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UNAUDITED INTERIM GROUP RESULTS AND CASH DIVIDEND DECLARATION

for the period ended 31 December 2019

FINANCIAL HIGHLIGHTS

Capital adequacy ratio (%)

18.8%

2019: 18.8% | 2018: 18.9%

Return on equity (%)

24.6%

2019: 24.6% | 2018: 22.4%

Headline earnings per share (cents)

↑13.3%

2019: 236.1c | 2018: 208.5c

Dividend per share (cents)

104

2019: 104c | 2018: 91c

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Dividend declaration

Notice is hereby given that an interim cash dividend (number 53) for the six months ended 31 December 2019 of 104 cents per ordinary share was declared on 12 February 2020.

The last day to trade shares on a cum dividend basis will be on 27 March 2020 and the first day to trade ex-dividend will be 30 March 2020. The record date will be 3 April 2020 and the payment date 17 April 2020.

By order of the board:

Nelago Makemba, Company Secretary
12 February 2020

OVERVIEW OF PERFORMANCE

FirstRand Namibia plays a significant role as an employer, a taxpayer, a lender and, most critically, a keeper of the country's deposits.

We are pleased to report that our concerted efforts to manage our operating expenses, as well as our ongoing investment in the quality of our lending book over the past three years have started to pay off as we generated returns above our cost of equity, resulting in positive net income after capital charge (NIACC) despite the higher levels of capital.

Headline earnings for the period increased 13.3% with a ROE of 24.6%.

This performance is the result of careful and consistent execution of several very specific growth strategies, with the objective to create shared value of prosperity for staff, customers and shareholders. We firmly believe that this group's ability to generate superior NIACC, which is our key performance metric, is testament to a successful operating business model, a portfolio of unique customer franchises with clear competitive strengths, our highly-engaged talent and our discipline in allocating financial resources.

In Retail and Commercial, we used not only our physical footprint, but specifically innovation and technology to facilitate inclusion and make it easier for our clients to bank seamlessly with us, through their channel of choice. Our mobile App gives clients an interactive and comprehensive view of their accounts, while continuing to drive double digit user growth.

Across the group, we are continuously engaging with clients to understand needs and innovating to enhance both our value propositions and speed to market. The FNB Private Wealth Credit Card was launched to market during the period, which offers clients access to 850 airport lounges worldwide, and industry-leading cash back rewards as well as travel insurance.

FirstRand Namibia revenue of N$ 2 089 million increased by 6%. The group has maintained a good balance between net interest income (NII) and Non-interest revenue (NIR). NII is 50.4% of revenue and NIR contributes 49.6%. End of period advances increased 8.3% to N$ 31.5 billion versus the prior period, while franchise deposits increased 7.1% to N$ 25.1 billion and institutional deposits increased 1.8% to N$ 10.8 billion.

Group NIR increased 7.4%, a resilient performance given the real economy challenges. The main drivers were fee and commission income growth of 10.8%, supported by strong volumes across FNB's digital and electronic channels and ongoing customer growth in the premium and commercial segments. Volumes growth on our self-service platforms increased by 17% and the traditional in branch volumes are down 19%.

FirstRand Namibia net interest income of N$ 1 054 million, increased by 5.4 % from the prior period. Driven by both advances' growth in Retail and Commercial at 5.8% and Corporate and Investment banking at 31.4%. The deposits franchises also increased well at 7% from prior period. Further noting that the MPC decreased the Repo rate in August 2019 by 25 bps, and thus the endowment impact slowing the growth in NII for the period.

As one of the Big 4 banks in Namibia, the group is a significant provider of credit to the economy. End of period advances increased 8.3% to N$ 31.5 billion versus the prior period. Through providing credit to individuals, FNB has enabled home ownership across all social spectrums. RMB has funded corporates contributing economic growth and job creation.

The group's credit loss ratio of 37 bps remains below the group's through-the-cycle (TTC) range. The group remains prudently provided, with portfolio impairments as a percentage of the performing book at 120 bps.

The mix of FNB's advances growth reflects its targeted, segment-specific origination strategies. The focus has been to lend to main-banked clients, creating a strong reinforcement to the transactional relationship of our existing customer base. Mortgages (+5%) grew marginally, deliberately below mortgages PSCE. Two thirds of the growth in FNB Mortgages was primarily in the segment of N$ 0.5 million to N$ 1.5million. BON reviewed the Loan to value (LTVs) for new home loans during the period to 10% for secondary home loan and 20% for additional property bonds from the previous sliding scale that ranged from 20% to 50%. The reduction in mandatory deposit and the accommodative lower interest rates should continue to support the growth in this lending category. The latest FNB house price index, September 2019 recorded a decline in the average Namibian house price of 4.2% over a 3-year period. Properties in possession at the end of the period increased to N$ 42.9 million from N$ 37.6 million, standing at 0.14% of the advances book. The growth recorded was primarily as a result of a single repossession only.

Growth in both the premium and consumer segments was driven by unsecured lending and cross selling into the base. WesBank has exceeded expectation by maintaining its advances book at N$ 3.5 billion, when compared to new vehicles sales which are down 12.6%, the lowest since 2006.

The Investment Banking Division (IBD) in RMB was able to lift business by continuing to deliver landmark and innovatively structured deals, which translated into solid growth in advances and lending income.

During the period, the group contributed N$ 10.7 million to the FirstRand Namibia Foundation, its primary corporate responsibility vehicle. Educational and medical grants by the FNB Staff Assistance Trust amounted to N$ 0.8 million for the six-month ended December 2019.

Capital management

The group has maintained its strong capital position. Capital planning is undertaken on a three-year forward-looking basis, and the level and composition of capital is determined considering businesses' organic growth plans, corporate transactions and stress-testing scenario outcomes. In addition, the group considers external issues that could impact capital levels, which include regulatory, accounting and tax changes, macroeconomic conditions and outlook.

The group continues to actively manage its capital composition and, to this end, a special dividend of N$669 million was distributed to shareholders during the period.

The group continues to target real growth in earnings (defined as real GDP plus CPI) and expects its ROE to remain within its range of 21% to 24%.

Dividend strategy

Given the group's high return profile and strong capital generation, the board has maintained the dividend cover at Interim at 2.3x which remains within its stated long-term cover range of 1.8x to 3.0x. The board will revisit the cover range:

- Should capital demand increase to support sustainable balance sheet growth; and/or
- Macro risks worsen against the group's current core view.

Events subsequent to the reporting date

The directors are not aware of any material events, as defined in IAS 10, occurring between 31 December 2019 and the date of authorisation of the results announcement.

Prospects

Given the structural nature of Namibia's challenges, the group believes that domestic economic activity will remain under pressure for the foreseeable future.

Weak domestic demand and low-income growth will continue to weigh on real GDP growth and core inflation, and the real economy remains constrained by high government indebtedness, and low private sector investment.

FirstRand Namibia remains optimistic that, despite this difficult backdrop, it is executing on appropriate strategies to deliver ongoing growth in earnings and sustainable superior returns to shareholders. FNB's momentum is expected to continue, on the back of customer and volume growth. Cross-sell and up-sell strategies will deliver higher insurance revenues and good deposit and advances growth. RMB's client franchises are expected to remain resilient. WesBank's performance is expected to remain subdued given underlying macro constraints, such as low vehicle sales.

