 030	40 147	46 781	192 631	23 296	221 569	46 657	-	773 111

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

15. Other assets

N$'000	2023	2022
Items in transit	68 718	127 713
Deferred staff cost	3 262	19 905
Premium debtors	-	442
Prepayments	84 711	74 143
Property in possession	45 777	66 595
Net other receivables	41 668	39 239
Other receivable	49 520	42 630
Loss allowance	(7 852)	(3 391)
Total other assets	**244 136**	**328 037**
Financial instrument and non-financial instrument components of other assets		
Financial instrument	41 668	39 681
Non-financial instruments	202 468	288 356
	244 136	328 037

Information about the credit quality of the above balances is set out in the risk management note 36.

The carrying value of other assets approximates the fair value.

ECL for other assets is N$7.9 million (2022: N$3.4 million).

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

16. Investments in associates

The following table lists all of the associates in the company:

The following are associates to the company:

	Nature of associate and place of business	Method	% Ownership interest 2023	% Ownership interest 2022
Stimulus Investment Limited	Investment company (Windhoek)	Equity	37%	25%
Stimulus Private Equity (Pty) Ltd	Asset management company	Equity	0%	49%

During the financial year Ashburton Investment Managers (Pty) Ltd acquired addition 12% ownership interest in Stimulus Investment Limited and disposed off 49% ownership interest in Stimulus Private Equity (Pty) Ltd. All transactions were done at nil value.

The percentage voting rights is equal to the percentage ownership for all associates.

The country of incorporation is the same as the principle place of business for all associates

Stimulus Investment Limited and Stimulus Private Equity (Pty) Ltd have February year ends.

Summarised financial information of significant associates

2023

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit from continuing operations	Total comprehensive income
Stimulus Investment Limited	19 812	-	-
Stimulus Private Equity (Pty) Ltd	-	-	-
	19 812	-	-

Summarised consolidated statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
Stimulus Investment Limited	610 108	40 993	647 146	3 955	-
Stimulus Private Equity (Pty) Ltd	-	-	-	-	-
	610 108	40 993	647 146	3 955	-

Reconciliation of movement in investments in associates	Investment at beginning of 2023	Share of profit	Investment at end of 2023
Stimulus Investment Limited	-	-	-
Stimulus Private Equity (Pty) Ltd	-	-	-
	-	-	-

Notes to the consolidated annual financial statements

for the year ended 30 June 2023 continued

16. Investments in associates continued

Summarised financial information of significant associates continued

2022

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit from continuing operations	Total comprehensive income
Stimulus Investment Limited	21 136	-	-
Stimulus Private Equity (Pty) Ltd	10 123	685	685
	31 259	685	685

Summarised consolidated statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
Stimulus Investment Limited	601 358	47 423	639 051	9 730	-
Stimulus Private Equity (Pty) Ltd	6 551	4 289	8 971	1 868	1
	607 909	51 712	648 022	11 598	1

Reconciliation of movement in investments in associates	Investment at beginning of 2022	Share of profit	Investment at end of 2022
Stimulus Investment Limited	-	-	-
Stimulus Private Equity (Pty) Ltd	-	-	-
	-	-	-

17. Property and equipment

	2023			2022		
N$'000	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	710 010	(72 208)	637 802	711 028	(63 980)	647 048
Leasehold property	76 500	(47 632)	28 868	66 239	(46 363)	19 876
Furniture and fixtures	215 841	(150 225)	65 616	212 607	(140 148)	72 459
Motor vehicles	6 858	(3 769)	3 089	7 885	(4 998)	2 887
Office equipment	117 859	(107 041)	10 818	113 532	(107 784)	5 748
IT equipment	381 680	(251 793)	129 887	386 711	(276 932)	109 779
Right of use asset property	85 654	(49 074)	36 580	126 145	(86 114)	40 031
Total	1 594 402	(681 742)	912 660	1 624 147	(726 319)	897 828

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

17. Property and plant continued

Reconciliation of property and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	647 048	3 029	(1 834)	(10 441)	637 802
Leasehold property	19 876	12 990	(103)	(3 895)	28 868
Furniture and fixtures	72 459	14 120	(950)	(20 013)	65 616
Motor vehicles	2 887	1 136	(717)	(217)	3 089
Office equipment	5 748	8 698	(6)	(3 622)	10 818
IT equipment	109 779	60 714	(630)	(39 976)	129 887
Right of use asset property	40 031	19 842	(723)	(22 570)	36 580
	897 828	120 529	(4 963)	(100 734)	912 660

Reconciliation of property and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	648 683	15 766	(5 219)	(12 182)	647 048
Leasehold property	14 122	10 031	(542)	(3 735)	19 876
Furniture and fixtures	91 198	7 930	(6 869)	(19 800)	72 459
Motor vehicles	3 210	327	(339)	(311)	2 887
Office equipment	8 839	8 470	(5 407)	(6 154)	5 748
IT equipment	108 424	40 750	(3 521)	(35 874)	109 779
Right of use asset property	52 105	19 351	(7 061)	(24 364)	40 031
	926 581	102 625	(28 958)	(102 420)	897 828

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 section 5.1.

Property and equipment are not pledged as security against any liabilities. There are also no restrictions or liens on property and equipment.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

18. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademarks	181 375	(144 625)	36 750	181 375	(134 825)	46 550
Software	76 867	(58 702)	18 165	65 282	(52 688)	12 594
Customer related intangibles	40 145	(24 087)	16 058	40 145	(20 072)	20 073
Total	298 387	(227 414)	70 973	286 802	(207 585)	79 217

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Trademarks	46 550	-	(9 800)	36 750
Software	12 594	11 585	(6 014)	18 165
Customer related intangibles	20 073	-	(4 015)	16 058
	79 217	11 585	(19 829)	70 973

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Trademarks	56 350	-	(9 800)	46 550
Software	15 563	699	(3 668)	12 594
Customer related intangibles	24 088	-	(4 015)	20 073
	96 001	699	(17 483)	79 217

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

19. Deferred tax

N$'000	2023	2022
Deferred tax liability		
Opening balance	(124 973)	(76 769)
- (Credit)/Charge to profit or loss	(175 604)	(48 884)
- Deferred tax on amounts charged directly to other comprehensive income	(2 833)	680
Total deferred income tax liability	(303 410)	(124 973)
Deferred tax asset		
Opening balance	21 993	30 122
- (Credit)/ Charge to profit or loss	3 243	(8 129)
Total deferred income tax asset	25 236	21 993
Total net deferred tax liability	(278 174)	(102 980)

Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority, same legal entity and there is legally enforceable to set-off.

The group has not recognised a deferred tax asset amounting to N$39 million (2022: N$37 million) relating to tax losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and is supported by future cash flow forecasts.

Tax losses have no expiry date.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

19. Deferred tax continued

Reconciliation of deferred tax asset / (liability)

N$'000	2023	2022
Accruals	(290 409)	(146 907)
Deferred staff costs	6 138	1 342
Fair value adjustment of financial instruments	8 646	7 418
Instalment credit agreements	(51 123)	(53 063)
Post-employment benefit liabilities	14 164	13 407
Property and equipment	(101 900)	(91 171)
Provision for loan impairment	93 564	112 733
Other	17 510	31 268
Total deferred income tax liability	**(303 410)**	**(124 973)**
Deferred income tax assets		
Property and equipment	(20)	(20)
Other*	25 256	22 013
Total deferred income tax assets	**25 236**	**21 993**
Charge through profit and loss	172 280	57 090
Deferred income tax on other comprehensive income	2 833	(680)
Total net deferred tax liability	**175 113**	**56 410**

* Other includes amortisation of the trademark.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

20. Creditors and accruals

N$'000	2023	2022
Items in transit	366 495	472 571
Audit fees	11 272	6 890
Accrued expenses	34 118	51 372
Accounts payable and accrued liabilities	438 813	368 624
	850 698	899 457

All amounts are expected to be settled within twelve months.

The carrying value of creditors and accruals approximates fair value.

21. Short trading position

Government and government guaranteed stock	-	31 864

22. Deposits and current accounts

22.1 Deposits and current accounts

Current accounts	15 046 734	13 009 145
Call deposits	9 748 311	8 331 980
Savings accounts	649 975	586 327
Fixed and notice deposits	11 231 655	9 710 397
Debt securities		
Negotiable certificate deposit	5 721 924	5 080 389
Fixed and floating rate notes	353 776	395 968
Total deposits	42 752 375	37 114 206

22.2 Due to banks and other financial institutions

To banks and other financial institutions	7 503 075	7 229 779

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

23. Employee liabilities

N$'000	2023	2022
Defined contribution post-employment benefit liabilities	37 359	43 679
Liability for short-term employee liabilities	231 054	201 251
	268 413	244 930

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$2.7 million (2022: N$ 2.9 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.

	2023			2022		
N$'000	Medical	Severance	Total	Medical	Severance	Total
Present value of unfunded liabilities	30 125	7 234	37 359	36 505	7 174	43 679

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

23. Employee liabilities continued

The amount recognised in the statement of comprehensive income are as follows:

	2023			2022		
N$'000	Medical	Severance	Total	Medical	Severance	Total
Current service cost	263	587	850	238	573	811
Interest cost	4 154	902	5 056	3 446	849	4 295
Included in staff cost	4 417	1 489	5 906	3 684	1 422	5 106
Recognised in other comprehensive income						
Actuarial (gains) / loss recognised	(8 372)	(485)	(8 857)	1 952	(507)	1 445
Total included in staff costs	(3 955)	1 004	(2 951)	5 636	915	6 551

Movement in post-employment liabilities:

	2023			2022		
N$'000	Medical	Severance	Total	Medical	Severance	Total
Present value at beginning of the year	36 505	7 174	43 679	33 207	7 474	40 681
Current service cost	263	587	850	238	573	811
Interest cost	4 154	902	5 056	3 446	849	4 295
Benefits paid	(2 425)	(944)	((3 369)	(2 338)	(1 215)	(3 553)
Actuarial (gains) / loss from changes in financial assumptions	(8 372)	(485)	(8 857)	1 952	(507)	1 445
Present value at end of the year	30 125	7 234	37 359	36 505	7 174	43 679

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

23. Employee liabilities continued

The sensitivity analysis illustrates how the value of the liability would change in response to certain changes in actuarial assumptions

N$'000	2023	2022
Effect of 1% change in the medical aid inflation assumptions is as follows:		
1% increase - effect in current service and interest cost	4 161	4 905
1% decrease - effect in current service and interest cost	3 458	3 999
Effect of 1% change in the normal salary inflation assumptions is as follows:		
1% increase - effect in current service and interest cost	1 717	1 631
1% decrease - effect in current service and interest cost	1 451	1 364

The principal actuarial assumptions used for accounting purposes were:

	2023		2022	
	Medical	Severance	Medical	Severance
Discount rate (%)	12.46%	14.11%	11.77%	12.78%
Medical aid inflation (%)	8.22%	-	8.69%	-
Salary inflation (%)	-	9.69%	-	9.61%
Employees covered	96	2 093	100	1 991

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

24. Other liabilities

N$'000	2023	2022
Lease liabilities	39 296	44 072
Other funding liabilities	126 132	157 812
Preference shares	5 984	774
Total other liabilities	**171 412**	**202 658**
Opening balance	**202 658**	**240 971**
Cash flow movements	**(57 863)**	**(60 954)**
- Principal payments towards other liabilities	(21 058)	(23 650)
- Principal payments towards lease liabilities	(23 061)	(25 554)
- Interest paid on other liabilities	(11 002)	(8 963)
- Interest paid on lease liabilities	(2 742)	(2 787)
Non-cash flow movements	**26 617**	**22 640**
- New leases issued during the year	22 305	20 352
- Early termination of lease	(4 020)	(2 634)
- Interest accrued	3 731	4 755
- Fair value movement	4 601	167
Total other liabilities	**171 412**	**202 658**

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 consolidated annual financial statements
for the year ended 30 June 2023 continued

25. Policyholder Liabilities

N$'000	2023	2022
Policyholder liabilities	43 652	37 696
Reinsurers' share of insurance contract liabilities*	(3 179)	-
Net policyholder liabilities	**40 473**	**37 696**
Reinsurance assets		
Reinsurers' share of insurance contract liabilities*	3 179	-
Other reinsurance assets	21 483	13 780
Total reinsurance assets	**24 662**	**13 780**

* Included in the reinsurance asset balance of N$24.7 million (2022: N$13.8 million)

N$'000	2023	2022
Short-term insurance contracts		
Claims outstanding		
Claims reported and loss adjustment expenses	9 783	6 858
Claims incurred but not reported	6 388	7 720
Insurance contract cash bonuses	8 270	8 042
Unearned premiums	19 211	17 505
Gross	43 652	40 125
Recoverable from reinsurance	(3 179)	(2 429)
Claims reported and loss adjustment expense	(1 449)	(2 429)
Unearned premiums	(1 730)	-
Claims outstanding		
Claims reported and loss adjustment expenses	8 334	4 429
Claims incurred but not reported	6 388	7 720
Insurance contract cash bonuses	8 270	8 042
Unearned premiums	17 481	17 505
	40 473	37 696

