



FNB
First National Bank

2021

Unaudited condensed consolidated financial results
for the interim reporting period ended 31 December

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1. Group results in a brief

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Highlights

Cost to income ratio

50.1 (%)

2020: 50.5 (%) ▼

Profit for the period

590 (N\$' million)

(2020: N\$ 523 million) ▲

Return on average shareholders' equity

21.6 (%)

2020: 20.9 (%) ▲

Return on average assets

2.7 (%)

(2020: 2.3%) ▲

Overview of performance

Our response to the Covid-19 pandemic was determined by our customer-centricity which remained in the forefront. We could achieve this because of improved collaboration with our stakeholders and the continuous digital investment that resulted in encompassing benefits. This not only empowered us to better serve our current customers, but similarly to win new clients, acquire new mandates and reinforce our lending channels. We also created a durable drive to support our strategic plans, with a good delivery against all the FirstRand Promises – be deeply invested, value our differences, build trust not territory, have courage, stay curious and always do the right thing.

Operating environment

Pre-provision profits grew 6.6% to N\$957 million, while overall profits increased 14.3% to N\$854 million. The group produced N\$189 million of economic profit, or net income after cost of capital (NIACC), which is its key management performance measure. Return on equity increased to 21.6%.

During the period to 31 December 2021, the reopening of major economies provided the foundation for a solid rebound in global economic activity. This in turn provided support to Namibia's export sectors which, combined with a gradual recovery in domestic activity, contributed to a lift in GDP. Inflation increased to 4.5% in December 2021 off a low base. Even though inflation increased, it remained within the MPC inflation target range allowing the Monetary Policy Committee (MPC) to maintain low short-term interest rates. Whilst this results in endowment pressure, it provided support to the real economy.

Notwithstanding the gradual pick-up in economic activity, the impact of Covid-19 remains deep, with ongoing uncertainty regarding the risk of further waves of infection and new strains of the virus. However, the vaccine rollout is expected to gain greater momentum, which will support a further opening of the economy and result in improved business and consumer confidence.

Sadly, Namibia entered the 4th Covid-19 wave in December costing the tourism sector much of the anticipated volumes that occur during the year end festive season.

Financial performance

When interpreting the results for the period to 31 December 2021, it's important to note that the comparative period December 2020, included the stricter lockdown measure during the 2nd wave of the pandemic last year. This resulted in increased impairments and reduced volumes leading to a significantly depressed performance for that financial period. As a result of that base effect, the group's PBT increased with 14.3%, with this performance also reflecting the subtle rebound in economic activity levels globally and locally. Pleasingly FNB's ROE of 21.6% is back within the recent long-term range of 16% to 26%, reflecting the underlying quality of the group's earnings.

Overview of performance continued

Interest income

Net interest income increased 15.8% to N\$1 047 million from N\$904 million while average interest-bearing assets declined by 1%, with exception of average advances being up 2.4% vs PSCE for 1.2% in December 2021. Interest earned on advances grew with 2.3% whereas interest on investments declined by 16.8%, which is in line with the decrease of investment securities to N\$6,86 billion. The Group's net interest margin increased to 1.6% from 1.4%, primarily due to a stable rate environment in Namibia in the first half of 2022 FY, compared to the 275-bps drop in the 2021 FY. The demand for prime linked products such as Home Loans, Installment sales and Terms loans drove the increase of 2.3% in interest earned on advances.

This decrease in interest paid for deposits was driven by improved liability mix and active balance sheet management. This resulted in fixed deposits balances reducing across the Commercial and Corporate segments. Reduced reliance on wholesale funding had a helpful alignment effect, partly offset by growing lower margin deposits in RMB.

Impairments

The group's impairment charge decreased by 32% to N\$103 million. The benefits of an improving macroeconomic environment, better-than-expected collection results coming through in the IFRS 9 models and requiring a slower provisioning rate than during the early parts of the pandemic.

All provisions raised reflect the groups best estimates against available data and scenario analysis and are measured suitably prudent given the prevailing and ongoing Covid-19 risk in the economy. The Portfolio charge for the period was N\$1 million (2020: N\$18 million).

