FirstRand
NAMIBIA

Consolidated annual financial statements

for the year ended 30 June **2024**

Reporting suite

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

This consists of our:

Annual Integrated Report

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

Consolidated Annual Financial Statements

Presenting the financial results of the FirstRand Namibia Limited Group and Company.

Contents

Directors' responsibility and approval

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 (SA)(NAM), (Group Chief Financial Officer) supervised the preparation of the annual financial statements for the year.

In preparing the consolidated and separate annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The consolidated and separate annual financial statements incorporate full and responsible disclosure in line with the group philosophy on corporate governance and as required by the Namibian Stock Exchange. The group has complied in all material respects with the requirements set out in BID2 with regards to asset classification, suspension of interest and provisioning. The group's policies with this regard are stated in the notes on accounting policies, disclosed on pages 11 to 52.

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

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

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

The group's external auditors, Ernst & Young Namibia, have audited the consolidated and separate annual financial statements and their report appears on page 3 to 8.

Approval of financial statements

The consolidated annual financial statements of the group, which appear on pages 9 to 151 and the separate annual financial statements of the company, which appear on pages 153 to 165 were approved by the board of directors on 22 August 2024 and signed on its behalf by:

P Grüttemeyer
Chairperson

C Dempsey
Chief Executive Officer

Windhoek
22 August 2024

Independent audit report

Independent Auditor's Report

To the shareholders of FirstRand Namibia Limited

Opinion

We have audited the consolidated and separate annual financial statements of FirstRand Namibia Limited and its subsidiaries ("the group") set out on pages 9 to 151 and 153 to 165, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including a summary of material accounting policy information and the directors' report.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter - Group	How the matter was addressed in the audit
Valuation of expected credit losses on advances	
Significant macroeconomic uncertainty persists in the environment in which the Group operates. Consequently, management has continued to exercise judgement to ensure that the final Expected Credit Loss (ECL) is aligned to the requirements of International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) and industry developments. This judgement includes the setting of macroeconomic scenarios and associated probabilities, as well as the forecasting of macroeconomic variables under the set scenarios. Impairment of advances is a matter of most significance to our current year audit due to the following: • Advances are material to the consolidated financial statements. • The level of subjective judgement applied in determining the ECL on advances. • Event-driven uncertainty and its impact on the assessment of ECL. The Group's advances fall into three broad customer segments for which significant audit or attention was required: • Retail, Commercial and Corporate The credit impairment models, which outline the Group's macroeconomic forecasting principles are subject to formal model governance and approval.	Our audit of expected credit losses (ECL) of advances included the following procedures to address the key areas of significant judgement and estimation uncertainty in determining the ECL. We performed these procedures with the assistance of our economic, credit and actuarial specialists: • Across all significant portfolios, assessed the advances impairment policies and practices applied by inspecting the Group's policies and comparing it against the requirements of IFRS 9. • Assessed the Group's probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario views and associated probabilities against the principles of IFRS 9. • Assessed the forecasts for appropriateness against the Group's macroeconomic forecasting principles by reviewing the approval of these macroeconomic variables by the appropriate governance structures through discussions with management, inspecting documentation and comparing to our own and benchmarked economic forecasts and independent market data, as well as attendance at the governance forums.

Independent audit report continued

Independent Auditor's Report continued

To the shareholders of FirstRand Namibia Limited

Key Audit Matter - Group	How the matter was addressed in the audit
Valuation of expected credit losses on advances	
Retail and commercial advances Retail and commercial advances are higher in volume and lower in value and, therefore, a significant portion of credit impairments are calculated on a portfolio basis. This requires the use of statistical models incorporating data and assumptions which are not always observable. The areas of significant judgement and estimation uncertainty relating to the retail and commercial advances customer segment include: **Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement** • Input assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).	**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 economic, credit and actuarial experts: **Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement** • Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry, and assessed these against the requirements of IFRS 9. • Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model. • Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results.
Evaluation of SICR Evaluating whether there has been a Significant Increase in Credit Risk (SICR) event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).	**Evaluation of SICR** Evaluated the appropriateness of the SICR triggers adopted by management and tested whether this was correctly and consistently applied in the models by performing an independent SICR efficacy assessment to confirm the appropriateness of the implemented PD thresholds and that the required SICR has been recognised.
Incorporation of macro-economic inputs and forward-looking information into the ECL measurement • The incorporation of probability-weighted forward-looking information (FLI) and consideration of the appropriate macro-economic inputs into the ECL calculations.	**Incorporation of macro-economic inputs and forward-looking information into the ECL measurement** • Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP), Consumer Price Index (CPI), and the central bank rates; and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used. • Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated. • Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9.

Independent audit report continued

Independent Auditor's Report continued
To the shareholders of FirstRand Namibia Limited

Key Audit Matter - Group	How the matter was addressed in the audit
Valuation of expected credit losses on advances	
Assessment of post model adjustments • Assessing the appropriateness and impact of the macro-economic uncertainty assumptions on the forward-looking econometric information not incorporated into the respective models but rather in post model adjustments. • Assessing the completeness of the post model adjustments.	**Assessment of post model adjustments** • Performed industry analysis and assessed individual counterparties using publicly available information to evaluate the appropriateness of the macroeconomic assumptions applied in the post-model adjustments raised and released. • Assessed the inherent limitations of the ECL models within the banking portfolios, including the limitation of past performance, emerging industry risks which are not yet present in the current data, macroeconomic forecast challenges and sectoral stresses, by benchmarking against our own economic forecasts and building our own independent model which incorporates our own point estimates and inputs. • Assessed the completeness of the post model adjustments against our own research and publicly available information including country, sector, Group and portfolio specific risk factors.
Corporate advances Corporate advances are dealt with on a case-to-case basis unlike retail and commercial advances. This also requires the use of statistical models incorporating data and assumptions which are not always observable. The areas of significant judgement and estimation uncertainty relating to the corporate advances customer segment include:	**Corporate advances** We performed the following procedures on the ECL for all material corporate advances portfolio with the assistance of our economic, credit and actuarial experts:
Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement • Input assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).	**Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement** • Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry and assessed these against the requirements of IFRS 9. • Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model. • Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results.

Independent audit report continued

Independent Auditor's Report continued
To the shareholders of FirstRand Namibia Limited

Key Audit Matter - Group	How the matter was addressed in the audit
Valuation of expected credit losses on advances	
Evaluation of SICR • Evaluating whether there has been a Significant Increase in Credit Risk (SICR) event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).	Evaluation of SICR • Selected a sample of performing advances and assessed if the application of the SICR trigger was reasonable by forming an independent view based on publicly available information and management's periodic credit reviews.
Incorporation of macro-economic inputs and forward-looking information into the ECL measurement • Assessing the appropriateness and impact of probability-weighted macro-economic uncertainty on the forward-looking econometric information incorporated into the respective models.	Incorporation of macro-economic inputs and forward-looking information into the ECL measurement • Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP), Consumer Price Index (CPI), and the central bank rates; and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used. • Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated. • Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9.
Assessment of ECL raised for Stage 3 exposures • Assumptions used to estimate the realisable values and timing of future cash flows of individual exposures, which have been classified as non-performing The related disclosures in the consolidated financial statements are included in: • Critical accounting estimates: Impairment of financial assets: - Note 15: Advances; - Note 16: Impairment of advances; - Note 36: Risk management; and - Accounting policies: Financial Instruments (section 4).	Assessment of ECL raised for Stage 3 exposures • Assessed the Stage 3 LGD, EAD and PD assumptions used by management by inspecting the methodology used for providing for non-performing loans and comparing these against the requirements of IFRS 9.

Independent audit report continued

Independent Auditor's Report continued
To the shareholders of FirstRand Namibia Limited

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

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

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

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

Other Matter
The consolidated and separate annual financial statements of the Group for the year ended 30 June 2023, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate annual financial statements on 13 September 2023.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent audit report continued

Independent Auditor’s Report continued
To the shareholders of FirstRand Namibia Limited

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements continued

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young

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

Ernst & Young Namibia
Cnr Otto Nitzsche and Maritz Streets
Box 1857
10005
Windhoek, Namibia

Date: 11 September 2024

Directors' Report

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

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, a short term insurance provider and Ashburton Investments, an investment management business.

Refer to page 168 for a simplified Group Structure.

2. Review of financial results and activities

These annual financial statements have been prepared in accordance with IFRS® Accounting Standards, including interpretations issued by the IFRS Interpretations Committee, the Financial 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 company and consolidated annual financial statements on pages 9 to 151 and 153 to 165 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 chairman's report (page 15), the chief executive officer's report (page 42) and the chief financial officer's report (page 80) in the separate annual integrated 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 (2023: 990 000 000) ordinary shares of 0.5 cents each and 10 000 000 (2023: 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%** (2023: 58.4%)
Government Institutions Pension Fund	**15.7%** (2023: 15.7%)

A detailed analysis of shareholders is set out on page 169.

Share analysis – preference shares

RMB SI Investments (Pty) Ltd	**100%** (2023: 100%)

4. Dividends

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

Cents per share	2024	2023
Ordinary dividend		
Interim (declared February)	173.52	209.70
Final (declared August)	180.16	368.14
Special dividend		
Interim (declared February)	-	186.85
Total dividends	353.68	764.69

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

* *Appointed as Board Deputy Chairperson effective 19 October 2023.*
** *South African.*
# *South African with Namibian permanent residence.*
^ *South African and Irish*

Directors' Report continued

5. Directorate continued

Board changes

During the period under review and at the date of this report the following appointments to the board of directors also took place in respect of FirstRand Namibia Limited.

Appointments

LP Smit	24 July 2023
SL Balsdon	15 July 2024

Directors' emoluments

Directors' emoluments are disclosed in note 7 to the annual consolidated 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	2024 Direct	2023 Direct
P Grüttemeyer	130 060	106 000
C Dempsey	51 031	45 905
LP Smit	7 000	-
	188 091	151 905

The register of interests of directors and others in the 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 into 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 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 32 to the annual consolidated financial statements.

11. Events after 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 Accounting Standards as issued by the International Accounting Standards Board (IASB), including IFRIC Interpretations, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, NSX Listings Requirements, the Banking Institutions Act and requirements of the Companies Act of Namibia. FirstRand Namibia Limited is a limited company, domiciled and incorporated in Namibia.

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

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

- The adoption of IFRS 17 - Insurance Contracts (refer to Note 1.3 in the Accounting Policies for detail); and
- The presentation of the statement of cash flows.

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

The group prepares consolidated financial statements which include the assets, liabilities and results of the operations of 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. 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 37).

1.1 Application of the going concern principle

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

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

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

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.2 Presentation of financial statements, functional and foreign currency

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

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

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.3 Impact of the adoption of new accounting standards

IFRS 17 TRANSITION

Impact of IFRS 17 adoption	
Introduction	IFRS 17 is the first IFRS accounting standard for measuring and reporting for insurance contracts, replacing IFRS 4. IFRS 4 allowed insurers to continue with local practices which were inconsistent amongst peers even within the same jurisdictions. The adoption of IFRS 17 does not impact the economic value of the insurance business or the total profit or loss recognised over the lifetime of any insurance contract, but rather governs the timing and amount of profit that is recognised as insurance services are rendered to the policyholder.
Overview of the group's IFRS 17 impact	In terms of IFRS 17, insurers are required to determine the contract boundaries and discount future cash flow in accordance with the contract boundaries. The contract universe has been completed for the group's short term insurance and the measurement model has been concluded that Premium Allocation Approach (PAA) would the most appropriate given the nature of the business. The group's short term insurance writes insurance contracts without direct participation features and the contract boundary is less than one year, as such the PAA is applied. The group has elected not to discount the liability for remaining coverage for insurance contracts issued measured using the PAA. A similar methodology is applied to reinsurance contracts. Reference to insurance contracts therefore refer to both insurance and reinsurance contracts, unless specified.
Transition approach	Insurance revenue under the PAA will primarily be recognised by allocating the premiums based on the passage of time. Given this is how the group has accounted for the recognition of revenue in the past, there is no material change to the timing of the recognition of profits. The default transition approach under IFRS 17 is the fully retrospective approach where the entity calculates the impact of IFRS 17 as if it had always applied IFRS 17. The Group has assessed the impact of adopting IFRS 17 on its net asset value at 1 July 2022 and 30 June 2023 to be immaterial (i.e. there have been no measurement changes in respect of the group's insurance liabilities and reinsurance assets. Therefore, there is no retrospective adjustment to retained earnings as at 1 July 2022 and similarly at 1 July 2023. The Group has however updated its statement of comprehensive income and updated its statement of financial position to ensure that the line items used align to the new requirements of IFRS 17. The updates had no change to the total profits, total assets and liabilities previously reported. Refer to the statement of comprehensive income and note 4 for further details regarding the income statement presentation changes. For the balance sheet Policyholder liabilities is renamed to Insurance liabilities.

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.3 Impact of the adoption of new accounting standards continued

IFRS 17 TRANSITION continued

Impact of IFRS 17 adoption continued	
Measurement changes	Under IFRS 4, the group did not recognise prospective reserves nor the excess of the estimated cash inflows over the estimated cash outflows (referred to as zerorisation) and as such, policyholder liabilities primarily comprised premiums received in advance, represented by the unearned premiums reserve as well as estimated claims and reported claims, represented by the incurred but not yet reported (IBNR) reserve, and the outstanding claims reserve (OCR). Similarly, for reinsurance contracts held, the reinsurance asset only included insurance premiums paid in advance as well as claims recoverable from the reinsurer. Insurance income reported in the income statement under IFRS 4 consisted of insurance premiums, reinsurance expenses, insurance benefits and claims paid, reinsurance recoveries, transfers from/(to) policyholders' liabilities (gross and reinsurance), and commissions. The unit of account has been specifically defined in IFRS 17, and requires the grouping of contracts with similar risks, issued within the same time cohort (which cannot be longer than one year), and split into three groups, namely onerous contracts, contracts unlikely to become onerous and remaining contracts. In doing so, IFRS 17 attempts to ensure onerous contracts are recognised and are not masked by cross-subsidisation from other profitable insurance contracts. Where a loss on a group of onerous contracts is recognised, and such a group is subject to a reinsurance contract, the group is permitted to recognise an upfront gain on the reinsurance contract that offsets the loss on recognition of onerous contracts, to the extent the reinsurance contract provides the group protection. IFRS 17 requires recognition and measurement within insurance contract assets and liabilities, the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) for both insurance contracts and reinsurance contracts. The group measures the LCR and LIC using the PAA and has elected not to discount the liability for remaining coverage for insurance contracts issued measured using the PAA. The group elected to expense insurance acquisition cash flows immediately. The LIC reflects an estimate of the discounted claims incurred and related cashflows and the risk adjustment for non-financial risk (fulfilment cash flows). Insurance premiums earned are insurance revenue under IFRS 17 on initial measurement. On subsequent measurement is the carrying amount of the LRC at the beginning of the period, plus premiums received in the period less the amount recognised as insurance revenue for the services provided in the period. The risk margins applied to insurance contracts under IFRS 4 have been replaced by a risk adjustment, which is calculated with reference to the group's specific risk appetite on insurance contracts issued. Under IFRS 4 the group recognised a liability for estimated and reported claims on issued insurance contracts through the IBNR and the OCR, and did not include an explicit risk adjustment. The recognition of a risk adjustment in terms of IFRS 17 resulted in an insignificant impact on profits.

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.3 Impact of the adoption of new accounting standards continued

IFRS 17 TRANSITION continued

Impact of IFRS 17 adoption continued	
Presentation changes	Presentation on the income statement for insurance income now reflects: • Insurance revenue (movement in the LRC and experience adjustment); • Insurance service expenses, which includes actual claims and directly attributable expenses incurred (movement in the LIC); • Loss on recognition of onerous contracts; • Net income/expense from reinsurance contracts held and insurance contract finance income or expense; and • Fees earned from commissions, brokerage and participation agreements. Insurance service expenses are not limited to the movement in the LIC, including insurance benefits and claims paid, but now include directly attributable expenses relating to the issuance and continued management of insurance contracts. These costs were previously presented as part of operating expenses. Net income/expense from reinsurance contracts held comprises the movement of the LRC For presentation in the statement of financial position, the group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately: • Portfolios of insurance and reinsurance contracts issued that are assets • Portfolios of insurance and reinsurance contracts issued that are liabilities • Portfolios of reinsurance contracts held that are assets • Portfolios of reinsurance contracts held that are liabilities The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

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

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.4 Standards and interpretations issued but not yet effective

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

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

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.4 Standards and interpretations issued but not yet effective continued

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

Accounting Policies continued

1. INTRODUCTION AND BASIS OF PREPARATION continued

1.5 Summary of material accounting policies

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

2	Subsidiaries and associates	Consolidation and equity accounting (section 2.1)	Related party transactions (section 2.2)	
3	Income, expenses and taxation	Income and expenses (section 3.1)	Taxation (section 3.2)	
4	Financial instruments	Classification and measurement (section 4.1)	Impairment (section 4.2)	Transfers, modifications and derecognition (section 4.3)
		Offset and collateral (section 4.4)	Derivatives and hedge accounting (section 4.5)	
5	Other assets and liabilities	Property and equipment (section 5.1)	Intangible assets (section 5.1)	Properties in possession (section 5.1)
		Leases (section 5.2)	Provisions (section 5.3)	
6	Capital and reserves	Share capital and treasury shares (section 6)	Dividends (section 6)	Other reserves (section 6)
7	Transactions with employees	Employee liabilities (section 7.1)	Share-based payment transactions (section 7.2)	
8	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)	

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 and the fair value of any existing interest, over the fair value of identifiable net assets are recognised as goodwill or a gain on bargain purchase, as set out further below. Transaction costs are included in operating expenses within profit or loss, when incurred.	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 (NAV) that don't impact OCI are recognised directly in gains less losses from investing activities within non-interest revenue (NIR).
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 NIR. Goodwill is tested annually for impairment by the group in March, or earlier if there are objective indicators of impairment. For subsidiaries acquired between March and June, a goodwill impairment test is performed in June in the year of acquisition and thereafter annually in March. For testing purposes, goodwill is allocated to a suitable CGU.	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 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 NIR.

2.2 Related party transactions

Related parties of the group, as defined, include:

<table>
<tr><td colspan="4">Subsidiaries</td><td colspan="4">Post-employment benefit funds (pension funds)</td><td colspan="4">Associates</td></tr>
<tr><td colspan="3">Key management personnel (KMP)</td><td colspan="3">Entities controlled, jointly controlled or significantly influenced by KMP or their close family members</td><td colspan="3">Entities that have significant influence over the group, and subsidiaries of these entities</td><td colspan="3">Close family members of KMP</td></tr>
</table>

The principal shareholder of the FirstRand Namibia Limited group is FirstRand EMA Holdings 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 (GCA) of financial assets which are not credit impaired; and
  - the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to section 4.2 of the accounting policies).
- Modified advances (derecognition not achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to accounting policy 4.3) is calculated by applying the original effective interest rate to the asset's modified GCA.
- Modified advances (derecognition is achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.

Interest expense includes:

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

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

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

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

Accounting Policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.1 Income and expenses continued

Non-interest and financial instrument revenue recognised in profit or loss	
Non-interest revenue from contracts with customers	
Fee and commission income	Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers. Fee and commission income is earned by the group by providing customers with a range of services and products, and consists of the following main categories: • Banking fee and commission income; • Knowledge-based fee and commission income; • Management, trust and fiduciary fees; • Fee and commission income from service providers; and • Other non-banking fee and commission income. The bulk of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, which typically includes transactional banking fees such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, is recognised at a point in time. Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows: • Fees for services rendered are recognised on an accrual basis as the service is rendered and the group's performance obligation is satisfied, e.g. annual card fees and asset management and related fees. • Commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis. Commitment fees for unutilised funds made available to customers in the past are recognised as revenue at the end of the contract period. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the group, are recognised as revenue on a straight-line basis over the period for which the funds are promised to be kept available. Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime, data vouchers and electricity, and traffic fines paid through FNB channels, as well as insurance commission. 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

Accounting Policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.1 Income and expenses continued

Non-interest and financial instrument revenue recognised in profit or loss continued	
	Non-interest revenue from contracts with customers continued
Fee and commission expenses	Fee and commission expenses are those that are incremental and directly attributable to the generation of fee and commission income and are recognised as part of fee and commission income. These include transaction and service fees, which are expensed as the services are received. 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. Commission is earned on the sale of insurance products to customers of the Group on behalf of an insurer. Brokerage fees are received for services rendered in the Group's capacity as an insurance broker. Participation agreements result in the group sharing in the profits of insurance products sold by third party insurers. 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.