The focus on digitalisation, not only for reasons of financial inclusion, but also for convenience, better customer banking behaviour and reduced costs, continued to deliver increased customer satisfaction with alternative channels, and wider value proposition engagement and take-up. Efficiencies delivered through branch transformation included reduced floorspace while retaining and growing a countrywide footprint, either in more focused instances or through the increased utilisation of ATMs and ADT (Automatic Deposit Taking machines) and retailer points of sale.

The business continues to follow its commitment to building a shared future of prosperity through enriching the lives of its customers, employees and the societies it serves. This is the foundation to a sustainable future and will preserve the group's enduring promise to create a long-term value and superior returns for its shareholders.

Condensed consolidated statement of comprehensive income

		Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	Notes	2019	2018	2019
Net interest income before impairment of advances *	2	1 054 750	1 001 147	2 012 222
Impairment and fair value of credit advances	7.1	(118 019)	(117 190)	(214 809)
Net interest income after impairment of advances		936 731	883 957	1 797 413
Non-interest income	3	1 004 727	935 149	1 820 161
Net insurance premium income		65 687	78 892	167 217
Net claims and benefits paid		(35 312)	(43 475)	(86 201)
Income from operations		1 971 833	1 854 523	3 698 590
Operating expenses	4	(1 063 415)	(1 020 094)	(2 068 996)
Net income from operations		908 418	834 429	1 629 594
Share of profit from associate after tax		1 854	1 366	2 758
Income before tax		910 272	835 795	1 632 352
Indirect tax		(20 226)	(23 480)	(47 372)
Profit before tax		890 046	812 315	1 584 980
Direct tax		(266 299)	(259 622)	(499 170)
Profit for the period		623 747	552 693	1 085 810
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss				
Remeasurements on net defined benefit post-employment plan		-	-	(146)
Deferred income tax		-	-	47
Total Items that will not be reclassified to profit or loss		-	-	(99)
Total comprehensive income for the period		623 747	552 693	1 085 711
Total comprehensive income attributable to:				
Owner of the parent		619 074	545 782	1 071 271
Non-controlling interests		4 673	6 911	14 440
		623 747	552 693	1 085 711
Profit attributable to:				
Owner of the parent		619 074	545 782	1 071 370
Non-controlling interests		4 673	6 911	14 440
Total comprehensive income for the period		623 747	552 693	1 085 810
Earnings per share (cents)				
Basic		236.9	208.9	409.9
Diluted		236.9	208.6	409.6

* The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Therefore comparability will not be achieved by the fact that the comparative financial information has been prepared on an IAS 17 basis (see impact of adopting a revised standard note 13).

Condensed consolidated statement of financial position

		Unaudited as at 31 December		Audited as at 30 June
N$'000	Notes	2019	2018	2019
Assets				
Cash and cash equivalents		1 302 901	2 201 441	1 390 195
Due from banks and other financial institutions		1 854 758	2 022 671	2 803 839
Derivative financial instruments		350 934	686 067	459 072
Investment securities	6	7 423 546	6 714 463	7 807 309
Advances	7	31 474 116	29 075 059	30 297 933
Accounts receivable		288 715	326 583	298 655
Current tax asset		4 153	135	667
Reinsurance assets		6 150	639	2 938
Investments in associates		29 933	26 687	28 079
Property, equipment and right of use assets*		923 021	882 662	859 591
Intangible assets		153 369	170 398	162 552
Deferred income tax asset		28 592	43 356	28 943
Total assets		43 840 188	42 150 161	44 139 773
Equity and liabilities				
Liabilities				
Short trading position		61 772	-	-
Derivative financial instruments		369 123	701 889	480 490
Creditors and accruals		429 482	364 480	385 631
Current tax liability		67 231	87 265	185 530
Deposits	8.1	35 892 337	32 688 915	35 886 144
Due to banks and other financial institutions	8.2	611 501	1 961 996	427 776
Employee liabilities		165 508	186 949	248 927
Other liabilities*		341 338	254 976	261 046
Policyholders liabilities		40 813	45 091	46 351
Tier 2 liabilities		402 856	402 871	402 804
Deferred income tax liability		398 241	337 022	400 842
Total liabilities		38 780 202	37 031 454	38 725 541
Equity				
Capital and reserves attributable to ordinary equity holders of parent		5 006 938	5 064 632	5 352 627
Non-controlling interests		53 048	54 075	61 605
Total equity		5 059 986	5 118 707	5 414 232
Total equity and liabilities		43 840 188	42 150 161	44 139 773

* The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Therefore comparability will not be achieved by the fact that the comparative financial information has been prepared on an IAS 17 basis (see impact of adopting a revised standard note 13).

Condensed consolidated statement of changes in equity

	Attributable to equity holders of the parent			Non-controlling interests		
	Unaudited six months ended 31 December		Audited year ended 30 June	Unaudited six months ended 31 December		Audited year ended 30 June
N$'000	2019	2018	2019	2019	2018	2019
Balance at beginning of the period	5 352 627	4 836 527	4 836 224	61 605	72 646	72 645
Total comprehensive income for the period	619 074	545 782	1 071 271	4 673	6 911	14 440
Staff share option transactions	280	1 185	1 120	-	-	-
Dividends	(959 520)	(295 332)	(533 222)	(13 230)	(25 482)	(25 480)
- Ordinary dividends	(305 896)	(295 332)	(533 222)	(13 230)	(25 482)	(25 480)
- Special dividends	(653 624)	-	-	-	-	-
Consolidation of shares held by share trusts	(5 523)	(23 530)	(22 766)	-	-	-
Balance at end of the period	5 006 938	5 064 632	5 352 627	53 048	54 075	61 605

Condensed consolidated statement of cash flows

N$'000	Unaudited six months ended 31 December 2019	Unaudited six months ended 31 December 2018	Audited year ended 30 June 2019
Net cash generated from operations	1 352 647	1 604 571	1 145 574
Tax paid	(408 977)	(382 618)	(466 327)
Net cash flow from operating activities	943 670	1 221 953	679 247
Acquisition of property and equipment	(37 960)	(26 638)	(58 080)
Proceeds from the disposal of property and equipment	2 059	3443	4 196
Net cash flow from investing activities	(35 901)	(23 195)	(53 884)
Acquisition of shares for the share trust	(5 243)	(22 345)	(22 309)
Dividends paid	(959 520)	(295 332)	(533 221)
Payment of lease liabilities	(17 070)	-	-
Dividends paid to non controlling interests	(13 230)	(25 482)	(25 480)
Net cash flow from financing activities	(995 063)	(343 159)	(581 010)
Net increase in cash and cash equivalents	(87 294)	855 599	44 353
Cash and cash equivalents at beginning of the period [1]	1 390 195	1 345 842	1 345 842
Cash and cash equivalents at end of the period	1 302 901	2 201 441	1 390 195

[1] Includes mandatory reserve deposits with central bank

Condensed notes to the consolidated financial results

for the reporting period ended 31 December

1. Basis of preparation

The group prepares its unaudited condensed consolidated interim financial report in accordance with:

- International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*;
- Framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS);
- Interpretations issued by the IFRS Interpretation Committee (IFRS-IC);
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council; and
- The Namibian Companies Act.