Non-interest revenue

The FNB franchise's NIR decreased 1.2%, this is predominantly due to the impact of PSD 5 and PSD 10 which has seen revenue lost estimated at N\$87 million for the period to date. However, a recovery in transaction volumes and growth of 1.75% in the customer base partially alleviated the financial effect of this decline from PSD 5 and 10. Card commissions operationally increased 22% given the rebound in overall customer activity to pre-Covid-19 levels. Certain banking fees were lowered in the current financial period following changes in regulations, in particular PSD5/10. Although there was a strong increase in digital transactions, the lower fees associated with digital transactions slowed fee income growth. Across all segments transaction volumes increased by 10%. Electronic volumes grew 19%, whilst branch transaction volumes decreased 5.9%.

With additional enablers, our alternative channels Cash@Till, eWallet@Till and Cash Plus, clients can withdraw, deposit or pay conveniently at selected merchants and not only transact at branches and ATMs. This allows for greater customer convenience, broader financial inclusion and cheaper banking services.

Overall active accounts across our platform grew by 2.45%. We have 1 245 660 active eWallets that support the national drive for financial inclusion.

Treasury economic hedges and other fair value income decreased from December 2020 to N\$9.6 million in December 2021.

Non-interest revenue for RMB franchise overall decreased with 13%. This decline is primarily driven by a decline in cash deposit fee of 10% and the contraction of fair value income of 25%.

Operating expenses overview

Cost growth of 5.2% includes the overall increase in staff costs and the investment cost of new initiatives, major regulatory projects, technology enhancements and platform development. The cost of these investments were partially offset by the continued optimization of the operating cost base and the decline of certain expenses as a result of the extended pandemic and various levels of lockdown. Staff costs comprise 55% (2020: 57%) of the group's operating expenses.

Annual salary increases averaged 3.44%, with a 3% decrease in staff complement across the group through natural attrition.

Our executives, other senior management and board members received increases of 3% and 3.5% respectively in their guaranteed pay for 2021, following the zero percent increases in 2020 given the Covid-19 developments. The 2018 long-term incentive (LTI) awards did not vest in the current year; however, the prior year release was lower due to the Covid-19 LTI award retention scheme issued for some of the 2017 LTI awards not vesting. No Covid-19 LTI awards was issued in the current period.

Total IT spend amounts to N\$294 million which is an increase of 4%, including computer expenses growing by 13%, reflecting continued investment in technology and platform projects across the group and regulatory projects such as NamPay.

NamPay is a new domestic Electronic Funds Transfer (EFT) system introduced by the Namibian payments industry, in collaboration with the Payments Association of Namibia (PAN) and payment service providers to enhance the efficiency of EFT transactions in Namibia. NamPay comprises of 3 EFT streams namely: (1) Enhanced Debit Orders (EnDo), (2) Enhanced Credits (EnCr) and Near Real-Time Credits (NRTC). NamPay replaces the existing EFT system with a system which uses an internationally recognized messaging standard i.e., ISO 20022.

Lease charges declined 14% due to reduced branch sizes and fewer self-service devices at external premises.

THE BALANCE SHEET

The structure of the balance sheet reflects the group's long-term strategy to increase balance sheet resilience, diversify credit exposures across sectors and segments, increase asset marketability, and reduce reliance on institutional funding. When assessing the underlying risk in the balance sheet, the group's asset profile is dominated by a diversified advances portfolio, which constitutes 72% of total assets. The composition of the gross advances' portfolio consists of FNB retail secured (54%), FNB retail unsecured (10%), FNB commercial (22%), and RMB Corporate (14%).

Advance's growth remained muted across most portfolios primary due to lower demand for credit across the economy. There were pockets of advances growth in selected products and industries.

In December 2021, the group reported total NPLs of N\$1 822 mil (2020: N\$1 574 mil) (5.6% (2020: 5.0%) of advances) and a credit loss ratio of 0.3%. Cash and cash equivalents, and liquid assets represent 9% and 15%, respectively, of total assets.

The group's funding mix has improved, with further growth in franchise deposits relative to institutional funding sources year-on-year.

The group's focus on growing main-banked transactional accounts and investment deposits naturally results in a significant proportion of contractually short-dated funding. Although these deposits are cyclical in nature, reflecting each customer's individual transactional and savings requirements, when viewed in aggregate overall portfolio activity is more stable, resulting in an improved liquidity risk profile.

Overview of performance continued

CAPITAL AND REGULATION

The Bank of Namibia strategies to provide some relief, to banking institutions and customers in these unprecedented economic times, has been extended until 1 April 2023.

FNB Namibia considers a strong and efficient capital position to be a priority.

The Group has remained well capitalised throughout the period, with industry leading levels well above the minimum regulatory requirements.

Capital adequacy ratio was 20% (2020: 18.5%) and CET 1 capital 16.7% for December 2021, (2020: 14.5%).