Fair value gains or losses

Fair value gains or losses of the group recognised in NIR include the following:

- Fair value adjustments and interest on financial instruments at FVTPL, including derivative instruments that do not qualify for hedge accounting;
- Fair value adjustments that are not related to credit risk on advances designated at FVTPL;
- A component of interest expense that relates to interest paid on liabilities which fund the group's fair value operations. Interest expense is reduced by the amount that is included in fair value income;
- Fair value adjustment on financial instruments designated at FVTPL in order to eliminate an accounting mismatch, except for such instruments relating to the group's insurance and funding operations, for which the interest component is recognised in net interest income (NII). The change in the fair value of a financial liability designated at FVTPL attributable to changes in its credit risk is presented in OCI, unless this would cause or enlarge an accounting mismatch in profit or loss. The total fair value adjustment on policyholder liabilities and non-recourse liabilities (including movements due to changes in credit risk) is included in profit or loss, since the fair value movements on these liabilities are directly linked to fair value movements on the underlying assets;
- Ordinary and preference dividends on equity instruments at FVTPL;
- Any difference between the carrying amount of the liability and the consideration paid, when the group repurchases debt instruments that it has issued;
- Fair value gains or losses on policyholder liabilities under investment contracts; and
- Fair value gains or losses on commodities acquired for short-term trading purposes, including commodities acquired with the intention of reselling in the short term, or if they form part of the trading operations of the group and certain commodities subject to option agreements whereby the counterparty may acquire the commodity at a future date where the risks and rewards of ownership are deemed to have transferred to the group in terms of IFRS 15.

Accounting Policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.1 Income and expenses continued

Non-interest and financial instrument revenue recognised in profit or loss continued	
Gains less losses from investing activities	
The following items are included in gains less losses from investing activities: • Any gains or losses on disposals of investments in subsidiaries 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, including non-trading equity instruments measured at FVOCI.	
Dividend income	
The group recognises dividend income when the group's right to receive payment is established.	
Expenses	
Expenses of the group, apart from certain fee and commission expenses included in net fee and commission income, are recognised and measured in terms of the accrual principle and presented as operating expenses in profit or loss.	
Indirect tax expense	Indirect tax includes other taxes paid to central and local governments and also includes value-added tax and securities transfer tax. Indirect tax is disclosed separately from income tax and operating expenses in the income statement.

Accounting Policies continued

3. INCOME, EXPENSES AND TAXATION continued

3.2 Taxation

Income tax includes Namibian and foreign corporate tax payable.

<table>
<tr><th colspan="2">Current income tax</th></tr>
<tr><td colspan="2">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.</td></tr>
<tr><th colspan="2">Deferred income tax</th></tr>
<tr><td>Recognition</td><td>On temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.</td></tr>
<tr><td>Typical temporary differences for which deferred tax is provided</td><td>• 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.</td></tr>
<tr><td>Measurement</td><td>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.</td></tr>
<tr><td>Presentation</td><td>Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or OCI.

Items recognised directly in equity or OCI relate to:

• Fair value remeasurement of financial assets measured at FVOCI; and
• Remeasurements of defined benefit post-employment plans.

Tax in respect of share transactions is recognised directly in equity. Tax in respect of the other items is recognised directly in OCI and subsequently reclassified to profit or loss (where applicable) at the same time as the related gain or loss.</td></tr>
<tr><td>Deferred tax assets</td><td>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.</td></tr>
<tr><td>Substantively enacted tax rates</td><td>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.</td></tr>
</table>

Accounting Policies continued

4. FINANCIAL INSTRUMENTS

4.1 Classification and measurement

4.1.1 Initial measurement

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

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

4.1.2 Classification and subsequent measurement of financial assets and liabilities

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

Retail advances		
	Business model	Cash flow characteristics
Retail advances	The FNB and WesBank businesses hold retail advances to collect contractual cash flows. Their business models focus on growing these advances within acceptable credit appetite limits and maintaining strong collection practices. The products included under this business model include: • Property mortgages; • Vehicle and asset finance; • Personal loans; • Credit cards; and • Other retail products such as overdrafts.	The cash flows on retail advances are SPPI. Interest charged to customers compensates the group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract.
Corporate and commercial advances		
	Business model	Cash flow characteristics
Corporate and commercial advances	The business models of FNB, WesBank and RMB are also focused on collecting contractual cash flows on corporate and commercial advances and growing these advances within acceptable credit appetite limits. The products under in this business model include: • Trade and working capital finance; • Specialised finance; • Commercial property finance; and • Asset-backed finance. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return. Within RMB, debt for large corporates and institutions is structured. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.	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

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

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

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

This policy applies to:

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

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

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

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.3 Transfers, modifications and derecognition

Financial instruments are derecognised when:

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

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

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

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

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

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.3 Transfers, modifications and derecognition continued

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

Transaction type	Description	Accounting treatment
Transfers without derecognition		
Reverse 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 GCA of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate. Distressed modifications are included in ECL.
Modifications with derecognition (i.e. substantial modifications)		
Retail advances	The process for modifying an advance (which is not part of a debt restructuring) is substantially the same as the process for raising a new advance, including reassessing the customer's credit risk, repricing the asset and entering into a new legal agreement.	The existing asset is derecognised and a new asset is recognised at fair value based on the modified contractual terms.

Accounting Policies continued

4. FINANCIAL INSTRUMENTS continued

4.4 Offsetting of financial instruments and collateral

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

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

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

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

4.5 Derivative financial instruments

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

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

Accounting Policies continued

5. OTHER ASSETS AND LIABILITIES

5.1 Classification and measurement

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

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

Depreciation is recognised on the straight-line basis over the useful life of the asset, except for assets capitalised under leases where the group is the lessee, in which case it is depreciated per the leases accounting policy 5.3.

Freehold property and property held under leasing agreements:

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

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

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

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

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

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

Accounting Policies continued

5. OTHER ASSETS AND LIABILITIES continued

5.1 Classification and measurement continued

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

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

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

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

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

5.2 Leases

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

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

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

Accounting Policies continued

5. OTHER ASSETS AND LIABILITIES continued

5.2 Leases continued

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

5.3 Provisions

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

Accounting Policies continued

6. CAPITAL AND RESERVES

Transaction	Liability	Equity
Shares issued and issue costs	Preference shares, where the group does not have the unilateral ability to avoid repayments, are classified as other liabilities.	The group's equity includes ordinary shares, contingently convertible securities, Additional Tier 1 notes and non-cumulative non-redeemable (NCNR) preference shares. Contingently convertible securities, Additional Tier 1 notes and NCNR preference shares are classified as other equity instruments in the financial statements. Any incremental costs directly related to the issue of new shares or options, net of any related tax benefit, are deducted from the issue price.
Dividends paid / declared	Recognised as interest expense on the underlying liability.	Dividends on equity instruments are recognised against equity. A corresponding liability is recognised when the dividends have been approved by the company's shareholders and distribution is no longer at the discretion of the entity.
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 benefit schemes, the assets of which are held in separate trustee administered funds. These funds are registered in terms of the Pension Funds Act, 1956, and membership of the pension fund is compulsory for all group employees. The defined benefit plans are funded by contributions from employees and the relevant group companies.

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

7.2 Share-based payment transactions

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

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

Accounting Policies continued

8. 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 Short-term Insurance Act 4 of 1998 as amended (Insurance Act).

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 and reinsurance contracts	
Introduction	The group issues insurance contracts and holds reinsurance contracts both without direct participation features and with contract boundaries less than one year. The group applies the premium allocation approach (PAA) and has elected to not discount the liability for remaining coverage for insurance contracts issued using the PAA. Reference to insurance contracts applies to both insurance and reinsurance contracts, unless specified.
Level of aggregation	Insurance contracts that are managed together and have similar characteristics, such as being subject to a similar pricing framework or similar product management and are issued by the same legal entity, are grouped into portfolios (measurement portfolios). These measurement portfolios are further separated in time cohorts (whose issue date cannot be more than one year apart) and then allocated to three groups of insurance contracts based on profitability, namely contracts that are onerous at initial recognition (onerous), contracts that at initial recognition have no significant possibility of subsequently becoming onerous (profitable) and the remaining contracts (profit at risk).
Cash flows included in the measurement	Cash flows are considered to be within the contract boundary if they arise from substantive rights and obligations that exist during the period in which the group can compel the policyholder to pay premiums, or where the group has a substantive obligation to provide the policyholder with insurance contract services, either by contract or by regulations and law. A substantive obligation ends when the group has the practical ability to reprice the risk of the particular policyholder or the overall portfolio, or change the level of benefits so that the price fully reflects the risk.
Reinsurance contracts held	
Premium allocation approach (including reinsurance contracts held)	The carrying amount of a group of contracts comprises the LRC and the LIC. Include the following after the last sentence of this section: As permitted in IFRS 17, for contracts measured using the PAA, the company has assumed that no contracts are onerous at inception, unless specific facts and circumstances indicate otherwise. When contracts measured under the PAA are onerous, the company recognises a loss in profit or loss and establishes a loss component within the LRC for the difference between the carrying amount determined using the PAA and the fulfillment cash flows of the contracts (FCF). The FCF comprises: • The present value of future cash flows, which represents all current estimates of future cash flows within the contract boundary that relate to future services, discounted using a current discount rate; and • The risk adjustment for non-financial risk (“risk adjustment”), which represents a current estimate of the adjustment to the present value of future cash flows to reflect the uncertainty inherent in the estimated future cash flows due to non-financial risk. A corresponding income will be recognised on the reinsurance contract held that covers the onerous group by adjusting the carrying amount of the reinsurance contract held and establishing a loss recovery component (LREC) within the reinsurance LRC if the reinsurance contract is entered into before or at the same time as the onerous underlying insurance contracts are recognised. Subsequently, the release of the LREC follows the unwind of the loss component recognised in the LRC of the group of insurance contracts issued to which the reinsurance contract is attached to. The release of the LREC cannot exceed the unwind of the LC times the proportion of claims recoverable from the reinsurance contract.

Accounting Policies continued

8. NON-BANKING ACTIVITIES continued

8.1 Insurance activities continued

Reinsurance contracts held continued	
Premium allocation approach (including reinsurance contracts held)	The LIC represents the group's obligation to investigate and pay valid claims for insured events that have occurred, including events that have occurred but for which claims have not been reported (IBNR), as well as other incurred insurance expenses. Additionally, it also relates to the group's obligation to pay amounts for insurance services already provided, and other amounts that are not related to the provision of insurance contract services. The LIC is calculated as: • The probability weighted estimate of expected cash flows discounted at the current discount rate; and • An explicit company specific adjustment for non-financial risk (risk adjustment). The LIC is subsequently updated for changes in estimates of cash flows and the effect of discounting. The changes in the fulfilment cash flows are reflected in insurance service expenses, along with directly attributable insurance service expenses. Current receivable and payable balances associated with expenses that are presented as part of insurance service expenses in profit or loss, other than claims and claims handing costs, and are included in the measurement of the LIC. For presentation purposes, these current receivables and payables are reclassified out of the LIC and into other receivables and payables. The group elected as its accounting policy to not apply discounting to the LRC for contracts measured under the PAA. The LRC for contracts measured using the PAA is based on actual premiums and insurance acquisition cash flows paid, adjusted for revenue recognised (or expenses recognised for reinsurance contracts issued) as coverage is provided. The group's accounting policy choice is to immediately expense insurance acquisition cash flows (IACF) as well as not to discount the LRC for insurance contracts issued measured using PAA.
Revenue recognition (excluding reinsurance contracts held)	Insurance revenue under the PAA is recognised by allocating the premiums based on the passage of time, unless the expected pattern of release of risk during the coverage period differs significantly from the passage of time, in which case the group allocates premiums based on the expected timing of incurred insurance service expenses.
Other income statement amounts (excluding reinsurance contracts held)	Insurance service expenses comprise incurred claims and other directly attributable expenses and changes thereto, the insurance acquisition cash flows actually incurred on PAA contracts, as well as losses and reversals of losses on onerous contracts. The group elected to recognise immediately as an expense insurance acquisition cash flows on contracts measured using the PAA.
Reinsurance income and expenses	The group presents income and expenses from reinsurance contracts held on a net basis in the income statement. Insurance income from reinsurance contracts comprises claims recoveries from the reinsurer, including changes in estimates of those claims, whereas reinsurance expenses comprise the amounts released from the reinsurance LRC to the income statement, similar to insurance revenue recognised for insurance contracts issued.
Presentation	As the group prepares interim financial information for the purposes of applying IAS 34, the group elected as its accounting policy choice to not lock in changes in estimates made at the interim reporting stage when performing the full year's reporting.

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 NIR 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 critical accounting estimates, assumptions and judgements made by the group, except those related to fair value measurement, which are included in note 33.

9.2 Subsidiaries and associates

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

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

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

This includes considering:

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

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

Accounting Policies continued

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 that are not available to other shareholders. Benefits could be non-financial in nature, such as employee services, etc.
Ability to use power to affect returns	Factors considered include: • Whether the group is acting as an agent or principal; • Whether the group has any de facto decision-making rights; • Whether the decision-making rights the group has are protective or substantive; and • Whether the group has the practical ability to direct the relevant activities.

Associates
Determining whether the group has significant influence over an entity: • Significant influence may arise from rights other than voting rights, for example management agreements. • The group considers both the rights that it has as well as currently exercisable rights that other investors have when assessing whether it has the practical ability to significantly influence the relevant activities of the investee.

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 easily remove the group as fund manager 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 easily remove the fund manager 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.

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.

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

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.4 Impairment of financial assets continued

Forward-looking information continued

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

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

Namibia

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

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

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

Accounting Policies continued

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 FLI relating to ECL provisions. The information is forecast over a period of three years. The information below reflects the group's forecasts for each period at 30 June.

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

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

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

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

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

* Applicable to the secured portfolio

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

Accounting Policies continued

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 FLI such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes.

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

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

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

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

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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 which indicates if outflow is probable.

9.6 Transactions with employees

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

Accounting Policies continued

9. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

9.7 Insurance activities

<table>
<tr><th colspan="2">All insurance and reinsurance contracts</th></tr>
<tr><td>Risk adjustment for non-financial risk</td><td>The group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the entity to the reinsurer.

The risk adjustment was calculated at each insurance entity level and then allocated down to each group of contracts in accordance with their risk profiles.

The scenario value at risk approach was used to determine the overall adjustment for non-financial risk regarding the LRC which includes a specified upfront confidence level (probability of sufficiency) of 80% over a one-year period. The group allows for diversification benefits across products at an overall insurance entity level.

With respect to the risk adjustment included in the fulfilment cash flows attributable to the LIC, the group has applied a bootstrapping approach. The bootstrapping approach makes use of the basic chain ladder as a source of input, which is a common actuarial reserving methodology.</td></tr>
<tr><th colspan="2">Key assumptions to which the estimation of liabilities is particularly sensitive</th></tr>
<tr><td colspan="2">Material judgement is required in determining liabilities and in the choice of assumptions. Assumptions in use are based on experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation. Assumptions are further evaluated on a continual basis in order to ensure realistic and reasonable valuations. The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:</td></tr>
<tr><td>Estimates of future cash flows to fulfil insurance contracts - Liabilities for incurred claims</td><td>In estimating the future fulfilment cash flows relating to already incurred claims, the company considers the following:

• Reported claims that have not yet been paid (OCR) - Each notified claim relating to one of the company's policies is assessed on a case-by-case basis with due regard to the specific circumstances, information available from the insured and/or loss adjuster and experience with similar claims. Standardised policies and procedures are applied to claims assessments.
• The ultimate cost of incurred claims may vary as a result of future developments or better information becoming available about the current circumstances. Adjustments to the quantum of the OCR established in prior years are reflected in the financial statements.
• Claims incurred but not yet reported (IBNR) - The liability is estimated by assuming that future trends in reporting of claims will be similar to the past. The profile of claims run-off (over time) is modelled by using historic data of the company and best practice actuarial techniques.

Consistent assumptions are used when measuring estimates of the present value of future cash flows for a group of reinsurance contracts held and estimates of the present value of future cash flows for the group(s) of underlying insurance contracts. As a result, the cash flows used to measure the reinsurance contracts held reflect the extent to which those cash flows depend on the cash flows of the underlying contracts that the reinsurance contract attaches to.</td></tr>
<tr><td>Lapse and cancellation rates</td><td>Lapses relate to the termination of policies due to non-payment of premiums. Cancellations relate to the voluntary termination of policies by policyholders or the settlement or termination of financing products, to which embedded, and credit life policies are linked.. Policy termination assumptions are determined using statistical measures based on the group's experience and vary by product type and sales channel.</td></tr>
</table>

Consolidated annual financial statements
for the year ended 30 June

Consolidated statement of comprehensive income

for the year ended 30 June 2024

N$'000	Note(s)	**2024**	2023 restated*
Interest and similar income	1	6 048 214	4 961 308
Interest expense and similar charges	1	(2 965 847)	(2 265 111)
Net interest income before impairment of advances		3 082 367	2 696 197
Impairment and fair value of credit on advances	16	(425 570)	(213 572)
Net interest income after impairment of advances		2 656 797	2 482 625
Non-interest revenue	2	2 441 790	2 207 775
- Net fee and commission income		2 062 802	1 916 693
- Commissions received		2 371 581	2 187 681
- Fees charged		(308 779)	(270 988)
- Fair value gains		194 416	155 469
- Gains less losses from investing activities		95 714	51 277
- Other non-interest income		88 858	84 336
Insurance service result		20 670	13 892
- Insurance service result before reinsurance contracts held		30 370	16 407
- Insurance revenue*	3	161 688	150 153
- Insurance service expense*	4	(131 318)	(133 746)
- Net expense from reinsurance contracts held	5	(9 700)	(2 515)
- Allocation of reinsurance premiums*		(23 611)	(20 033)
- Amounts recoverable from reinsurers for incurred claims*		13 911	17 518
Income from operations		5 119 257	4 704 292
Operating expenses*	6	(2 652 443)	(2 388 488)
Net income from operation		2 466 814	2 315 804
Income before indirect tax		2 466 814	2 315 804
Indirect tax	8	(55 049)	(53 944)
Profit before income tax		2 411 765	2 261 860
Income tax expense	8	(708 247)	(700 687)
Profit for the year		1 703 518	1 561 173

Consolidated statement of comprehensive income

for the year ended 30 June 2024 continued

N$'000	Note(s)	**2024**	2023 restated*
Other comprehensive income:			
Items that may not be subsequently reclassified to profit or loss:			
Remeasurements on net defined benefit post-employment plan	26	**(9 145)**	8 857
Deferred income tax	21	**2 835**	(2 833)
Total items that may not be subsequently reclassified to profit or loss		**(6 310)**	6 024
Other comprehensive (loss)/income for the year net of taxation		**(6 310)**	6 024
Total comprehensive income for the year		**1 697 208**	1 567 197
Profit attributable to:			
Owners of the parent		**1 703 518**	1 557 712
Non-controlling interest		**-**	3 461
		1 703 518	1 561 173
Total comprehensive income attributable to:			
Owners of the parent		**1 697 208**	1 563 736
Non-controlling interest		**-**	3 461
		1 697 208	1 567 197
Earnings per share (cents)			
Basic and diluted earnings per share (cents)	9	**636.6**	587.9

***IFRS 17 transition**

The group elected not to retrospectively adjust for IFRS 17 in line with IAS 1 due to the immaterial nature of the transition impact. Given the short-term nature of the insurance business the transition impact of IFRS 17 resulted in an impact of N$2.7 million for the group as at 1 July 2023. This is considered to be immaterial and has been adjusted for in the retained earnings opening balance in the current year. The comparative balances disclosure was aligned to IFRS 17 to allow for consistency and comparability resulting in the breakdown of the components of the profit changing in line with the new IFRS 17 requirements.