Notes to the consolidated annual financial statements

for the year ended 30 June 2023 continued

25. Policyholder Liabilities continued

	2023			2022		
	Gross	Re-insurance	Net	Gross	Re-insurance	Net
Opening balance	**14 578**	**(2 430)**	**12 148**	**12 964**	**(1 022)**	**11 942**
Current year	**12 484**	**(1 094)**	**11 390**	**14 662**	**(2 611)**	**12 051**
Claims incurred	82 299	(13 058)	69 241	69 992	(10 367)	59 625
Claims paid	(70 708)	11 927	(58 781)	(63 278)	7 756	(55 522)
Claims handling expenses raised	(715)	(134)	(849)	5 967	-	5 967
Risk margins raised	1 608	171	1 779	1 981	-	1 981
Prior year	**(10 892)**	**2 074**	**(8 818)**	**(13 048)**	**1 203**	**(11 845)**
Claims incurred	1 499	(205)	1 294	1 902	(1 686)	216
Claims paid	(11 817)	2 279	(9 538)	(13 156)	2 889	(10 267)
Claims handling expenses raised	934	-	934	43	-	43
Risk margins released	(1 508)	-	(1 508)	(1 837)	-	(1 837)
Closing balance	**16 170**	**(1 450)**	**14 721**	**14 578**	**(2 430)**	**12 148**
Analysis of movement in unearned premium provision (UPP)						
Opening balance	19 224	(1 719)	17 505	18 739	(1 669)	17 070
UPP raised	19 295	(1 720)	17 575	18 306	(1 617)	16 689
UPP earned	(19 308)	1 709	(17 599)	(17 821)	1 567	(16 254)
Closing balance	**19 211**	**(1 730)**	**17 481**	**19 224**	**(1 719)**	**17 505**
Analysis of movement in insurance contract non-claims bonuses						
Opening balance	8 042	-	8 042	8 440	-	8 440
Charge to profit or loss	8 445	-	8 445	8 631	-	8 631
Non-claims bonuses paid during the year	(8 217)	-	(8 217)	(9 029)	-	(9 029)
Closing balance	**8 270**	**-**	**8 270**	**8 042**	**-**	**8 042**

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

26. Share capital

N$'000	2023	2022
Authorised		
990 000 000 (2022: 990 000 000) Ordinary shares of par value of N$0.005 per share	4 950	4 950
10 000 000 (2022: 10 000 000) cumulative convertible preference shares with a par value of N$0.005 per share	50	50
	5 000	5 000
Issued		
267 593 250 (2022: 267 593 250) ordinary shares with a par value of N$ 0.005 per share	1 335	1 323
Share premium	278 023	95 385
	279 358	96 708

A detailed reconciliation of the movements in the share capital and premium balances is set out in the consolidated statement of changes in equity. The Share Incentive Trust sold 2.6 million shares (2022: 2.9 million) during the year.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

27. Remuneration schemes

N$'000	2023	2022
The charge to profit or loss for share-based payments are as follow:		
Conditional incentive plan		
Other subsidiary schemes	24 134	20 719
Amount included in profit or loss	24 134	20 719

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 the 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 15 is an amount of N$54.3 million (2022: N$41.5 million) relating to the group's share-based payment scheme. The prepayment fund is managed by RMB Morgan Stanley. Share based payments allocated to employees are accumulated in advance through the fund. The vesting of these scheme are subject to the vesting condition set out below.

Description of the scheme and vesting conditions:

Conditional and deferred incentive plans (awards)	
	Cash settled
Description	The award is a notional share based on the FirstRand Limited share price.
Vesting conditions	These awards vest after three years after the initial award. The awards vest if the employment and, where applicable, performance conditions are met. Awards which include performance conditions have vesting conditions subject to specified financial performance targets set annually by the group's remuneration committee. These corporate performance targets (CPTs) are set out below.
Valuation methodology	The awards are valued using the Black Scholes option pricing model. The awards are cash settled and are repriced at each reporting date.
Valuation assumptions	
Dividend data	Management's estimates of future discrete dividends.
Market related	Interest rate is the risk-free rate of return as recorded on the last day of the financial year, on a funding curve of a term equal to the remaining expected life of the plan.
Employee related	The weighted average forfeiture rate used is based on historical forfeiture data observed over all schemes.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

27. Remuneration schemes continued

Corporate performance targets:

The FirstRand 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. In terms of the scheme rules, participants are not entitled to dividends on their conditional share awards during the vesting period. For the 2019 and 2020 awards, 50% of the awards granted to non senior employees are subject only to continued employment for the award to vest, with the remaining 50% subject to performance conditions. From 2021, awards with only time based vesting conditions were introduced. These are referred to as the deferred incentive plan (DIP). Awards that include both a performance and time based vesting conditions are referred to as conditional incentive plans (CIP).

Currently open

The vesting conditions of the award schemes and details of the renumeration schemes are set out in the Talent and Remuneration committee report.

Page 40 of the separate Integrated annual report.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

28. Cash flow information

Reconciliation of cash flows from operating activities:

N$'000	2023	2022
Interest and fee commission receipts		
Interest received	4 832 921	3 301 398
Fee and commission received	2 187 681	2 003 074
Insurance income received	147 638	129 568
Fee and commission paid	(270 988)	(216 316)
	6 897 252	5 217 724
Trading and other income		
Trading and other income	185 622	331 110
Interest payments		
Interest expenses and similar charges	(2 140 597)	(1 123 058)
Net claims and benefits paid	(90 969)	(73 694)
	(2 231 566)	(1 196 752)
Operating expenses		
Total other operating expenses	(2 255 865)	(2 071 469)
Taxation paid		
Amounts payable at beginning of the year	(78 253)	(130 354)
Indirect tax	(53 944)	(41 359)
Current tax charge	(528 269)	(537 531)
Amounts payable at end of the year	70 929	78 253
	(589 537)	(630 991)
(Increase)/Decrease in income earning assets		
Liquid assets and trading securities	(2 709 897)	(6 504 375)
Advances	(3 631 426)	(1 827 019)
Other assets	71 547	79 833
	(6 269 776)	(8 251 561)
Increase/(decrease) in deposits and other liabilities		
Deposits	5 561 877	1 450 443
Due to banks and other financial instruments	229 674	7 097 118
Creditors	(84 708)	327 246
	5 706 843	8 874 807

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

29. Structured entities

Consolidated structured entities

The group assess whether it has control over structured entities in terms of IFRS 10. Where the group has control over a structured entity it is consolidated in terms of IFRS 10.

Acquisition of subsidiaries

On 30 September 2022 the group acquired the remaining 49% stake in the short-term insurance company, which was rebranded to FNB Short Term Insurance Company (Pty) Ltd on 1 March 2023. The group previously held 51% shareholding and the remaining 49% was held by OUTsurance SA. There was no change in how the entity was treated in the prior financial year, as it was fully consolidated.

N$'000	**2023**	2022
Loss on acquisition	20 414	-
Non controlling interest in subsidiary at acquisition	41 109	-
	61 523	-
Consideration paid	61 523	-

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

29. Structured entities continued

Interest in unconsolidated structured entities

The group has financial interests in other structured entities that expose the group to the variable income of those entities without resulting in control. Below set out, is the nature of those relationships and the impact that those relationships have had on the financial position and performance of the group.

Fund management

The group manages a number of unit trusts, ranging from income funds to equity funds, which are managed by third party asset managers. Unit trusts are regulated by the Namibia Financial Institution Supervisory Board and the Unit Trust Control Act of 1981. The group's interest is generally restricted to fund service and administration fees. The group may hold direct interests in a number of the funds; however the magnitude of such interest varies with sufficient regularity. The group earns service and administration fees from its administration of the funds, as well as unrealised gains and losses as a result of revaluations of the units held directly in the funds.

N$'000	2023	2022
Investments and other securities		
Unit trust investments	312 528	408 254
Maximum exposure to loss	312 528	408 254
Assets under management		
- Traditional products	11 574 507	9 666 378
- Alternative products	3 726 482	3 947 201
	15 300 989	13 613 579

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

30. Related parties

Details of subsidiaries	Nature of business	Date of acquisition	Country of incorporation	Number of shares	Effective holding % 2023	Effective holding % 2022
Banking operations:						
First National Bank of Namibia Limited	Commercial bank	1-Jun-03	Namibia	1200 of N$1 each	100	100
Swabou Investments (Proprietary) Limited	Home loan investment company	1-Jul-03	Namibia	2 of N$0.05 each	100	100
Insurance operations:						
FNB Short Term Insurance Company Ltd	Short-term finance	1-Jul-03	Namibia	4 000 000 of N$1 each	100	51
Other:						
FNB Fiduciary (Namibia) (Proprietary) Limited	Estate and trust services	1-Oct-96	Namibia	200 of N$1 each	100	100
FNB Insurance Brokers (Namibia) (Proprietary) Limited	Short-term insurance broker	1-Jul-11	Namibia	100 of N$1 each	100	100
Ashburton Unit Trust Management Company Limited	Unit trusts management company	1-Jan-06	Namibia	4 000 000 of N$1 each	100	100
Talas Properties (Windhoek) (Proprietary) Limited	Property company	31-Mar-98	Namibia	100 of N$1 each	100	100
RMB Investments (Pty) Ltd	Financial advisory services	14-Nov-13	Namibia	100 of N$1 each	100	100
FNB Easy Loans Limited	Financial services	30-Mar-17	Namibia	1 624 183 of N$1 each	100	100
Ashburton Investments Namibia Holdings (Proprietary) Limited	Investment company	1-Feb-17	Namibia	100 of N$1 each	100	100
Ashburton Fund Managers Namibia (Proprietary) Limited	Investment company	1-Feb-17	Namibia	100 of N$1 each	100	100
Pointbreak Trusts and Estates	Financial and investment services	30-Mar-17	Namibia	8 500 of N$2 each	100	100
Pointbreak Wealth Management (Proprietary) Limited	Financial and investment services	30-Mar-17	Namibia	4 200 of N$0.25 each	100	100
Ashburton Investment Managers (Proprietary) Limited (Formerly: Pointbreak Equity (Proprietary) Limited)	Financial and investment services	30-Mar-17	Namibia	100 of N$1 each	100	100
Pointbreak Investment Management (Proprietary) Limited	Financial and investment services	30-Mar-17	South Africa	100 of N$1 each	100	100
Pointbreak Unit Trust Management Company (Proprietary) Limited	Unit trust management company	30-Mar-17	Namibia	2 000 000 of N$1 each	100	100
Pointbreak Property Unit Trust Management Company Limited	Property unit trust management company	30-Mar-17	Namibia	2 000 000 of N$1 each	100	100

Notes to the consolidated annual financial statements

for the year ended 30 June 2023 continued

30. Related parties continued

FirstRand Namibia Limited is listed on the Namibian Stock Exchange and is 58.4% (2022: 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.

N$'000	2023	2022
Related party balances		
Deposits		
FirstRand SA group companies	40 710	138 254
Balance due to banks and other financial institutions		
FirstRand SA group companies	7 423 015	7 080 435
Derivative Liabilities		
FirstRand SA group companies	308 010	52 994
Advances		
FirstRand SA group companies	1 741 431	1 504 547
Balance due from banks and other financial institutions		
FirstRand SA group companies	7 400 999	7 131 534
Derivative Assets		
FirstRand SA group companies	84 908	60 118

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

30. Related parties continued

N$'000	2023	2022
Related party transactions		
Interest received from related parties		
FirstRand SA group companies	(565 697)	(187 698)
Interest paid to related parties		
FirstRand SA group companies	489 405	118 378
Non-interest expenditure (Information Technology, platform and other support services)		
FirstRand SA group companies	469 851	390 487
Compensation to directors and other key management		
Directors fees	12 543	12 052
Advances	14 481	17 699
Current and credit card accounts	164	171
Instalment finance	1 734	2 316
Deposits	2 484	8 695
No impairment has been recognised for loans granted to key management (2022: nil)	-	-
Key management compensation (Group Exco)		
Cash package	21 768	23 301
Retirement contributions	3 250	3 390
Performance related benefits	12 746	11 085
	37 764	37 776

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

31. Fair value measurements

31.1 Valuation methodology

The group has established control frameworks and processes at an operating business level to independently validate its valuation techniques and inputs used to determine its fair value measurements. At an operating business level, valuation specialists are responsible for the selection and implementation 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 and relevant risk committees annually, or more frequently if considered appropriate.

31.2 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	Not applicable
		Investment securities and other investments		
Equities / bonds listed in an inactive market	Discounted cash flows	For listed equities and bonds, 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, these are classified as Level 2 and a valuation technique is used, for example the discounted cash flow is used for listed bonds. This 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. The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Unlisted bonds	Price earnings ("P/E" model	Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate.	Market transactions	Not applicable
Negotiable certificates of deposit	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
Treasury bills	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

31. Fair value measurements continued

31.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs of Level 2	Unobservable inputs of Level 3
		Derivative financial instruments		
Forward rate agreements, forwards and swaps	Discounted cash flow	Future cash flows are projected using a related forecasting curve and then discounted using a market-related discounting curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, credit and currency basis curves and spot prices	Market interest rates, credit and currency basis curves
Options and equity derivatives	Option pricing and industry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option, market-related discount rate, spot or forward rate, the volatility of the underlying, dividends and listed share prices	Volatilities, dividends and unlisted share prices
		Deposits		
Call and non-term deposits	None - the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short term nature of the instruments. 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 premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs on related advance
Other deposits	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs
Other liabilities	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs.	Market interest rates and curves	Credit inputs

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

31. Fair value measurements continued

31.2 Fair value hierarchy and measurements continued

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.

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. Where the underlying assets or liabilities are not items for which recurring fair value measurements are required for example property and equipment or intangible assets the carrying value is considered to be equal to or a reasonable approximation of the fair value. This will be assessed per transaction and details will be provided in the relevant notes. There were no assets or liabilities measured at fair value on a non-recurring basis in the current and prior year.

Refer to page 107 for the effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives.