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

The condensed consolidated interim results for the six months ended 31 December 2019 have not been audited or independently reviewed by the group's external auditors.

Accounting Policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied for the year ended 30 June 2019, except for the adoption of new and amended IFRS that became effective from 1 July 2019. The following new standards had the most significant impact on the group.

The group adopted IFRS 16 effective 1 July 2019, which replaces IAS 17 and various related interpretations. IFRS 16 introduced a single lease accounting model for lessees, which had an impact on the group's financial results as at 1 July 2019. For more details on the impact of adopting IFRS 16, please refer to note 13.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents leasing transactions. Under IFRS 16, the accounting treatment of leases by the lessee has changed fundamentally as it eliminates the dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases.

The IFRS 16 policies only includes the accounting policies where the group is the lessee, as IFRS 16 did not have an impact on the accounting policies for transactions where the group is the lessor.

Summary of accounting policies

IFRS 16 - Contracts where the group is the lessee

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

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

1. Basis of preparation continued

Leases where the group is the lessee	
At inception	The group recognises a ROA 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 group considers printers and other leased equipment as low value assets. This is assessment is based on the fact that; - the group can benefit from the use of the underlying asset on its own or together with other resources that are readily available to the group; - the underlying asset is not highly dependent on, or highly interrelated with other assets; and - these assets have individual values that are not significant when compared to our other leased assets. The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the individual group lessee uses its own incremental borrowing rate, being the rate that it can borrow funds from the Group Treasury function. The ROA's are measured at cost comprising of the amount of the initial measurement of the lease liability plus any initial direct costs and restoration costs. Where applicable, any lease payments made at or before the commencement date less any lease incentives received is deducted from the cost. Post initial recognition, ROA's are treated in line with other property and equipment.
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 ROA 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. For short-term and low value leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The group applies IAS 36 to determine whether a ROA is impaired and accounts for any identified impairment loss. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the ROA. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line operating expenses in the condensed consolidated income statement.
Presentation	The lease liability is presented in other liabilities in the consolidated statement of financial position. The ROA's are not presented as a separate line in the condensed consolidated statement of financial position, but disclosed in the property ,equipment and right of use assets line.

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

No other new or amended IFRS standards became effective for the six months ended 31 December 2019 that impacted the group's reported earnings, financial position or reserves, or the accounting policies.

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

2. Analysis of interest income and interest expense

N$'000	Six month ended December 2019	Six month ended December 2018	Year ended June 2019
Analysis of interest and similar income			
Instruments at amortised cost	2 039 935	1 910 131	3 864 700
Interest and similar income	2 039 935	1 910 131	3 864 700
Advances	1 687 365	1 570 219	3 186 746
Investment securities	280 123	234 196	494 784
Other	72 447	105 716	183 170
Interest and similar income	2 039 935	1 910 131	3 864 700
Analysis of interest expense and similar charges			
Instruments at amortised cost	985 185	908 984	1 852 478
Interest expense and similar charges	985 185	908 984	1 852 478
Deposits			
Deposits from customers	567 339	532 728	1 075 657
Debt securities	385 467	336 103	692 437
Deposits from banks and other financial institutions	1 021	11 325	27 347
Other liabilities	11 973	9 302	17 963
Tier 2 liabilities	19 385	19 526	39 074
Interest expense and similar charges	985 185	908 984	1 852 478
Net interest Income	1 054 750	1 001 147	2 012 222

3. Non-interest income

N$'000	Six month ended December		Year ended June
	2019	2018	2019
Fee and commission income:			
- Banking fee and commission income	929 081	838 478	1 611 555
- Non banking fee and commission income	78 133	70 375	148 566
Fee and commission income	1 007 214	908 853	1 760 121
Fee and commission expenses	(92 522)	(77 980)	(160 179)
Net fee and commission income	914 692	830 873	1 599 942
Fee and Commission income, by category			
Instruments at amortised cost	929 081	838 478	1 611 555
Non-financial assets and liabilities	78 133	70 375	148 566
Fee and commission expenses	(92 522)	(77 980)	(160 179)
Net fee and commission income	914 692	830 873	1 599 942
Non banking fee and commission income earned relates to fees and commissions earned for rendering services to clients other than those related to the banking operations. This includes commission earned on the sale of insurance products.			
Fair value income	60 702	62 618	140 183
Gross gains less losses from investing activities	27 607	21 006	57 809
Less: Share of profit from associates after tax (disclosed separately on face of the statement of comprehensive income)	(1 854)	(1 366)	(2 758)
Gains less losses from investing activities	25 753	19 640	55 051
Other non-interest revenue	3 580	22 018	24 985
Total non-interest revenue	1 004 727	935 149	1 820 161

Condensed notes to the consolidated financial results

for the reporting period ended 31 December continued

4. Operating expenses

N$'000	Six month ended December 2019	Six month ended December 2018	Year ended June 2019
Auditors' remuneration			
- Audit fees	5 163	5 696	12 123
- Fees for other services	131	56	289
Auditors' remuneration	**5 294**	**5 752**	**12 412**
Operating lease charges*			
- Property	-	24 520	47 127
- Equipment	-	9 796	18 348
- Short term	1 647	-	-
- Low value	8 760	-	-
Operating lease charges	**10 407**	**34 316**	**65 475**
Staff costs	582 537	556 128	1 126 441
Amortisation of intangible assets	7 582	7 859	17 565
Depreciation*	66 797	50 147	102 178
Directors fees	4 250	4 534	12 427
Other operating costs	386 548	361 358	732 498
Total operating expenses	**1 063 415**	**1 020 094**	**2 068 996**

* The group has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Therefore comparability will not be achieved by the fact that the comparative financial information has been prepared on an IAS 17 basis (see impact of adopting a revised standard note 13).

5. Earnings per share

5.1 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 share outstanding during the period.

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

	Six month ended December		Year ended June
	2019	2018	2019
Headline earnings (N$'000)	**617 181**	544 798	1 071 249
Weighted average number of ordinary shares in issue	**261 351 828**	261 319 819	261 358 638
Headline earnings per share (cents)	**236.1**	208.5	409.9
Headline earnings (N$'000)	**617 181**	544 798	1 071 249
Diluted weighted average number of ordinary shares in issue	**261 351 828**	261 618 961	261 555 647
Diluted headline earnings per share (cents)	**236.1**	208.2	409.6
Earnings attributable to equity holders of the parent (N$'000)	**619 074**	545 782	1 071 370
Gains and losses on sale of property and equipment *	**(1 893)**	(984)	(628)
Impairment of assets in terms of IAS 36 (N$ 000)	**-**	-	306
Tax effect (N$ 000)	**-**	-	201
Headline earnings	**617 181**	544 798	1 071 249