Board and leadership changes during the period

During the period under review the following board of directors' changes took place in respect of First National Bank of Namibia Ltd:

- i. Jan Coetzee was appointed as an independent non-executive director effective 01 October 2021;
- ii. Jantje Gesche Daun resigned as an independent non-executive director effective 31 December 2021; and
- iii. Jabulani Richard Khethe resigned as an independent non-executive director effective 31 December 2021.

Events subsequent to the reporting date

The directors are not aware of any material events, as defined in IAS 10, occurring between 31 December 2021 and the date of authorisation of the results announcement.

Prospects

The global environment is predicted to remain promising, supported by the current low interest rates, sustained fiscal stimulus and consumer demand. The group's performance trends in the second six months of the year, and for the twelve months to 30 June 2022 overall, will continue to be impacted by the base effects of 2021. Most of the interest rate cuts occurred in first half of 2020 and therefore, FY22 net interest margins is expected to be similar to the prior year levels. The world is heading into a major interest rate hike cycle on the back of large-scale inflation risk. Inflation risk is probably one of the biggest risks to our outlook considering our cost base.

Condensed consolidated statement of comprehensive income

N\$'000	Notes	Unaudited Six months ended 31 December		Audited Year ended 30 June
		2021	2020	2021
Interest and similar income		1 523 721	1 546 446	3 025 761
Interest expense and similar charges		(477 110)	(642 858)	(1 155 492)
Net interest income before impairment of advances	2	1 046 611	903 588	1 870 269
Impairment and fair value of credit on advances	6.1	(102 814)	(150 379)	(237 832)
Net interest income after impairment of advances		943 797	753 209	1 632 437
Non-interest revenue	3	912 602	944 443	1 779 979
Income from operations		1 856 399	1 697 652	3 412 416
Operating expenses	4	(981 527)	(932 834)	(1 951 301)
Income before indirect tax		874 872	764 818	1 461 115
Indirect tax		(20 798)	(17 286)	(37 493)
Profit before income tax		854 074	747 532	1 423 622
Income tax expense		(264 201)	(224 557)	(441 767)
Profit for the period		589 873	522 975	981 855
Other comprehensive income				
Items that may not subsequently be reclassified to profit or loss				
Remeasurements on defined benefit post-employment plans		-	-	248
Gains arising during the period		-	-	365
Deferred income tax		-	-	(117)
Other comprehensive income for the period		-	-	248
Total comprehensive income for the period		589 873	522 975	982 103
Profit for the period attributable to:				
Ordinary shareholders		589 873	522 975	981 855
Total comprehensive income for the period attributable to:				
Ordinary shareholders		589 873	522 975	982 103

Condensed consolidated statement of financial position

N\$'000	Notes	Unaudited as at 31 December		Audited as at 30 June
		2021	2020	2021
Assets				
Cash and cash equivalents		1 864 581	1 427 039	1 263 521
Due by banks and other financial institutions		1 970 498	2 916 773	2 958 109
Derivative financial instruments		117 251	480 171	314 626
Investment securities	5	6 859 282	8 163 040	7 041 312
Advances	6	31 122 604	30 398 151	30 283 263
Other assets		341 646	237 906	400 080
Property and equipment		886 614	919 948	920 901
Intangible assets		74 527	88 371	81 600
Total assets		43 237 003	44 631 399	43 263 412
Equity and liabilities				
Liabilities				
Short trading positions		22 224	-	21 849
Derivative financial instruments		116 828	493 698	317 192
Creditors, accruals and provisions		766 180	434 728	533 881
Current tax liability		123 606	23 560	111 209
Deposits		35 619 282	37 382 817	35 927 937
- Deposits from customers	7.1	30 497 303	31 371 819	30 147 627
- Debt securities	7.2	4 818 912	5 206 056	4 617 181
- Due to banks and other financial institutions	7.3	303 067	804 942	1 163 129
Employee liabilities		164 993	155 803	214 024
Other liabilities		214 342	262 335	238 281
Tier 2 liabilities		402 825	402 820	402 770
Deferred income tax liability		76 142	263 102	76 141
Total liabilities		37 506 422	39 418 862	37 843 284
Capital and reserves attributable to ordinary equity holders of parent		5 730 581	5 212 536	5 420 128
Total equity		5 730 581	5 212 536	5 420 128
Total equity and liabilities		43 237 003	44 631 399	43 263 412