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

2023

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	21 808	513 468	37 469	572 745
Derivative financial instruments	-	375 784	-	375 784
Total financial assets	**21 808**	**889 252**	**37 469**	**948 529**
Liabilities				
Recurring fair value measurement				
Derivative financial instruments	-	404 096	-	404 096
Other liabilities	-	-	5 984	5 984
Total financial liabilities	**-**	**404 096**	**5 984**	**410 080**

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

31. Fair value measurements continued

31.2 Fair value hierarchy and measurements continued

2022

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	-	295 373	9 578	304 951
Advances	-	-	70 844	70 844
Derivative financial instruments	-	93 610	-	93 610
Total financial assets	-	388 983	80 422	469 405
Liabilities				
Recurring fair value measurements				
Short trading position	31 864	-	-	31 864
Derivative financial instruments	-	227 448	-	227 448
Other liabilities	-	-	774	774
Total financial liabilities	31 864	227 448	774	259 312

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. However, changing these inputs to reasonably possible alternatives would change the fair value using more positive reasonable assumptions to N$11 million (2022: N$88 million) and using more negative reasonable possible assumptions to N$9 million (2022: N$72 million). These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

31. Fair value measurements continued

31.2 Fair value hierarchy and measurements continued

Changes in level 3 instruments with recurring fair value measurements

2023 N$'000	Fair value as at June 2022	Gains or losses recognised in profit or loss	Purchases / (sales) / issues / (settlements)	Fair value as at June 2023
Advances	70 844	648	(71 492)	-
Investment securities	9 578	724	27 167	37 469
Total financial assets at fair value	**80 422**	**1 372**	**(44 325)**	**37 469**
Other liabilities	774	5 210	-	5 984
Total financial liabilities at fair value	**774**	**5 210**	**-**	**5 984**

2022 N$'000	Fair value at June 2021	Gains or losses recognised in profit or loss	Purchases / (sales) / issues / (settlements)	Fair value at June 2022
Advances	241 294	7 319	(177 769)	70 844
Investment securities	18 016	322	(8 760)	9 578
Total financial assets at fair value	**259 310**	**7 641**	**(186 529)**	**80 422**
Other liabilities	607	167	-	774
Total financial liabilities at fair value	**607**	**167**	**-**	**774**

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.

	2023		2022	
N$'000	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income
Advances	648	-	7 319	-
Investment securities	724	-	322	-
Total financial assets	**1 372**	**-**	**7 641**	**-**
Other liabilities	5 210	-	167	-
Total financial assets	**5 210**	**-**	**167**	**-**

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

31. Fair value measurements continued

31.2 Fair value hierarchy and measurements continued

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position but, for which fair value is required to be disclosed. For all other financial instruments the carrying value is equal to or a reasonable approximation of the fair value.

	2023			2022		
N$'000	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3
Advances	35 449 607	-	35 388 466	31 891 720	-	31 962 648
Total investment securities at amortised cost	9 376 281	9 315 720	-	7 111 806	6 848 486	-
	44 825 888	9 315 720	35 388 466	39 003 526	6 848 486	31 962 648
Total deposits at amortised cost	42 752 375	42 720 705	-	37 114 206	37 178 883	-
Other liabilities	165 428	125 428	-	157 812	157 798	-
	42 917 803	42 846 133	-	37 272 018	37 336 681	-

The group has designated certain financial assets at fair value through profit or loss that would be otherwise have been measured at amortised cost or fair value through other comprehensive income.

The table below contains details on the change in credit risk attributable to these financial assets.

	2023			2022		
		Change in fair value due to credit risk			Change in fair value due to credit risk	
N$'000	Fair value	Current period	Cumulative	Fair value	Current period	Cumulative
Advances	-	-	-	70 844	(1 081)	44
Investment securities	572 745	-	-	304 951	-	-
Total	572 745	-	-	375 795	(1 081)	44

The change in the fair value of these liabilities due to own credit risk is not material.

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

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

31. Fair value measurements continued

31.2 Fair value hierarchy and measurements continued

The table below illustrates the sensitivity of the significant inputs when changed to reasonably possible alternative inputs.

Asset/liability	Significant unobservable inputs	Unobservable input to which reasonably possible changes are applied	Reasonably possible changes required
Advances	Credit	Scenario analysis	A range of scenarios are run as part of the group's credit risk management process for advances measured at fair value through profit or loss to determine credit losses and change in credit spreads in various economic conditions. The probability of default is adjusted either upwards or downwards versus the base case.
Investment securities	Credit, growth rates and P/E ratios of unlisted investments	Credit, growth rates and P/E ratios of unlisted investments	Increased and decreased by 10%
Other liabilities	Performance of underlying contracts	Profits on the underlying contracts	Increased and decreased by 10%

Information about valuation techniques and inputs used to derive level 3 fair values

	2023			2022		
	Reasonably possible alternative fair value			Reasonably possible alternative fair value		
N$'000	Fair value	Using more positive assumptions	Using more negative assumptions	Fair value	Using more positive assumptions	Using more negative assumptions
Advances	-	-	-	70 844	77 928	63 760
Investment securities	9 576	10 534	8 618	9 578	10 534	8 618
Total financial assets measured at fair value in level 3	**9 576**	**10 534**	**8 618**	**80 422**	**88 462**	**72 378**
Other liabilities	5 984	5 386	6 582	774	697	851
Total financial liabilities measured at fair value in level 3	**5 984**	**5 386**	**6 582**	**774**	**697**	**851**

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

32. Financial instruments designated at fair value through profit or loss

Certain instruments designated at fair value through profit or loss would meet the definition for classification as financial assets in terms of IFRS 9 were it not for the fair value designation i.e. unquoted debt instruments. The table below contains details on the carrying value of the advance designated as fair value through profit or loss:

N$'000	2023	2022
Included in advances	-	70 844

The change in credit risk is the difference between fair value of the advances based on the original credit spreads and the fair value of the advances based on the most recent market observable credit spreads.

There was no change in credit risk due to the difference between fair value of the advances based on the original credit spreads and the fair value of the advances based on the most recent market observable credit spreads.

In accordance with IAS 32 the group offsets financial assets and financial liabilities and presents the net amount in the statement of financial 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 is subject to a MNA in the form of an ISDA agreement with a derivative counterparty. 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 consolidated annual financial statements

for the year ended 30 June 2023 continued

33. Contingent liabilities and capital commitments

N$'000	2023	2022
Contingencies		
Guarantees *	1 728 920	1 886 063
Letters of credit	145 301	60 325
Total contingencies	**1 874 221**	**1 946 388**
Irrevocable unutilised facilities	2 360 573	2 373 024
Committed capital expenditure	50 410	133 959
Total contingencies and commitments	**4 285 204**	**4 453 371**

* 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 consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management

Overview of financial and insurance risks

The financial instruments recognised on the group's statement of financial position expose the group to various financial risks. The impact on the financial risks is described in the subsection below.

The risk report of the group appears on page 69 to 83 on the separate Integrated 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. 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.

Categories of financial instruments

Credit risk

Objective
Credit risk management objectives are two-fold:

- Risk control: Appropriate limits are placed on the assumption of credit risk and steps are taken to ensure the accuracy of credit risk assessments and reports. Deployed and central credit risk management teams fulfill this task.
- Management: Credit risk is taken within the constraints of the risk appetite framework. The credit portfolio is managed at an aggregate level to optimise the exposure to this risk. Business units and deployed risk functions, overseen by the group's credit risk management function in ERM and relevant board committees, fulfill this role.

Based on the group's credit risk appetite, as measured on the ROE, NIACC and volatility-of-earnings basis, credit risk management principles include holding the appropriate level of capital and pricing for risk on an individual and portfolio basis. The scope of credit risk identification and management practices across the group, therefore, spans the credit value chain, including risk appetite, credit origination strategy, risk quantification and measurement, as well as collection and recovery of delinquent accounts.

Assessment and management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure. Credit risk management across the group is split into three distinct portfolios: retail, commercial and corporate, and are aligned to customer profiles.

The assessment of credit risk across the group relies on internally developed quantitative models for addressing regulatory and business needs. 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).

Notes to the consolidated annual financial statements

for the year ended 30 June 2023 continued

34. Risk management continued

Categories of financial instruments continued

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.

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 FR100 the highest. External ratings have also been mapped to the master rating scale for reporting purposes. These mappings are reviewed and updated on a regular basis.

Mapping of FR grades to rating agency scales

FirstRand rating	Midpoint PD	RMB rating (based on S&P)
FR 1 - 14	0.06%	AAA, AA+, AA, AA-, A+, A, A-
FR 15 - 25	0.29%	BBB+, BBB(upper), BBB, BBB-(upper), BBB-, BB+(upper)
FR 26 - 32	0.77%	BB+, BB(upper), BB, BB-(upper)
FR 33 - 39	1.44%	BB-, B+(upper)
FR 40 - 53	2.52%	B+
FR 54 - 83	6.18%	B(upper), B, B-(upper)
FR 84 - 90	13.68%	B-
FR 91 - 99	59.11%	CCC
FR 100	100%	D (Defaulted)

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

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.

N$'000	2023	2022
Total exposure (items where credit risk exposure exist)		
Cash and cash equivalents		
Balances with other banks	3 988	77 771
Balance with central bank	1 248 173	1 756 192
Total cash and cash equivalents	1 252 161	1 833 963
Due from banks and other financial institutions	9 468 311	9 231 486
Advances		
Residential mortgages	15 973 903	15 219 288
Vehicle asset finance	1 728 502	1 685 739
Credit card	482 533	418 582
Personal loans	2 854 570	2 549 152
Other retail	463 344	418 889
FNB Commercial	5 679 750	5 612 639
FNB Commercial vehicle finance	2 031 947	1 439 855
RMB Corporate and Investment banking	6 235 058	4 618 420
Total advances	35 449 607	31 962 564
Derivative financial instruments	375 784	93 610
Debt investment securities		
Listed investment securities	5 189 130	4 619 929
Unlisted investment securities	4 759 896	2 796 828
Total debt investment securities	9 949 026	7 416 757
Accounts receivable	41 668	39 681
Guarantees	1 728 920	1 886 083
Letters of credit	145 301	60 325
Irrevocable commitments	2 360 573	2 373 024
Total	60 771 351	54 897 493

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Credit assets continued

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.

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 represent the difference between the impairment recognised on the statement of financial position using the actual LGD and a proxy unsecured LGD for all secured portfolios. The proxy unsecured 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.

2023

N$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Effect of financial collateral	Net exposure to credit risk	Unsecured	Secured
Total exposure							
(items where credit exposure exists)							
Cash and cash equivalents							
Balances with other banks	3 988	-	3 988	-	3 988	3 988	-
Balances with central bank	1 248 173	-	1 248 173	-	1 248 173	1 248 173	-
Total cash and cash equivalents	1 252 161	-	1 252 161	-	1 252 161	1 252 161	-
Due from banks and other financial institutions	9 468 311	-	9 468 311	-	9 468 311	9 468 311	-
Advances							
Residential mortgages	16 408 976	(435 073)	15 973 903	644 674	15 329 229	-	15 329 229
Vehicle and asset finance	1 794 879	(66 377)	1 728 502	40 618	1 687 884	-	1 687 884
Credit card	532 095	(49 562)	482 533	-	482 533	482 533	-
Personal loans	3 117 628	(263 058)	2 854 570	-	2 854 570	2 854 570	-
Other retail	539 111	(75 767)	463 344	-	463 344	463 344	-
FNB Commercial	6 003 963	(324 213)	5 679 750	24 748	5 655 002	3 810 553	1 844 449
Commercial vehicle finance	2 093 939	(61 992)	2 031 947	6 945	2 025 002	-	2 025 002
RMB Corporate and Investment banking	6 288 315	(53 257)	6 235 058	233 767	6 001 291	1 688 425	4 312 866
Total advances	36 778 906	(1 329 299)	35 449 607	950 752	34 498 855	9 299 425	25 199 430
Investment securities	9 953 680	(4 654)	9 949 026	-	9 949 026	9 949 026	-
Derivatives	375 784	-	375 784	-	375 784	-	-
Guarantees	1 728 920	-	1 728 920	-	1 728 920	-	-
Letters of credit	145 301	-	145 301	-	145 301	145 301	-
Irrevocable commitments	2 360 573	-	2 360 573	-	2 360 573	2 360 573	-

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Credit assets continued

2022

N$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Effect of financial collateral	Net exposure to credit risk	Unsecured	Secured
Total exposure							
(items where credit exposure exists)							
Cash and cash equivalents							
Balances with other banks	77 771	-	77 771	-	77 771	77 771	-
Balances with central bank	1 756 192	-	1 756 192	-	1 756 192	1 756 192	-
Total cash and cash equivalents	**1 833 963**	**-**	**1 833 963**	**-**	**1 833 963**	**1 833 963**	**-**
Due from banks and other financial institutions	9 231 486	-	9 231 486	-	9 231 486	9 231 486	-
Advances							
Residential mortgages	15 591 269	(371 981)	15 219 288	966 375	14 252 913	-	14 252 913
Vehicle and asset finance	1 741 921	(56 182)	1 685 739	22 031	1 663 708	-	1 663 708
Credit card	483 267	(64 685)	418 582	-	418 582	418 582	-
Personal loans	2 812 672	(263 520)	2 549 152	-	2 549 152	2 549 152	-
Other retail	486 655	(67 766)	418 889	-	418 889	418 889	-
FNB Commercial	6 005 726	(393 087)	5 612 639	19 406	5 593 233	3 666 124	1 927 109
FNB Commercial vehicle finance	1 545 688	(105 833)	1 439 855	15 954	1 423 901	-	1 423 901
RMB Corporate and investment banking	4 670 762	(52 342)	4 618 420	385 428	4 232 992	1 589 230	2 643 762
Total advances	33 337 960	(1 375 396)	31 962 564	1 409 194	30 553 370	8 641 977	21 911 393
Investment securities	7 421 281	(4 524)	7 416 757	-	7 416 757	7 416 757	-
Derivatives	93 610	-	93 610	-	93 610	-	-
Guarantees	1 886 063	-	1 886 063	-	1 886 063	-	-
Letters of credit	60 325	-	60 325	-	60 325	60 325	-
Irrevocable commitments	2 373 024	-	2 373 024	-	2 373 024	2 373 024	-

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. 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.