*Net of non-controlling interests

5. Earnings per share continued

5.2 Earnings per share

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

	Six month ended December		Year ended June
	2019	2018	2019
Earnings attributable to ordinary shareholders (N$'000)	**619 074**	545 782	1 071 370
Weighted average number of ordinary shares in issue	**261 351 828**	261 319 819	261 358 638
Basic earnings per share (cents)	**236.9**	208.9	409.9
Diluted earnings attributable to ordinary shareholders (N$'000)	**619 074**	545 782	1 071 370
Diluted weighted average number of ordinary shares in issue	**261 351 828**	261 618 961	261 555 647
Diluted earnings per share (cents)	**236.9**	208.6	409.6

Diluted earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

6. Investment securities

N$'000	Six month ended December 2019	Six month ended December 2018	Year ended June 2019
Treasury bills	4 602 713	4 426 311	5 052 084
Other government and government guaranteed stock	2 345 517	1 784 940	2 214 175
Unlisted equities	14 981	9 576	13 009
Other undated securities	461 556	494 839	529 350
Total gross carrying amount of investment securities	7 424 767	6 715 666	7 808 618
Loss allowance on investment securities	(1 221)	(1 203)	(1 309)
Total investment securities	7 423 546	6 714 463	7 807 309

The loss allowance on investment securities measured at amortised cost is N$1.2 mil (2018: N$1.2mil).

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

N$'000	December 2019	December 2018	June 2019
Amount as at 30 June 2018 (IAS 39)	-	-	-
IFRS 9 adjustments	-	888	-
Opening balance	1 309	888	888
Impairment charge/(release) for the period			
- Stage 1	(88)	315	421
Amount as at 31 December 2019	1 221	1 203	1 309
The impairment charge in the income statement can be broken down as follows:			
Provision created/(release) in the current period	(88)	315	421
- New business and changes in exposure	(88)	315	421

Condensed notes to the consolidated financial results

for the reporting period ended 31 December continued

7. Advances

	Six month ended December		Year ended June
N$'000	2019	2018	2019
Notional value of advances	32 286 875	29 694 939	31 003 009
Gross advances	32 286 875	29 694 939	31 003 009
Category analysis			
Overdrafts and cash management accounts	4 189 893	3 779 064	3 514 597
Card loans	475 691	429 037	474 922
Instalment sales and hire purchase agreements	3 159 363	3 062 043	3 108 445
Lease payments receivable	154 417	251 924	192 077
Property finance	13 963 137	13 350 704	13 549 050
Term loans	8 523 933	7 997 897	8 433 355
Investment bank term loans	337 525	392 206	368 932
Preference share agreements	962 032	-	949 020
Assets under agreement to resell	61 075	-	-
Other	459 809	432 064	412 611
Gross advances	32 286 875	29 694 939	31 003 009
Impairment of advances	(812 759)	(619 880)	(705 076)
Net advances	31 474 116	29 075 059	30 297 933
Portfolio Analysis			
Designated at fair value through profit or loss	337 525	392 206	368 932
Loans and receivable	31 136 591	28 682 853	29 929 001
	31 474 116	29 075 059	30 297 933

7. Advances continued

Analysis of advances per class

December 2019

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	13 987 014	-	(202 117)	13 784 897
Vehicle asset finance	3 538 355	-	(83 713)	3 454 642
Total retail secured	17 525 369	-	(285 830)	17 239 539
Credit card	440 490	-	(48 407)	392 083
Personal loans	2 469 930	-	(122 466)	2 347 464
Other retail	572 400	-	(30 397)	542 003
Total retail unsecured	3 482 820	-	(201 270)	3 281 550
FNB Commercial	6 886 174	-	(286 213)	6 599 961
RMB Corporate banking	4 054 987	337 525	(39 446)	4 353 066
Total corporate and commercial	10 941 161	337 525	(325 659)	10 953 027
Total advances	31 949 350	337 525	(812 759)	31 474 116

7. Advances continued

Analysis of total gross advances per impairment stage continued

Analysis of advances per class continue

December 2018

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	13 296 206	-	(138 642)	13 157 564
Vehicle asset finance	3 545 117	-	(69 505)	3 475 612
Total retail secured	16 841 323	-	(208 147)	16 633 176
Credit card	393 463	-	(27 209)	366 254
Personal loans	2 288 975	-	(91 223)	2 197 752
Other retail	496 334	-	(27 622)	468 712
Total retail unsecured	3 178 772	-	(146 054)	3 032 718
FNB Commercial	6 333 016	-	(220 882)	6 112 134
RMB Corporate banking	2 949 622	392 206	(44 797)	3 297 031
Total corporate and commercial	9 282 638	392 206	(265 679)	9 409 165
Total advances	29 302 733	392 206	(619 880)	29 075 059

7. Advances continued

Analysis of total gross advances per impairment stage continued

Analysis of advances per class continue

June 2019

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	13 554 950	-	(166 322)	13 388 628
Vehicle asset finance	3 521 602	-	(83 140)	3 438 462
Total retail secured	17 076 552	-	(249 462)	16 827 090
Credit card	432 948	-	(42 004)	390 944
Personal loans	2 377 678	-	(94 667)	2 283 011
Other retail	433 786	-	(28 108)	405 678
Total retail unsecured	3 244 412	-	(164 779)	3 079 633
FNB Commercial	6 760 954	-	(250 504)	6 510 450
RMB Corporate banking	3 552 158	368 932	(40 330)	3 880 759
Total corporate and commercial	10 313 112	368 932	(290 834)	10 391 209
Total advances	30 634 076	368 932	(705 075)	30 297 933

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

7. Advances continued

7.1 Impairment of advances

N$'000	December 2019	December 2018	June 2019
Provision created/(released) for the current reporting period	**121 186**	117 190	222 250
Recoveries of bad debts	**(3 167)**	-	(7 441)
Impairment of advances recognised during the period	**118 019**	117 190	214 809
Specfic / stage 3 impairments	**99 675**	85 927	129 225
Portfolio / stage 1 and stage 2 impairments	**18 344**	31 263	85 584
	118 019	117 190	214 809

Reconciliation of the gross carrying amount of advances per impairment stage

31 December 2019

N$'000	Stage 1	Stage 2	Stage 3	Total
Opening as at 1 July 2019	28 833 788	1 324 617	844 604	31 003 009
Transfer between stages *	(594 083)	318 665	275 417	-
Transfers to stage 1	689 531	(688 543)	(987)	-
Transfers to stage 2	(1 115 831)	1 146 111	(30 280)	-
Transfers to stage 3	(167 783)	(138 903)	306 685	-
Bad debts written off **	-	-	(32 587)	(32 587)
New business and changes in exposure	1 187 714	148 773	(20 034)	1 316 453
Closing as at 31 December 2019	29 427 419	1 792 055	1 067 400	32 286 875

7. Advances continued

7.1 Impairment of advances continued

Reconciliation of the loss allowance on total advances.