Condensed consolidated statements of changes in equity

N\$'000	Notes	Total share capital	Total reserves	Retained earnings	Total equity
2020					
Balance at 1 July 2020		1 142 792	6 086	3 650 833	4 799 711
Total comprehensive income for the period		-	-	522 975	522 975
Ordinary dividends		-	-	(110 150)	(110 150)
Unaudited balance at 31 December 2020		1 142 792	6 086	4 063 659	5 212 536
2021					
Balance at 1 July 2020		1 142 792	6 086	3 650 833	4 799 711
Total comprehensive income for the period		-	248	981 855	982 103
Transfer between reserves		-	95 423	(95 423)	-
Ordinary dividends		-	-	(361 687)	(361 687)
Audit balance at 30 June 2021		1 142 792	101 757	4 175 579	5 420 128
2021					
Balance at 1 July 2021		1 142 792	101 757	4 175 579	5 420 128
Total comprehensive income for the period		-	-	589 873	589 873
Transfer between reserves		-	(95 423)	95 423	-
Ordinary dividends		-	-	(279 420)	(279 420)
Unaudited balance at 31 December 2021		1 142 792	6 334	4 581 455	5 730 581

Condensed consolidated statements of cash flows

N\$'000	Notes	Unaudited Six months ended 31 December		Audited Year ended 30 June
		2021	2020	2021
Net cash generated from operations		1 191 950	833 789	1 379 982
Tax paid		(272 603)	(280 894)	(626 534)
Net cash flow from operating activities		919 347	552 895	753 448
Acquisition of property and equipment		(15 310)	(94 112)	(167 651)
Acquisition of intangible assets		1	(13 494)	(13 494)
Proceeds from the disposal of property and equipment		4 294	4 730	11 759
Net cash flow from investing activities		(11 015)	(102 876)	(169 386)
Dividends paid		(279 420)	(110 150)	(361 687)
Principal payments of lease liabilities		(12 489)	(18 199)	(31 286)
Principal payments of other liabilities		(15 363)	-	(32 936)
Net cash flow from financing activities		(307 272)	(128 349)	(425 909)
Net increase in cash and cash equivalents		601 060	321 671	158 153
Cash and cash equivalents at beginning of the period ¹		1 263 521	1 105 368	1 105 368
Cash and cash equivalents at end of the period		1 864 581	1 427 039	1 263 521

¹ includes mandatory reserve deposits with central bank

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Condensed notes to the consolidated financial results for the reporting period ended

2. Analysis of interest income and interest expense

N\$'000	Unaudited Six month ended December		Audited Year ended June
	2021	2020	2021
Analysis of interest and similar income			
Instruments at amortised cost	1 523 721	1 546 446	3 025 761
Advances	1 272 190	1 243 761	2 477 569
Investment securities	226 429	272 083	497 952
Other	25 102	30 602	50 242
Interest and similar income	1 523 721	1 546 446	3 025 761
Analysis of interest expense and similar charges			
Instruments at amortised cost	477 110	642 858	1 155 492
Deposits			
Deposits from customers	328 812	414 674	772 243
Debt securities	116 966	203 700	326 862
Deposits from banks and other financial institutions	9 893	1 931	12 943
Other liabilities	5 513	5 239	10 546
Lease liabilities	1 396	2 854	4 095
Tier 2 liabilities	14 530	14 461	28 803
Interest expense and similar charges	477 110	642 858	1 155 492
Net interest Income	1 046 611	903 588	1 870 269

3. Non-interest revenue

N\$'000	Unaudited Six month ended December		Audited Year ended June
	2021	2020	2021
Analysis of non-interest revenue			
Fee and commission income	934 654	931 522	1 788 403
Fee and commission expenses	(107 037)	(89 501)	(189 765)
Bank fees and commission income	827 617	842 021	1 598 638
Fair value income	69 471	79 618	148 930
Gross gains less losses from investing activities	2 983	5 769	11 009
Gains less losses from investing activities	72 454	85 387	159 938
Other non-interest revenue	12 531	17 034	21 402
Total non-interest revenue	912 602	944 443	1 779 979
3.1 Fee and commission income:			
- Card commissions	134 594	112 043	224 435
- Cash deposit fees	51 854	51 345	94 921
- Commissions: bills, drafts	12 612	71 808	98 856
- Bank charges	735 594	696 325	1 370 191
Banking fee and commission income	934 654	931 522	1 788 403