2023

	FR 33 - 90		FR 91 - 100	
N$'000	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
FNB Retail				
Stage 1	18 799 205	1 653 735	4 376	-
Stage 2	1 250 136	-	1 264 437	-
Stage 3	-	-	1 310 702	-
Total retail	20 049 341	1 653 735	2 579 515	-
FNB commercial				
Stage 1	6 897 650	1 099 787	26 038	-
Stage 2	272 049	-	205 336	-
Stage 3	-	-	460 656	-
Total commercial	7 169 699	1 099 787	692 030	-
RMB Corporate banking				
Stage 1	1 767 507	994 210	62	18 343
Stage 2	49 764	126 454	22	327
Stage 3	-	-	-	-
Total RMB Corporate banking	1 817 271	1 120 664	84	18 670
RMB Investment banking				
Stage 1	4 470 959	419 351	-	-
Stage 2	-	-	-	-
Fair value through profit or loss	-	-	-	-
Total RMB Investment banking	4 470 959	419 351	-	-

Notes to the consolidated annual financial statements

for the year ended 30 June 2023 continued

34. Risk management continued

Quality of credit assets continued

2022

	FR 33 - 90		FR 91 - 100	
N$'000	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
FNB Retail				
Stage 1	17 995 185	2 004 990	-	-
Stage 2	1 277 339	-	710 475	-
Stage 3	-	-	1 222 694	-
Total retail	19 272 524	2 004 990	1 933 169	-
FNB commercial				
Stage 1	6 119 987	952 673	19 107	-
Stage 2	597 831	-	157 266	-
Stage 3	-	-	565 230	-
Total FNB commercial	6 717 818	952 673	741 603	-
RMB Corporate banking				
Stage 1	1 009 846	1 334 314	17	14 471
Stage 2	17 774	7 969	1	4 995
Stage 3	-	-	-	-
Total RMB Corporate banking	1 027 620	1 342 283	18	19 466
RMB Investment banking				
Stage 1	3 603 409	-	-	-
Stage 2	-	-	-	-
Fair value through profit or loss	-	-	-	-
Total RMB Investment banking	3 603 409	-	-	-

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Analysis of impaired advances (stage 3)

The table 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.

	2023			2022		
N$'000	Gross carrying amount	Expected recoveries from collateral	Loss allowance	Gross carrying amount	Expected recoveries from collateral	Loss allowance
- Residential mortgages	969 725	694 453	275 272	866 135	664 105	202 030
- Vehicle asset finance	55 908	20 404	35 504	73 204	33 056	40 148
Total retail secured	**1 025 633**	**714 857**	**310 776**	**939 339**	**697 161**	**242 178**
- Credit card	60 906	733	60 173	47 748	967	46 781
- Personal loans	196 142	1 771	194 371	224 400	31 769	192 631
- Other retail	28 024	2 529	25 495	25 525	2 230	23 295
Total retail unsecured	**285 072**	**5 033**	**280 039**	**297 673**	**34 966**	**262 707**
- FNB commercial	424 746	226 026	198 720	497 904	276 335	221 569
- Commercial vehicle finance	35 911	18 257	17 654	53 009	6 352	46 657
- RMB Corporate and investment banking	-	-	-	-	-	-
Total corporate and commercial	**460 657**	**244 283**	**216 374**	**550 913**	**282 687**	**268 226**
Total stage 3	1 771 362	964 173	807 189	1 787 925	1 014 814	773 111
Stage 3 by category						
Overdrafts and cash management accounts	151 160	47 758	103 402	209 147	62 269	146 878
Term loans	206 120	119 758	86 362	189 853	124 190	65 663
Card loans	63 382	5 171	58 211	52 618	4 729	47 889
Instalment sales	88 858	37 227	51 631	119 562	36 568	82 994
Lease payments receivable	2 961	1 433	1 528	6 651	2 842	3 809
Property finance	1 061 064	746 798	314 266	985 694	752 447	233 247
Personal loans	197 817	6 028	191 789	224 400	31 769	192 631
Total stage 3	1 771 362	964 173	807 189	1 787 925	1 014 814	773 111

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. 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.

	2023	2022
N$'000	BB+ to B-	BB+ to B-
Investment securities at amortised cost		
Stage 1	9 376 281	7 111 806
Investment securities at fair value through other comprehensive income		
Stage 1	9 576	9 578
Investment securities at fair value through profit or loss		
Stage 1	563 169	295 373
Total investment securities	**9 949 026**	**7 416 757**
Other assets		
Stage 1	41 668	39 681
Cash and cash equivalents		
Stage 1	1 809 926	2 395 398
Due from banks and other financial institution		
Stage 1	9 468 311	9 231 486
Derivative assets		
Stage 1	375 784	93 610

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. 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.

2023

N$000's	Total advances	Off-balance sheet	Credit impaired advances	Security held and expected recoveries	Specific impairment
Agriculture	1 469 271	63 305	117 812	75 302	42 510
Banks and financial institutions	577 623	627 848	19 361	8 597	10 764
Building and property development	5 031 030	244 141	123 003	61 054	61 949
Government and public authorities	1 137 089	119 603	-	-	-
Individuals	22 412 038	1 474 208	1 310 608	722 022	588 586
Manufacturing and commerce	3 768 333	713 497	131 138	67 326	63 812
Mining	505 735	665 593	3 961	1 515	2 446
Transport and communication	641 510	140 773	23 035	7 555	15 480
Other services	1 236 277	263 239	42 444	20 802	21 642
	36 778 906	4 312 207	1 771 362	964 173	807 189

2022

N$000	Total advances	Off-balance sheet	Credit impaired advances	Security held and expected recoveries	Specific Impairment
Agriculture	1 566 088	62 977	136 856	83 264	53 592
Banks and financial institutions	1 343 232	569 510	17 902	7 022	10 880
Building and property development	3 873 899	214 882	185 781	102 223	83 558
Government and public authorities	863 621	27 386	-	-	-
Individuals	21 161 046	1 660 796	1 222 580	716 426	506 154
Manufacturing and commerce	2 342 877	594 668	158 669	76 167	82 502
Mining	100 787	522 671	5 955	2 093	3 862
Transport and communication	458 131	97 288	23 152	7 770	15 382
Other services	1 586 483	569 234	37 030	19 851	17 179
	33 296 164	4 319 412	1 787 925	1 014 816	773 109

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Concentration analysis of deposits

N$'000	2023	2022
Deposit current accounts and other loans		
Sovereigns, including central banks	1 112 627	965 249
Public sector entities	4 062 074	3 404 630
Local authorities	647 311	586 947
Banks	2 063	497
Corporate customers	23 308 138	19 971 399
Retail customers	13 620 162	12 185 484
Total deposits	42 752 375	37 114 206
Geographical analysis		
Namibia	42 752 375	37 114 206

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 is Namibian counter parties.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Credit risk mitigation and collateral held

Since taking and managing credit risk is core to its business, the group aims to optimise the amount of credit risk it takes to achieve its return objectives. Mitigation of credit risk is an important component of this, beginning with the structuring and approval of facilities only for those clients and within those parameters that fall within risk appetite.

Although, in principle, credit assessment focuses on the counterparty's ability to repay the debt, credit mitigation instruments are used where appropriate to reduced 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.

Credit risk mitigation instruments:

- Mortgage and instalment sale finance portfolios in FNB and WesBank are secured by the underlying assets financed;
- FNB Commercial credit exposures are secured by the assets of the SME counterparties and commercial property finance deals are secured by the underlying property and associated cash flows;
- Structured facilities in RMB are secured as part of the structure through financial or other collateral, including guarantees, credit derivative instruments and assets;
- Counterparty credit risk in RMB is mitigated through the use of netting agreements and financial collateral. For additional information relating to the use of the netting agreements.
- Personal loans, overdrafts and credit card exposures are generally unsecured or secured by guarantees and securities;
- Invoice finance is secured by the underlying receivables (trade invoices); and
- Working capital facilities in RMB corporate banking are secured.

The group employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement and subsequently where necessary through physical inspection or index valuation methods. For corporate and commercial counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained. For mortgage portfolios, collateral is revalued on an ongoing basis using an index model and physical inspection, which is performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Concentrations in credit risk mitigation types, such as property, are monitored and managed at a product and credit segment level, in line with the requirements of the group's credit risk appetite framework.

Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes as well as incorporating forward looking information.

The financial effect of collateral and other credit enhancements has been calculated separately per class of advance for the performing book (IBNR and portfolio specific impairments) and the non-performing book. The amounts disclosed above represents the difference between the impairment recognised on the statement of financial position using the actual LGD and a proxy LGD for all secured portfolios. The proxy LGD is based on the LGD used to determine the impairment recognised on the statement of financial position for unsecured portfolios.

Where there is no collateral or where collateral is disregarded for provisioning purposes, no financial effect is calculated.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Offsetting of financial assets and financial liabilities

Where appropriate, various instruments are used to mitigate the potential exposure to certain counterparties. These include financial or other collateral in line with common credit risk practices, as well as netting agreements, guarantees and credit derivatives. In addition, the group has set up a function to clear OTC derivatives centrally as part of risk mitigation.

The group uses the International Swaps and Derivatives Association (ISA) and International Securities Market Association agreements for the purpose of netting derivative transactions and repurchase transactions respectively. These master agreements as well as associated credit support annexes (CSA) set out internationally accepted valuation and default covenants, which are evaluated and applied daily, including daily margin calls based on the approved CSA thresholds.

Liquidity risk

Objective

The group strives to fund its activities in a sustainable, diversified, efficient and flexible manner, underpinned by strong counterparty relationships 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 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 deposit franchise through innovative and competitive product and pricing, while also improving the risk profile of its institutional funding. 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 structures, platforms and regulatory programmes to efficiently increase the available liquidity holdings.

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 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 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 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:

- 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 consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management 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.

2023

	Term to maturity			
N$'000	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total
Deposits and current accounts	35 367 502	5 335 716	3 248 544	43 951 762
Due to bank and other financial institutions	7 532 572	32 990	231 880	7 797 442
Derivative financial instruments	39 509	83 837	280 750	404 096
Creditors, accruals and provisions	865 635	3 003	86 035	954 673
Other liabilities	3 035	45 555	109 669	158 259
Lease liabilities	604	6 220	36 736	43 560
Financial liabilities	**43 808 857**	**5 507 321**	**3 993 614**	**53 309 792**
Off-balance sheet exposures				
Financial and other guarantees	1 859 721	14 500	-	1 874 221
Other contingencies and commitments	2 360 573	-	-	2 360 573

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Undiscounted cash flows continued

2022

N$'000	Term to maturity Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total
Deposits and current accounts	31 390 560	4 574 355	2 090 734	38 055 649
Due to bank and other financial institutions	7 253 201	23 644	16 017	7 292 862
Short trading position	31 864	-	-	31 864
Derivative financial instruments	227 448	-	-	227 448
Creditors, accruals and provisions	384 619	42 267	-	426 886
Other liabilities	3 758	37 863	142 125	183 746
Lease liabilities	4 871	15 715	26 949	47 535
Financial liabilities	**39 296 321**	**4 693 844**	**2 275 825**	**46 265 990**
Off-balance sheet exposures				
Financial and other guarantees	927 509	886 896	71 658	1 886 063
Other contingencies and commitments	2 373 024	-	-	2 373 024

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Discounted cash flows

The following table represents the group's contractual discounted cash flows of total assets, liabilities and equity for the group. 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.

2023

	Term to maturity			
N$'000	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total
Total financial assets	12 765 715	7 725 112	36 603 495	57 094 322
Total financial liabilities	42 930 665	5 692 517	2 857 304	51 480 486
Net liquidity gap	(30 164 950)	2 032 595	33 746 191	-
Cumulative liquidity gap	(30 164 950)	(28 132 355)	5 613 836	-

2022

	Term to maturity			
N$'000	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total
Total financial assets	12 169 518	4 812 552	34 157 426	51 139 496
Total financial liabilities	38 670 288	4 979 817	1 538 664	45 188 769
Net liquidity gap	(26 500 770)	(167 265)	32 618 762	-
Cumulative liquidity gap	(26 500 770)	(26 668 035)	5 950 727	-

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 consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Non-traded market risk

Interest rate risk in the banking book

Interest rate risk in the banking book originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products.

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 at management of the group’s discretion. 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 monetary policy rate. The size of this portfolio is approximately N$11.9 billion (2022: N$11.1 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$180million (2022: N$285 million). A similar increase in interest rates would result in an increase in projected 12-month NII of N$183 million (2022: N$233 million).

Banking book NAV sensitivity to interest rate movement as a percentage of total group capital

%	2023 Change in period 12-month NII	2022 Change in period 12-month NII
Downward 200 bps	(14.67%)	(13.46%)
Upward 200 bps	14.89%	13.31%

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Effect of IBOR reform

The London Interbank Offered Rate (LIBOR) has been the reference interest rate that underpinned trillions of loans and derivative contracts worldwide. The reform of these reference interest rates and their replacement with ARRs is a priority for global regulators. The group established a steering committee in the 2020 financial year consisting of key finance, risk, IT, treasury, legal and compliance personnel, as well as external advisors to oversee the group's Interbank offered rate (IBOR) reform transition plan. This steering committee developed a transition project for affected contracts and potential future contracts with the aim of minimising the potential disruption to business, mitigating operational and conduct risks and possible financial losses.