N$'000	Stage 1	Stage 2	Stage 3	Total
Opening balance - July 2019	189 173	166 650	349 252	705 076
Transfer between stages *	18 398	(31 016)	12 618	-
Transfer to Stage 1	38 221	(37 349)	(871)	-
Transfer to Stage 2	(17 881)	22 515	(4 634)	-
Transfer to Stage 3	(1 942)	(16 182)	18 123	-
Bad debts written off **	-	-	(32 587)	(32 587)
Provision created/(released) for the current reporting period ***	(17 391)	48 354	90 223	121 186
Interest on stage 3 advances +	-	-	19 083	19 084
Closing balance	190 180	183 988	438 588	812 759
Residential mortgages	25 382	53 009	123 726	202 117
Vehicle asset finance	15 732	7 727	60 254	83 713
Total Retail secured	41 114	60 736	183 980	285 830
Credit card	19 666	7 665	21 076	48 407
Personal loans	25 518	21 957	74 991	122 466
Other retail	8 037	9 568	12 792	30 397
Total Retail unsecured	53 221	39 190	108 859	201 270
FNB Commercial	74 784	65 678	145 751	286 213
RMB Corporate and Investment banking	21 062	18 384		39 446
Total Corporate and Commercial	95 846	84 062	145 751	325 659
Closing balance	190 181	183 988	438 590	812 759

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

7. Advances continued

7.1 Impairment of advances continued

Reconciliation of the gross carrying amount of advances continue

30 June 2019

N$'000	Stage 1	Stage 2	Stage 3	Total
Amount as at 30 June 2018 (IAS 39)	27 895 067	456 789	481 537	**28 833 393**
IFRS 9 adjustments	-	-	67 155	**67 155**
Amount as at 1 July 2018 (IFRS 9)	27 895 067	456 789	548 692	**28 900 548**
Transfer between stages *	(1 170 509)	734 534	435 975	-
Transfers to stage 1	785 622	(785 131)	(491)	-
Transfers to stage 2	(1 701 212)	1 703 228	(2 016)	-
Transfers to stage 3	(254 919)	(183 563)	438 482	-
Bad debts written off **	-	-	(54 658)	(54 658)
New business and changes in exposure	2 109 230	133 294	(85 405)	2 157 119
Amount as at 30 June 2019	28 833 788	1 324 617	844 604	31 003 009

7. Advances continued

7.1 Impairment of advances continued

Reconciliation of the loss allowance on total advances.

N$'000	Stage 1	Stage 2	Stage 3	Total
Opening balance	51 900	76 623	173 038	301 561
IFRS 9 adjustments	103 267	38 451	67 155	208 873
Amount as at 1 July 2018(IFRS 9)	155 167	115 074	240 193	510 434
Transfer between stages *	22 333	(43 942)	21 609	-
Transfer to Stage 1	38 121	(37 933)	(188)	-
Transfer to Stage 2	(8 294)	9 064	(770)	-
Transfer to Stage 3	(7 495)	(15 072)	22 567	-
Bad debts written off **	-	-	(54 658)	(54 658)
Provision created/(released) for the current reporting period ***	11 674	95 517	115 059	222 250
Interest on stage 3 advances +	-	-	27 049	27 049
Closing balance	211 506	122 708	370 861	705 075
Residential mortgages	16 416	43 252	106 653	166 321
Vehicle asset finance	15 304	14 232	53 604	83 140
Total Retail secured	31 720	57 484	160 257	249 461
Credit card	16 218	9 002	16 784	42 004
Personal loans	29 918	13 906	50 844	94 668
Other retail	10 965	8 520	8 624	28 109
Total Retail unsecured	57 101	31 428	76 252	164 781
FNB Commercial	74 022	63 738	112 743	250 503
RMB Corporate and Investment banking	26 330	14 000	-	40 330
Total Corporate and Commercial	100 352	77 738	112 743	290 833
Closing balance	189 173	166 650	349 252	705 075

* Transfers between stages reflect opening balances based on the ECL stage at the end of the financial year. The ECL recognised on new exposures originated during the financial year (which are not included in the opening balance) are included in current period provision created/(released) based on the stage at the end of the financial year for all businesses.

** 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.

*** Net changes in exposure reflects the net of the following;

- The increase or decrease of the opening balance ECL due to transfers between the stages, for example the release of ECL on transfer from stage 2 to stage 1 or the increase in ECL on transfer from stage 1 to stage 2.

\+ Interest on stage 3 advances are recognised based on the net carrying amount. The amount is reflective on the interest not recognised on stage 3 assets.

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

8. Deposits

8.1 Deposits and current accounts

	Six month ended December		Year ended June
N$'000	2019	2018	2019
Category analysis			
Deposits from customers			
- Current accounts	10 876 629	9 202 312	9 977 808
- Call deposits	6 346 855	7 981 200	5 695 068
- Savings accounts	344 412	285 563	292 743
- Fixed and notice deposits	9 467 079	7 523 940	10 123 612
Debt securities			
- Negotiable certificates of deposit	7 969 147	6 425 714	8 526 853
- Fixed and floating rate notes	888 215	1 270 186	1 270 060
Total deposits	35 892 337	32 688 915	35 886 144

8.2 Due to banks and other financial institutions

To banks and financial institutions			
- In the normal course of business	611 501	1 961 996	427 776

9. Related parties

Related parties of the group defines, include:

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

The principal shareholder of FirstRand Namibia Limited is FirstRand EMA Holdings (Pty) Limited, with its 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.

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

9. Related parties continued

Detailed balances with relevant related parties appears below:

N$'000	December 2019	December 2018	June 2019
Deposits			
FirstRand SA group companies	617 186	539 306	2 354 744
Associates	37 957	26 230	36 236
Key management personnel	12 408	19 182	12 516
Advances			
FirstRand SA group companies	1 504 821	1 833 815	418 411
Associates	8 318	11 689	9 768
Key management personnel	17 499	9 885	20 470
Derivative assets			
FirstRand SA group companies	243 435	373 602	291 586
Derivative liabilities			
FirstRand SA group companies	119 824	329 234	186 895
Related party transactions:			
Interest paid to (received from) related parties:			
FirstRand SA group companies	37 994	56 556	102 282
Associates	720	5	151
FirstRand SA group companies	-	9 039	9 039
Non-interest expenditure			
FirstRand SA group companies	175 980	170 014	320 558
Associates	8 469	8 770	18 085

10. Fair value measurements

10.1 Valuation methodology

In terms of IFRS, the group is required to or elects to measure certain assets and liabilities at fair value. The group has established control frameworks and processes to independently validate its valuation techniques and inputs used to determine its fair value measurements. Technical teams are responsible for the selection, implementation and any changes to the valuation techniques used to determine fair value measurements. Valuation committees comprising representatives from key management have been established at an overall group level and 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 by the required technical teams, valuation committees, relevant risk committees and external auditors annually or more frequently if considered appropriate.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date i.e. an exit price. Fair value is therefore a market based measurement and when measuring fair value the group uses the assumptions that market participants would use when pricing an asset or liability under current market conditions, including assumptions about risk. When determining fair value it is presumed that the entity is a going concern and the fair value is therefore not an amount that represents a forced transaction, involuntary liquidation or a distressed sale.

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

Recurring fair value measurements

Recurring fair value measurements are those for assets and liabilities that IFRS requires or permits to be recognised at fair value and are recognised in the statement of financial position at reporting date. This includes financial assets, financial liabilities and non-financial assets that the group measures at fair value at the end of each reporting period.