Given the immaterial impact of IFRS 17, there has been no change to the overall profit from the insurance business that was previously reported. However, the breakdown of the components of the profit has changed to align with the new IFRS 17 presentation and disclosure requirements. The following line items (under the previous IFRS 4 insurance accounting standard), were previously included on the face of the statement "net insurance premium income" (2023: N$147.6 million) and "net claims and benefits paid" (2023: N$92.5 million).

In addition, N$41.2 million of the operating expenses balance (2023: N$2 429.7 million) has been reclassified to insurance service expenses to align with IFRS 17. In addition, the net expense from reinsurance contracts of N$2.5 million, has been removed from the net insurance premium income.

Consolidated statement of financial position

as at 30 June 2024

N$'000	Note(s)	**2024**	2023
Assets			
Cash and cash equivalents	11	3 163 516	1 809 926
Due from banks and other financial institutions	12	9 591 662	9 468 311
Derivative financial instruments	13	349 809	375 784
Investment securities	14	8 661 149	9 949 026
Advances	15	37 745 001	35 449 607
Other assets	17	277 288	244 136
Current tax asset		539	1 019
Reinsurance assets*	28	11 643	24 662
Property and equipment	19	866 298	912 660
Intangible assets	20	50 609	70 973
Deferred tax asset	21	22 864	25 236
Non-current asset held for sale	22	53 000	-
		60 793 378	58 331 340

Consolidated statement of financial position

as at 30 June 2024 continued

N$'000	Note(s)	2024	2023
Equity and Liabilities			
Liabilities			
Short trading position	23	34 085	-
Derivative financial instruments	13	430 715	404 096
Creditors and accruals*	24	759 677	828 890
Current tax liability		346 998	50 069
Deposits and current accounts	25	44 672 808	42 752 375
Due to banks and other financial institutions	25	7 548 800	7 503 075
Employee liabilities	26	285 621	268 413
Other liabilities	27	128 565	171 412
Insurance liabilities*	28	44 350	43 652
Reinsurance liabilities*	28	5 731	21 808
Deferred tax liabilities	21	304 143	303 410
		54 561 493	52 347 200
Equity			
Equity attributable to Equity Holders of Parent			
Share capital	29	1 335	1 335
Share premium	29	278 023	278 023
Reserves		4 603	10 913
Retained earnings		5 947 924	5 693 869
		6 231 885	5 984 140
Total Equity and Liabilities		60 793 378	58 331 340

***IFRS 17 transition**

The group elected not to retrospectively adjust for IFRS 17 in line with IAS 1 due to the immaterial nature of the transition impact. Given the short-term nature of the insurance business the transition impact of IFRS 17 resulted in an impact of N$2.7 million for the group. This is considered to be immaterial and has been adjusted for in the retained earnings opening balance in the current year. Policyholder liabilities (June 23: N$43.7 million) were renamed to Insurance liabilities to align with IFRS 17 disclosure requirements. Reinsurance liabilities has been separately disclosed to align with IFRS 17 disclosure requirements (previously included under creditors and accruals per IFRS 4). The creditors and accruals balance (June 2023: N$850.7 million previously reported) has changed due to the separate disclosure of Reinsurance liabilities of N$21.8 million. The reinsurance assets balance and name has remained the same as previously reported.

Consolidated statement of changes in equity

as at 30 June 2024

N$'000	Share capital	Share premium	Total share capital	Defined benefit post-employment reserve	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Balance at 01 July 2022	1 323	95 385	96 708	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
Total comprehensive income for the year	-	-	-	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 01 July 2023	1 335	278 023	279 358	10 913	5 693 869	5 984 140	-	5 984 140
Profit for the year	-	-	-	-	1 703 518	1 703 518	-	1 703 518
Other comprehensive loss	-	-	-	(6 310)	-	(6 310)	-	(6 310)
Total comprehensive income for the year	-	-	-	(6 310)	1 703 518	1 697 208	-	1 697 208
Opening balance IFRS 17 transition adjustment *	-	-	-	-	(2 713)	(2 713)	-	(2 713)
Dividends	-	-	-	-	(1 446 750)	(1 446 750)	-	(1 446 750)
Balance at 30 June 2024	1 335	278 023	279 358	4 603	5 947 924	6 231 885	-	6 231 885
Note(s)	29	29	29					

***IFRS 17 transition**

The group elected not to retrospectively adjust for IFRS 17 in line with IAS 1, due to the immaterial nature of the transition impact. Given the short-term nature of the insurance business the transition impact of IFRS 17 resulted in an impact of N$2.7 million for the group. This is considered to be immaterial and has been adjusted for in the retained earnings opening balance in the current year.

Consolidated statement of cash flows

for the year ended 30 June 2024

N$'000	Note(s)	2024	2023*
Cash generated from operating activities			
Profit before tax		2 411 765	2 261 860
Adjusted for:			
- Amortisation of intangibles	20	24 070	19 828
- Depreciation of property and equipment	19	112 488	100 734
- Bonus provision		88 882	81 238
- Impairment of other assets	6	7 711	-
- Share-based payment expenses	6	25 054	24 134
- Impairment and fair value of credit on advances	16	425 570	213 572
- Provision for post-employment benefit obligations		286	4 714
- Gains & loss from banking & trading activities	2	(198 646)	(163 002)
- Transfer to provision for LIC/LRC		(1 775)	(1 502)
- Loss on sale of property and equipment	2	285	65
- Loss on sale of subsidiary	2	3 177	-
- Impairment of non-current asset held for sale	6	3 820	-
- Indirect tax	8	55 049	53 944
- Interest and similar income	1	(6 048 215)	(4 961 308)
- Interest expenses and similar	1	2 965 846	2 265 111
Dividend Income	2	(90 720)	(43 875)
Interest received		5 939 035	4 832 922
Interest paid		(2 910 221)	(2 136 866)
Dividend Received		64 006	43 875
Taxation paid		(482 691)	(589 538)
Cash generated from operating activities		2 394 776	2 005 906
Movement in operating assets and liabilities			
Due from banks and other financial institutions	12	130 244	(202 045)
Investment securities	14	1 306 219	(2 507 854)
Advances	15	(2 691 646)	(3 631 424)
Deposits	25	1 892 063	5 561 880
Other assets	17	(10 376)	82 432
Reinsurance assets	28	13 020	(10 882)
Employee liabilities	26	14 593	18 756
Short-term trading	23	34 085	(31 864)
Insurance liabilities	28	(1 077)	(4 376)
Other liabilities	27	(42 827)	(533)
Creditors and other payables	24	(92 936)	(70 566)
Due to bank and other financial institutions	25	44 147	229 675
Reinsurance liabilities	28	(25 777)	3 868
Net cash generated from operating activities		2 964 508	1 442 973

Consolidated statement of cash flows

for the year ended 30 June 2023

N$'000	Note(s)	**2024**	2023
Cash flows from investing activities			
Acquisition of property and equipment	19	(115 176)	(120 529)
Proceeds on disposal of property and equipment		4 275	3 074
Acquisition of intangible assets	20	(3 706)	(11 585)
Proceeds from disposal of subsidiary	2	200	-
Net cash outflow from investing activities		(114 407)	(129 040)
Cash flows from financing activities			
Proceeds received from the disposal of shares from share trust		-	105 214
Acquisition of non controlling interest		-	(61 523)
Dividend paid		(1 446 750)	(1 895 057)
Dividends paid to non-controlling interests		-	(3 920)
Payments on other liabilities	27	(27 049)	(21 058)
Payments on lease liabilities	27	(22 712)	(23 061)
Net cash inflow from financing activities		(1 496 511)	(1 899 405)
Total cash movement for the year		1 353 590	(585 472)
Cash at the beginning of the year	11	1 809 926	2 395 398
Total cash at end of the year	11	3 163 516	1 809 926

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

During the current year the group has changed the basis of presentation of the statement of cash flows to the indirect method. The change in the presentation allows for simpler collation of information and enhanced reliability. The change in the presentation only impacted net cash flows from operating activities within the statement of cash flows for the group. Refer to note 38 on additional detail on the change in presentation.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024

1. Analysis of interest income and interest expense

N$'000	2024	2023
Analysis of interest income and similar income		
Instruments at amortised cost	6 048 214	4 961 308
Interest and similar income	6 048 214	4 961 308
Revenue other than from contracts with customers		
Overdrafts and cash managed accounts	455 840	367 652
Term loans	369 061	325 557
Card loans	83 807	65 712
Instalment sales	477 236	358 293
Lease payments receivable	13 171	11 399
Home loans	1 960 076	1 674 072
Commercial property finance	501 288	345 735
Personal loans	494 249	399 518
Preference share agreements	97 187	70 443
Other advances	33 585	22 100
Invoice financing	2 679	16 021
	4 488 179	3 656 502
Cash and cash equivalents	836 906	677 462
Investment securities	723 089	625 872
Accrued off-market advances	40	1 472
Interest and similar income	6 048 214	4 961 308

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

1. Analysis of interest income and interest expense continued

N$'000	**2024**	2023
Analysis of interest expense and similar charges		
Instruments at amortised cost	2 965 847	2 265 111
Interest expense and similar charges	2 965 847	2 265 111
Deposits from customers		
Current accounts	371 885	177 464
Savings deposits	32 670	22 236
Call deposits	715 205	511 504
Fixed and notice deposits	650 994	608 129
	1 770 754	1 319 333
Debt securities		
Negotiable certificates of deposit	504 469	407 946
Fixed and floating rate notes	30 355	30 717
Deposits from banks and other financial institutions	646 877	492 598
	1 181 701	931 261
Other funding liabilities		
Other liabilities	10 577	11 842
Lease liabilities	2 815	2 675
	13 392	14 517
Interest expense and similar charges	2 965 847	2 265 111

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

2. Non-interest revenue

N$'000	Notes	2024	2023
Analysis of non-interest revenue			
Fee and commission income	2.1	2 371 581	2 187 681
Instrument at amortised cost		2 223 155	2 049 635
Non-financial instruments		148 426	138 046
Fee and commission expense	2.2	(308 779)	(270 988)
Net fee and commission income		2 062 802	1 916 693
Fair value	2.3	194 416	155 469
Gains less losses from investing activities	2.4	95 714	51 277
Other non-interest revenue	2.5	88 858	84 336
Total non-interest revenue		2 441 790	2 207 775
2.1 Fee and commission income			
Banking fee and commission income			
Card commissions		361 091	319 860
Cash deposit fee		99 900	101 443
Commissions: bills and drafts		44 239	26 023
Bank charges		1 717 925	1 602 309
Banking fee and commission income		2 223 155	2 049 635
Non-banking fee and commission income			
Brokerage Income		54 405	56 750
Management, trust and fiduciary service fees		94 021	81 296
Non-banking fee and commission income		148 426	138 046
Fee and commission income		2 371 581	2 187 681

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

2. Non-interest revenue continued

N$'000	Notes	**2024**	2023
2.2 Fee and commission expenses			
ATM commission paid		(10 263)	(7 925)
Cash sorting, handling and transportation charges		(27 959)	(25 919)
Customer loyalty programmes		(29 976)	(29 335)
Transaction processing fees		(230 766)	(197 976)
Other		(9 815)	(9 833)
Total fee and commission expenses		(308 779)	(270 988)
2.3 Fair value gains			
Foreign exchange		169 385	135 944
Designated at fair value through profit or loss		25 031	19 525
Total fair value income		194 416	155 469
2.4 Gains less losses from investing activities			
Gains on investment securities designated at fair value through profit or loss		4 226	7 532
Recoveries /(Loss allowance) on investment securities		768	(130)
Dividend received		90 720	43 875
Total gains less losses from investing activities		95 714	51 277

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

2. Non-interest revenue continued

N$'000	2024	2023
2.5 Other non-interest revenue		
Loss on disposal of property and equipment	(285)	(65)
Loss on disposal of subsidiary*	(3 177)	-
Rental Income	4 817	5 244
Other income	87 503	79 157
Total other non-interest revenue	88 858	84 336

* *During the year ended 30 June 2024, the group disposed of its entire shareholding in Pointbreak Investment Management (Pty) Ltd for a consideration of N$0.2 million. The carrying amount of the net asset at the date of disposal was N$3.4 million, which resulted in a loss on disposal of N$3.2 million recognised in the consolidated statement of comprehensive income.*

3. Insurance revenue

	2024				
N$'000s	Building	Motor	Home content	Portable possessions	Total
Insurance revenue from contracts measured under the PAA	49 108	69 143	33 285	10 152	161 688
Insurance revenue	49 108	69 143	33 285	10 152	161 688

	2023				
N$'000s	Building	Motor	Home content	Portable possessions	Total
Insurance revenue from contracts measured under the PAA	51 052	52 553	39 040	7 508	150 153
Insurance revenue	51 052	52 553	39 040	7 508	150 153

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

4. Insurance service expenses

	2024				
N$'000s	Building	Motor	Home content	Portable possessions	Total
- Incurred claims	(25 090)	(20 168)	(35 604)	(8 468)	(89 330)
- Other directly attributable expenses	(7 070)	(4 941)	(10 484)	(1 543)	(24 038)
- Changes that relate to past service - change in the FCF relating to the LIC	426	334	613	133	1 506
- Losses on onerous contracts/(reversal of losses)	(38)	1	(10)	1	(46)
- Insurance acquisition cash flows immediately expensed for contracts measured under PAA	(5 709)	(3 990)	(8 465)	(1 246)	(19 410)
Insurance service expenses	(37 481)	(28 764)	(53 950)	(11 123)	(131 318)

	2023				
N$'000s	Building	Motor	Home content	Portable possessions	Total
- Incurred claims	(30 540)	(24 063)	(32 392)	(5 553)	(92 548)
- Other directly attributable expenses	(7 404)	(5 845)	(8 551)	(1 136)	(22 936)
- Insurance acquisition cash flows immediately expensed for contracts measured under PAA	(5 895)	(4 654)	(6 808)	(905)	(18 262)
Insurance service expenses	(43 839)	(34 562)	(47 751)	(7 594)	(133 746)

5. Net income/(expenses) from reinsurance contracts held

N$'000	2024	2023
Allocation of reinsurance premiums	(23 611)	(20 033)
Amount recovered from reinsurance for incurred claims and commission	13 911	17 518
Net income/(expenses) from reinsurance contracts held	(9 700)	(2 515)

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

6. Operating expenses

N$'000	2024	2023
Auditors' remuneration - external		
Audit fees	19 878	14 133
Fees for other services	1 843	247
Total Auditiors' remuneration	21 721	14 380
Non-capitalised lease charges		
Short-term leases	7 578	6 834
Low-value lease charges	3 323	3 219
Total non-capitalised charges	10 901	10 053
Staff costs		
Salaries, wages and allowances	1 198 851	1 087 529
Off-market staff loans amortisation	40	1 472
Defined contribution schemes: pension	114 075	98 861
Defined contribution schemes: medical	104 949	99 618
Post retirement medical expense	3 784	4 688
Severance pay: death in service	1 022	726
Social security levies	2 058	1 930
Share-based payments	25 054	24 134
Skills development levies	14 893	9 299
Other staff costs	6 090	4 003
Total staff costs	1 470 816	1 332 260

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

6. Operating expenses continued

N$'000	**2024**	2023
Other operating costs		
Advertising and marketing	74 430	72 993
Amortisation of intangible assets	24 070	19 828
Business travel	16 169	14 424
Computer	593 285	503 176
Depreciation of property and equipment	112 488	100 734
Donations	32 338	13 078
Impairment loss	11 531	-
Insurance	17 096	12 452
Legal and other related expenses	5 043	16 728
Other operating expenditure	148 049	176 909
Postage	2 080	2 992
Professional fees	19 002	17 065
Property and maintenance related expenses	81 918	78 131
Stationery	8 266	8 195
Telecommunications	22 971	23 744
Total directors remuneration	23 717	12 543
Other operating costs	1 192 453	1 072 992
Less IFRS 17 costing framework		
Insurance acquisition cash flows	(19 410)	(18 262)
Insurance service cash flows	(24 038)	(22 935)
Total operating expenses	2 652 443	2 388 488

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

7. Directors' remuneration

N$'000	**2024**	2023
Executive		
C Dempsey (CEO)		
Cash package paid during the year	2 582	2 151
Retirement contributions paid during the year	521	444
Other allowances	819	748
Guaranteed package	3 922	3 343
Cash:*		
- Within 6 months	2 480	2 031
- Within 6 months and 1 year	788	725
LTI award - retention#	3 300	-
Share based payment	4 791	-
Variable pay	11 359	2 756
Total guaranteed and variable pay	15 281	6 099
LP Smit (CFO) - appointed 24 July 2023		
Cash package paid during the year	1 619	-
Retirement contributions paid during the year	285	-
Other allowances	272	-
Guaranteed package	2 176	-
Cash:*		
- within 6 months	600	-
LTI award - retention#	1 810	-
Variable pay	2 410	-
Total guaranteed and variable pay	4 586	-

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

7. Directors' remuneration continued

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

* *Variable compensation paid in cash in respect of the year ended June is paid (with an interest factor) in three tranches during the following year 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.*

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

Non-executive directors		
P Grüttemeyer	**722**	685
IN Nashandi	**375**	306
J Coetzee	**532**	378
E van Zyl	**861**	850
CRL Haikali (retired 20 October 2022)	-	346
II Zaamwani-Kamwi (retired 30 November 2022)	-	175
LD Kapere	**433**	192
MJ Lubbe	**508**	214
ON Shikongo	**419**	148
Total non-executive director's fees	**3 850**	3 294

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

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 37 of the separate annual integrated report).

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

8. Taxation

N$'000	2024	2023
Indirect tax		
Stamp duties	8 651	13 487
Value-added tax (net)	46 398	40 457
Total indirect tax	55 049	53 944
Direct tax		
Current		
Local income tax current period	709 383	528 269
Non-residents shareholder tax	523	138
	709 906	528 407
Deferred		
Originating and reversing temporary differences	(1 659)	172 280
Total income tax expense	708 247	700 687
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	32.00%	32.00%
Dividend income	(2.41)%	(1.61)%
Other non-taxable income *	(0.48)%	(0.28)%
Disallowed expenditure **	0.45%	0.73%
Tax rate adjustment	(0.39)%	- %
Other	0.20%	0.13%
Effective rate of tax	29.37%	30.97%

** Includes fair value income which is 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 2024 continued

9. Headline earnings, dividend and earnings per share

9.1 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.

	2024	2023
Headline earnings per share (cents)	641.2	587.9
Reconciliation between earnings and headline earnings		
Basic earnings (N$'OOO)	1 703 518	1 557 712
Adjusted for:		
Loss on disposal of property and equipment (N$'000)	285	65
Impairment of building (N$'000)	3 820	-
Loss on disposal of subsidiary (N$'000)	3 177	-
Impairment of assets (N$'000)	5 120	-
Tax effect (N$'OOO)	(91)	(21)
	1 715 829	1 557 756
Dividends per share		
Interim (14 February 2024: 173.52 cents); (8 February 2023: 209.7 cents)	463 460	554 718
Final (23 August 2023: 368.14 cents); (18 August 2022: 319.84 cents)	983 290	846 068
Special dividend (8 February 2023: 186.85 cents)	-	494 271
	1 446 750	1 895 057

The final dividend of 180.16 cents (2023: 368.14 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).