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

4. Operating expenses

N\$'000	Unaudited Six month ended December		Audited Year ended June
	2021	2020	2021
Auditors' remuneration			
- Audit fees	4 703	4 209	9 311
- Fees for other services	-	30	416
Auditors' remuneration	4 703	4 239	9 727
Operating lease charges			
- Short term	3 241	2 189	5 138
- Low value	2 654	4 699	6 391
Operating lease charges	5 895	6 888	11 529
Staff costs	541 738	535 820	1 103 406
Amortisation of intangible assets	7 072	6 472	13 245
Depreciation of property, equipment and right of use assets	49 597	60 067	120 895
Directors fees	5 167	6 064	15 732
Other operating costs	367 355	313 284	676 767
Total operating expenses	981 527	932 834	1 951 301

5. Investments securities

N\$'000	Unaudited Six month ended December		Audited Year ended June
	2021	2020	2021
Treasury bills	3 038 880	4 296 980	3 131 140
Other government and government guaranteed stock	3 822 909	3 585 354	3 624 226
Other undated securities	-	282 924	288 621
Total gross carrying amount of investment securities	6 861 790	8 165 257	7 043 987
Loss allowance on investment securities	(2 508)	(2 218)	(2 675)
Total investment securities	6 859 282	8 163 040	7 041 312

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.

No financial instruments held for trading form part of the group's liquid asset portfolio in terms of the Banking Institutions Act, (No 2 of 1998 as amended) and other foreign banking regulators requirements. The total liquid asset portfolio is N\$9.3 billion (2020: N\$8.5 billion).

5.1 Reconciliation of the loss allowance - investment securities at amortised cost

N\$'000	December 2021	December 2020	June 2021
Opening balance	2 675	1 265	1 265
Impairment charge/(release) for the period			
- Stage 1	(167)	953	1 410
Closing balance	2 508	2 218	2 675
The impairment charge in the income statement can be broken down as follows:			
Provision created/(release) in the current period	(167)	953	1 410
New business and changes in exposure	(167)	953	1 410

The loss allowance on investment securities measured at amortised cost is N\$2.5 million (2020: N\$2.2 million).

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

6. Advances

N\$'000	Unaudited Six month ended December		Audited Year ended June
	2021	2020	2021
Category analysis			
Overdrafts and cash management accounts	3 178 981	3 655 144	3 132 789
Term loans	2 467 601	2 338 478	2 413 640
Card loans	470 553	464 952	472 452
Instalment sales and hire purchase agreements	2 996 665	2 969 536	2 941 332
Lease payments receivable	96 000	95 464	94 173
Home loans	15 216 621	14 577 054	14 840 906
Commercial property finance	3 998 994	3 579 274	3 662 786
Preference share agreements	966 464	944 637	917 384
Personal loans	2 695 836	2 552 427	2 563 566
Assets under agreement to resell	26 541	-	21 726
Investment bank term loans	38 439	268 635	219 568
Invoice financing	248 857	134 381	145 056
Other	192 622	217 818	222 225
Gross carrying amount of advances	32 594 175	31 797 799	31 647 603
Impairment and fair value of credit of advances	(1 471 571)	(1 399 648)	(1 364 340)
Net advances	31 122 604	30 398 151	30 283 263
Portfolio Analysis			
Designated at fair value through profit or loss	64 980	268 635	241 294
Amortised cost	31 057 624	30 129 516	30 041 969
	31 122 604	30 398 151	30 283 263

6. Advances continued

Analysis of total gross advances per impairment stage

N\$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	15 221 907	-	(251 525)	14 970 382
Vehicle asset finance	1 789 658	-	(79 450)	1 710 208
Total retail secured	17 011 565	-	(330 975)	16 680 591
Credit card	457 808	-	(12 071)	445 737
Personal loans	2 713 227	-	(193 114)	2 520 113
Other retail	517 481	-	(291 904)	225 577
Total retail unsecured	3 688 515	-	(497 089)	3 191 426
FNB Commercial	5 937 774	-	(486 830)	5 450 944
Commercial vehicle asset finance	1 425 317	-	(103 005)	1 322 311
RMB corporate and investment banking	4 461 746	64 980	(53 672)	4 473 054
Total corporate and commercial	11 824 837	64 980	(643 507)	11 246 310
Treasury	4 278	-	-	4 278
Total advances	31 057 624	64 980	(1 471 571)	31 122 604