Financial instruments

When determining the fair value of a financial instrument, where the financial instrument has a bid or ask price (for example in a dealer market), the group uses the price within the bid-ask spread that is most representative of fair value in the circumstances. Although not a requirement, the group uses the bid price for financial assets or the ask/offer price for financial liabilities where this best represents fair value.

When determining the fair value of a financial liability or the group's own equity instruments the quoted price for the transfer of an identical or similar liability or own equity instrument is used. Where this is not available, and an identical item is held by another party as an asset, the fair value of the liability or own equity instrument is measured using the quoted price in an active market of the identical item, if that price is available, or using observable inputs (such as the quoted price in an inactive market for the identical item) or using another valuation technique.

Where the group has any financial liability with a demand feature, such as demand deposits, the fair value is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid where the time value of money is significant.

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 fair value less costs to sell is the recoverable amount, IFRS 3 business combinations where assets and liabilities are measured at fair value at acquisition date, and IAS 36 impairments of assets where fair value less costs to sell is the recoverable amount. These fair value measurements are determined on a case by case basis as they occur within each reporting period.

Condensed notes to the consolidated financial results

for the reporting period ended 31 December continued

10. Fair value measurements continued

10.1 Valuation methodology continued

Financial instruments not measured at fair value

Other fair value measurements include assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS e.g. financial instruments at amortised cost. The fair value for these items is determined by using observable quoted market prices where these are available, mostly intruments listed on JSE Debt market, or in accordance with generally acceptable pricing models such as a discounted cash flow analysis. Except for the amounts included on page 25, for all other financial instruments at amortised cost the carrying value is equal to or a reasonable approximation of the fair value.

10.2 Fair value hierarchy and measurements

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 in the fair value hierarchy:

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Loans and advances to customers					
Investment banking book*	Level 3	Discounted cash flows	‘The future cash flows are discounted using a market related interest rate. To calculate the fair value of credit the group uses a valuation methodology based on the credit spread matrix, which considers loss given default, tenor and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance. Similarly an increase in credit rating would result in a decrease in the spread below the base rate and an increase of the fair value of the advance.	Market interest rates and curves	Credit inputs

10. Fair value measurements continued

10.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
			Investment securities and other investments		
Equities/ bonds listed in an inactive market	Level 2	Discounted cash flows	'For listed equities and bonds, the listed price is used where the market is active (i.e. Level 1). However if the market is not active and the listed price is not representative of fair value, these are classified as Level 2 and a valuation technique is used, for example the discounted cash flow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Unlisted bonds	Level 2 and Level 3	Price earnings ("P/E") model	For unlisted bonds, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions	Growth rates and P/E ratios
Unlisted equities	Level 2 and Level 3	Price earnings ("P/E") model	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions	Growth rates and P/E ratios
Negotiable certificates of deposit	Level 2	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	Level 2	JSE Debt market	The BESA bond pricing model uses the BESA mark to market bond yield.	Market interest rates and curves	Not applicable

10. Fair value measurements continued

10.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
			Derivative financial instruments		
Option contracts	Level 2 and Level 3	Option pricing model	The Black Scholes model is used.	Strike price of the option; market related discount rate; forward rate and cap and floor volatility.	Not applicable
Swaps	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The reset date of each swaplet is determined in terms of legal documents pertaining to the swap.	Market interest rates and curves	Not applicable
Forward rate agreements	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates and curves	Not applicable
Forward contracts	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves	Not applicable
			Deposits		
Call and non-term deposits	Level 2	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	Level 3	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	Level 2 and Level 3	Discounted cash flows	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

10. Fair value measurements continued

10.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2 and Level 3	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

* 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 a significant impact on the fair value measurement of these advances and as such, these advances are classified as Level 3 on the fair value hierarchy.

For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required as listed in the table above, the technique applied and the inputs into the models would be in line with those as set out in the table. Where the underlying assets or liabilities are not items for which recurring fair value measurements are required, for example property and equipment or intangible assets, the carrying value is considered to be equal to or a reasonable approximation of the fair value. This will be assessed per transaction and details will be provided in the relevant notes. There were no assets or liabilities measured at fair value on a nonrecurring basis in the current and prior period.

During the current reporting period there were no changes in the valuation techniques used by the group.

10. Fair value measurements continued

10.2 Fair value hierarchy and measurements continued

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

N$'000 **December 2019**	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities*	-	592 743	69 710	662 453
Advances	-	-	337 525	337 525
Derivative financial instruments	-	350 934	-	350 934
Total financial assets	-	943 677	407 235	1 350 912
Liabilities				
Recurring fair value measurements				
Short trading position	61 772	-	-	61 772
Derivative financial instruments	-	369 123	-	369 123
Other liabilities	-	-	40 312	40 312
Total financial liabilities	61 772	369 123	40 312	471 207

N$'000 **December 2018**	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities*	-	493 819	55 630	549 449
Advances	-	-	392 206	392 206
Derivative financial instruments	-	686 067	-	686 067
Total financial assets	-	1 179 886	447 836	1 627 722
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	701 889	-	701 889
Other liabilities		-	34 191	34 191
Total financial liabilities	-	701 889	34 191	736 080

10. Fair value measurements continued

10.2 Fair value hierarchy and measurements continued

N$'000 **June 2019**	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities*	-	595 030	67 738	**662 768**
Advances	-	-	368 932	**368 932**
Derivative financial instruments	-	459 072	-	**459 072**
Total financial assets	-	1 054 102	436 670	1 490 772
Liabilities				
Recurring fair value measurements	-		-	
Derivative financial instruments	-	480 490		**480 490**
Other liabilities	-	-	40 560	**40 560**
Total financial liabilities	-	480 490	40 560	521 050

During the reporting period ending 31 December 2019 (31 December 2018), there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Changes in the group's best estimate of the non-observable inputs (Level 3) could affect the reported fair values recognised on 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$ 447 958 (2018: N$ 489 305) and using more negative reasonable possible assumptions to N$ 366 511 (2018: N$ 400 340). These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

10. Fair value measurements continued

10.2 Fair value hierarchy and measurements continued

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

Fair values of financial instruments recognised in the financial statements may be determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from current market transactions or observable market data. In these instances, the net fair value recorded in the financial statements is the sum of three components:

(i) the value given by application of a valuation model, based upon the group's best estimate of the most appropriate model inputs;
(ii) any fair value adjustments to account for market features not included within valuation model (for example, bid mid spreads, counterparty credit spreads and / or market data uncertainty); and
(iii) day one profit or loss, or an unamortised element thereof, not recognised immediately in the income statement in accordance with the group's accounting policy, and separately detailed within the derivative note above.

The group classifies financial instruments in Level 3 of the fair value hierarchy when significant inputs into the valuation model are not observable. In addition to the valuation model for Level 3, financial instruments typically also rely on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs.