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

9. Headline earnings, dividend and earnings per share continued

9.2 Earnings per share

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

	2024	2023
Earnings attributable to ordinary shareholders (N$'000)	1 703 518	1 557 712
Weighted average number of shares in issue	267 093 250	264 955 934
Weighted average number of shares before shares held by Trust	267 593 250	267 593 250
Less: Shares held by Share Trust	(500 000)	(2 637 316)
Basic earnings per share (cents)	636.6	587.9

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 2024 continued

10. Analysis of assets and liabilities

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

2024

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair through value profit or loss designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and non-contractual
Assets								
Cash and cash equivalents	3 163 516	-	-	-	-	3 163 516	3 163 516	-
Due from banks and other financial institutions	9 591 662	-	-	-	-	9 591 662	3 777 867	5 813 795
Derivative financial instruments	-	349 809	-	-	-	349 809	216 110	133 699
Investment securities	7 845 752	639 608	165 424	10 365	-	8 661 149	4 198 875	4 462 274
Advances	37 364 251	78 954	301 796	-	-	37 745 001	9 556 030	28 188 971
Other assets	42 193	-	-	-	235 095	277 288	16 864	260 424
Non-financial assets	-	-	-	-	1 004 953	1 004 953	62 743	942 210
Total assets	58 007 374	1 068 371	467 220	10 365	1 240 048	60 793 378	20 992 005	39 801 373
Equity and Liabilities								
Total equity	-	-	-	-	6 231 885	6 231 885	-	6 231 885
Short Trading Position	-	34 085	-	-	-	34 085	34 085	-
Derivative financial instruments	-	430 715	-	-	-	430 715	374 865	55 850
Creditors and accruals	570 261	-	-	-	189 416	759 677	665 452	94 225
Deposits and current accounts	44 672 808	-	-	-	-	44 672 808	41 975 476	2 697 332
Due to banks and other financial institutions	7 548 800	-	-	-	-	7 548 800	7 548 800	-
Other liabilities	128 565	-	-	-	-	128 565	41 583	86 982
Non-financial liabilities	-	-	-	-	986 843	986 843	565 546	421 297
Total liabilities	52 920 434	464 800	-	-	1 176 259	54 561 493	51 205 807	3 355 686
Total equity and liabilities	52 920 434	464 800	-	-	7 408 144	60 793 378	51 205 807	9 587 571

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

10. Analysis of assets and liabilities continued

2023

N$'000	Amortised cost	At fair value through profit or loss mandatory	At fair through value 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	-	-	-	179 362	828 890	748 172	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	-	-	-	-	687 352	687 352	266 225	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 2024 continued

11. Cash and cash equivalents

N$'000	**2024**	2023
Coins and bank notes	648 981	557 765
Balances with other banks	14 382	3 988
Balances with central bank	2 500 153	1 248 173
	3 163 516	1 809 926
Mandatory reserve balances included above:	559 922	536 731

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

ECL for cash and cash equivalent are immaterial.

12. Due from banks and other financial institutions

N$'000	**2024**	2023
Namibia Dollar	9 591 662	9 468 311

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$ 7.2 billion. The repo transaction is disclosed under note 25 due to banks and other financial institutions.

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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

13. Derivative financial instruments

Use of derivatives

The group's transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the groups 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 33.

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. These are not designated as hedging instruments and therefore hedge accounting does not apply.

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

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

Most of the group's 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:

2024

N$'000	Asset notional	Fair value	Liabilities notional	Fair value
Held for trading				
Currency derivatives	1 646 753	66 318	972 062	95 046
Interest rate derivatives	2 194 065	13 050	2 194 076	15 162
Commodity derivatives	2 279 032	270 441	2 279 032	320 507
	6 119 850	349 809	5 445 170	430 715

2023

N$'000	Asset notional	Fair value	Liabilities notional	Fair value
Held for trading				
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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

14. Investment securities

N$'000	2024	2023
Treasury bills	3 099 656	4 641 740
Other government and government guaranteed stock	5 362 877	5 189 130
Unlisted equity	37 079	9 576
Other undated securities	165 424	113 234
	8 665 036	9 953 680
Loss allowance on investment securities	(3 887)	(4 654)
Total investment securities	8 661 149	9 949 026
Analysis of investment securities		
Equities - Fair value through other comprehensive income	10 365	9 576
Other securities - Fair value through profit or loss	639 608	449 935
Amortised cost	7 845 752	9 376 281
Fair value through profit or loss	165 424	113 234
Total investment securities	8 661 149	9 949 026

N$ 7 846 million (2023: N$ 9 376 million) of the financial instruments form part of the group's liquid asset portfolio in terms of the new Banking Institutions Act, (No 13 of 2023) 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 amortised cost is N$ 3.9 million (2023: N$ 4.7 million).

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

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

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

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

15. Advances

N$'000	2024	2023
Notional value of advances	39 416 717	36 778 906
Gross value of advances	39 416 717	36 778 906
Geographical analysis (based on credit risk)		
Namibia	37 745 001	35 449 607
Category analysis		
Overdraft and cash management accounts	3 429 502	4 405 082
Card loans	566 451	551 041
Instalment sales	4 136 879	3 499 579
Lease payment receivables	138 068	116 894
Term loans	12 714 943	10 541 963
Property finance	16 788 949	16 394 784
Investment bank term loans	302 759	-
Preference share agreements	964 464	852 178
Invoice finance	11 729	145 033
Other	284 019	272 352
Assets under agreement to resell	78 954	-
Gross value of advances	39 416 717	36 778 906
Impairment of advances	(1 671 716)	(1 329 299)
Net advances	37 745 001	35 449 607
Portfolio analysis		
Fair value through profit or loss	380 750	-
Amortised cost	37 364 251	35 449 607
Net advances	37 745 001	35 449 607

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

15. Advances continued

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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

15. Advances continued

N$'000	2024				2023			
Analysis of advances per class	Amortised cost	Fair value through profit or loss	Loss allowance	Total	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Property finance	16 788 707	-	(552 248)	16 236 459	16 408 976	-	(435 073)	15 973 903
Vehicle asset finance	1 904 655	-	(59 628)	1 845 027	1 794 879	-	(66 377)	1 728 502
Total Retail secured	18 693 362	-	(611 876)	18 081 486	18 203 855	-	(501 450)	17 702 405
Credit card	548 070	-	(67 655)	480 415	532 095	-	(49 562)	482 533
Personal loans	3 426 686	-	(309 627)	3 117 059	3 117 628	-	(263 058)	2 854 570
Other retail	553 305	-	(102 727)	450 578	539 111	-	(75 767)	463 344
Total Retail unsecured	4 528 061	-	(480 009)	4 048 052	4 188 834	-	(388 387)	3 800 447
FNB Commercial	6 513 002	-	(422 930)	6 090 072	6 003 963	-	(324 213)	5 679 750
Commercial vehicle asset finance	2 651 924	-	(103 338)	2 548 586	2 093 939	-	(61 992)	2 031 947
RMB Corporate and Investment banking	6 648 655	381 713	(53 563)	6 976 805	6 288 315	-	(53 257)	6 235 058
Total Corporate and Commercial	15 813 581	381 713	(579 831)	15 615 463	14 386 217	-	(439 462)	13 946 755
Total advances	39 035 004	381 713	(1 671 716)	37 745 001	36 778 906	-	(1 329 299)	35 449 607

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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

15. Advances continued

Reconciliation of the gross carrying amount of advances:

2024	Gross advances				Loss Allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	32 059 275	2 948 269	1 771 362	36 778 906	248 014	274 096	807 189	1 329 299
Amount as at 01 July 2023	32 059 275	2 948 269	1 771 362	36 778 906	248 014	274 096	807 189	1 329 299
Current year movement in the back book								
Transfer from stage 1 to stage 2	(3 009 400)	3 009 400	-	-	(13 930)	13 930	-	-
Transfer from stage 1 to stage 3	(568 117)	-	568 117	-	(5 661)	-	5 661	-
Transfer from stage 2 to stage 3	-	(527 287)	527 287	-	-	(59 509)	59 509	-
Transfer from stage 2 to stage 1	2 264 447	(2 264 447)	-	-	69 187	(69 187)	-	-
Transfer from stage 3 to stage 2	-	18 091	(18 091)	-	-	3 801	(3 801)	-
Transfer from stage 3 to stage 1	49 495	-	(49 495)	-	6 798	-	(6 798)	-
Opening balance of back book after transfer*	30 795 700	3 184 026	2 799 180	36 778 906	304 408	163 131	861 760	1 329 299
Other current period charges / (releases)	2 914 948	128 318	(224 019)	2 819 247	(46 856)	187 551	383 158	523 853
Change in exposure of back book in the current period								
- Exposures with a change in measurement basis from 12 months to LECL	-	(20 859)	-	(20 859)	-	27 964	-	27 964
- Other current year charge/(release)	(3 828 048)	(95 845)	(367 542)	(4 291 435)	(91 931)	139 096	287 034	334 199
Change in exposure due to new business in the current year	6 742 996	245 022	143 523	7 131 541	45 075	20 491	96 124	161 690
Bad debts written off**	-	-	(181 436)	(181 436)	-	-	(181 436)	(181 436)
Amount as at 30 June 2024	33 710 648	3 312 344	2 393 725	39 416 717	257 552	350 682	1 063 482	1 671 716
Amortised cost	33 328 935	3 312 344	2 393 725	39 035 004	256 589	350 682	1 063 482	1 670 753
Fair value	381 713	-	-	381 713	963	-	-	963
Amount as at 30 June 2024	33 710 648	3 312 344	2 393 725	39 416 717	257 552	350 682	1 063 482	1 671 716

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

15. 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 2021	28 789 345	2 760 686	1 787 929	33 337 960	269 924	332 363	773 109	1 375 396
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
Other current period charges / (releases)	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								
- Exposures with a change in measurement basis from 12 months to LECL	-	(67 677)	-	(67 677)	5	29 517	-	29 522
- Other current year charge/(release)	(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

* *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 are transferred to the impairment stage at 30 June in the transfers section and the current year movements in the back book (changes in exposure and net movement on GCA and ECL provided/(released) are reflected separately in the reconciliation. The current year movement for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and changes in other risk parameters.

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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

15. Advances continued

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

2024

	Gross advances				Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Retail	19 438 697	2 128 130	1 654 596	23 221 423	177 292	206 446	708 147	1 091 885
FNB Commercial	5 258 290	609 129	645 583	6 513 002	47 236	77 238	298 456	422 930
Commercial vehicle finance	2 415 358	143 020	93 546	2 651 924	11 868	34 591	56 879	103 338
RMB Corporate and Investment banking	6 598 303	432 065	-	7 030 368	21 156	32 407	-	53 563
Total	33 710 648	3 312 344	2 393 725	39 416 717	257 552	350 682	1 063 482	1 671 716

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	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 2024 continued

16. Impairment on advances

Analysis of the loss allowance closing balance

	2024				2023			
N$'000	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	257 552	350 682	1 063 482	1 671 716	248 014	274 096	807 189	1 329 299
On and off balance sheet exposure*	253 981	350 682	1 063 482	1 668 145	245 412	274 096	807 189	1 326 697
Letters of credit and guarantees	3 571	-	-	3 571	2 602	-	-	2 602
Components of total loss allowance								
- Forward looking information**	21 045	27 075	2 948	51 068	1 618	12 655	183	14 456
- Model update#	(355)	(804)	-	(1 159)	(1 398)	(2 985)	-	(4 383)
- Interest on stage 3 advances†	-	-	404 812	404 812	-	-	301 551	301 551

* *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 incorporates FLI macro economics information into the ECL calculations. For more detail refer to the accounting policy note 9.4.*

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

† *Cumulative balance as at 30 June.*

Breakdown of impairment charge recognised during the year:

	2024			2023		
N$ 000's	Amortised cost	Fair value	Total	Amortised cost	Fair value	Total
Increase / (decrease) in loss allowance	522 890	963	523 853	308 467	-	308 467
Interest in suspense	(76 671)	-	(76 671)	(69 987)	-	(69 987)*
Recoveries/release of bad debts	(21 612)	-	(21 612)	(24 908)	-	(24 908)
Impairment of advances recognised during the period	424 607	963	425 570	213 572	-	213 572

* In the current year, the group introduced a new line item, 'Interest in Suspense,' to enhance the presentation of the impairment charge breakdown. As a result, the increase / (decrease) in loss allowance has increased from N$168.5million as reported in the 30 June 2023 financial statements to N$308.5million.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

16. Impairment on advances continued

Reconciliation of the loss allowance on total advances per class:

	Retail secured		Retail unsecured			Corporate and commercial			
N$ 000's	Property 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 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
Bad debts written off	(37 019)	(8 557)	(19 154)	(69 778)	(14 568)	(30 596)	(1 764)	-	(181 436)
Transfers and other current period charges / (releases)	154 194	1 808	37 247	116 347	41 528	129 313	43 110	306	523 853
- Stage 1	20 177	(3 817)	1 999	16 677	(1 430)	(4 394)	(4 497)	(15 175)	9 540
- Stage 2	37 755	(2 135)	1 209	5 400	8 886	3 375	6 618	15 481	76 589
- Stage 3	96 262	7 760	34 039	94 270	34 072	130 332	40 989	-	437 724
Amount as at 30 June 2024	552 248	59 628	67 655	309 627	102 727	422 930	103 338	53 563	1 671 716
- Stage 1	67 799	19 459	14 448	58 699	16 887	47 236	11 868	21 156	257 552
- Stage 2	118 342	5 462	7 731	31 157	43 754	77 238	34 591	32 407	350 682
- Stage 3	366 107	34 707	45 476	219 771	42 086	298 456	56 879	-	1 063 482

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

16. Impairment on advances continued

	Retail secured		Retail unsecured			Corporate and commercial			
N$ 000's	Property 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)
Transfers and other current period charges / (releases)	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
Amount 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 2024 continued

17. Other assets

N$'000	2024	2023
Items in transit	106 732	68 718
Deferred staff cost	-	3 262
Prepayments	93 831	84 711
Property in possession*	34 532	45 777
Other receivables	46 975	49 520
Loss allowance	(4 782)	(7 852)
	277 288	244 136
Financial instrument and non-financial instrument components of trade and other receivables		
Financial instrument	42 193	41 668
Non-financial instruments	235 095	202 468
	277 288	244 136

**The group has not pledged these assets.*

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$ 4.8 million (2023: N$ 7.9 million).

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

18. Investments in associates

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

The following are associates to the company:

			% Ownership interest	
	Country of incorporation	Method	2024	2023
Stimulus Investment Limited	Investment company (Windhoek)	Equity	37%	37%

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.

Stimulus Investment Limited has a February year end.

Summarised financial information of significant associates

2024

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit from continuing operations	Total comprehensive income
Stimulus Investment Limited	32 159	-	-
	32 159	-	-

Summarised consolidated statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
Stimulus Investment Limited	675 652	50 769	707 707	18 713	1
	675 652	50 769	707 707	18 713	1

Reconciliation of movement in investments in associates	Investment at beginning of 2024	Share of profit	Investment at end of 2024
Stimulus Investment Limited	-	-	-
	-	-	-

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

18. Investments in associates continued

Summarised financial information of significant associates continued

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
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	-	-	-
	-	-	-

The group has no exposure to contingent liabilities as a result of its relationship with its associates.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

19. Property and equipment

	2024			2023		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings	646 930	(64 713)	582 217	710 010	(72 208)	637 802
Leasehold property	81 187	(47 409)	33 778	76 500	(47 632)	28 868
Furniture and fixtures	218 073	(163 319)	54 754	215 841	(150 225)	65 616
Motor vehicles	8 692	(3 789)	4 903	6 858	(3 769)	3 089
Office equipment	122 816	(107 664)	15 152	117 859	(107 041)	10 818
IT equipment	432 006	(288 197)	143 809	381 680	(251 793)	129 887
Right-of-use asset property	102 147	(70 462)	31 685	85 654	(49 074)	36 580
Total	1 611 851	(745 553)	866 298	1 594 402	(681 742)	912 660

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

19. Property and equipment continued

Reconciliation of property and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Buildings	637 802	14 869	(2 962)	(56 820)	(10 672)	-	582 217
Leasehold property	28 868	9 627	(225)	-	(4 492)	-	33 778
Furniture and fixtures	65 616	10 346	(457)	-	(20 751)	-	54 754
Motor vehicles	3 089	3 075	(445)	-	(816)	-	4 903
Office equipment	10 818	7 761	(4)	-	(3 423)	-	15 152
IT equipment	129 887	69 500	(470)	-	(49 988)	(5 120)	143 809
Right of use asset property	36 580	17 922	(471)	-	(22 346)	-	31 685
	912 660	133 100	(5 034)	(56 820)	(112 488)	(5 120)	866 298

Swabou Investments (Pty) Ltd's building, located at Erf 7065, Independence Avenue, Windhoek, has been reclassified from owner-occupied property in accordance with IAS 16 to a non-current asset held for sale in accordance with IFRS 5, on 30 June 2024. Please see note 22 for more detail.

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

The useful life of each asset is assessed individually. For the information on the benchmarks used when assessing the useful life of the individual assets refer to accounting policy 5.1.

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

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

20. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation	Net book value	Cost / Valuation	Accumulated amortisation	Net book value
Trademarks	181 375	(154 425)	26 950	181 375	(144 625)	36 750
Software	80 573	(68 958)	11 615	76 867	(58 702)	18 165
Customer related intangibles	40 145	(28 101)	12 044	40 145	(24 087)	16 058
Total	302 093	(251 484)	50 609	298 387	(227 414)	70 973

Reconciliation of intangible assets - **2024**

	Opening balance	Additions	Amortisation	Total
Trademarks	36 750	-	(9 800)	26 950
Software	18 165	3 706	(10 256)	11 615
Customer related intangibles	16 058	-	(4 014)	12 044
	70 973	3 706	(24 070)	50 609

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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

21. Deferred tax

N$'000	2024	2023
Deferred tax liability		
Opening balance	(303 410)	(124 973)
- Recognised in profit or loss	3 165	(175 604)
- Deferred tax on amounts charged directly to other comprehensive income	2 835	(2 833)
- Taxable temporary difference adjustment	(6 733)	-
Total deferred income tax liability	(304 143)	(303 410)
Deferred tax asset		
Opening balance	25 236	21 993
- Recognised in profit or loss	(2 372)	3 243
Total deferred income tax asset	22 864	25 236
Total net deferred tax liability	(281 279)	(278 174)

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$ 36 million (2023: N$ 39 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. Deferred tax has an impact of N$ 9.4 million due to the substantively enacted tax rate of 31%, despite it not being Gazetted.

Currently tax losses have no expiry date.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

21. Deferred tax continued

N$'000	2024	2023
Reconciliation of deferred tax asset / (liability)		
Accruals	(297 189)	(290 409)
Deferred staff costs	11 781	6 138
Fair value adjustment of financial instruments	8 858	8 646
Instalment credit agreements	(77 526)	(51 123)
Post-employment benefit liabilities	13 201	14 164
Property and equipment	(112 629)	(101 900)
Provision for loan impairment	113 654	93 564
Other	35 707	17 510
	(304 143)	(303 410)
Deferred income tax assets		
Property and equipment	(20)	(20)
Other*	22 884	25 256
Total net deferred income tax assets	22 864	25 236
Charge through profit and loss	(1 659)	172 280
Deferred income tax on other comprehensive income	(2 835)	2 833
	(4 494)	175 113

* *Other includes amortisation of the trademark.*

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

22. Non-current asset held for sale

N$'000	**2024**	2023
Transfer from property and equipment	56 820	-
Impairment	(3 820)	-
	53 000	-

Swabou Investments (Pty) Ltd's building, located at Erf 7065, Independence Avenue, Windhoek, has been reclassified from owner-occupied property in accordance with IAS 16 to a non-current asset held for sale in accordance with IFRS 5. A potential buyer has been identified, and management believes the sale will occur in the 2025 financial year. The building was reclassified as held for sale on 30 June 2024. The carrying amount of the building before reclassification was N$56.8 million. The fair value less costs to sell is N$ 53.0 million, resulting in an impairment loss of N$3.8 million, which was recognised upon reclassification to write down the asset to its fair value less costs to sell.