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

6. Advances continued

December 2020

N\$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Category analysis				
Residential mortgages	14 577 054	-	(345 219)	14 231 835
Vehicle asset finance	1 811 017	-	(97 469)	1 713 548
Total retail secured	16 388 071	-	(442 688)	15 945 383
Credit card	435 482	-	(19 192)	416 290
Personal loans	2 546 474	-	(200 874)	2 345 600
Other retail	846 163	-	(107 128)	739 035
Total retail unsecured	3 828 119	-	(327 194)	3 500 925
FNB Commercial	6 046 724	-	(484 272)	5 562 452
Commercial vehicle asset finance	1 383 486	-	(92 958)	1 290 528
RMB corporate and investment banking	3 882 764	268 635	(52 536)	4 098 863
Total corporate and commercial	11 312 974	268 635	(629 766)	10 951 843
Total advances	30 129 516	268 635	(1 399 648)	30 398 151

6. Advances continued

June 2021

N\$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Category analysis				
Residential mortgages	14 850 389	-	(348 134)	14 502 255
Vehicle asset finance	1 816 406	-	(78 427)	1 737 979
Total retail secured	16 666 795	-	(426 561)	16 240 234
Credit card	443 244	-	(23 350)	419 894
Personal loans	2 557 472	-	(218 678)	2 338 794
Other retail	533 898	-	(67 985)	465 913
Total retail unsecured	3 534 614	-	(310 013)	3 224 601
FNB Commercial	6 079 606	-	(471 448)	5 608 158
Commercial vehicle asset finance	1 361 097	-	(103 782)	1 257 315
RMB corporate and investment banking	3 764 197	241 294	(52 536)	3 952 955
Total corporate and commercial	11 204 900	241 294	(627 766)	10 818 428
Total	31 406 309	241 294	(1 364 340)	30 283 263

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

6. Advances continued

6.1 Impairment of advances

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2021

N\$000's	Gross advances			
	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	26 076 428	3 926 081	313 808	30 316 317
Transfer between stages	(267 492)	191 069	76 423	-
Transfer from Stage 1 to Stage 2	(479 067)	479 067	-	-
Transfer from Stage 1 to Stage 3	(73 845)	-	73 845	-
Transfer from Stage 2 to Stage 3	-	(62 053)	62 053	-
Transfer from Stage 2 to Stage 1	278 185	(278 185)	-	-
Transfer from Stage 3 to Stage 2	-	52 240	(52 240)	-
Transfer from Stage 3 to Stage 1	7 235	-	(7 235)	-
Opening balances of back book after transfer	25 808 936	4 117 150	390 231	30 316 317
Current period provision created / (released)	-	-	-	-
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	(1 461 047)	(16 864)	-	(1 477 911)
- Attributed to change in risk parameters	-	(879 572)	127 054	(752 518)
Total new book exposure				
- Change in exposure due to new business in the current year	4 358 610	176 190	4 069	4 538 869
Overlays				
Bad debts written off	-	-	(30 582)	(30 582)
Amount as at 31 December 2021	28 706 499	3 396 904	490 771	32 594 175
Amortised cost	28 641 519	3 396 904	490 771	32 529 195
Fair value	64 980	-	-	64 980
	28 706 499	3 396 904	490 771	32 594 175

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2021 continued

N\$000's	Loss allowance			
	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	347 730	344 515	672 095	1 364 340
Transfer between stages	18 492	(24 295)	5 803	-
Transfer from Stage 1 to Stage 2	(5 590)	5 590	-	-
Transfer from Stage 1 to Stage 3	(1 240)	-	1 240	-
Transfer from Stage 2 to Stage 3	-	(13 809)	13 809	-
Transfer from Stage 2 to Stage 1	24 221	(24 221)	-	-
Transfer from Stage 3 to Stage 2	-	8 145	(8 145)	-
Transfer from Stage 3 to Stage 1	1 101	-	(1 101)	-
Opening balances of back book after transfer	366 222	320 220	677 898	1 364 340
Current period provision created / (released)	(15 735)	22 584	130 964	137 813
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	(44 024)	9 811	-	(34 213)
- Attributed to change in risk parameters	-	(62 202)	144 376	82 174
Total new book exposure				
- Change in exposure due to new business in the current year	20 287	19 032	238	39 557
Overlays	8 002	55 943	(13 650)	50 295
Bad debts written off	-	-	(30 582)	(30 582)
Amount as at 31 December 2021	350 487	342 804	778 280	1 471 571
Amortised cost	348 901	342 804	778 280	1 469 985
Fair value	1 586	-	-	1 586
	350 487	342 804	778 280	1 471 571