On 5 March 2021, LIBOR's administrator, the ICE Benchmark Administration Limited (ICE), announced the cessation of several IBOR settings after 31 December 2021. The publication of EUR, CHF, JPY and GBP LIBOR for all tenors ceased on 31 December 2021. The one-week and two-month USD LIBOR tenors were also discontinued on 31 December 2021. The announcement by ICE noted that the remaining USD LIBOR tenors would be discontinued after 30 June 2023.

The group will continue to transition all other instruments exposed to other IBOR rates, as and when the related ARRs become available and on the instruments reset dates. Aldermore has fully transitioned to the Sterling Overnight Index Average (SONIA).

Although, there is currently no indication as to when JIBAR will be replaced, several proposed ARRs and calculation methodologies have been released by the South African Reserve Bank (SARB).

The group currently has a number of contracts, including derivatives which reference JIBAR and extend beyond 2023. The group has an established steering committee, consisting of key finance, risk, IT, treasury, legal and compliance personnel, and external advisors, that has previously overseen the group's IBOR related reforms and transition planning in respect of USD/GBP LIBOR. The group will apply the same transitioning policies to affected JIBAR contracts with the aim of minimising the potential disruption to business, mitigating operational and conduct risks as well as possible financial losses).

The table below shows the financial instruments, including derivatives, held for trading or used by the group in fair value hedges that are subject to IBOR reforms which have not yet transitioned to the replacement rates as at 30 June 2023 and which will not have matured by the related IBOR cessation date. LIBOR cessation occurred on 31 December 2021 for GBP, EUR, JPY, CHF and USD for one-week and two-months tenors, and is expected to occur on 30 June 2023 for all other USD LIBOR tenors.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

34. Risk management continued

Financial assets subject to LIBOR reform that have not transitioned to replacement rates at 30 June 2023:

Financial asset line item

	2023	2022
N$'000	USD LIBOR	USD LIBOR
Advances	-	264 693
Total assets recognised on the balance sheet subject to LIBOR reform	**-**	**264 693**

No financial liabilities in the group are subject to LIBOR reform as at 30 June 2023.

Short-term insurance products

The risk arises from the group's short-term insurance operations.

The terms and conditions of short-term insurance contracts have a material effect on the amount, timing and uncertainty of future cash flows. The key risks associated with general insurance contracts are claims experience. The provisions for these contracts are refined at least annually. As claims experience develops, certain claims are settled, further claims are revised and new claims are reported. The reasonableness of the estimation process is tested by management and reviewed on a regular basis. The group believes that the liability for claims carried at end of the year is adequate.

The short-term insurance products offered by the group include:

- **Liability** - provides cover for risks relating to the incurring of a liability other than from risk covered more specifically under another insurance contract.
- **Motor** - provides indemnity cover relating to the possession, use or ownership of a motor vehicle. The cover includes comprehensive cover, third party, fire and theft, and third-party liabilities.
- **Personal accident** - provides compensation arising out of the death or disability directly caused by an accident occurring anywhere in the world, provided that death or disability occurs within 12 months of this injury.
- **Property** - provides indemnity relating to movable and immovable property caused by perils such as fire, explosion, earthquakes, acts of nature, burst geyser and pipes, malicious damage, impact, alterations and additions.

Notes to the consolidated annual financial statements

for the year ended 30 June 2023 continued

35. Segment information

35.1 Reportable segments

Group's chief operating decision maker	Chief executive officer
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. Operating segments whose total revenue, absolute profit or loss for the period or total assets are 10% or more of all the segments' revenue, profit or loss or total assets, are reported separately.
Major customers	The FirstRand group 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	**Products and services**
FNB	FNB represents FirstRand's activities in the retail and commercial segments. FNB offers a diverse set of financial products and services to market segments including consumer, small business, agricultural, medium corporate, parastatals and government entities. FNB's products cover the entire spectrum of financial services – transactional, lending, short-term insurance, investment and savings – and include mortgage loans, credit and debit cards, personal loans, funeral, credit life, and savings and investment products. Services include transactional and deposit taking, card acquiring, credit facilities, insurance and FNB distribution channels (branch network, ATMs, call centres, cellphone and online). FNB Short Term Insurance Company Ltd represents the group's short term insurance.
RMB	RMB represents the group's activities in the corporate and investment banking. RMB offers corporate finance, leveraged finance, resources sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate broking, loan syndications, advisory, corporate transactional banking and principal investments. 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. Ashburton Investments offers focused traditional and alternative investment solutions to individual and institutional investors and combines established active fund management expertise with alternative investment solutions from product providers across the FirstRand Namibia group.
FCC and other	FCC represents group-wide functions including group treasury (capital funding and liquidity and financial resource management) group finance group tax enterprise risk management regulatory and conduct risk management and group internal audit. FCC has a custodianship mandate which includes managing relationships on behalf of the group with key external stakeholders (e.g. shareholders debt holders regulators) and the ownership of key group strategic frameworks (e.g. performance measurement risk/ reward). Its objective is to ensure the group delivers on its commitments to stakeholders. The reportable segment includes all management accounting and consolidated entries.
The group operates within the borders of Namibia and no material segment operations are outside Namibia.	

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

35. Segment information continued

35.1 Reportable segments

	Group		FNB		RMB		FCC and other	
N$'000	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income before impairment of advances	2 696 197	2 202 575	2 128 267	1 679 608	409 840	321 397	158 090	201 570
Impairment and fair value of credit advances	(213 572)	(95 365)	(212 641)	(95 545)	(931)	180	-	-
Net impairment income after impairment of advances	2 482 625	2 107 210	1 915 626	1 584 063	408 909	321 577	158 090	201 570
Non-interest revenue	2 207 775	1 980 980	1 914 186	1 754 186	300 955	268 934	(7 366)	(42 140)
Net insurance premium income	147 638	129 568	147 638	129 568	-	-	-	-
Net claims and benefits paid	(92 549)	(70 609)	(92 549)	(70 609)	-	-	-	-
Income from operations	4 745 489	4 147 149	3 884 901	3 397 208	709 864	590 511	150 724	159 430
Operating expenses	(2 429 685)	(2 238 323)	(2 122 511)	(1 933 685)	(298 967)	(298 795)	(8 207)	(5 843)
Net income from operations	2 315 804	1 908 826	1 762 390	1 463 523	410 897	291 716	142 517	153 587
Indirect tax	(53 944)	(41 359)	(38 552)	(29 607)	(5 127)	(4 728)	(10 265)	(7 024)
Profit before tax	2 261 860	1 867 467	1 723 838	1 433 916	405 770	286 988	132 252	146 563
Income tax expense	(700 687)	(594 621)	(534 017)	(456 574)	(125 701)	(91 380)	(40 969)	(46 667)
Profit for the year	1 561 173	1 272 846	1 189 821	977 342	280 069	195 608	91 283	99 896
The income statement includes:								
Depreciation	100 734	102 420	99 065	101 114	1 533	1 168	136	139
Amortisation	19 828	17 483	5 120	2 739	893	739	13 815	14 005
The statement of financial position includes:								
Investment securities	9 949 026	7 416 757	81 755	71 113	490 990	225 004	9 376 281	7 120 640
Advances	35 449 607	31 962 564	29 214 550	27 342 094	6 235 057	4 620 470	-	-
Total assets	58 331 340	52 442 196	31 129 503	26 893 297	10 232 124	8 353 902	16 969 713	17 194 997
Deposits	42 752 375	37 114 206	24 160 878	21 403 726	11 447 719	9 702 386	7 143 778	6 008 094
Total liabilities*	52 347 200	46 169 969	29 142 754	26 692 428	9 740 132	8 237 290	13 464 314	11 240 255

* Total liabilities are net of interdivisional balances.

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

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.

36. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standard	Impact assessment	Effective date
IFRS 17	**Insurance contracts** IFRS 17 is the new standard that prescribes the accounting for insurance contracts and will replace the current insurance contracts standard, IFRS 4. IFRS 17 aims to provide more transparency and comparability between insurance companies and other industries by providing a prescriptive approach to determining policyholder liabilities, as well as the release of profits on these contracts to the income statement. The recognition of insurance revenue will be consistent with that of IFRS 15. Insurance revenue is derived from the movement in liability for the remaining insurance coverage period. The insurance contract liability is initially made up of: • fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policyholders; and • the contractual service margin (CSM), which represents the unearned profit the entity will recognise as it provides services over the coverage period. Subsequently, the liability will comprise two components, namely the liability for remaining coverage (fulfilment cash flows and the CSM) and the liability for incurred claims (fulfilment cash flows for claims and expenses incurred but not yet paid). The group continues its implementation project on IFRS 17, including the integration of purchased IFRS 17 specific software. As part of the project of transitioning to IFRS 17, the group will use a mix of all transitional approaches allowed under IFRS 17. The impact of IFRS 17 on opening retained earnings will only be reliably determinable once the implementation project progresses further, as the insurance business is currently undergoing a system change which is anticipated to be concluded by 30 September 2023.	Annual periods commencing on or after 1 January 2023
IAS 1	**Amendments to classification of liabilities as current or non-current** The IAS 1 amendments clarify the requirements for classifying liabilities as current or non-current. More specifically: • The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. • Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. • The amendments clarify the situations that are considered settlement of a liability. The group presents its assets and liabilities in order of liquidity in the statement of financial position. The impact of this amendment would impact the disclosure of current versus non-current liabilities in the notes to the financial statements. The group does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2024

Notes to the consolidated annual financial statements
for the year ended 30 June 2023 continued

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.

36. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE continued

Standard	Impact assessment	Effective date
IAS 1 continued	**Amendments to classification of liabilities as current or non-current** continued These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. However, these clarifications could result in reclassification of some liabilities from current to non-current, and vice versa. The amendment will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined, however not expected to have a significant impact on the company.	
IAS 1	**Disclosure of accounting policies – amendments to IAS 1 and IFRS Practice Statement 2** The IASB issued amendments to IAS 1 and an update to IFRS Practice Statement 2 Making Materiality Judgements to help preparers provide useful accounting policy disclosures. The key amendments to IAS 1 include: • Requiring companies to disclose their material accounting policies rather than their significant accounting policies; • Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The amendment is not expected to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2023
IAS 8	**Definition of accounting estimates** The amendments to IAS 8 introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendment is not expected to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2023
IAS 12	**Deferred tax related to assets and liabilities arising from a single transaction** The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result a deferred tax asset and a deferred tax liability will need to be recognised for temporary differences arising on initial recognition of a lease and decommissioning provision. The amendment is not expected to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2023

Capital management

Capital management

FirstRand Namibia has maintained a sound capital position with the highest capital adequacy ratio (CAR) in the market. The group continues to endeavour to maintain sufficient capital that exceeds regulatory and economic capital requirements. The group's capital is managed on a forward-looking basis, considering the three-year forecast including budget and stress scenarios. The group's long-term strategy is to increase balance sheet resilience, diversify advances exposures, improve market liquidity and increase non institutional funding. The core objective of Capital Management is to maintain sound capital ratios and strong credit rating which is in line with our risk profile and risk tolerance objectives.

The group's objectives when managing capital in all its forms are:

- To comply with the capital adequacy requirements (CAR) set by the Bank of Namibia as per BID 5A and BID 5.
- To maintain sound capital ratios and quality of capital during calm and turbulent periods of the economy and financial markets.
- To safeguard the group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders.
- To maintain a strong capital base to support the growth of its business, protect its depositors and creditors and to promote and uphold public confidence.
- To maintain strong credit rating

Governance and oversight

The board approved capital management framework sets the objectives, policies and principles relating to the capital management processes. This is based on the following three elements:

- Maintaining optimal capital levels to meet regulatory and economic capital requirements.
- Managing optimum levels of capital mix to ensure capital efficiency and deliver sustainable targeted rate of return for shareholders.
- Ensure balance sheet strength over the long term, to support business strategy and investment opportunity.

Effective and successful capital planning and management is only achievable through well-defined roles and responsibilities. The capital management framework is updated and reviewed on an annual basis.

The board is responsible for approving the capital management framework while the Assets, Liability and Capital compliance committee (ALCCO) is answerable for ensuring compliance with the framework. The Group Treasurer is accountable for the timeous update of the framework.

Capital risk management

The bank maintains a capital buffer above the regulatory minimum requirement. Capital stress testing is done annually as part of the internal capital adequacy assessment process ("ICAAP"). The stress test measures the impact on the balance sheet based on macro-economic and idiosyncratic stress scenarios and the consequent impact on earnings and capital adequacy levels. Thereby testing the adequacy of the existing capital buffer..

The ICAAP as stipulated in Pillar III of Basel 3 requires banks to identify and assess risks, maintain sufficient capital to face these risks and apply appropriate risk management techniques to maintain adequate capitalization. The assessment of risks for the ICAAP include credit, market, operational and interest rate risk.

The Risk, Capital and Compliance Committee (RCCC), a board designated committee is responsible for the group's ICAAP. Capital planning is part of regular forecasts and scenario testing, which aligns with dividend decisions and growth projections.

Dividend policy

The dividend policy plays a pivotal role in the management of the group's CET1 position. The long-term dividend cover range remains unchanged at 1.5x to 2.5x. The interim and final dividends were 209.70 cents and 368.14 cents respectively. A special dividend of 186.85 cents were declared at interim.

Capital management continued

Capital overview and compliance

The supply of capital consists of the sum of Tier 1 and Tier 2. The criteria of the instruments that qualifies as regulatory capital is stipulated in the BID 5A.