23. Short trading position

N$'000	**2024**	2023
Government and government guaranteed stock	34 085	-

24.Creditors and accruals

N$'000	**2024**	2023
Items in transit	512 720	366 495
Audit fees	11 387	11 272
Accrued expenses	27 128	34 118
Accounts payable and accrued liabilities	208 442	417 005
	759 677	828 890

All amounts are expected to be settled within twelve months.

The carrying value of creditors and accruals approximates fair value.

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

25. Deposits and current accounts

25.1 Deposits from customers

N$'000	**2024**	2023
Current accounts	17 713 757	15 046 734
Call deposits	10 355 447	9 748 311
Savings accounts	833 192	649 975
Fixed and notice deposits	9 892 381	11 231 655
Debt securities		
Negotiable certificates of deposit	5 524 360	5 721 924
Fixed and floating rate notes	353 671	353 776
Total deposits	44 672 808	42 752 375

25.2 Due to banks and other financial institutions

To banks and other financial institutions	7 548 800	7 503 075

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

26. Employee liabilities

N$'000	**2024**	2023
Post-employment benefit liabilities	**43 299**	37 359
Liability for short-term employee liabilities	**242 322**	231 054
	285 621	268 413

1. The group has a liability to subsidise the post-retirement medical expenditure of certain of its employees which constitutes a defined benefit plan. All employees who join the employ of the group on or after 1 December 1998 are not entitled to the post retirement medical aid subsidy.

   The actuarial method used to value the liabilities is the projected unit credit prescribed by IAS 19 Employee Benefits. The liability is measured as the present value of the group's share of contributions to the medical scheme. Continuing member contributions are projected into the future year using the assumption rate of health care cost inflation and are then discounted back using the discount rate. The group subsidises medical aid contributions for all eligible members at various rates.

2. A severance pay provision is carried in terms of the Labour Act of 2007 and relates to when employment services are terminated by dismissal under certain circumstances or if employees die while employed.

3. The medical plan is regulated by Namfisa. The medical fund is governed by a board of trustees independent of the group. An external auditor performs an audit of the fund on an annual basis.

   The employer contributed N$3.9 million (2023: N$2.7 million) to the post-retirement medical benefit.

   The severance pay liability is unfunded and is valued using the projected unit credit method prescribed by IAS 19 Employee Benefits.

   The independent actuarial valuations are done on an annual basis.

	2024			2023		
N$'000	Medical	Severance	Total	Medical	Severance	Total
Present value of unfunded liabilities	35 026	8 273	43 299	30 125	7 234	37 359

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

26. Employee liabilities continued

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

	2024			2023		
N$'000	Medical	Severance	Total	Medical	Severance	Total
Current service cost	182	581	763	263	587	850
Interest cost	3 602	996	4 598	4 154	902	5 056
Included in staff cost	3 784	1 577	5 361	4 417	1 489	5 906
Remeasurements recognised in other comprehensive income						
Actuarial (gains) / loss recognised	4 819	4 326	9 145	(8 372)	(485)	(8 857)
Total included in staff costs	8 603	5 903	14 506	(3 955)	1 004	(2 951)

Movement in post-employment liabilities

	2024			2023		
N$'000	Medical	Severance	Total	Medical	Severance	Total
Present value at beginning of the year	30 125	7 234	37 359	36 505	7 174	43 679
Current service cost	182	581	763	263	587	850
Interest cost	3 602	996	4 598	4 154	902	5 056
Benefits paid	(3 702)	(4 864)	(8 566)	(2 425)	(944)	(3 369)
Actuarial (gains) / loss from changes in financial assumptions	4 819	4 326	9 145	(8 372)	(485)	(8 857)
Present value at end of the year	35 026	8 273	43 299	30 125	7 234	37 359

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

26. Employee liabilities continued

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

N$'000	2024	2023
Effect of 1% change in the medical aid inflation assumption is as follows:		
1% increase - effect in current service and interest cost	4 643	4 161
1% decrease - effect in current service and interest cost	3 881	3 458
Effect of 1% change in the normal salary inflation assumptions is as follows		
1% increase - effect in current service and interest cost	1 710	1 717
1% decrease - effect in current service and interest cost	1 441	1 451

The principal actuarial assumptions used for accounting purposes were:

	2024		2023	
	Medical	Severance	Medical	Severance
Discount rate (%)	12.06%	11.48%	12.46%	14.11%
Medical aid inflation (%)	7.60%	-	8.22%	-
Salary inflation (%)	-	7.11%	-	9.69%
Employees covered	92	2 136	96	2 093

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

27. Other liabilities

N$'000	2024	2023
Lease liabilities	33 977	39 296
Other funding liabilities	94 588	126 132
Preference shares*	-	5 984
Total other liabilities	128 565	171 412
Opening balance	171 412	202 658
Cash flow movements	(63 786)	(57 863)
- Principal payments towards other liabilities	(27 049)	(21 058)
- Principal payments towards lease liabilities	(22 712)	(23 061)
- Interest paid on other liabilities	(11 210)	(11 002)
- Interest paid on lease liabilities	(2 815)	(2 742)
Non-cash flow movements	20 939	26 617
- New leases issued during the year	17 766	22 305
- Early termination of lease	(225)	(4 020)
- Interest accrued	3 546	3 731
- Fair value movement	-	4 601
- Disposal of subsidiaries	(148)	-
Total other liabilities	128 565	171 412

The group's significant operating leases relate to property rentals of office premises and the various branch network channels represented by branches and ATMs. 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.

* *The preference shares in issue in the prior year had variable interest rates that are linked to prime and matured in the current financial year.*

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

28. Insurance and Reinsurance contract assets and liabilities

28.1 Reconciliation of liability for remaining coverage (LRC) and liability for incurred claims (LIC) for insurance

2024

N$'000s	Total	LRC excluding loss component	LRC loss component	LIC for contracts under PAA present value of future cash flows	LIC for contracts under PAA risk adjustment
Net opening balance					
- Insurance contract liabilities	43 652	19 210	-	22 425	2 017
Insurance revenue	(161 688)	(161 688)	-	-	-
Insurance service expenses	111 907	-	46	113 367	(1 506)
- Incurred claims and other directly attributable expenses	111 581	-	-	112 319	(738)
- Changes that relate to past service - changes in the FCF relating to the LIC	280	-	-	1 048	(768)
- Losses on onerous contracts and reversal of those losses	46	-	46	-	-
Insurance service result	(49 781)	(161 688)	46	113 367	(1 506)
Transition adjustment	4 149	538	178	-	3 433
Cash flows	46 330	162 332	-	(116 002)	-
- Premiums received	162 332	162 332	-	-	-
- Claims and other directly attributable expenses paid	(116 002)	-	-	(116 002)	-
Net closing balance as at 30 June	44 350	20 392	224	19 790	3 944
- Insurance contract liabilities	44 350	20 392	224	19 790	3 944
Insurance contract liabilities under unmatured policies comprise the following:					
Motor	11 671	3 751	30	6 637	1 253
Property	32 679	16 641	194	13 153	2 691
Insurance contract liabilities	44 350	20 392	224	19 790	3 944

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

28. Insurance and Reinsurance contract assets and liabilities continued

28.1 Reconciliation of liability for remaining coverage (LRC) and liability for incurred claims (LIC) for insurance continued

2023

N$'000s	Total	LRC excluding loss component	LRC loss recovery component	LIC for contracts under PAA present value of future cash flows	LIC for contracts under PAA risk adjustment
Net opening balance					
- Insurance contract liabilities	41 844	19 224	-	21 537	1 083
Insurance revenue	(150 153)	(150 153)	-	-	-
Insurance service expenses	115 498	-	-	115 498	-
- Incurred claims and other directly attributable expenses	113 446	-	-	113 446	-
- Changes that relate to past service - changes in the FCF relating to the LIC	2 052	-	-	2 052	-
Insurance service result	(34 655)	(150 153)	-	115 498	-
Insurance finance income (expense) from insurance contracts issued	934	-	-	-	934
- Recognised in profit or loss	934	-	-	-	934
Cash flows	35 529	150 139	-	(114 610)	-
- Premiums received	150 139	150 139	-	-	-
- Claims and other directly attributable expenses paid	(114 610)	-	-	(114 610)	-
Net closing balance as at 30 June	43 652	19 210	-	22 425	2 017
- Insurance contract liabilities	43 652	19 210	-	22 425	2 017
Insurance contract liabilities under unmatured policies comprise the following:					
Motor	15 279	6 724	-	7 849	706
Property	28 373	12 486	-	14 576	1 311
Insurance contract liabilities	43 652	19 210	-	22 425	2 017

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

28. Insurance and Reinsurance contract assets and liabilities continued

28.2 Reconciliation of liability for remaining coverage (LRC) for reinsurance and liability for incurred claims (LIC) for reinsurance

2024

N$'000s	Total	Remaining coverage excl loss recovery component	Incurred claims component for contracts under PAA present value of future cash flows
Net opening balance	2 854	(21 808)	24 662
- Reinsurance contract liabilities	(21 808)	(21 808)	-
- Reinsurance contract assets	24 662	-	24 662
Net income (expenses) from reinsurance contracts held	(9 700)	(23 611)	13 911
- Reinsurance expenses	(23 611)	(23 611)	-
- Incurred claims recovery	13 772	-	13 772
- Changes that relate to past service - changes in the FCF relating to incurred claims recovery	139	-	139
Cash flows	12 758	39 688	(26 930)
- Premiums paid net of ceding commissions and other directly attributable expenses	39 688	39 688	-
- Recoveries from reinsurance	(26 930)	-	(26 930)
Net closing balance as at 30 June	5 912	(5 731)	11 643
- Reinsurance contract liabilities	(5 731)	(5 731)	-
- Reinsurance contract assets	11 643	-	11 643

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

28. Insurance and Reinsurance contract assets and liabilities continued

28.2 Reconciliation of liability for remaining coverage (LRC) for reinsurance and liability for incurred claims (LIC) for reinsurance continued

2023	2023		
N$'000s	Total	Remaining coverage excl loss recovery component	Incurred claims component for contracts under PAA present value of future cash flows
Net opening balance	2 890	(15 038)	17 928
- Reinsurance contract liabilities	(15 038)	(15 038)	-
- Reinsurance contract assets	17 928	-	17 928
Net income (expenses) from reinsurance contracts held	(2 515)	(20 033)	17 518
- Reinsurance expenses	(20 033)	(20 033)	-
- Incurred claims recovery	17 343	-	17 343
- Changes that relate to past service - changes in the FCF relating to incurred claims recovery	175	-	175
Cash flows	2 479	13 263	(10 784)
- Premiums paid net of ceding commissions and other directly attributable expenses	13 263	13 263	-
- Recoveries from reinsurance	(10 784)	-	(10 784)
Net closing balance as at 30 June	2 854	(21 808)	24 662
- Reinsurance contract liabilities	(21 808)	(21 808)	-
- Reinsurance contract assets	24 662	-	24 662

All contracts issued are personal lines.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

29. Share capital

N$'000	**2024**	2023
Authorised		
990 000 000 (2023: 990 000 000) ordinary shares of par value of N$ 0.005 per share	4 950	4 950
10 000 000 (2023: 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 (2023: 267 593 250) ordinary shares with a par value of N$ 0.005 per share	1 335	1 335
Share premium	278 023	278 023
	279 358	279 358

A detailed reconciliation of the movements in the share capital and premium balances is set out in the consolidated statement of changes in equity.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

30. Remuneration schemes

N$'000	**2024**	2023
Conditional incentive plan (CIP)		
Other subsidiary schemes	25 054	24 134
Amount included in profit or loss	25 054	24 134

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 17 is an amount of N$ 51.7 million (2023: N$ 54.3 million) relating to the group's share-based payment scheme. The prepayment fund is managed by RMB Morgan Stanley. Share based payments allocated to employees are accumulated in advance through the fund. The vesting of these schemes are subject to the vesting conditions set out below.

Description of the scheme and vesting conditions:

Conditional and deferred incentive plans (awards)	
	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 2024 continued

30. Remuneration schemes continued

Corporate performance targets:

The FirstRand remuneration committee sets the CPTs for each award based on expected macroeconomic conditions, group earnings and returns forecasts over the performance period. These criteria vary from year to year, depending on the expectations for each of the aforementioned variables. For vesting to occur, the criteria must be met or exceeded. If the performance conditions are not met, the award fails. The awards have a graded vesting structure. The level of vesting is correlated to the earnings growth achieved relative to macroeconomic variables or set normalised EPS growth targets and minimum return on equity (ROE) requirements. The vesting outcome is based on the delivery of the performance conditions and this level is finally determined and calculated by the group remuneration committee. The remuneration committee is permitted to adjust the final outcome of the graded vesting level downwards for predetermined issues. In terms of the scheme rules, participants are not entitled to dividends on their conditional share awards during the vesting period. For the 2019 and 2020 awards, 50% of the awards granted to non-senior employees are subject only to continued employment for the award to vest, with the remaining 50% subject to performance conditions. From 2021, awards with only time-based vesting conditions were introduced as a short-term incentive category for staff not eligible for the (CIP). These are referred to as the deferred incentive plan (DIP). Awards that include both performance- and time-based vesting conditions are referred to as CIP.

Currently open

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

Page 30 of the separate annual integrated report.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

31. 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 as 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 prior to the 49% acquisition, as it was fully consolidated.

N$'000	**2024**	2023
The following information relates to the unconsolidated structured entity:		
Loss on acquisition	-	20 414
Non controlling interest in subsidiary at acquisition	-	41 109
Consideration paid	-	61 523

Fund management

The group manages a number of unit trusts, ranging from income funds to equity funds. 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, but does not recognise the assets on its statement of financial position.

N$'000	**2024**	2023
Investments and other securities		
Unit trust investments	304 797	312 528
Maximum exposure to loss	304 797	312 528
Assets under management		
- Traditional products	14 021 637	11 574 507
- Alternative products	2 167 159	3 726 482
	16 188 796	15 300 989

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

32. Related parties

Details of subsidiaries	Nature of business	Date of acquisition	Country of incorporation	Number of shares	Effective holding % **2024**	Effective holding % 2023
Banking operations:						
First National Bank of Namibia Limited	Commercial bank	7-May-03	Namibia	1200 of N$1 each	**100**	100
Swabou Investments (Proprietary) Limited	Home loan investment company	30-Apr-04	Namibia	2 of N$0.05 each	**100**	100
Insurance operations:						
FNB Short Term Insurance Company Limited	Short-term finance	31-Aug-07	Namibia	4 000 000 of N$1 each	**100**	100
Capital Markets:						
Ashburton Investment Managers (Proprietary) Limited	Unit trust management company	31-Mar-17	Namibia	100 of N$1 each	**100**	100
Ashburton Property Unit Trust Management Company Limited	Unit trust management company	31-Mar-17	Namibia	2 000 000 of N$1 each	**100**	100
Ashburton Unit Trust Management Company Limited	Unit trust management company	1-Jul-06	Namibia	4 000 000 of N$1 each	**100**	100
Pointbreak Unit Trust Management Company (Proprietary) Limited	Unit trust management company	31-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 2024 continued

32. Related parties continued

Details of subsidiaries	Nature of business	Date of acquisition	Country of incorporation	Number of shares	Effective holding % 2024	Effective holding % 2023
Other:						
Talas Properties (Windhoek) (Proprietary) Limited	Property company	7-May-03	Namibia	100 of N$1 each	**100**	100
FNB Insurance Brokers (Namibia) (Proprietary) Limited	Insurance broker	30-Apr-09	Namibia	100 of N$1 each	**100**	100
RMB Investments (Proprietary) Limited	Investment advisory services	14-Nov-12	Namibia	100 of N$1 each	**100**	100
FNB Fiduciary (Namibia) (Proprietary) Limited	Estate and trust services	28-Jan-97	Namibia	200 of N$1 each	**100**	100
FNB Nominees (Namibia) (Proprietary) Limited	To hold Script and Security Items on behalf of clients.	1-Mar-06	Namibia	100 of N$1 each	**100**	100
FNB Life Agency Operations and Management Company (Proprietary) Limited (Formerly: Ashburton Investments Namibia Holdings (Proprietary) Limited	Life insurance agency, operations and management company	28-Sep-16	Namibia	100 of N$1 each	**100**	100
Pointbreak Trusts and Estates	Administration of deceased estates	31-Mar-17	Namibia	8 500 of N$2 each	**100**	100
Pointbreak Wealth Management (Proprietary) Limited	Wealth management, Investment advisory activities	31-Mar-17	Namibia	4 200 of N$0.25 each	**100**	100
FNB Easy Loans Limited	Financial services	31-Mar-17	Namibia	1 624 183 of N$1 each	**100**	100
Keller & Neuhaus Estate Agents (Pty) Ltd	Estate agent	31-Mar-17	Namibia	1000 of N$1 each	**100**	100
Namibia Executors and Trustees (Pty) Ltd	Administration of deceased estates	31-Mar-17	Namibia	1000 of N$1 each	**100**	100
Akalako Investments (Pty) Ltd (Formerly: Ashburton Fund Managers Namibia (Proprietary) Limited)	Fund management	31-Mar-17	Namibia	100 of N$1 each 2499 of N$100 each	**100**	100
Pointbreak Investment Management (Proprietary) Limited	Financial and investment services	28-Sep-16	South Africa	100 of N$1 each	**-**	100

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

32. Related parties continued

FirstRand Namibia Limited is listed on the Namibian Stock Exchange and is 58.4% (2023: 58.4%) owned by FirstRand EMA Holdings (Proprietary) Limited, with its ultimate holding company FirstRand Limited, which is incorporated in South Africa, listed on the JSE Limited and on the NSX. Refer to section 2.2 of the accounting policies.

N$'000	**2024**	2023
RELATED PARTIES BALANCES		
Deposits		
FirstRand SA Group Companies	58 328	40 710
Balance due to banks and other financial institutions		
FirstRand SA group companies	7 255 149	7 423 015
Derivative liabilities		
FirstRand SA group companies	291 923	308 010
Advances		
FirstRand SA group companies	1 742 669	1 741 431
Balances due from banks and other financial institutions		
FirstRand SA Group Companies	7 236 323	7 400 999
Derivative assets		
FirstRand SA group companies	49 955	84 908

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

32. Related parties continued

N$'000	2024	2023
RELATED PARTIES TRANSACTIONS		
Interest received from related parties		
FirstRand SA group companies	(672 702)	(565 697)
Interest paid to related parties		
FirstRand SA group companies	631 968	489 405
Non-interest expenditure (Information Technology and other support services)		
FirstRand SA group companies	572 983	469 851
Compensation to directors and other key management		
Directors fees	23 652	12 543
Advances	19 984	14 481
Current and credit card accounts	179	164
Instalment finance	3 639	1 734
Deposits	2 228	2 484
Key management compensation (Group exco)		
Cash package	33 993	21 768
Retirement contributions	3 842	3 250
Performance related benefits	52 582	12 746

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements

33.1 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.

When assessing the fair value measurement of financial instruments for this period, the valuation models have been built to take into consideration inputs that are reflective of market participant input as opposed to group-specific inputs. The appropriateness of the inputs to valuations, which include the use of correlations, price volatilities, funding costs and bid-offer spreads, price earnings multiples counterparty and own credit spreads, was also considered. Changes in valuation inputs have also been considered in terms of the impact they have on the classification of exposures in the fair value hierarchy, transfers within the fair value hierarchy and the level 3 sensitivity analysis that may be required if applicable.

Fair value measurements are determined by the group on both a recurring and non-recurring basis.