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

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2020

N\$000's	Gross advances			
	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2020	28 126 397	1 823 762	1 369 340	31 319 499
Transfer from Stage 1 to Stage 2	(1 577 331)	1 577 331	-	-
Transfer from Stage 1 to Stage 3	(49 653)	-	49 653	-
Transfer from Stage 2 to Stage 3	-	(74 260)	74 260	-
Transfer from Stage 2 to Stage 1	324 057	(324 057)	-	-
- Attributed to change in measurement basis	(3 186 159)	(69 233)	-	(3 255 392)
- Attributed to change in risk parameters	-	439 638	97 972	537 610
- Attributable to new business	2 976 735	236 239	4 961	3 217 934
Bad debts written off	-	-	(21 852)	(21 852)
Amount as at 31 December 2020	26 614 046	3 609 419	1 574 334	31 797 799
Amortised cost	26 345 411	3 609 419	1 574 334	31 529 164
Fair value	268 635	-	-	268 635
	26 614 046	3 609 419	1 574 334	31 797 799

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2020 continued

N\$000's	Loss allowance			
	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2020	369 880	263 527	607 863	1 241 270
Transfer from Stage 1 to Stage 2	(14 435)	14 435	-	-
Transfer from Stage 1 to Stage 3	(952)	-	952	-
Transfer from Stage 2 to Stage 3	-	(14 957)	14 957	-
Transfer from Stage 2 to Stage 1	24 864	(24 864)	-	-
- Attributed to change in measurement basis	(234 280)	4 329	-	(229 952)
- Attributed to change in risk parameters	183 540	43 424	144 733	371 697
- Attributable to new business	19 231	18 127	1 128	38 485
Bad debts written off	-	-	(21 852)	(21 852)
Amount as at 31 December 2020	347 847	304 020	747 781	1 399 648
Amortised cost	346 261	304 020	747 781	1 398 062
Fair value	1 586	-	-	1 586
	347 847	304 020	747 781	1 399 648

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

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 30 June 2021

N\$000's	Gross advances			
	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	28 126 397	1 823 762	1 369 340	31 319 499
Transfer between stages	(1 141 367)	1 005 621	135 746	-
Transfer from Stage 1 to Stage 2	(1 435 643)	1 435 643	-	-
Transfer from Stage 1 to Stage 3	(70 446)	-	70 446	-
Transfer from Stage 2 to Stage 3	-	(65 302)	65 302	-
Transfer from Stage 2 to Stage 1	364 720	(364 720)	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	2	-	(2)	-
Opening balances of back book after transfer	26 985 030	2 829 383	1 505 086	31 319 499
Current period provision created / (released)	-	-	-	-
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	-	-	-	-
- Attributed to change in risk parameters	-	-	-	-
Total new book exposure				
- Change in exposure due to new business in the current year	(908 602)	1 096 698	313 808	501 904
Bad debts written off	-	-	(173 800)	(173 800)
Amount as at 30 June 2021	26 076 428	3 926 081	1 645 094	31 647 603
Amortised cost	25 835 134	3 926 081	1 645 094	31 406 309
Fair value	241 294	-	-	241 294
	26 076 428	3 926 081	1 645 094	31 647 603

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 30 June 2021 continued

N\$000's	Loss allowance			
	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	369 880	263 527	607 863	1 241 270
Transfer between stages	16 134	(29 721)	13 587	-
Transfer from Stage 1 to Stage 2	(8 910)	8 910	-	-
Transfer from Stage 1 to Stage 3	(1 312)	-	1 312	-
Transfer from Stage 2 to Stage 3	-	(12 276)	12 276	-
Transfer from Stage 2 to Stage 1	26 355	(26 355)	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	1	-	(1)	-
Opening balances of back book after transfer	386 014	233 806	621 450	1 241 270
Current period provision created / (released)	(38 283)	110 709	224 444	296 869
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	-	36 146	-	36 146
- Attributed to change in risk parameters	(74 333)	40 774	220 161	186 602
Total new book exposure				
- Change in exposure due to new business in the current year	36 049	33 789	4 283	74 121
Bad debts written off	-	-	(173 800)	(173 800)
Amount as at 30 June 2021	347 731	344 516	672 095	1 364 340
Amortised cost	346 606	344 516	672 095	1 363 217
Fair value	1 125	-	-	1 125
	347 731	344 516	672 095	1 364 342