The following diagram illustrates the key components of the various capital instruments:

TIER 1

CET 1

- Share capital and premium
- Retained earnings
- Other reserves
- Non-controlling interests
- Less deductions
  - Goodwill and intangibles
  - Deferred tax assets
  - Investment in financial and banking entities
  - Other

Additional Tier 1

- Qualifying capital instruments

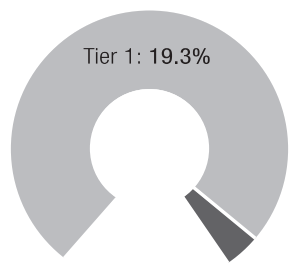
TIER 2

- Qualifying capital instruments
- Revaluation reserves
- Loan loss reserves
- Unaudited profits
  (approved by the board, with a phase-out over 5 years, after which only "reviewed" profits are included in Tier 1 capital)

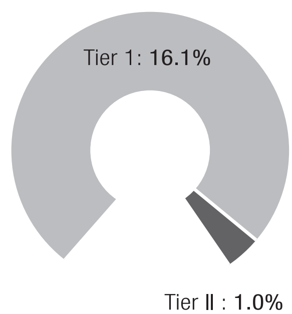
Banking group

The group continues to maintain a position of strength and remained well capitalised with a Common Equity Tier 1 (CET1) ratio of 16.1%. The capital adequacy ratio (CAR) for both Bank and Group exceeds the Board set targets.

June 2022



June 2023



Capital management continued

Regulatory developments and proposals

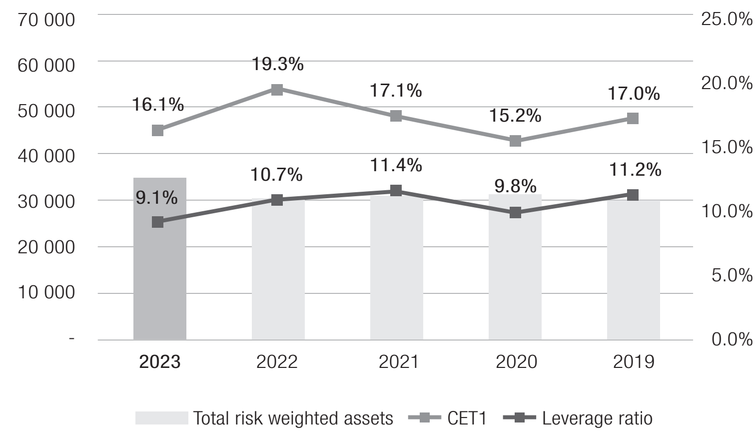
During 2018 BoN published BID-5A, an updated determination on the measurement and calculation of capital charges for credit risk, operational risk and market risk for domestic systemically important banks, which came into effect on 01 September 2018. The updated determination introduced major adjustments to capital components, measures, limits, and new buffers. The applicable capital minimum ratios per year to the original end-state requirement of 2022 would have been as per below.

However, the capital relief which came into effect in 2020 in response to the COVID-19 (BID-33) pandemic lapsed effective 2 April 2023. Although BON has not indicated the new implementation for end state, the group is adequately capitalised to comply with end-state capital requirements. Furthermore, the single obligor limit of 30% as per the group's qualifying capital, remained unchanged as gazetted in BID33.

BID33 effective 2 April 2023 issued in response to the Covid - 19 pandemic introduced measures to provide relief to the banking institutions and its customers for a period to 1 April 2024 or until revoked.

The group commended the actions the Bank of Namibia has taken to try to mitigate the economic impact of the Covid-19 turmoil as these measures will provide banking institutions the necessary flexibility to respond to the client's needs, thereby supporting the economy during these challenging times.

Capital highlights



The minimum leverage ratio as per the implemented determination is 6% and is defined as Tier 1 capital divided by total on- and off-balance sheet exposures.

	Phased-in 2020	Phased-in 2021	End-state 2022	Covid relief	FNBN	FSR group	Board limits
Core equity	6.0%	6.0%	6.0%	6.0%	14.5%	17.0%	0.0%
Capital conservation buffer	1.5%	2.0%	2.5%	0.0%	1.6%	-	0.0%
CET1 minimum	7.5%	8.0%	8.5%	6.0%	16.1%	17.0%	>11.5%
Additional Tier 1	1.5%	1.5%	1.5%	1.5%	-	-	0.0%
Tier 1 (minimum)	9.0%	9.5%	10.0%	7.5%	16.1%	17.0%	0.0%
Tier 2 (maximum)	2.5%	2.5%	2.5%	2.5%	1.0%	0.9%	0.0%
Total CAR minimum	11.5%	12.0%	12.5%	10.0%	17.1%	17.9%	>14.0%

Capital management continued

Capital adequacy of Banking Operations and Regulated consolidated group

	Banking operations Year end 30 June		Regulated consolidated group Year end 30 June	
N$'000	**2023**	2022	**2023**	2022
Risk weighted assets				
Credit risk	28 826 566	25 308 970	28 898 330	25 457 697
Market risk	104 141	61 931	104 141	61 931
Operational risk	5 628 704	5 155 755	5 818 033	5 307 437
Total risk weighted assets	34 559 411	30 526 656	34 820 504	30 827 065
Regulatory capital				
Share capital and share premium	1 142 792	1 142 792	282 148	282 148
Retained profits	4 468 011	4 821 003	5 760 643	6 033 954
Other disclosure reserves	10 913	4 893	-	-
Capital impairments*	(63 428)	(67 454)	(118 976)	(95 562)
Total tier 1	5 558 288	5 901 234	5 923 815	6 220 540
Eligible subordinated debt	-	-	-	-
General risk reserve, including portfolio impairment	360 332	316 362	360 491	316 384
Capital impairments*	-	-	(50 707)	(19 945)
Total tier 2	360 332	316 362	309 784	296 439
Total tier 1 and tier 2 capital	5 918 620	6 217 596	6 233 599	6 516 979
Consolidated group				
Capital adequacy ratios				
Tier 1	16.1%	19.3%	17.0%	20.2%
Tier 2	1.0%	1.0%	0.9%	1.0%
Total	17.1%	20.3%	17.9%	21.2%
Tier 1 leverage ratio	9.1%	10.7%	10.2%	11.8%

* Includes intangible assets, investment in deconsolidated entities and investment in significant minority and majority insurance entities.

FirstRand Namibia Limited

Company Annual Financial Statements

FirstRand Namibia Limited

Company statement of comprehensive income

for the year ended 30 June

N$'000	Notes	2023	2022
Interest and similar income	2	4 545	2 765
Net interest income		4 545	2 765
Non-interest revenue			
- gains less losses from investing activities	3	1 967 063	738 855
Income from operations		1 971 608	741 620
Operating expenses	4	(2 669)	(3 285)
Income before tax		1 968 939	738 335
Indirect tax	5	(453)	(285)
Profit before tax		1 968 486	738 050
Direct tax	5	(1 410)	(885)
Profit for the year		1 967 076	737 165
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1 967 076	737 165
Profit for the year attributable to:			
Equity holders of the parent		1 967 076	737 165
Total comprehensive income for the year attributable to:			
Equity holders of the parent		1 967 076	737 165

FirstRand Namibia Limited

Company statement of financial position

for the year ended 30 June

N$'000	Notes	2023	2022
Assets			
Cash and cash equivalents		29 363	19 442
Loan to group companies	8	166 934	175 868
Investment securities	9	10 256	13 822
Investments in subsidiaries	10	1 324 693	1 263 171
Total assets		1 531 246	1 472 303
Equity and liabilities			
Liabilities			
Creditors and accruals		29 441	20 613
Tax liability		215	153
Total liabilities		29 656	20 766
Equity			
Ordinary shares	11	1 338	1 338
Share premium	11	280 810	280 810
Reserves		1 219 442	1 169 389
Capital and reserves attributable to ordinary equity holders		1 501 590	1 451 537
Total equity and liabilities		1 531 246	1 472 303

FirstRand Namibia Limited

Company statement of changes in equity

for the year ended 30 June

N$'000	Share capital	Share premium	Share capital and share premium	Retained earnings	Total ordinary shareholders' funds
Balance at 1 July 2021	1 338	280 810	282 148	1 157 403	1 439 551
Total comprehensive income for the year	-	-	-	737 165	737 165
Ordinary dividends	-	-	-	(725 178)	(725 178)
Balance at 30 June 2022	1 338	280 810	282 148	1 169 389	1 451 537
Total comprehensive income for the year	-	-	-	1 967 076	1 967 076
Ordinary dividends	-	-	-	(1 917 023)	(1917 023)
Balance at 30 June 2023	1 338	280 810	282 148	1 219 442	1 501 590

FirstRand Namibia Limited
Company statement of cash flows
for the year ended 30 June

N$'000	Notes	2023	2022
Cash flows from operating activities			
Net cash generated from operations	14	1 977 768	740 944
Indirect tax paid	5	(453)	(285)
Income tax paid	6	(1 348)	(842)
Net cash flow from operating activities		1 975 967	739 817
Cash flows from investing activities			
Loan repayment by group companies		47 907	57 729
Loan advances to group companies		(38 973)	(73 784)
Repayments received from preference shares		3 566	4 423
Acquisition of non controling interest		(61 523)	-
Net cash flow from investing activities		(49 023)	(11 632)
Cash flows from financing activities			
Dividends paid		(1 917 023)	(725 178)
Net cash flow from financing activities		(1 917 023)	(725 178)
Net increase in cash and cash equivalents		9 921	3 007
Cash and cash equivalents at the beginning of the year		19 442	16 435
Cash and cash equivalents at the end of the year		29 363	19 442

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June

N$'000	2023	2022
1. Accounting policies		
The financial statements of FirstRand Namibia Limited are prepared according to the same accounting principles used in preparing the consolidated financial statements of FirstRand Namibia group. For detailed accounting policies refer to pages 10 to 48 of this consolidated annual financial statements.		
2. Analysis of interest income		
Revenue other than from contract from customers		
Interest income - amortised cost	4 545	2 765
3. Non-interest revenue		
Dividend income		
- Subsidiaries	1 924 992	698 899
- Equities	42 071	39 725
Equity instruments at fair value through profit or loss:		
- Revaluation of investment securities through profit or loss	-	231
Gross gains less losses from investing activities	1 967 063	738 855
4. Operating expenses		
Auditors' remuneration - external		
- Audit fees	1 568	1 461
Professional fees	719	1 376
Other operating costs		
- Other operating expenses	382	448
Total operating expenses	2 669	3 285

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

N$'000	2023	2022
5. Tax		
Current - direct		
Local income tax - current period	1 410	885
Indirect taxes		
Value added tax	315	285
Non resident shareholders tax	138	-
Total taxes	1 863	1 170
6. Income tax paid		
Amounts (payable)/receivable at the beginning of the year	153	110
Current tax per comprehensive income	1 410	885
Balance (payable)/receivable at the end of the year	(215)	(153)
Total tax paid for the year	1 348	842
Tax rate recon		
Standard rate	32.00%	32.00%
Non-taxable amounts - dividend income	(31.98%)	(32.03%)
Non-deductible amounts	0.04%	0.15%
Effective tax rate	0.06%	0.12%
7. Dividends		
Final dividend (18 August 2022: 319.84 cents), (18 August 2021: 118 cents)	855 875	315 760
Interim dividend (8 February 2023: 209.70 cents), (10 February 2022: 153 cents)	561 148	409 418
Special dividend (8 February 2023: 186.85 cents)	500 000	-
	1 917 023	725 178

Final dividend of 368.14 cents (2022: 319.84 cents) per share was declared subsequent to year-end.

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

N$'000	2023	2022
8. Loan to / (from) group companies		
Balances with Talas Properties (Windhoek) (Pty) Ltd	166 934	127 961
Balances with FNB Namibia Incentive Share Trust	-	47 907
	166 934	175 868

All the shares held by the FNB Namibia incentive share trust has been sold during the year, the proceeds were used to fully repay the loan.

N$'000	2023	2022
9. Investment securities		
Fair value through profit or loss		
Equity investment (preference shares)	680	4 246
Fair value through other comprehensive income		
Equity investment	9 576	9 576
Total	10 256	13 822
10. Investments in subsidiaries		
Investments in subsidiaries		
Unlisted investments		
Carrying value at beginning of the year	1 263 170	1 263 170
Acquisition of non-controlling interest	61 523	-
Carrying value at end of the year	**1 324 693**	**1 263 170**

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

10. Investments in subsidiaries

The list of subsidiaries are:	Nature	Ownership %	Voting rights %	2023	2022
First National Bank of Namibia Ltd	Banking	100	100	1 142 792	1 142 792
FNB Easy Loan Ltd	Other	100	100	45 975	45 975
RMB Investments (Pty) Ltd	Other	100	100	-	-
FNB Fiduciary Namibia (Pty) Ltd	Other	100	100	-	-
Talas Properties (Windhoek) (Pty) Ltd	Other	100	100	2 967	2 967
FNB Short Term Insurance Company of Namibia Ltd	Insurance	100	100	68 034	6 511
FNB Insurance Brokers (Namibia) (Pty) Ltd	Other	100	100	27 904	27 904
Ashburton Unit Trust Management Company Ltd	Other	100	100	5 475	5 475
Ashburton Fund Managers Namibia (Pty) Ltd	Other	100	100	250	250
Pointbreak Trusts and Estates (Pty) Ltd	Other	100	100	(728)	(728)
Pointbreak Wealth Management (Pty) Ltd	Other	100	100	1 549	1 549
Ashburton Investment Managers (Pty) Ltd	Other	100	100	30 475	30 475
Pointbreak Investment Management (Pty) Ltd	Other	100	100	-	-
				1 324 693	1 263 170

The following trusts are controlled by FirstRand Namibia Limited:

- FNB Namibia Incentive share trust
- FNB Namibia Staff assistance trust

The carrying amount of these investments is N$ nil.