Non-recurring fair value measurements

Non-recurring fair value measurements are those triggered by particular circumstances and include:

- The classification of assets and liabilities as non-current assets or disposal groups held for sale under IFRS 5 where the standard requires that the asset be held at the lower of its carrying amount and its fair value less costs to sell; and
- IAS 36 where the recoverable amount is based on the fair value less costs to sell.

These fair value measurements are determined on a case-by-case basis as they occur within each reporting period.

33.2 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.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities at level 2 and level 3

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs Level 2	Unobservable inputs of Level 3
Investment banking book	Discounted cash flows	Certain of the group's investment banking advances do not meet the requirements to be carried at amortised cost and are measured at fair value through profit or loss. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. As such, these advances are classified as level 3 on the fair value hierarchy. Future cash flows are discounted using a market related interest rate, adjusted for credit inputs.	Market interest rates and curves	Credit inputs
Non-current asset held or for sale	Offer price	The fair value is based on a recent offer price received for the asset, assuming the offer is from a credible buyer and represents a price at which the asset could be sold in an orderly transaction between market participants at the measurement date.	Quoted prices	Not applicable
Investment securities and other investments				
Equities / bonds listed in an inactive market	Discounted cash flows	For listed equities 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	Credit inputs
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 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs 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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs Level 2	Unobservable inputs of Level 3
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 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

Fair Value hierarchy and measurements

The group has elected to designate certain investment banking book advances at fair value through profit or loss. The designation is on a deal basis. Credit risk is not observable and has significant impact on the fair value measurement of these advances and as such these advances are classified as Level 3 on the fair value hierarchy.

Non-recurring fair value measurements

For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required, as listed in the table above, the technique applied and the inputs into the models would be in line with those as set out in the table. There were no assets or liabilities measured at fair value on a non-recurring basis in the prior year. However, there is a non-recurring fair value transactions in the current year. A building owned by Swabou Investments (Pty) Ltd was classified as asset held for sale at 30 June 2024.

The building is subject to the IFRS 5 measurement criteria at fair value less costs to sell and classified as level 1 in the fair value hierarchy. Further details have been provided in note 22.

Refer to page 123 for the effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives.

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

2024

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	-	787 846	27 551	815 397
Advances	-	78 954	301 796	380 750
Derivative financial instruments	-	349 809	-	349 809
Non-recurring fair value measurements				
Non-current asset held for sale	53 000	-	-	53 000
Total financial assets	53 000	1 216 609	329 347	1 598 956
Liabilities				
Recurring fair value measurement				
Short Trading position	34 085	-	-	34 085
Derivative financial instruments	-	430 715	-	430 715
Total financial liabilities	34 085	430 715	-	464 800

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

2023

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	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 measurements				
Derivative financial instruments	-	404 096	-	404 096
Other liabilities	-	-	5 984	5 984
Total financial liabilities	-	404 096	5 984	410 080

Sensitivity of fair values to changing significant assumptions and to reasonably possible alternatives

(i) The value given is 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 are 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, is 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 relies 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$ 362 million (2023: N$ 11 million) and using more negative reasonable possible assumptions to N$ 296 million (2023: N$ 9 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 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

Changes in level 3 instruments with recurring fair value measurements

N$'000	Fair value at June 2023	Gains or losses recognised in profit or loss	Purchases / (sales) / issues / (settlements)	Fair value at June 2024
Advances	-	1 796	300 000	301 796
Investment securities	37 469	2 730	(12 648)	27 551
Total financial assets at fair value	37 469	4 526	287 352	329 347
Other liabilities	5 984	-	(5 984)	-
Total financial liabilities at fair value	5 984	-	(5 984)	-

N$'000	Fair value at June 2022	Gains or losses recognised in profit or loss	Purchases / (sales) / issues / (settlements)	Fair value at June 2023
Advances	70 844	648	(71 492)	-
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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

Unrealised gains or losses on level 3 instruments with recurring fair value measurements

The valuation model for level 3 assets or liabilities typically relies on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in fair value related to both observable and unobservable inputs. The table below presents the total gains / (losses) relating to financial instrument classified in Level 3 that are still held on 30 June. With the exception of interest on funding instruments all of these gains or losses are recognised in non-interest revenue.

	2024		2023	
N$'000	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income
Advances	1 796	-	648	-
Investment securities	2 730	-	724	-
Total financial asset	4 526	-	1 372	-
Other liabilities	-	-	5 210	-
Total financial assets	-	-	5 210	-

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

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

	2024			2023		
N$'000	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3
Advances at amortised cost	37 364 251	-	37 438 532	35 449 607	-	35 388 466
Total investment securities at amortised cost	7 845 752	7 906 720	-	9 376 281	9 315 720	-
	45 210 003	7 906 720	37 438 532	44 825 888	9 315 720	35 388 466
Total deposits at amortised cost	44 672 808	44 816 215	-	42 752 375	42 720 705	-
Other liabilities	128 565	94 065	-	165 428	125 428	-
	44 801 373	44 910 280	-	42 917 803	42 846 133	-

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

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

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

	2024			2023		
		Change in fair value due to credit risk			Change in fair value due to credit risk	
N$'000	Fair value	Current period	Cumulative	Fair value	Current period	Cumulative
Advances	380 750	963	963	-	-	-
Investment securities	815 397	-	-	572 745	-	-
Total	1 196 147	963	963	572 745	-	-

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.

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%

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

33. Fair value measurements continued

33.2 Fair value hierarchy and measurements continued

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

	2024			2023		
	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	301 796	331 976	271 616	-	-	-
Investment securities	27 551	30 306	24 796	9 576	10 534	8 618
Total financial assets measured at fair value in level 3	329 347	362 282	296 412	9 576	10 534	8 618
Other liabilities	-	-	-	5 984	5 386	6 582
Total financial liabilities measured at fair value in level 3	-	-	-	5 984	5 386	6 582

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

34. 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	**2024**	2023
Included in advances	301 796	-

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 the fair value of the advances based on the original credit spreads and the fair value of the advances based on the most recent market 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.

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for the year ended 30 June 2024 continued

35. Contingent liabilities and capital commitments

N$'000	**2024**	2023
Contingencies		
Guarantees *	1 569 910	1 728 920
Letters of credit	18 512	145 301
Total contingencies	1 588 422	1 874 221
Irrevocable unutilised facilities	2 112 493	2 360 573
Committed capital expenditure	106 348	50 410
Total contingencies and commitments	3 807 263	4 285 204

* Guarantees consist predominantly of endorsement and performance guarantees. The 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 2024 continued

36. 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 58 of the separate annual integrated 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.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

36. Risk management continued

Assessment and management

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

The assessment of credit risk across the group relies on internally developed quantitative models for addressing regulatory and business needs. The models are used for the internal assessment of the three primary credit risk components:

- Probability of default (PD);
- Exposure at default (EAD) and
- Loss given default (LGD).

Management of the credit portfolio is reliant on these three credit risk measures. PD, EAD and LGD are inputs into the portfolio and group level credit risk assessment where the measures are combined with estimates of correlations between individual counterparties, industries and portfolios to reflect diversification benefits across the group.

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 2024 continued

36. 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	2024	2023
Total exposure (items where credit risk exposure exist)		
Cash and cash equivalents		
Balances with other banks	14 382	3 988
Balances with central bank	2 500 153	1 248 173
Total cash and cash equivalents	2 514 535	1 252 161
Due from banks and other financial institutions	9 591 662	9 468 311
Advances		
Property mortgages	16 236 459	15 973 903
Vehicle asset finance	1 845 027	1 728 502
Credit card	480 415	482 533
Personal loans	3 117 059	2 854 570
Other retail	450 578	463 344
FNB Commercial	6 090 072	5 679 750
FNB Commercial vehicle finance	2 548 586	2 031 947
RMB Corporate and Investment banking	6 976 805	6 235 058
Total advances	37 745 001	35 449 607
Derivative financial instruments	349 809	375 784
Listed investment securities	5 362 877	5 189 130
Unlisted investment securities	3 298 272	4 759 896
Total debt investment securities	8 661 149	9 949 026
Accounts receivable	155 912	41 668
Guarantees	1 569 910	1 728 920
Letters of credit	18 512	145 301
Irrevocable commitments	2 112 493	2 360 573
Total	62 718 983	60 771 351

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for the year ended 30 June 2024 continued

36. Risk management continued

Credit assets

The table below sets out the maximum exposure to credit risk for financial assets at amortised cost and fair value through profit or loss, and fair value through comprehensive income debt instruments.

2024

N$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Total exposure							
(items where credit exposure exists)							
Cash and cash equivalents							
Balances with other banks	14 382	-	14 382	-	14 382	14 382	-
Balances with central bank	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Total cash and cash equivalents	2 514 535	-	2 514 535	-	2 514 535	2 514 535	-
Due from banks and other financial institutions	9 591 662	-	9 591 662	-	9 591 662	9 591 662	-
Advances							
Property mortgages	16 788 707	(552 248)	16 236 459	-	16 236 459	-	16 236 459
Vehicle and asset finance	1 904 655	(59 628)	1 845 027	-	1 845 027	-	1 845 027
Credit card	548 070	(67 655)	480 415	4 974	475 441	475 441	-
Personal loans	3 426 686	(309 627)	3 117 059	-	3 117 059	3 117 059	-
Other retail	553 305	(102 727)	450 578	2 682	447 896	447 896	-
FNB Commercial	6 513 002	(422 930)	6 090 072	24 128	6 065 944	1 895 780	4 170 164
Commercial vehicle finance	2 651 924	(103 338)	2 548 586	-	2 548 586	-	2 548 586
RMB Corporate and Investment banking	7 030 368	(53 563)	6 976 805	179 306	6 797 499	967 368	5 830 131
Total advances	39 416 717	(1 671 716)	37 745 001	211 090	37 533 911	6 903 544	30 630 367
Investment securities	8 665 036	(3 887)	8 661 149	-	8 661 149	8 661 149	-
Derivatives	349 809	-	349 809	-	349 809	339 500	10 309
Guarantees	1 569 910	-	1 569 910	160 597	1 409 313	979 451	429 862
Letters of credit	18 512	-	18 512	-	18 512	18 512	-
Irrevocable commitments	2 112 493	-	2 112 493	-	2 112 493	2 112 493	-

Notes to the consolidated annual financial statements

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36. Risk management continued

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							
Property 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
FNB 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 2024 continued

36. 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.

In the current year, we have revised our credit rating to align with our internal rating, unlike in the prior year when it was based on the sovereign credit rating. This adjustment provides a more accurate representation of our creditworthiness.

The amount in stage 3 that does 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 remain 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.

2024

	FR 1-25		FR 26-90		FR91-100	
N$'000	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Other retail						
Stage 1	-	-	19 426 364	1 655 122	12 334	-
Stage 2	-	-	783 072	-	1 345 057	-
Stage 3	-	-	-	-	1 654 596	-
Purchased or originated credit impaired	-	-	-	-	-	-
Total other retail	-	-	20 209 436	1 655 122	3 011 987	-
FNB commercial						
Stage 1	-	-	7 635 132	2 921 325	38 516	-
Stage 2	-	-	501 946	-	250 203	-
Stage 3	-	-	-	-	739 129	-
Purchased or originated credit impaired	-	-	-	-	-	-
Total commercial	-	-	8 137 078	2 921 325	1 027 848	-
RMB corporate banking						
Stage 1	37 069	675 057	919 440	2 531 542	24	15 623
Stage 2	-	-	149 736	573 484	-	18 256
Stage 3	-	-	-	-	-	-
Purchased or originated credit impaired	-	-	-	-	-	-
Total RMB corporate banking	37 069	675 057	1 069 176	3 105 026	24	33 879
RMB investment banking						
Stage 1	395 826	127 452	5 245 945	256 563	-	-
Stage 2	-	-	282 329	4 217	-	-
Stage 3	-	-	-	-	-	-
Purchased or originated credit impaired	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-
Total RMB investment banking	395 826	127 452	5 528 274	260 780	-	-

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for the year ended 30 June 2024 continued

36. Risk management continued

2023

	FR 26 - 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 FNB 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 2024 continued

36. 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.

	2024			2023		
N$'000	Gross carrying amount	Expected recoveries from collateral	Loss allowance	Gross carrying amount	Expected recoveries from collateral	Loss allowance
- Property mortgages	1 213 918	847 811	366 107	969 725	694 453	275 272
- Vehicle asset finance	43 591	8 885	34 706	55 908	20 404	35 504
Total retail secured	1 257 509	856 696	400 813	1 025 633	714 857	310 776
- Credit card	47 654	2 177	45 477	60 906	733	60 173
- Personal loans	296 940	77 169	219 771	196 142	1 771	194 371
- Other retail	52 493	10 407	42 086	28 024	2 529	25 495
Total retail unsecured	397 087	89 753	307 334	285 072	5 033	280 039
- FNB commercial	645 583	347 127	298 456	424 746	226 026	198 720
- Commercial vehicle finance	93 546	36 667	56 879	35 911	18 257	17 654
- RMB Corporate and investment banking	-	-	-	-	-	-
Total corporate and commercial	739 129	383 794	355 335	460 657	244 283	216 374
Total stage 3	2 393 725	1 330 243	1 063 482	1 771 362	964 173	807 189
Stage 3 by category						
Overdrafts and cash management accounts	293 661	116 682	176 979	151 160	47 758	103 402
Term loans	241 498	139 532	101 966	206 120	119 758	86 362
Card loans	49 740	3 979	45 761	63 382	5 171	58 211
Instalment sales and hire purchase agreements	133 840	45 241	88 599	88 858	37 227	51 631
Lease payments receivable	3 297	311	2 986	2 961	1 433	1 528
Property finance	1 374 749	947 329	427 420	1 061 064	746 798	314 266
Personal loans	296 940	77 169	219 771	197 817	6 028	191 789
Total stage 3	2 393 725	1 330 243	1 063 482	1 771 362	964 173	807 189

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

36. 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.

	2024	2023
N$'000	BB+ to B-	BB+ to B-
Investment securities at amortised cost		
Stage 1	7 845 752	9 376 281
Investment securities at fair value through other comprehensive income		
Stage 1	10 365	9 576
Investment securities at fair value through profit or loss		
Stage 1	805 032	563 169
Total investment securities	8 661 149	9 949 026
Other assets		
Stage 1	42 193	41 668
Other financial assets	42 193	41 668
Cash and cash equivalents		
Stage 1	3 163 516	1 809 926
Due from banks and other financial institution	9 591 662	9 468 311
Derivative assets		
Stage 1	349 809	375 784

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

36. 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 group's exposure to the various industry sectors for total advance and credit impaired advances.

2024

N$000's	Total gross advances	Off-balance sheet	Credit impaired advances	Security held and expected recoveries	Specific impairment
Agriculture	1 588 307	126 387	118 836	63 328	55 508
Banks and financial institutions	1 527 644	215 580	8 433	3 847	4 586
Building and property development	4 810 796	432 281	229 848	123 904	105 944
Government and public authorities	2 025 346	144 131	-	-	-
Individuals	23 419 539	1 291 742	1 654 594	948 678	705 916
Manufacturing and commerce	3 089 884	657 191	162 113	78 270	83 843
Mining	266 034	295 715	60 942	32 306	28 636
Transport and communication	962 942	106 931	70 949	31 145	39 804
Other services	1 726 225	430 957	88 010	48 765	39 245
	39 416 717	3 700 915	2 393 725	1 330 243	1 063 482

2023

N$000's	Total gross 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

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

36. Risk management continued

N$'000	**2024**	2023
Deposit current accounts and other loans		
Sovereigns, including central banks	1 877 816	1 112 627
Public sector entities	4 633 826	4 062 074
Local authorities	843 110	647 311
Banks	32 539	2 063
Corporate customers	22 365 094	23 308 138
Retail customers	14 920 423	13 620 162
Total deposits	44 672 808	42 752 375
Geographical analysis		
Namibia	44 672 808	42 752 375

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 in Namibian counter parties.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

36. 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.
- 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 represent 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
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36. 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 within prudential limits and minimum requirements. The objective is to maintain natural market share, but also to outperform at the margin, which will provide the group with a natural liquidity buffer.

Given the liquidity risk introduced by its business activities, the group's objective is to optimise its funding profile within structural and regulatory constraints to enable its franchises to operate in an efficient and sustainable manner.

Compliance with the Basel III LCR influences the group's funding strategy, in particular as it seeks to restore the correct risk adjusted pricing of liquidity. The group is actively building its deposit franchise through innovative and competitive product and pricing, while also improving the risk profile of its institutional funding. This continues to improve the funding and liquidity profile of the group.

Given market conditions and the regulatory environment, the group increased its holdings of available liquidity over the year in line with risk appetite. The group utilised new market structures, platforms and regulatory programmes to efficiently increase the available liquidity holdings.

Liquidity risk arises from all assets and liabilities with differing maturity profiles.

Assessment and management

The group focuses on continuously monitoring and analysing the potential impact of other risks and events on the funding and liquidity position of the group to ensure business activities preserve and improve funding stability. This ensures the group is able to operate through periods of stress when access to funding is constrained.

Mitigation of market and funding liquidity risks is achieved via contingent liquidity risk management. Buffer stocks of high quality, highly liquid assets are held, either to be sold into the market or to provide collateral for loans to cover any unforeseen cash shortfall that may arise.

The group's approach to liquidity risk management distinguishes between structural, daily and contingency liquidity risk management across all currencies, and various approaches are employed in the assessment and management of these on a daily, weekly and monthly basis.

Regular and rigorous stress tests are conducted on the funding profile and liquidity position as part of the overall stress testing framework with a focus on:

- Quantifying the potential exposure to future liquidity stresses;
- Analysing the possible impact of economic and event risks on cash flows, liquidity, profitability and solvency position; and
- Proactively evaluating the potential secondary and tertiary effects of other risks on the group.

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

36. 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.

	2024				2023			
	Term to maturity				Term to maturity			
N$'000	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total
Deposits and current accounts	37 145 879	5 105 847	2 897 621	45 149 347	35 367 502	5 335 716	3 248 544	43 951 762
Due to bank and other financial institutions	7 463 304	7 002	137 333	7 607 639	7 532 572	32 990	231 880	7 797 442
Short trading position	34 085	-	-	34 085	-	-	-	-
Derivative financial instruments	208 152	29 380	193 183	430 715	39 509	83 837	280 750	404 096
Creditors, accruals and provisions	630 060	13 264	93 472	736 796	865 635	3 003	86 035	954 673
Other liabilities	2 972	37 197	69 985	110 154	3 035	45 555	109 669	158 259
Lease liability	1 048	4 139	32 746	37 933	604	6 220	36 736	43 560
Financial liabilities	45 485 500	5 196 829	3 424 340	54 106 669	43 808 857	5 507 321	3 993 614	53 309 792
Off-balance sheet exposures								
Financial and other guarantees	1 574 969	13 453	-	1 588 422	1 859 721	14 500	-	1 874 221
Other contingencies and commitments	2 112 493	-	-	2 112 493	2 360 573	-	-	2 360 573

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for the year ended 30 June 2024 continued

36. 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.

	2024				2023			
	Term to maturity				Term to maturity			
N$'000	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total
Total financial assets	13 155 486	7 782 516	38 615 328	59 553 330	12 765 715	7 725 112	36 603 495	57 094 322
Total financial liabilities	45 251 866	5 293 204	2 840 164	53 385 234	42 930 665	5 692 517	2 857 304	51 480 486
Net liquidity gap	(32 096 380)	2 489 312	35 775 164	-	(30 164 950)	2 032 595	33 746 191	-
Cumulative liquidity gap	(32 096 380)	(29 607 068)	6 168 096	-	(30 164 950)	(28 132 355)	5 613 836	-

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.

* *Securities lending transactions include only those where cash is placed against the securities borrowed. Transactions where securities are lent and borrowed and other securities placed against the borrowing and lending are excluded.*

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36. Risk management continued

Non-traded market risk

Interest rate risk in the banking book

Interest rate risk is the sensitivity of the balance sheet and income statement to unexpected, adverse movements in interest rates.