Changes in level 3 fair value instruments

December 2019

N$'000	Fair value on June 2019	Gains or losses recognised in profit and loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2019
Assets				
Advances	368 932	18 378	(49 785)	337 525
Investment securities	67 738	1 972	-	69 710
Total financial assets at fair value	436 670	20 350	(49 785)	407 235

31 December 2018

N$'000	Fair value on June 2018	Gains or losses recognised in profit and loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2018
Assets				
Advances	419 769	15 035	(42 598)	392 206
Investment securities	52 617	3 013	-	55 630
Total financial assets at fair value	472 386	18 048	(42 598)	447 836

10. Fair value measurements continued

10.2 Fair value hierarchy and measurements continued

30 June 2019

N$'000	Fair value on June 2018	Gains or losses recognised in profit and loss	Purchases/ (sales)/ issues/ (settlements)	IFRS 9	Fair value on June 2019
Assets					
Advances	419 769	46 415	(95 705)	(1 547)	**368 932**
Investment securities	52 617	15 121	-	-	**67 738**
Total financial assets at fair value	472 386	61 536	(95 705)	(1 547)	**436 670**

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 the fair value related to both observable and unobservable inputs. The tablebelow presents the total gains (losses) relating to financial instrument classified in Level 3 that are still held on 31 December 2019. With the exception of interest on funding instruments all of these gains or losses are recognised in non interest revenue.

	December 2019	December 2018	June 2019
N$'000	Gains or losses recognised in profit or loss	Gains or losses recognised in profit or loss	Gains or losses recognised in profit or loss
Advances	**18 378**	15 035	46 415
Investment securities	**1 972**	3 013	15 121
Total	**20 350**	18 048	61 536

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

10. Fair value measurements continued

10.2 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.

For all other instruments the carrying value is equal to or a reasonable approximation of the fair value.

	December 2019		December 2018		June 2019	
N$'000	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Assets						
Cash and cash equivalents	1 302 901	1 302 901	2 201 441	2 201 441	1 390 195	1 390 195
Due from banks and other financial institutions	1 854 758	1 854 758	2 022 671	2 022 671	2 803 839	2 803 839
Investment securities	6 761 093	6 793 355	6 165 015	6 161 435	7 144 544	7 214 253
Advances	31 474 116	31 399 871	29 075 059	28 841 405	30 297 933	30 267 104
Accounts receivable	262 262	262 262	51 840	51 840	1 295 929	1 295 929
Total	41 655 130	41 613 147	39 516 026	39 278 792	42 932 441	42 971 320
Liabilities						
Deposits	35 892 337	35 679 423	32 688 915	32 548 655	35 886 144	35 825 376
Due to banks and other financial institutions	611 501	611 501	1 961 996	1 961 996	427 776	427 776
Creditors and accruals	52 379	52 379	50 462	50 462	44 728	44 728
Tier 2 liabilities	402 856	402 895	402 871	402 833	402 804	406 788
Other liabilities	220 477	219 393	220 540	219 351	220 447	219 530
Total	37 179 550	36 965 591	35 324 784	35 183 297	36 981 899	36 924 198

11. Contingent liabilities and capital commitments

N$'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Contingent liabilities	3 389 408	7 119 825	6 434 846
Capital commitments	194 960	7 550	205 900

12. Condensed consolidated segment information

N$'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Income from operations:			
Banking operations [1]	1 852 632	1 746 582	1 575 589
Short-term insurance	42 610	48 584	43 654
Other [2]	76 960	59 357	10 351
	1 972 202	1 854 523	1 629 594
Profit for the period:			
Banking operations [1]	600 402	544 518	1 060 038
Short-term insurance	9 537	14 104	29 469
Other [2]	13 807	(5 929)	(3 697)
	623 746	552 693	1 085 810
Total assets:			
Banking operations [1]	43 548 312	41 903 866	43 870 752
Short-term insurance	133 607	146 981	167 372
Other [2]	158 269	99 314	101 650
	43 840 188	42 150 161	44 139 773
Total liabilities:			
Banking operations [1]	38 737 323	36 947 976	38 688 994
Short-term insurance	51 856	62 528	68 159
Other [2]	(8 975)	20 950	(31 610)
	38 780 203	37 031 454	38 725 541

[1] Banking operations include FNB Retail, FNB Commercial, RMB Corporate and WesBank

[2] Other segment includes FirstRand Namibia, FNB Insurance Brokers, FNB Trust services, Ashburton Unit Trusts, Talas Properties, Pointbreak Group Companies and consolidation entries.

13. Impact of adopting revised accounting standards

The group adopted IFRS 16 during the current period, with the most significant impact on the accounting treatment of leases where the group is the lessee. The standard requires lessees to recognise a right-of use-asset (ROA) and corresponding lease liability in respect of all leases that were previously classified as operating leases under IAS 17. The standard does allow for certain exemptions from this treatment for short-term leases and leases where the underlying asset is considered to be of low-value.

As permitted by IFRS 16, the group did not restate comparative information and elected to apply the modified retrospective approach on the date of initial adoption (DIA) being 1 July 2019. On the DIA, a lease liability, measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at DIA was recognised. The group elected to measure the ROA at a value equal to the lease liability as calculated at the DIA, adjusted for any lease prepayments that were made as well as any operating lease smoothing liabilities that were raised under IAS 17.

The ROA recognised is accounted for as Property and equipment (PPE) within the group. The transition to IFRS 16 impact on capital requirement is immaterial.

The recognition of the lease liability and right-of use asset has impacted the amounts recognised in the group's income statement from the DIA. Under IAS 17 a straight-lined operating lease charge was recognised in operating expenses.

From DIA, the following amounts will be recognised in the income statement under IFRS 16:

- Interest expense on the lease liability;
- Depreciation charge on the right-of use assets and will be recognised over the lease term; and
- Rental charge will be recognised in operating expenses for assets classified as short-term or low-value in terms of the group's policy.

The table below reconciles the operating lease commitments recognised under IAS 17 to the lease liabilities recognised on balance sheet as at 1 July 2019:

N$'000	Amount
Operating lease commitments disclosed as at 30 June 2019 under IAS 17	**88 808**
Less: short term leases	(5 010)
Total qualifying operating leases subject to IFRS 16	**83 798**
Less: Discounted using the group's incremental borrowing rate	(17 920)
Additional lease liability recognised as at 1 July 2019 (included in other liabilities)	**65 878**

13. Impact of adopting revised accounting standards continued

Adjustments	Description of amounts
Operating lease commitments under IAS 17 adjustment	The group applied the practical expedient in IFRS 16 C3 and did not reassess the definition of a lease on its current lease contracts but applied the requirements of IFRS 16 to all leases recognised as operating leases previously under IAS 17.
Short term leases	IFRS 16 provides an exemption for leases that are short-term in nature. The exemption allows a lessee to not recognise a ROA or lease liability. The exemption is applied per class of leases (i.e. leases of property, leases of vehicles, etc.). The group applied this exemption to all classes of leases at DIA and for new leases entered into after the DIA that meets the definition. The group defines short term leases as any lease that has a lease term of 12 months or less and where the terms of the lease contain: - no extension periods that the group will reasonably exercise which would result in the lease term being longer than 12 months; and - no purchase option in the lease contract.
Variable rate leases	Under IAS 17, certain variable lease payments where included in the amount of operating lease commitments disclosed in the annual financial statements. Under IFRS 16 variable lease payments are not capitalised and are expensed when incurred.
Extension and termination options	The group's policy is to include extension and termination operations for certain property leases where there is a reasonably certain expectation asserted that the lease will be renewed and as such the value of these extension and termination options are taken into consideration in the determination of the lease liability. In assessing whether it is reasonably certain that the option will be exercised, past practices observed for similar types of leases and the economic reasons for electing those options are used to conclude whether it is reasonably certain that the option will be exercised or not.
Discounting using the group's incremental borrowing rate	IFRS 16 requires that the lease payments are discounted. The discounted amount is calculated using the incremental borrowing rate at DIA. The group used the practical expedient in IFRS 16 that allows the use of a single discount rate to a portfolio of leases with reasonably similar characteristics. The incremental borrowing rates used ranged between 7% - 10%. The range is indicative of: - Duration of the lease; and - Credit risk of the business that is the lessee.