10.1 Acquisition and disposal of subsidiaries

On 30 September 2022 the group acquired the remaining 49% stake in the short-term insurance company, which was rebranded to FNB Short Term Insurance Company Ltd on 1 March 2023. The group previously held 51% shareholding and the remaining 49% was held by OUTsurance SA.

The details of the recognised amounts of assets and liabilities assumed at the acquisition date are set out below:

N$'000	2023	2022
Loss on acquisition	20 414	-
Non controlling interest in subsidiary at acquisition	41 109	-
	61 523	-
Consideration paid	61 523	-

Refer to note 30 in the group financial statements for full related party transactions and balances.

FirstRand Namibia Limited
Notes to the company annual financial statements
for the year ended 30 June continued

N$'000	2023	2022
11. Share capital		
Authorised		
990 000 000 (2022: 990 000 000) ordinary shares with a par value of N$0.005 per share	4 950	4 950
10 000 000 (2022: 10 000 000) cumulative convertible redeemable preference shares with a par value of N$0.005 per share	50	50
	5 000	5 000
Issued		
267 593 250 (2022: 267 593 250) ordinary shares with a par value of N$0.005 per share	1 338	1 338
2 (2022: 2) cumulative convertible redeemable preference shares with a par value of N$0.005 per share		
	1 338	1 338
Share premium	280 810	280 810

Term of preference shares: redeemable at 31 days notice by either party. The dividend rights in terms of the agreement with the shareholder are based on the actual profits made, per agreed adjustments, of a portion of the short-term insurance business.

The unissued ordinary and preference shares are under the control of the directors until the next annual general meeting.

All issued shares are fully paid up.

12. Liquidity, credit and market risk information

The assets and liabilities of the company consist mainly of non-financial assets and liabilities which are not materially subject to liquidity, credit and market risk for IFRS 7 purposes.

Accounts receivable and creditors and accruals are repayable on demand or short notice and within Namibia.

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

N$'000	2023	2022
13. Fair value information		
Fair value hierarchy disclosure		
The company shows an investment in equities and this is measured at fair value and analysed below by valuation technique. The classification of instruments is based on the lowest level input that is significant to fair value measurement in its entirety. A description of the nature of the techniques used to calculate valuations and definitions of Levels is set out in note 33 of the group financial statements.		
Level 3		
Recurring fair value measurements		
Fair value through other comprehensive income		
Investment securities	9 576	9 576
Fair value through profit or loss		
Investment securities	680	4 246

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.

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

13. Fair value information continued

2023	Opening balance	Gains or losses recognised in profit and loss	Gains or losses recognised in other comprehensive income	Purchases/ (sales)/ issues/ (settlements)	Closing balance
Assets					
Fair value through other comprehensive income					
Investment securities	9 576	-	-	-	9 576
Fair value through profit or loss					
Investment securities	4 246	-	-	(3 566)	680
Total financial assets	13 822	-	-	(3 566)	10 256

2022	Opening balance	Gains or losses recognised in profit and loss	Gains or losses recognised in other comprehensive income	Purchases/ (sales)/ issues/ (settlements)	Closing balance
Assets					
Fair value through other comprehensive income					
Investment securities	9 576	-	-	-	9 576
Fair value through profit or loss					
Investment securities	8 438	231	-	(4 423)	4 246
Total financial assets	18 014	231	-	(4 423)	13 822

FirstRand Namibia Limited
Notes to the company annual financial statements
for the year ended 30 June continued

N$'000	2023	2022
14. Cash generated from operations		
Profit before tax	1 968 939	738 335
Adjusted for		
Revaluation of investment securities	-	(231)
Working capital changes		
Increase/(decrease) in creditors and accruals	8 829	2 840
	1 977 768	740 944

Shareholders' information

Shareholders' information

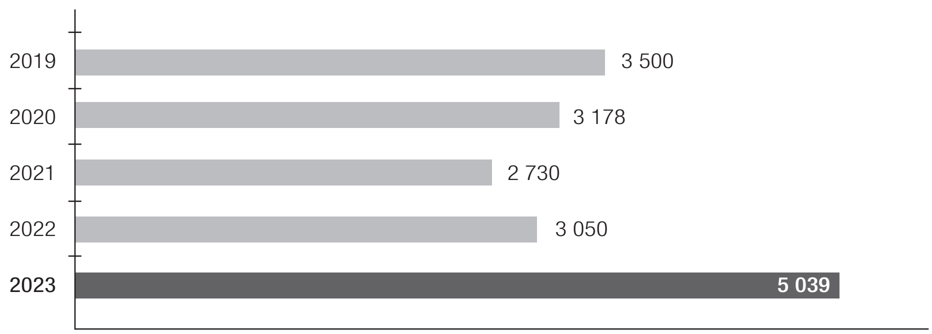
Shareholder's diary

Financial Year End	30 June 2023
Declaration Date	23 August 2023
SENS Announcement - Including availability on website	14 September 2023
LDR/ Record Date	13 October 2023
Trade Cum Div (last day to trade)	06 October 2023
Trade ex div	09 October 2023
Annual General Meeting	19 October 2023
Payment date	27 October 2023

Stock exchange performance

	2023	2022
Share price (cents)		
- high for the year	5 039	3 051
- low for the year	2 976	2 731
- closing price per share	5 039	3 050
Number of shares traded ('000)	5 157	6 979
Value of shares traded (N$'000)	194 558	208 256
Number of shares traded as % of issued shares	1.93	2.61
Average price (cents)	3 773	2 984

Closing share price - Ordinary - a year on year increase of 65%



Register for electronic communication

FirstRand Namibia Limited recognises that electronic communications promote faster shareholder communications, achieve print and postage cost savings and reduce the impact it has on the environment. All shareholders are requested to register to receive documents electronically by contacting Transfer Secretaries (Pty) Ltd at +264 61 227 647 and ts@nsx.com.na.

UPDATING BANKING DETAILS TO RECEIVE DIVIDENDS DIRECTLY INTO YOUR BANK ACCOUNT

Any shareholders who do not receive dividends directly into their bank account, or shareholders who have outstanding dividends owed to them, are encouraged to contact the Transfer Secretaries (Pty) Ltd office or their registered stockbroker to obtain the requisite forms. The following categories of shareholders are to provide the listed supporting documents, which list is not exhaustive.

INDIVIDUAL INVESTORS	DECEASED ESTATES
i. A certified copy of ID Book/Card or valid Passport (for foreign nationals). ii. Signed and stamped Bank Confirmation Letter (with shareholder ID number disclosed thereon). Alternatively, a certified copy of bank statement to verify bank account details. iii. A certified copy of a document issued by NAMRA to verify tax number. Where shareholder does not have a tax number, this is to be confirmed in writing. iv. A certified copy of your service bill e.g., rates account, electricity bill or telephone bill bearing your name and current residential address (or erf or stand number and suburb) not older than three months in order to verify your physical address details.	i. A certified copy of executor's ID Book/Card or valid Passport (for foreign nationals). ii. A certified copy of Letters of Executorship or Letters of Authority iii. A certified Power of Attorney iv. An instruction on the executor's letterhead advising of the death of the shareholder and requesting that we update our records. If the estate is not administered by an attorney or an institution, we will require a service bill reflecting the residential address in order to verify the physical address of the executor or executrix. v. Bank confirmation letter (with your ID number disclosed thereon). Please note that the bank account must be in the name of the estate. vi. A certified copy of a document issued by NAMRA to verify the estates' tax number (where one has been issued). If you do not have a tax number, please confirm this in writing.

COMPANIES	MINORS
CM1 Certificate of Incorporation, CM22 Certificate of Registered Address and CM29 form, all bearing the stamp of the Registrar of Companies and signed by the Company Secretary. Close Corporation / CC: CC1 Founding Statement bearing the stamp of the Registrar and signed by an authorised member. Trust: Trust Certificate issued by Master of the High Court bearing the stamp of the High Court. Other legal entities: Registration document and Constitution or other founding documentation in terms of which the legal entity is created. and: Original certified copy of a board minute/resolution detailing persons authorised to act on behalf of the company/close corporation/trust/legal entity for share dealing and other purposes. - On an applicable letterhead, a list of authorised persons with each one's specimen signature and contact particulars. - Original certified copies of the identity documents of the authorised signatories and Directors or CEO or principal officer. - A certified copy of service bill of all Directors/CEO/authorised signatories e.g., rates account, electricity bill or telephone bill bearing your name and current residential address (or erf or stand number and suburb) not older than three months in order to verify your physical address details.	i. If the shares are registered in the name of a minor, we require written confirmation from the natural guardian, stating the capacity in which he or she is signing or in the case of a legal guardian, attach a certified copy of the Letters of Guardianship. ii. A certified copy of the birth certificate of the minor. iii. A certified copy of the identity document of the guardian. iv. Signed and stamped letter from your bank on a letterhead confirming your banking details (with your ID number disclosed thereon). v. Alternatively, we will accept a certified copy of your bank statement (not an internet bank statement or cancelled cheque) to verify your bank account details. vi. A certified copy of your service bill e.g., rates account, electricity bill or telephone bill bearing your name and current residential address (or erf or stand number and suburb) not older than three months in order to verify your physical address details

Simplified group structure

General public	FirstRand EMA Holdings (Pty) Ltd	GIPF
25.9%	58.4%	15.7%

FirstRand
NAMIBIA

Banking		Capital markets and investments		Other activities		Insurance	
100%	First National Bank of Namibia Ltd	**100%**	Ashburton Property Unit Trust Management Compant Ltd	**100%**	FNB Fiduciary Namibia (Pty) Ltd	**100%**	FNB Short Term Insurance Company Limited
100%	Swabou Investments (Pty) Ltd	**100%**	Ashburton Unit Trust Management Compant Ltd	**100%**	FNB Nominees (Namibia) (Pty) Ltd		
		100%	Pointbreak Investment Management (Pty) Ltd	**100%**	FNB Insurance Brokers (Namibia) (Pty) Ltd		
		100%	Ashburton Investment Managers (Pty) Ltd	**100%**	Talas Properties (Windhoek) (Pty) Ltd		
		100%	RMB Investment (Pty) Ltd	**100%**	Pointbreak Trust and Estates (Pty) Ltd		
		100%	Pointbreak Wealth Management (Pty) Ltd				

Analysis of ordinary shareholders

Range of shareholders	Number of shareholders	%	Number of shares	%
1 - 999	1 216	45.1%	424 308	0.2%
1 000 - 1 999	402	14.9%	516 970	0.2%
2 000 - 2 999	198	7.3%	481 130	0.2%
3 000 - 3 999	107	4.0%	360 168	0.1%
4 000 - 4 999	65	2.4%	284 515	0.1%
5 000 - 9 999	221	8.2%	1 494 538	0.6%
over 10 000	486	18.0%	264 031 621	98.7%
	2 695	100%	267 593 250	100.0%
Shareholder type				
Corporate bodies	41	1.5%	163 821 001	61.2%
Nominee companies	103	3.8%	85 335 601	31.9%
Private individuals	2 512	93.2%	15 783 386	5.9%
Trusts	39	1.4%	2 653 262	1.0%
	2 695	100%	267 593 250	100.0%
Geographic ownership				
Namibian including unknown	2 521	93.5%	105 667 136	39.5%
Other Africa	157	5.8%	157 834 732	59.0%
International	17	0.6%	4 091 382	1.5%
Total	2 695	100%	267 593 250	100.0%

Major shareholders	Number of shares	%
FIRSTRAND EMA HOLDINGS (PTY) LTD	156 271 536	58.4%
GOVERNMENT INSTITUTIONS PENSION FUND	42 104 874	15.7%
OLD MUTUAL LIFE ASSURANCE COMPANY (NAMIBIA) LTD	6 515 497	2.4%
THE BANK OF NEW YORK MELLON	4 041 900	1.5%
SOVEREIGN CAPITAL (PTY) LIMITED	3 788 490	1.4%
ALLAN GRAY NAMIBIA BALANCED FUND	3 654 428	1.4%
INVESTEC NAMIBIA TRUSTEE ACCOUNT (NAMAN)	3 447 043	1.3%
CHAPPA'AI INVESTMENTS FORTY TWO (PTY) LTD	3 018 199	1.1%
RETIREMENT FUND FOR LOCAL AUTHORITIES AND UTILITY SERVICES IN NAMIBIA	2 579 719	1.0%
BENCHMARK RETIREMENT FUND	2 299 149	0.9%

FirstRand EMA Holdings (Pty) Ltd and Government Institutions Pension Fund are the only shareholders who beneficially hold more than 5% of the issued ordinary shares in the Company.