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

The endowment effect, which results from a large proportion of non maturity and low rate liabilities that fund variable rate assets, is the primary driver of IRRBB and results in the earnings being vulnerable to interest rate cuts, or conversely benefiting from interest rate hikes.

IRRBB is an inevitable risk associated with banking and can be an important source of profitability and shareholder value. FirstRand Namibia continues to manage IRRBB with the aim of protecting and enhancing earnings and economic value through the cycle within approved risk limits and appetite levels. Asset liability management (ALM) strategies are in place to protect the bank's net interest margin and endowment portfolio. These strategies are actively monitored along with macroeconomic factors affecting interest rates in Namibia or where the group has exposures.

Structural ALM strategies

Various ALM strategies are executed by Treasury to protect and enhance the earnings of the bank without adding to the natural risk position of the balance sheet. The ALM strategy to manage the endowment effect is implemented to reduce interest margin volatility arising from the structural balances i.e., rate insensitive deposits and equity capital endowment. The effectiveness of the ALM strategies must be considered on a through the cycle basis. For the 2024 financial year, we anticipate the ALM strategies to be negatively impacted by the continued "higher for longer" narrative on policy rates. However, with the market forecasting cuts in interest in the later part of 2024, we expect the negative impact on earnings to reduce resulting in a more stable earnings profile.

Sensitivity analysis

A change in interest rates impacts both the earnings potential of the banking book (as underlying assets and liabilities reprice to new rates), as well as in the economic value/NAV of an entity (as a result of a change in the fair value of any open risk portfolios used to manage the earnings risk). The role of management is to protect both the financial performance as a result of a change in earnings and to protect the long term economic value. To achieve this, both earnings sensitivity and economic sensitivity measures are monitored and managed within appropriate risk limits and appetite levels, considering the macroeconomic environment and factors which would cause a change in rates.

Earnings sensitivity

Earnings models are run on a monthly basis to provide a measure of the NII sensitivity of the existing banking book balance sheet to shocks in interest rates. Underlying transactions are modelled on a contractual basis and behavioural adjustments are applied where relevant. The calculation assumes a constant balance sheet size and product mix over the forecast horizon. Behavioural assumption is applied in relation to non maturing deposits, which reprice 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 MPC rate. The size of this portfolio is approximately N$ 10.1 billion. (2023: N$ 11.9 billion).

Assuming no change in the balance sheet and no management action in response to interest rate movements, an instantaneous, sustained parallel 200 bps decrease in interest rates would result in a reduction in projected 12–month NII of N$ 250 million (2023: N$ 180 million). A similar increase in interest rates would result in an increase in projected 12 month NII of N$ 233 million (2023: N$ 183 million).

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

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36. Risk management continued

Non-traded market risk continued

%	2024 Change in period 12 month NII	2023 Change in period 12 month NII
Downward 200 bps	(16.14%)	(14.67%)
Upward 200 bps	15.01%	14.89%

Insurance risk

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 methodology driving the provisions for these contracts is reviewed 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 assessed by management and reviewed on a regular basis. The group believes that the liability for claims carried at the 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.

N$'000	2020 and earlier	2021	2022	2023	2024	Total
Estimate of ultimate claim costs (Gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)						
In the same year	-	-	36 655	39 190	39 450	-
One year later	-	74 927	79 519	78 620	-	-
Two years later	122 418	75 558	78 859	-	-	-
Three years later	121 748	75 280	-	-	-	-
Four years later	121 566	-	-	-	-	-
Cumulative gross claims and other directly attributable expenses paid	121 468	75 153	78 194	73 976	33 167	381 958
Gross cumulative claims liabilities	98	128	665	4 644	6 282	11 817
Effect of discounting and other items						(1 137)
Effect of the risk adjustment margin for non-financial risk						902
Gross LIC for the contracts originated						11 581

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

37. Segment Information

37.1 Reportable Segments

<table>
<tr><th colspan="3">Segment reporting</th></tr>
<tr><td>Group's chief operating decision maker</td><td colspan="2">Chief Executive Officer (CEO)</td></tr>
<tr><td>Identification and measurement of operating segments</td><td colspan="2">Aligned to 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 with total revenue, absolute profit or loss for the period or total assets that constitute 10% or more of all the segments' revenue, profit or loss or total assets are reported separately.</td></tr>
<tr><td>Major customers</td><td colspan="2">FirstRand Namibia has no major customer as defined (i.e. revenue from the customer exceeds 10% of total revenue) and is therefore not reliant on revenue from one or more major customers.</td></tr>
<tr><th colspan="3">Reportable segments</th></tr>
<tr><td colspan="3">FNB</td></tr>
<tr><td></td><td>Products and services</td><td>Footprint</td></tr>
<tr><td>FNB</td><td>Banking
FNB represents FirstRand's activities in the retail and commercial segments in Namibia. FNB offers a diverse set of financial products and services to market segments including retail (personal and private), SMEs, business, agriculture, medium corporate, and public sector entities. FNB's products cover the entire spectrum of financial services – transactional, lending, investment management and savings. Products include mortgage loans and commercial property finance; credit and debit cards (card issuing); personal loans; debtor and leveraged finance; securities-based lending; foreign exchange; funeral, credit life, and savings and investment products. Services include transactional and deposit taking, card-acquiring, credit facilities, trust and fiduciary services, rewards programme, merchant services (card acquiring) and cash management solutions. FNB's distribution channels include the branch network and other physical representation points, ATMs, call centres, an app, cellphone banking (USSD) and online banking.

Non-banking
FNB also represents FirstRand's activities in insurance involving short-term insurance products and policies (FNB short-term Insurance).</td><td>FNB Namibia only operates in Namibia.</td></tr>
<tr><td colspan="3">RMB</td></tr>
<tr><td></td><td>Products and services</td><td>Footprint</td></tr>
<tr><td>RMB</td><td>Banking
RMB represents the group's activities in the corporate and institutional segments in Namibia RMB offers corporate finance, leveraged finance, resource sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate broking, loan syndications, coverage, 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.

Non-banking
RMB also represents FirstRand's activities in asset management (Ashburton Investments).</td><td>RMB Namibia only operates in Namibia.</td></tr>
<tr><td colspan="3">OTHER (INCLUDING GROUP TREASURY AND FCC)</td></tr>
<tr><td>Centre (including Group Treasury)</td><td colspan="2">The Centre represents group-wide functions, including Group Treasury, Group Finance, Group Tax, Enterprise Risk Management (ERM), Group Compliance and Group Internal Audit.

The reportable segment includes all management accounting and consolidated entries.</td></tr>
</table>

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

37. Segment Information continued

37.1 Reportable Segments

	GROUP		FNB		RMB		OTHER	
N$'000	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Net interest income before impairments of advances	3 082 367	2 696 197	2 480 233	2 128 267	528 464	409 840	73 670	158 090
Impairment and fair value of credit advances	(425 570)	(213 572)	(425 239)	(212 641)	(331)	(931)	-	-
Net interest income after impairment of advances	2 656 797	2 482 625	2 054 994	1 915 626	528 133	408 909	73 670	158 090
Non-interest revenue	2 441 790	2 207 775	2 114 555	1 914 186	364 924	300 955	(37 689)	(7 366)
Insurance service result	20 670	13 892	20 670	13 892	-	-	-	-
Income from operations	5 119 257	4 704 292	4 190 219	3 843 704	893 057	709 864	35 981	150 724
Operating expenses	(2 652 443)	(2 388 488)	(2 300 410)	(2 081 314)	(331 271)	(298 967)	(20 762)	(8 207)
Net income from operations	2 466 814	2 315 804	1 889 809	1 762 390	561 786	410 897	15 219	142 517
Indirect tax	(55 049)	(53 944)	(42 793)	(38 552)	(5 478)	(5 127)	(6 778)	(10 265)
Profit for the year before tax	2 411 765	2 261 860	1 847 016	1 723 838	556 308	405 770	8 441	132 252
Income tax expense	(708 247)	(700 687)	(542 561)	(534 017)	(163 210)	(125 701)	(2 476)	(40 969)
Profit for the year	1 703 518	1 561 173	1 304 455	1 189 821	393 098	280 069	5 965	91 283
The income statement include								
Depreciation	(112 488)	(100 734)	(110 194)	(99 065)	(2 147)	(1 533)	(147)	(136)
Amortisation	(24 070)	(19 828)	(7 599)	(5 120)	(2 656)	(893)	(13 815)	(13 815)
The statement of financial position include								
Advances	37 745 001	35 449 607	30 768 196	29 214 550	6 976 805	6 235 057	-	-
Investment securities	8 661 149	9 949 026	164 061	81 755	650 547	490 990	7 846 541	9 376 281
Non-current assets held for sale	53 000	-	53 000	-	-	-	-	-
Total assets	60 793 378	58 331 340	34 917 782	31 129 503	8 746 492	10 232 124	17 129 104	16 969 713
Deposits	44 672 808	42 752 375	27 953 661	24 160 878	10 114 815	11 447 719	6 604 332	7 143 778
Total liabilities	54 561 493	52 347 200	33 000 114	29 142 754	8 116 135	9 740 132	13 445 244	13 464 314

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

38. Cashflow change in presentation

During the current year the group has changed the basis of presentation of the statement of cash flows to the indirect method. The change in the presentation allows for simpler collation of information and enhanced reliability. The change in the presentation only impacted net cash flows from operating activities within the statement of cash flows for the group, resulting in the reclassification of lines previously reported in June 2023, under the direct method, to profit before tax adjusted June 2023, under the indirect method. In addition, the change in presentation resulted in the disaggregation of lines previously reported in June 2023 under the movement in operating assets and liabilities for the adjusted June 2023 figures.

N$'000	As previously reported June 2023	Adjustment	Adjusted June 2023
Direct method			
Cash generated from operating activities			
Interest and fee commission receipts	6 897 252	(2 064 331)	4 832 921
- Interest received	4 832 921	-	**4 832 921**
- Fee and commission received*	2 187 681	(2 187 681)	-
- Insurance income received*	147 638	(147 638)	-
- Fee and commission paid*	(270 988)	270 988	-
Trading and other income*	185 622	(185 622)	-
Interest payments**	(2 231 566)	94 699	**(2 136 867)**
Other operating expenses*	(2 255 865)	2 255 865	-
Taxation paid	(589 537)		**(589 537)**
Indirect method			
Profit before tax^	-	2 261 860	**2 261 860**
Adjusted for:			
- Amortisation and impairment of intangibles	-	19 828	**19 828**
- Depreciation of property and equipment	-	100 734	**100 734**
- Other employment accruals (Bonus Provision)	-	81 238	**81 238**
-Impairment of other assets	-	-	-
- Share-based payment expenses	-	24 134	**24 134**
- (Impairment losses) / reversal of impairment of advances	-	213 572	**213 572**
- Provision for post-employment benefit obligations	-	4 714	**4 714**
- Gains & loss from banking & trading activities	-	(163 001)	**(163 001)**
- Provision of LIC and LRC	-	(1 502)	**(1 502)**
- Profit on sale of property and equipment	-	65	**65**
-Loss on sale of subsidiary	-	-	-
- Impairment of Buildings	-	-	-
- Indirect tax	-	53 944	**53 944**
Interest and similar income	-	(4 961 308)	**(4 961 308)**
Interest expenses and similar charges	-	2 265 111	**2 265 111**
Dividend Income	-	(43 875)	**(43 875)**
Dividend Received	-	43 875	**43 875**
Cash generated from operating activities	2 005 906	-	**2 005 906**

Notes to the consolidated annual financial statements

for the year ended 30 June 2024 continued

38. Cashflow change in presentation continued

* *Fee and commission received, insurance income received, fee and commission paid, trading and other income and other operating expenses previously reported in June 2023, under the direct method, are now included in profit before tax for the adjusted June 2023 figure under the indirect method.*

** *Interest payments includes N$94.7 million of net claims and benefits paid previously reported in accordance with IFRS 4 in June 2023. This balance is now included in profit before tax in accordance with IFRS 17 in the adjusted June 2023 figures.*

^ *Profit before tax for the adjusted June 2023 figures includes the adjustments marked under * and ** above.*

N$'000	As previously reported June 2023	Adjustment	Adjusted June 2023
Movement in operating assets and liabilities			
Liquid assets and trading securities*	(2 709 897)	2 709 897	-
Due from banks and other financial institutions*	-	(202 042)	(202 042)
Investment securities*	-	(2 507 855)	(2 507 855)
Advances	(3 631 426)	-	(3 631 426)
Deposits	5 561 877	-	5 561 877
Other assets**	71 547	10 882	82 429
Reinsurance assets**	-	(10 882)	(10 882)
Due from bank and other financial institutions	229 674	-	229 674
Creditors^	(84 708)	14 147	(70 561)
Employee liabilities^	-	18 757	18 757
Short-term Trading^	-	(31 863)	(31 863)
Insurance liabilities^	-	(4 376)	(4 376)
Other liabilities^	-	(533)	(533)
Reinsurance liabilities^	-	3 868	3 868
Net cash generated from operating activities	1 442 973	-	1 442 973

The following changes in presentation to the movement in operating assets and liabilities were made:

* *Liquid assets and trading securities previously reported in June 2023 have been disaggregated between due from banks and other financial institutions and investment securities for the adjusted June 2023 figures.*

** *Others assets previously reported in June 2023 have been disaggregated between other assets and reinsurance assets for the adjusted June 2023 figures.*

^ *Creditors previously reported in June 2023 have been disaggregated between creditors, employee liabilities, short-term trading, insurance liabilities, other liabilities, and reinsurance liabilities for the adjusted June 2023 figures.*

Capital management

Capital management

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

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

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

Governance and oversight

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

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

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

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

Capital risk management

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

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

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

Dividend policy

The dividend policy plays a pivotal role in the management of the group's CET1 position. The long-term dividend cover range remains unchanged at 1.5x to 2.5x. The interim and final dividends were 173.52 cents and 180.16 cents respectively with a dividend cover of 1.8.

Capital management continued

Capital overview and compliance

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

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

TIER 1

CET 1

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

Additional Tier 1

- Qualifying capital instruments

TIER 2

- Qualifying capital instruments
- Revaluation reserves
- Loan loss reserves

Capital and Leverage ratios

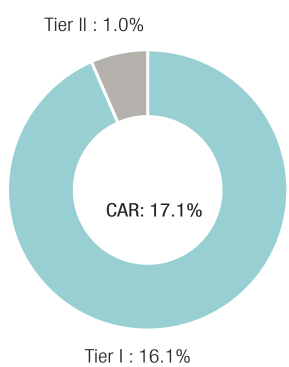
Qualifying Capital	÷	RWA Total of:	=	Ratios
• CET capital • Tier 1 capital • Total capital		• Credit • Operational • Market		• CET 1 % • Tier 1 % • Total CAR %

Qualifying Capital	÷	Total exposure	=	Leverage
• Tier 1 capital		• Total assets plus general and specific provisions and off balance sheet exposures		

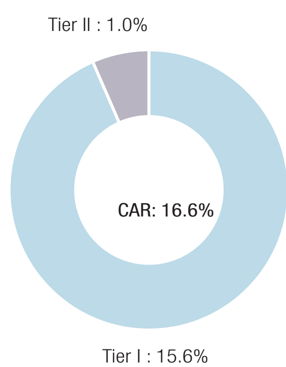
Banking group

The group continues to maintain a position of strength and remained well capitalised with a Common Equity Tier 1 (CET1) ratio of 15.6% The capital adequacy ratio (CAR) for both Bank and Group exceeds the Board set targets.

June 2023



June **2024**



Capital management continued

Regulatory developments and proposals

During 2018 BoN published BID-5A, an updated determination on the measurement and calculation of capital charges for credit risk, operational risk and market risk for domestic systemically important banks, which came into effect on 01 September 2018. The updated determination introduced major adjustments to capital components, measures, limits, and new buffers.

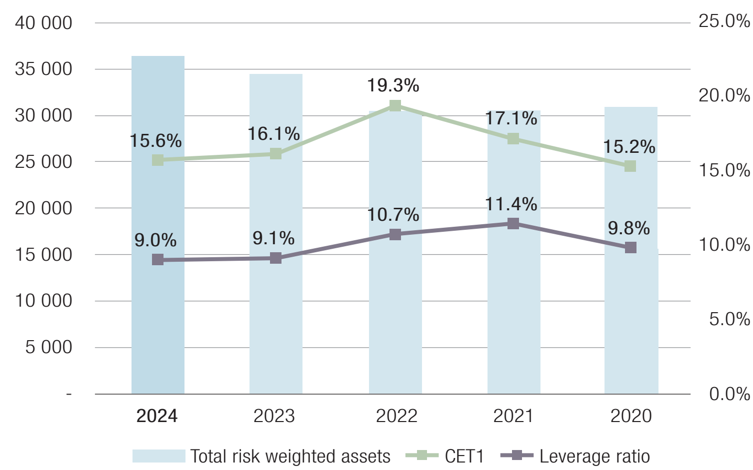
Capital minimum ratios to the end-state requirement would be as per below.

	End state*	FNB Namibia	FirstRand Namibia group	Board target
Core equity	6.0%	14.0%	16.7%	-
Capital conservation buffer	2.5%	1.6%	0.0%	-
CET1 minimum	8.5%	15.6%	16.7%	>11.5%
Additional Tier 1	1.5%	0.0%	0.0%	-
Tier 1 (minimum)	10.0%	15.6%	16.7%	-
Tier 2 (maximum)	2.5%	1.0%	0.9%	-
Total CAR minimum	12.5%	16.6%	17.6%	>14.0%

* *Effective date 30 September 2024.*

In response to the Covid-19 pandemic the Bank of Namibia introduced BID 33 that provided capital relief and relaxed the single obligor limit by keeping it at 30%. The regulatory provisions in BID 33 came to an end on 1 April 2024 and as a result the single obligor limit is now 25%. The Bank of Namibia will engage industry on the way forward regarding the phase-in of the capital conservation buffer.