Condensed notes to the consolidated financial results
for the reporting period ended 31 December continued

13. Impact of adopting revised accounting standards continued

The implementation of IFRS 16 results in the recognition of lease liabilities and the right of use asset of N$ 61.02mil.

The impact on the group's financial results as at 1 July 2019 (DIA for IFRS 16) is set out below.

Condensed statement of financial position - IFRS

N$'000	As previously reported at 30 June 2019	Restatement for IFRS 16	Restated 1 July 2019
Assets			
Property and equipment	859 591	61 022	920 614
	859 591	61 022	920 614
Liabilities			
Other Liability	254 976	65 877	320 853
Creditors, accruals and provisions (Straight-lining liability)*	364 480	(4 855)	359 625
	619 456	61 022	680 478
Equity			
Ordinary shares	1 314	-	1 314
Share premium	7 870	-	7 870
Reserves	5 343 443	-	5 343 443
Capital and reserves attributable to equity-holders of the group	5 352 627	-	5 352 627
Total equity	5 352 627	-	5 352 627
Total equity and liabilities	5 972 083	61 022	6 033 105

*Relates to the derecognition of lease liability of the IAS 17 straight-lined liability.

13. Impact of adopting revised accounting standards continued

Impact of revised accounting standards – Other

The following other new or revised standards became effective for the six months ended 31 December 2019 and had no impact on the group's reported earnings, financial position, reserves or accounting policies.

New/ revised IFRS	Description of change	Impact on the group
IFRS 9 amendments	Prepayment features with Negative Compensation The IASB issued a narrow-scope amendment to IFRS 9 to enable companies to measure at amortised cost some pre-payable financial assets with negative compensation. The assets affected include some advances and debt securities which would otherwise be measured at FVTPL.	The amendment will be considered when the group issues instruments with these characteristics.
IAS 28	Long-term Interests in Associates (Amendments to IAS 28) The amendment clarifies that an entity should apply IFRS 9, including impairment requirements, to long-term interests in associates and joint ventures that in substance form part of the net investment in the associate or joint venture.	The group assessed the impact of this amendment on the annual financial statements as part of the adoption of IFRS 9 and it currently complies with this amendment.
IFRIC 23	Uncertainty over Income Tax Treatments This interpretation is to be applied to the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. This interpretation clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.	The group complies with the guidance issued by the IFRIC.
Annual improvements 2015–2017 cycle	These annual improvements include amendments to: • IFRS 3 and IFRS 11 - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. • IAS 12 - The amendment clarifies that the tax consequences of dividends should be recognised in the income statement, other comprehensive income or equity according to where the past transactions or events were recognised that gave rise to the distributable reserves from which the dividends were declared. Therefore, if the dividends are declared from retained income arising from profits previously recognised in the income statement, the income tax consequences of the dividend distribution should be recognised in the income statement. • IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	The amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 are not applicable to the group.

Salient features of the group results

N$'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Financial statistics			
Headline earnings per share (cents)	**236.1**	208.5	409.9
Diluted headline earnings per share (cents)	**236.1**	208.2	409.6
- Ordinary dividends per share (cents) - paid	**117.0**	91.0	204.0
- Special dividends per share (cents) - paid	**250.0**	-	-
Number of shares in issue ('000) - ordinary*	**261 449**	261 359	261 417
Weighted number of shares in issue ('000) - ordinary*	**261 352**	261 320	261 359
* after consolidation of share trusts			
Net asset value per share (cents)	**1 916**	1 938	2 050
Closing share price (cents)	**3,341**	4 344	3 500
Market capitalisation (millions)	**8 940**	11 624	9 366
Price earnings ratio	**7.1**	10.4	8.5
Price to book ratio	**1.7**	2.2	1.7
Selected ratios			
Return on equity (headline earnings on average equity) (%)	**24.6**	22.4	20.8
Return on average assets (%)	**2.9**	2.7	2.6
Cost to income ratio (%)	**50.9**	51.7	52.9

Capital adequacy
Banking Operations

	Six months ended 31 December		Year ended 30 June
N$'000	2019	2018	2019
Risk weighted assets			
Credit risk	25 244 050	25 533 193	25 368 468
Market risk	53 636	18 738	53 508
Operational risk	4 682 617	4 364 309	4 524 168
Total risk weighted assets	29 980 303	29 916 240	29 946 144
Regulatory capital			
Share capital and share premium	1 142 792	1 142 792	1 142 792
Retained profits	3 061 515	3 256 116	4 032 962
Other disclosed reserve	6 280	-	6 000
Capital impairment*	(87 072)	(98 521)	(92 799)
Total tier 1	4 123 515	4 300 387	5 088 955
Eligible subordinated debt	400 000	400 000	400 000
General risk reserve, including portfolio impairment	315 551	301 504	316 675
Current board approved profits	600 402	263 950	-
Total tier 2	1 315 953	965 454	716 675
Total tier 1 and tier 2 capital	5 439 468	5 265 841	5 805 630
Banking group			
Capital adequacy ratios			
Tier 1	13.8%	14.3%	17.0%
Tier 2	4.3%	3.3%	2.4%
Total	18.1%	17.6%	19.4%
Tier 1 leverage ratio	9.1%	10.2%	11.2%

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

Capital adequacy
Regulated consolidated group

N$'000	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Risk weighted assets			
Credit risk	25 455 851	25 753 472	25 603 939
Market risk	53 636	18 738	53 508
Operational risk	4 790 637	4 444 933	4 617 371
Total risk weighted assets	30 300 124	30 217 143	30 274 818
Regulatory capital			
Share capital and share premium	282 148	282 149	282 148
Retained profits	4 285 310	4 374 738	5 200 927
Capital impairments*	(158 893)	(159 581)	(157 641)
Total tier 1	4 408 565	4 497 306	5 325 434
Eligible subordinated debt	400 000	400 000	400 000
Current board approved profits	600 402	544 518	-
General risk reserve, including portfolio impairment	315 551	301 504	316 675
Capital impairments*	(19 944)	(19 945)	(19 944)
Total tier 2	1 296 009	1 226 077	696 731
Total tier 1 and tier 2 capital	5 704 574	5 723 383	6 022 165
Consolidated group			
Capital adequacy ratios			
Tier 1	14.5%	14.8%	17.6%
Tier 2	4.3%	4.1%	2.3%
Total	18.8%	18.9%	19.9%
Tier 1 leverage ratio	10.3%	10.9%	12.4%

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

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

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