Corporate information

REGISTERED OFFICE	FirstRand Namibia Ltd Registration number: 88/024 @Parkside, 130 Independence Avenue, c/o Fidel Castro P O Box 195, Windhoek, Namibia Tel: +264 (61) 299 2111 www.firstrandnamibia.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
GROUP COMPANY SECRETARY	Nelago Makemba 2nd Floor, @Parkside 130 Independence Avenue, c/o Fidel Castro P O Box 195, Windhoek, Namibia Tel: +264 (61) 299 2111
EXTERNAL AUDITORS	Deloitte & Touche Namibia Jan Jonker Road, Maerua Mall Complex Windhoek, Namibia PO Box 47, Windhoek, Namibia Tel: +264 (61) 285 5000 www.deloitte.com/na
SPONSOR	Cirrus Securities (Pty) Ltd Member of the NSX 35 Schanzen Road, Windhoek, Namibia P O Box 27, Windhoek, Namibia Registration No: 98/463 E-mail: sponsor@cirrus.com.na Tel: +264 (61) 256 666
TRANSFER SECRETARIES	Transfer Secretaries (Pty) Ltd 4 Robert Mugabe Avenue P O Box 2401, Windhoek, Namibia Registration No: 93/0713 E-mail: ts@nsx.com.na Tel: +264 (61) 227 647

Notice of annual general meeting

FirstRand Namibia Ltd
Incorporated in the Republic of Namibia
(Registration number: 88/024)
ISIN: NA0003475176
Share Code (NSX): FNB
(FirstRand Namibia Ltd or the company)

Notice of annual general meeting

Notice is hereby given to all holders of ordinary shares in the company that the thirty sixth (36th) Annual General Meeting of the shareholders of FirstRand Namibia Ltd will be held via electronic media or in the Etosha Boardroom, FirstRand Namibia Ltd, 5th Floor, @Parkside, 130 Independence Avenue, c/o Fidel Castro, Windhoek, on 19 October 2023 at 14:00. Shareholders are advised that should they wish to attend the AGM via electronic media, email a request to **shareholder@fnbnamibia.com.na**. A link to the event will be provided as well as the registration document.

Kindly take note that the voting will be by proxy only and the AGM will deal with the following business:

1. Ordinary resolution number 1: Annual Financial Statements

Resolved that the Annual Financial Statements for the year ended 30 June 2023 as approved by the Board of Directors on 23 August 2023, including the report of the external auditors, Audit Committee, and Directors' report be approved. The Annual Financial Statements were made available via the Securities Exchange News Service (SENS), have been distributed electronically, and are available on the Company's website:
https://www.firstrandnamibia.com.na

2. Ordinary resolution number 2: Confirmation of dividends

To confirm the ordinary dividends of the financial year 577.84 (2022: 472.84) cents per share.
To confirm the special dividends of 186.85 cents per share.

3. Ordinary resolution number 3: Re-election of Directors

Peter Grüttemeyer, Jan Coetzee and Emile van Zyl retire as directors of the company in terms of the company's Articles of Association. The directors who, being eligible, offer themselves for re-election. Biographical information of the three (3) directors to be re-elected is set out on pages 25, 27 and 28 of the separate integrated annual report.

Ordinary resolution number 3.1
Resolved that Peter Grüttemeyer is hereby re-elected as an independent non-executive director of the company.

Ordinary resolution number 3.2
Resolved that Jan Coetzee is hereby re-elected as an independent non-executive director of the company.

Ordinary resolution number 3.3
Resolved that Emile van Zyl is hereby re-elected as an independent non-executive director of the company.

4. Ordinary resolution number 4: Vacancies filled by Directors

Vacancies on the board are filled by the appointment of directors during the year, upon the recommendation of the Directors Governance Committee and the board. The following directors were appointed by the board effective 1 August 2022, 1 December 2022, and 1 February 2023 respectively to fill vacancies in accordance with the Act and the company's Articles of Association and are now recommended by the board for election by shareholders by way of separate resolutions.

Notice of annual general meeting

4. Ordinary resolution number 4: Vacancies filled by Directors continued

Ordinary resolution number 4.1

Resolved that Rajendra Makanjee, be and is hereby elected as a non-executive director of the company.

The abridged curricula vitae of the director standing for election for ordinary resolution number 4.1 is set out on page 28 of the separate integrated annual report.

Ordinary resolution number 4.2

Resolved that Libertha Dewina Kapere, be and is hereby elected as an independent non-executive director of the company.

The abridged curricula vitae of the director standing for election for ordinary resolution number 4.2 is set out on page 27 of the separate integrated annual report.

Ordinary resolution number 4.3

Resolved that Markus Johannes Lubbe is hereby elected as an independent non-executive director of the company.

The abridged curricula vitae of the director standing for election for ordinary resolution number 4.3 is set out on page 29 of the separate integrated annual report.

Ordinary resolution number 4.4

Resolved that Otto Nakasole Shikongo is hereby elected as an independent non-executive director of the company.

The abridged curricula vitae of the director standing for election for ordinary resolution number 4.4 is set out on page 28 of the separate integrated annual report.

5. Ordinary resolution number 5: Audit Committee Member vacancies filled

On the recommendation of the of the Directors Governance Committee, Libertha Dewina Kapere and Markus Johannes Lubbe, were appointed by the Audit Committee to fill vacancies in accordance with the Audit Committee Charter, Articles of Association, the Companies Act, and the Banking Institutions Act; and is now recommended by the Board for election by the Shareholders.

Ordinary resolution number 5.1

Resolved that Libertha Dewina Kapere is hereby elected as a member of the Audit Committee.

Ordinary resolution number 5.2

Resolved that Markus Johannes Lubbe is hereby elected as a member of the Audit Committee.

6. Ordinary resolution number 6: Re-appointment of Audit Committee Member

That the following directors be re-appointed as members of the Audit Committee.

Ordinary resolution number 6.1

Resolved that Emile van Zyl is hereby re-appointed as a member of the Audit Committee for the Financial Year.

7. Ordinary resolution number 7: Appointment of Auditors

Resolved that, as recommended by the Audit Committee, Ernst & Young Namibia is hereby appointed as the auditors of the company. It is further resolved to authorise the directors to determine the remuneration of the auditors. This is in line with the mandatory rotation of external auditors. Their recommendation of appointment follows a due process in identifying the audit firm to take over from Deloitte & Touche Namibia for the ensuing financial year.

8. Ordinary resolution number 8: Control of Unissued Shares

Resolved that the directors be and are hereby authorised, to allot or issue all or any of the authorised but unissued shares in the capital of the company on such terms and conditions as they deem fit, subject to the provisions of the Banking Institutions Act 2 of 1998, Companies Act 28 of 2004 (the Act), the Articles of Association of the company and the Listings Requirements of the Namibia Stock Exchange (NSX).

Notice of annual general meeting continued

9. Ordinary resolution number 9: Non-Executive Director Remuneration

The Namcode recommends that companies should remunerate directors fairly and responsibly. Included in this is the duty of the Talent and Remuneration Committee to advise on remuneration of non-executive directors. The approved fees should recognise the responsibility borne by the directors throughout the year and not only during the meetings. Management mandated by the Talent and Remuneration Committee, embarked on an exercise to do a comparative industry study of the Directors Fees and table same to the Committee for their recommendation and approval. The fees below are reflective of this alignment to industry. The proposed increase represents an alignment of the fees to industry.

Resolved that the annual fees of the non-executive directors or members, as reflected below be approved for the 2024 financial year:

	No of meetings per annum	Calculated fee per meeting	Proposed 2024 annual fee
FirstRand Namibia Ltd Board			
Member	4	18 052	72 208
Deputy Chair	4	27 078	108 312
Chair	4	31 591	126 364
Audit Committee			
Member	4	25 531	102 124
Chair	4	63 182	252 728
Risk Capital and Compliance Committee			
Member	4	21 275	85 100
Chair	4	31 913	127 652
Talent and Remuneration Committee			
Member	2	17 871	35 742
Chair	2	26 807	53 614
Directors Governance Committee			
Member	3	17 020	51 060
Chair	3	29 785	89 355
Senior Credit Risk Committee			
Member	25	10 315	257 875
Chair	25	10 727	268 175
Information Technology Risk and Governance Committee			
Member	4	13 409	53 636
Chair	4	15 859	63 436
Asset Liability and Capital Committee			
Member	4	10 667	42 668
Chair	4	18 212	72 848
Social, Ethics & Sustainability Committee			
Member	4	13 409	53 636
Chair	4	15 018	60 072
First National Bank of Namibia Ltd Board			
Member	4	36 104	144 416
Deputy Chair	4	54 156	216 624
Chair	4	72 208	288 832
Ad-hoc work Standard hourly rate for ad hoc work including attending director interviews, board training and board strategy sessions	Ad hoc		2 578

Notice of annual general meeting continued

10. Ordinary resolution number 10: Remuneration Policy

Resolved that the existing remuneration policy remain in force, no changes are proposed to the current policy and shareholders ratify the current Remuneration Policy which was approved by the Shareholders at the 21 October 2021 Annual General Meeting.

11. Ordinary resolution number 11: Authority to sign documents

Resolved that each director and/ or the Group Company Secretary, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the resolutions passed at the Annual General Meeting of the company and set out in this notice.

Voting:

All holders of FirstRand Namibia Ltd shares will be entitled to attend the Annual General Meeting. Voting will be by proxy only. All holders of FirstRand Namibia Ltd shares will be entitled to vote by proxy prior to the Annual General Meeting. Voters are required to submit their votes by proxy to the Transfer Secretaries of the Company, who will submit their votes at the Annual General Meeting on their behalf. The holders of ordinary shares will each be entitled to one vote for every ordinary share held.

Proof of identification required:

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend the shareholders' meeting. Forms of identification include valid identity documents and passports.

Proxies:

Each member entitled to attend the Annual General Meeting is entitled to appoint one or more proxies (none of whom need be a member of the company) to attend, speak and, on a poll, to vote in his/her stead. The form of proxy for the Annual General Meeting, which sets out the relevant instructions for its completion, accompanies this notice. In order to be effective, duly completed forms of proxy must be received at the office of the Transfer Secretaries of the company by no later than 15:00 on Monday, 16 October 2023.

By order of the board FirstRand Namibia Limited

Nelago Makemba
Group Company Secretary
14 September 2023

Registered office
FirstRand Namibia Ltd
@Parkside
130 Independence Avenue, c/o Fidel Castro
P O Box 195, Windhoek, Namibia

Transfer Secretaries
4 Robert Mugabe Avenue, Windhoek

Form of Proxy

For completion by the registered ordinary shareholders who hold ordinary shares of FirstRand Namibia Ltd and who are unable to attend the 2023 annual general meeting of the Company via electronic media or in person, on Thursday, 19 October 2023 at 14:00 (the annual general meeting).

I/We . . . .
(*Name in full*)

Holder number . . . . being the holder(s)

of . . . . ordinary shares in the FirstRand Namibia Ltd do hereby appoint:

1. . . . . or failing him/her
2. . . . . or failing him/her
3. the chairperson of the annual general meeting,

FirstRand
NAMIBIA

FirstRand Namibia Limited
(Incorporated in the
Republic of Namibia)
(Registration number 88/024)
NSX Share Code: FNB
ISIN: NA 0003475176
(the Company)

the chair of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting (as the case may be) which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote on such resolution in respect of the shares in the issued capital of FirstRand Namibia Ltd registered in my/our name/s in accordance with the following instructions (see note):

		Insert an X		
Resolutions		For*	Against*	Abstain*
Ordinary Resolution 1	Approval of Annual Financial Statements for 30 June 2023			
Ordinary Resolution 2	Confirmation of dividends			
Ordinary Resolution 3	Re-election of directors by way of separate resolutions:			
	Peter Grüttemeyer (Independent Non-Executive Director)			
	Jan Coetzee (Independent Non-Executive Director)			
	Emile van Zyl (Independent Non-Executive Director)			
Ordinary Resolution 4	Vacancies filled by Directors during the year by way of separate resolutions:			
	Rajendra Makanjee (Non-Executive Director)			
	Libertha Dewina Kapere (Independent Non-Executive Director)			
	Markus Johannes Lubbe (Independent Non-Executive Director)			
	Otto Nakasole Shikongo (Independent Non-Executive Director)			
Ordinary Resolution 5	Election of Audit Committee Members by way of separate resolution:			
	Libertha Dewina Kapere			
	Markus Johannes Lubbe			
Ordinary Resolution 6	Re-appointment of Audit Committee Member:			
	Emile van Zyl			
Ordinary Resolution 7	Appointment of external auditors and authority to determine their remuneration			
Ordinary Resolution 8	Control of unissued shares			
Ordinary Resolution 9	Approval of Non-Executive Director Remuneration			
Ordinary Resolution 10	Approval of the Remuneration Policy			
Ordinary Resolution 11	Authority to sign documents			

* Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the voting box provided. A cross is deemed to represent all shares held by the holder.

Signed at . . . . this . . . . day of 2023

Signature . . . .

Assisted by me (where applicable) (State capacity and full name) . . . .

Form of Proxy continued

Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Notes:

A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chair of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

A shareholder is entitled to one vote on a show of hands and on a poll one vote in respect of each Share held. A resolution put to the vote shall be decided by a show of hands unless before, or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the annual general meeting.

1. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of the member's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.

2. Forms of proxy must be received at the Company's transfer secretaries, Transfer Secretaries (Proprietary) Limited, 4 Robert Mugabe Avenue (entrance on Dr. Theo-Ben Gurirab Street), Windhoek (PO Box 2401) Windhoek, Namibia by no later than 15:00 on Monday, 16 October 2023. Alternatively, forms of proxy may be sent to the Company's transfer secretaries by way of telefax (+264 61 248531), provided that such telefaxes are received by the transfer secretaries by no later than 15:00 on Monday, 16 October 2023.

3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chair of the annual general meeting.

5. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.

6. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.

7. The chair of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chair is satisfied as to the manner in which the member wishes to vote.

8. Where there are joint holders of ordinary shares:

   i. any one holder may sign the form of proxy:

   ii. the vote of the senior (for that purpose seniority will be determined by the order in which the names of the member appear in FirstRand Namibia Limited's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint shareholder/s.

FirstRand Namibia Limited "the Company"
Incorporated in the Republic of Namibia
Registration number: 88/024
Share code (NSX): FNB
ISIN: NA 0003475176

Layout & Design :: Imagine Design

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