Capital highlights



Capital management continued

Regulatory developments and proposals continued

Capital adequacy of Banking Operations and Regulated consolidated group:

	Banking operations Year end 30 June		Regulated consolidated group Year end 30 June	
N$'000	**2024**	2023	**2024**	2023
Risk weighted assets				
Credit risk	**30 368 874**	28 826 566	**30 445 432**	28 898 330
Market risk	**109 471**	104 141	**109 471**	104 141
Operational risk	**6 394 567**	5 628 704	**6 607 014**	5 818 033
Total risk weighted assets	**36 872 912**	34 559 411	**37 161 917**	34 820 504
Regulatory capital				
Share capital and share premium	**1 142 792**	1 142 792	**282 148**	282 148
Retained profits	**4 643 681**	4 468 011	**6 037 683**	5 760 643
Other disclosure reserves	**4 603**	10 913	**-**	-
Capital impairments*	**(59 533)**	(63 428)	**(101 391)**	(118 976)
Total tier 1	**5 731 543**	5 558 288	**6 218 440**	5 923 815
Eligible subordinated debt	**-**	-	**-**	-
General risk reserve, including portfolio impairment	**379 611**	360 332	**379 749**	360 491
Capital impairments*	**-**	-	**(50 831)**	(50 707)
Total tier 2	**379 611**	360 332	**328 918**	309 784
Total tier 1 and tier 2 capital	**6 111 154**	5 918 620	**6 547 358**	6 233 599
Consolidated group				
Capital adequacy ratios				
Tier 1	**15.6%**	16.1%	**16.7%**	17.0%
Tier 2	**1.0%**	1.0%	**0.9%**	0.9%
Total	**16.6%**	17.1%	**17.6%**	17.9%
Tier 1 leverage ratio	**9.0%**	9.1%	**10.2%**	10.2%

* *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	2024	2023
Interest and similar income	2	10 266	4 545
Net interest income		10 266	4 545
Non-interest revenue			
- Gains less losses from investing activities	3	1 526 555	1 967 063
Income from operations		1 536 821	1 971 608
Operating expenses	4	(2 800)	(2 669)
Income from operations		1 534 021	1 968 939
Indirect tax	5	(1 085)	(453)
Profit before income tax		1 532 936	1 968 486
Direct tax	5	(3 285)	(1 410)
Profit for the year		1 529 651	1 967 076
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1 529 651	1 967 076
Profit for the year attributable to:			
Equity holders of the parent		1 529 651	1 967 076
Total comprehensive income for the year attributable to:			
Equity holders of the parent		1 529 651	1 967 076

FirstRand Namibia Limited
Company statement of financial position
for the year ended 30 June

N$'000	Notes	**2024**	2023
Assets			
Cash and cash equivalents		**43 894**	29 363
Loan to group companies	8	**215 392**	166 934
Investment securities	9	**36 970**	10 256
Investments in subsidiaries	10	**1 324 693**	1 324 693
Total assets		**1 620 949**	1 531 246
Equity and liabilities			
Liabilities			
Creditors and accruals		**37 166**	29 441
Tax liability		**1 989**	215
Total liabilities		**39 155**	29 656
Equity			
Ordinary shares	11	**1 338**	1 338
Share premium	11	**280 810**	280 810
Reserves		**1 299 646**	1 219 442
Capital and reserves attributable to ordinary equity holders		**1 581 794**	1 501 590
Total equity and liabilities		**1 620 949**	1 531 246

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 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)	(1 917 023)
Balance at 30 June 2023	1 338	280 810	282 148	1 219 442	1 501 590
Total comprehensive income for the year	-	-	-	1 529 651	1 529 651
Ordinary dividends	-	-	-	(1 449 447)	(1 449 447)
Balance at 30 June 2024	1 338	280 810	282 148	1 299 646	1 581 794
Notes	11	11			

FirstRand Namibia Limited

Company statement of cash flows

for the year ended 30 June

N$'000	Notes	**2024**	2023*
Cash generated from operating activities			
Profit before tax		1 532 936	1 968 486
Adjusted for:			
- Interest and similar income	2	(10 266)	(4 545)
- Dividend income	3	(1 525 724)	(1 967 063)
- Profit on sale of subsidiary	3	(200)	-
Interest received	2	10 266	4 545
Dividend received		1 499 010	1 967 063
Income tax paid	6	(1 511)	(1 348)
Cash generated from operating activities		1 504 511	1 967 138
Movement in operating assets and liabilities			
(Increase) / Decrease in loan to group companies	8	(48 458)	47 907
(Increase) / Decrease in Investment securities	9	-	3 566
Increase / (Decrease) in loan advances to group companies		-	(38 973)
Increase / (Decrease) in Creditors and accruals		7 725	8 829
Net cash generated from operating activities		1 463 778	1 988 467
Cash flows from investing activities			
Proceeds from disposal of subsidiary		200	-
Acquisition of non controlling interest	10	-	(61 523)
Net cash inflow / (outflow) from investing activites		200	(61 523)
Cash flows from financing activities			
Dividends paid	7	(1 449 447)	(1 917 023)
Net cash outflow from financing activities		(1 449 447)	(1 917 023)
Net increase in cash and cash equivalents		14 531	9 921
Cash and cash equivalents at the beginning of the year		29 363	19 442
Cash and cash equivalents at the end of the year		43 894	29 363

* Change in the presentation of the statement of cash flows

During the current year the group has changed the basis of presentation of the statement of cash flows to the indirect method. The change in the presentation allows for simpler collation of information and enhanced reliability. Refer to note 14 on additional detail on the change in presentation.

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June

N$'000	2024	2023
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 11 to 52.		
2. Analysis of interest income		
Revenue		
Interest income - amortised cost	10 266	4 545
3. Non-interest revenue		
Dividend income		
- Subsidiaries	1 438 343	1 924 992
- Equities	87 381	42 071
Profit on sale of subsidiary	200	-
Other income	631	-
Total non-interest revenue	1 526 555	1 967 063
4. Operating expenses		
Auditors' remuneration - external		
- Audit fees	1 279	1 568
Professional fees	313	719
Legal and other related expenses	157	-
Other operating costs		
- Other operating expenses	1 051	382
Total operating expenses	2 800	2 669

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

N$'000	2024	2023
5. Tax		
Current - direct		
Local income tax - current period	3 285	1 410
Total direct tax	3 285	1 410
Indirect taxes		
Value added tax	562	315
Non resident shareholders tax	523	138
Total indirect taxes	1 085	453
Total taxes	4 370	1 863
6. Income tax paid		
Amounts (payable)/receivable at the beginning of the year	215	153
Current tax per comprehensive income	3 285	1 410
Balance (payable)/receivable at the end of the year	(1 989)	(215)
Total tax paid for the year	1 511	1 348
Tax rate recon		
Standard rate	32.00%	32.00%
Non-taxable amounts - dividend income	(31.87%)	(31.98%)
Non-deductible amounts	0.06%	0.04%
Effective tax rate	0.19%	0.06%
7. Dividends		
Final dividend (23 August 2023: 368.14 cents), (18 August 2022 : 319.84 cents)	985 131	855 875
Interim dividend (14 February 2024 : 173.52 cents), (8 February 2023 : 209.70 cents)	464 316	561 148
Special Dividend (8 February 2023: 186.85 cents)	-	500 000
	1 449 447	1 917 023

The final dividend of 180.16 cents (2023: 368.14 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).

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

N$'000	2024	2023
8. Loan to / (from) group companies		
Balances with Talas Properties (Windhoek) (Pty) Ltd	215 392	166 934
	215 392	166 934
9. Investment securities		
Fair value through profit or loss		
Equity investment (preference shares)	27 394	680
Fair value through other comprehensive income		
Equity investment	9 576	9 576
Total	36 970	10 256
10. Investments in subsidiaries		
Unlisted investments		
Carrying value at beginning of the year	1 324 693	1 263 170
Acquisition of non-controlling interest	-	61 523
Carrying value at end of the year	1 324 693	1 324 693

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 %	**2024**	2023
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	68 034
FNB Insurance Brokers (Namibia) (Pty) Ltd	Other	100	100	27 904	27 904
Ashburton Property Unit Trust Management Company Ltd	Other	100	100	5 475	5 475
FNB Life Agency Operations and Management Company (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	1 324 693

The following trusts are controlled by FirstRand Namibia Limited:

- FNB Namibia Staff assistance trust

The carrying amount of these investments is N$ nil.

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

10. Investments in subsidiaries

N$'000	**2024**	2023
10.1 Acquisition and disposal of subsidiaries		
On 30 September 2022 the group acquired the remaining 49% of OUTsurance Insurance Company of Namibia Ltd. 1 March 2023 it was renamed to FNB Short Term Insurance Company of Namibia Ltd. 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:		
Loss on acquisition	-	20 414
Non controlling interest in subsidiary at acquisition	-	41 109
	-	61 523
Consideration paid	-	61 523
10.2 Acquisition and disposal of subsidiaries		
During the year ended 30 June 2024, the group disposed of its entire shareholding in Pointbreak Investment Management (Pty) Ltd.		
The details of the disposal of Pointbreak Investment Management (Pty) Ltd are as follows:		
Proceeds on disposal	200	-
Investment in subsidiary	-	-
Profit on disposal	200	-

Refer to note 32 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

11. Share capital

N$'000	**2024**	2023
Authorised		
990 000 000 (2023: 990 000 000) ordinary shares with a par value of N$0.005 per share	4 950	4 950
10 000 000 (2023: 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 (2023: 267 593 250) ordinary shares with a par value of N$0.005 per share	1 338	1 338
2 (2023: 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 subject to liquidity, credit and market risk for IFRS 7 purposes.

Cash and cash equivalents, Investment Securities, creditors and accruals are repayable on demand, short notice and within Namibia.

Loan to group companies is considered a stage 1 instrument, held at amortised cost and no ECL on this instrument. The fair value approximates the carrying amount.

Investment securities is a high credit quality asset.

Interest rate risk is the sensitivity of the balance sheet and income statement to unexpected, adverse movements in interest rates. Refer to note 36 on the group financial statement for more details regarding the interest rate risk.

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

13. Fair value information

N$'000	2024	2023
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	27 394	680

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

2024

	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	680	26 714	-	-	27 394
Total financial assets	10 256	26 714	-	-	36 970

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

FirstRand Namibia Limited

Notes to the company annual financial statements

for the year ended 30 June continued

14. Cashflow change in presentation

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

N$'000	As previously reported June 2023	Adjustment	Adjusted June 2023
Profit before tax	1 968 486	-	1 968 486
Increase/(decrease) in creditors and accruals	8 829	(8 829)	-
Interest and similar income	-	(4 545)	(4 545)
Income received	-	4 545	4 545
Income tax paid	(1 348)	-	(1 348)
Dividend income	-	(1 967 063)	(1 967 063)
Dividend received	-	1 967 063	1 967 063
Loan to group companies	-	47 907	47 907
Investment securities	-	3 566	3 566
Loan advances to group companies	-	(38 973)	(38 973)
Creditors and other payables	-	8 829	8 829
Net cash generated from operations activities	1 975 967	12 500	1 988 467
Loan repayment by group companies	47 907	(47 907)	-
Loan advances to group companies	(38 973)	38 973	-
Repayments received from preference shares	3 566	(3 566)	-
Acquisition of non controlling interest	(61 523)	-	(61 523)
Net cash flow from investing activities	(49 023)	(12 500)	(61 523)

Shareholder information

Shareholder information

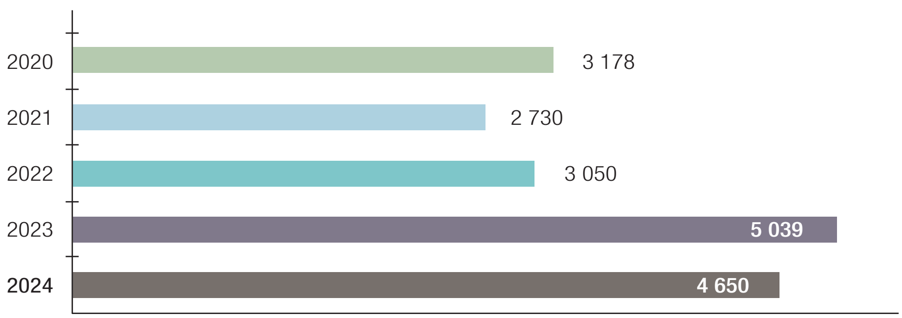
Shareholder's diary

Financial Year End	30 June 2024
SENS Announcement	12 September 2024
Last day to trade	04 October 2024
Ex-entitlement	07 October 2024
LDR / Record date	11 October 2024
Annual General Meeting	17 October 2024
Payment date	25 October 2024
Dividend Number	62

Stock exchange performance

	2024	2023
Share price (cents)		
- high for the year	5 200	5 039
- low for the year	4 649	2 976
- closing price per share	4 650	5 039
Number of shares traded ('000)	2 341	5 157
Value of shares traded (N$'000)	115 878	194 558
Number of shares traded as % of issued shares	0.87	1.93
Average price (cents)	4 950	3 773

Closing share price - Ordinary shares



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 Company Ltd	**100%**	FNB Fiduciary Namibia (Pty) Ltd	**100%**	FNB Short Term Insurance Company Ltd
100%	Swabou Investments (Pty) Ltd	**100%**	Ashburton Unit Trust Management Company Ltd	**100%**	FNB Nominees (Namibia) (Pty) Ltd		
		100%	Ashburton Investment Managers (Pty) Ltd	**100%**	FNB Insurance Brokers (Namibia) (Pty) Ltd		
		100%	RMB Investment (Pty) Ltd	**100%**	Talas Properties (Windhoek) (Pty) Ltd		
		100%	Pointbreak Wealth Management (Pty) Ltd	**100%**	Pointbreak Trust and Estates (Pty) Ltd		

Analysis of ordinary shareholders

Range of shareholders	Number of shareholders	%	Number of shares	%
1 - 999	1 205	45.0%	417 578	0.1%
1 000 - 1 999	398	14.9%	511 904	0.2%
2 000 - 2 999	195	7.3%	475 144	0.2%
3 000 - 3 999	102	3.8%	345 052	0.1%
4 000 - 4 999	65	2.4%	284 593	0.1%
5 000 - 9 999	225	8.4%	1 523 882	0.6%
over 10 000	487	18.2%	264 035 097	98.7%
	2 677	**100%**	**267 593 250**	**100.0%**
Shareholder type				
Corporate bodies	42	1.6%	163 586 090	61.1%
Nominee companies	99	3.7%	85 286 210	31.9%
Private individuals	2 488	92.9%	15 584 013	5.8%
Trusts	48	1.8%	3 136 937	1.2%
	2 677	**100%**	**267 593 250**	**100.0%**
Geographic ownership				
Namibian including unknown	2 566	95.8%	109 633 836	41.0%
Other Africa	88	3.3%	157 908 832	59.0%
International	23	0.9%	50 582	0.0%
Total	**2 677**	**100%**	**267 593 250**	**100.0%**

FIRSTRAND EMA HOLDINGS (PTY) LTD	156 271 536	58.4%
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	7 530 965	2.8%
SOVEREIGN CAPITAL (PTY) LTD	3 738 490	1.4%
INVESTEC NAMIBIA TRUSTEE ACCOUNT (NAMAN)	3 663 721	1.4%
ALLAN GRAY NAMIBIA BALANCED FUND	3 444 882	1.3%
CHAPPA'AI INVESTMENTS FORTY TWO (PTY) LTD	3 018 199	1.1%
RETIREMENT FUND FOR LOCAL AUTHORITIES AND UTILITY SERVICES IN NAMIBIA	2 494 453	0.9%
THE BANK OF NEW YORK MELLON	2 443 308	0.9%
MEMBERS OF PARLIAMENT AND OTHER OFFICE-BEARERS PENSION FUND	2 314 262	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	**Ernst & Young Namibia** cnr Otto Nitzsche & Maritz Streets Windhoek, Namibia PO Box 1857, Windhoek, Namibia E-mail: eynamibia@na.ey.com Tel: +264 (61) 289 1100 www.ey.com/en.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 seventh (37th) annual general meeting of the shareholders of FirstRand Namibia Ltd will be held via electronic media and in the Etosha Boardroom, FirstRand Namibia Ltd, 5th Floor, @Parkside, 130 Independence Avenue, c/o Fidel Castro, Windhoek, on 17 October 2024 at 14:00. Shareholders are advised that should they wish to attend the annual general meeting via electronic media, an e-mail request be sent to **shareholder@fnbnamibia.com.na**. Shareholders will be provided with a registration document, and subsequently a link to the event.

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

THAT the Annual Financial Statements for the year ended 30 June 2024 as approved by the board of directors on 22 August 2024, 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 353.68 (2023: 577.84) cents per share.

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

Markus Lubbe , Libertha Kapere and Rajendra Makanjee 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 18 to 21 of the annual report.

Ordinary resolution number 3.1

TO re-elect Markus Johannes Lubbe as an independent non-executive director of the company.

Ordinary resolution number 3.2

TO re-elect Libertha Dewina Kapere as an independent non-executive director of the company.

Ordinary resolution number 3.3

TO re-elect Rajendra Makanjee as a non-executive director of the company.

Notice of annual general meeting

Notice of annual general meeting continued

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. Lizette Petra Smit was appointed by the board effective 24 July 2023 to fill a vacancy in accordance with the Act and the company's Articles of Association and is now recommended by the board for election by shareholders by way of separate resolution.

Ordinary resolution number 4.1

TO elect Lizette Petra Smit as an 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 19 of the annual report.

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

On the recommendation of the of the Directors Governance Committee, Jan Coetzee was appointed to the Audit Committee to fill a vacancy 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

To elect Jan Coetzee 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

TO re-appoint Markus Johannes Lubbe as a member of the Audit Committee for the financial year.

Ordinary resolution number 6.2

TO re-appoint Libertha Dewina Kapere as a member of the Audit Committee for the financial year.

7. Ordinary resolution number 7: Appointment of Auditors

THAT Ernst & Young Namibia be re-appointed as the auditors of the company and authorise the directors to determine the remuneration of the auditors so appointed.

8. Ordinary resolution number 8: Control of Unissued Shares

THAT 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 13 of 2023, 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

Notice of annual general meeting continued

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

TO approve the remuneration of the non-executive directors or members, as reflected below be approved for the 2025 financial year:

	No of meetings per annum	2025 remuneration per meeting (N$)	Proposed 2025 annual remuneration (N$)
FirstRand Namibia Ltd Board			
Member	4	19 099	76 396
Deputy Chair	4	28 649	114 596
Chair	4	33 423	133 692
Audit Committee			
Member	4	27 978	111 912
Chair	4	66 847	267 388
Risk Capital and Compliance Committee			
Member	4	23 315	93 260
Chair	4	34 973	139 892
Talent and Remuneration Committee			
Member	3	19 585	58 752
Chair	3	29 376	58 755
Directors Governance Committee			
Member	3	18 007	54 021
Chair	3	31 513	94 539
Senior Credit Risk Committee			
Member	As required	10 913	-
Chair	As required	11 349	-
Information Technology Risk and Governance Committee			
Member	4	17 367	69 468
Chair	4	22 120	88 480
Asset Liability and Capital Committee			
Member	4	11 286	45 144
Chair	4	19 268	77 072
Social, Ethics & Transformation Committee			
Member	4	17 367	69 468
Chair	4	20 946	83 784
First National Bank of Namibia Ltd Board			
Member	4	38 198	152 792
Deputy Chair	4	57 297	229 188
Chair	4	76 396	305 584
Ad-hoc work			

Standard hourly rate for ad hoc work including attending director interviews, board training and board strategy session is N$2 728

Notice of annual general meeting continued

Notice of annual general meeting continued

10. Ordinary resolution number 10: Remuneration Policy

TO approve the Remuneration Policy as set out in the Talent and Remuneration Committee report.

11. Ordinary resolution number 11: Authority to sign documents

TO approve that each director and/or the 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:

(i) Attend and vote in person at the annual general meeting. On a show of hands, every holder of FirstRand Namibia Ltd shares who is present in person, or in the case of a company, the representative appointed in terms of section 196 of the Companies Act, shall have one vote. Or
(ii) Vote via the Form of Proxy.

On a poll, the holders of ordinary shares present in person or by proxy will each be entitled to one vote for every ordinary share held. **There will be no online voting via electronic media.**

Proof of identification required:

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

Proxies:

Each member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (none of whom need to 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, 14 October 2024.

By order of the board
FirstRand Namibia Limited

Nelago Makemba
Group Company Secretary
12 September 2024

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
P O Box 2401, Windhoek, Namibia

Form of Proxy

For completion by the registered ordinary shareholders who hold ordinary shares of FirstRand Namibia Ltd in preparation for the 2024 annual general meeting of the Company taking place on Thursday, 17 October 2024 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)

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 2024			
Ordinary Resolution 2	Confirmation of dividends			
Ordinary Resolution 3	Re-election of directors by way of separate resolutions:			
	3.1 Markus Johannes Lubbe (Independent Non-Executive Director)			
	3.2 Libertha Dewina Kapere (Independent Non-Executive Director)			
	3.3 Rajendra Makanjee (Non-Executive Director)			
Ordinary Resolution 4	Vacancies filled by Director during the year by way of separate resolutions:			
	4.1 Lizette Petra Smit (Executive Director)			
Ordinary Resolution 5	Election of Audit Committee Members by way of separate resolution:			
	5.1 Jan Coetzee			
Ordinary Resolution 6	Re-appointment of Audit Committee Member:			
	6.1 Markus Johannes Lubbe			
	6.2 Libertha Dewina Kapere			
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 proxy(ies) (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 initialed 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, 14 October 2024. 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, 14 October 2024.

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

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