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

6. Advances continued

6.1 Impairment of advances continued

N\$000's	December	December	June
	2021	2020	2021
Provision created/(released) for the current reporting period (Total ECL)	111 150	154 451	245 777
Recoveries of bad debts	(8 337)	(3 829)	(7 527)
Impairment of advances recognised during the period	102 814	150 379	237 832
Specific / stage 3 impairments	101 678	132 039	179 113
Portfolio / stage 1 and stage 2 impairments	1 135	18 341	58 719
	102 814	150 379	237 832

Macroeconomic factors for ECL disclosures

The table sets out the scenarios and the probabilities assigned to each scenario at 31 December 2021 for the group's operations. During the period to 31 December the probabilities assigned to the macro scenarios were adjusted slightly towards the baseline and upside regimes. These adjustments were made to cater for the change in the perceived balance of risk to the domestic economy resulting from the effectiveness of global policy measures to support the global economy, and the effectiveness of domestic policy measures both to contain the spread of Covid-19 and to manage the economic impact of the pandemic.

Although reduced, significant macroeconomic uncertainty stays as it remains evident that the loss of economic activity, tax revenue and household and corporate income as a result of the pandemic has left the economy substantially weakened which is a key risk to the macroeconomic outlook.

6. Advances continued

6.1 Impairment of advances continued

Significant judgement and estimates - ECL

The table below sets out the most significant macroeconomic factors used to estimate the forward-looking information relating to ECL provisions. The information is forecasted over a period of 3 years.

Scenario	Probability	Description
Baseline regime	55% (2020: 31%)	Assumes that global growth slows below trend, developed market (DM) inflation remains benign and interest rates turn more accommodative while domestic policy uncertainty reduces relative to 2021 and meaningful economic reform remains absent.
Upside regime	13% (2020: 54%)	Assumes that the global economy expands at a solid pace whilst DM inflation and interest rates lift gradually, and domestic policy certainty improves substantially, opening the door for stable positive economic reforms to drive growth higher.
Downside regime	33% (2020: 15%)	Assumes that the global economy slows down whilst DM inflation and interest rates lift. Increased policy uncertainty, a collapse in corporate governance at state-owned enterprises (SOEs), increased populism and fiscal recklessness drive Namibia's growth lower.

Namibia (%)	Upside scenario			Baseline scenario			Downside scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Real GDP growth	1.15	3.00	4.50	2.20	3.00	3.10	(0.70)	(0.57)	0.00
CPI inflation	3.40	3.00	3.20	4.20	4.70	4.90	4.40	5.50	6.00
Repo rate	3.25	3.00	2.75	4.50	5.50	5.75	6.25	6.75	7.75

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

6. Advances continued

6.1 Impairment of advances continued

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

N\$000's	Gross advances			
	Stage 1	Stage 2	Stage 3	Total
31 December 2021				
Total retail	17 713 426	1 898 244	1 194 258	20 805 928
FNB Commercial	4 810 049	548 788	578 937	5 937 774
Commercial vehicle asset finance	1 173 275	128 151	48 863	1 350 289
RMB Corporate and Investment banking	3 678 460	821 724	-	4 500 184
	27 375 210	3 396 907	1 822 058	32 594 175
31 December 2020				
Total retail	17 187 846	1 828 967	972 536	19 989 349
FNB Commercial	4 795 869	693 612	557 243	6 046 724
Commercial vehicle asset finance	1 167 561	129 453	44 678	1 341 691
RMB Corporate and Investment banking	3 462 646	957 389	-	4 420 036
	26 613 922	3 609 421	1 574 456	31 797 799
30 June 2020				
Total retail	16 958 794	2 194 788	1 069 551	20 223 133
FNB Commercial	4 888 601	665 036	525 969	6 079 606
Commercial vehicle asset finance	1 205 131	106 394	49 573	1 361 098
RMB Corporate and Investment banking	3 023 902	959 864	-	3 983 766
	26 076 428	3 926 082	1 645 093	31 647 603

6. Advances continued

6.1 Impairment of advances continued

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

N\$000's	Loss allowance			
	Stage 1	Stage 2	Stage 3	Total
31 December 2021				
Total retail	201 102	146 717	501 178	848,997
FNB Commercial	101 429	146 585	244 050	492,064
Commercial vehicle asset finance	31 283	12 414	33 141	76,838
RMB Corporate and Investment banking	16 494	37 178	-	53,672
	350 308	342 894	778 369	1 471 571
31 December 2020				
Total retail	196 169	136 323	450 368	782,860
FNB Commercial	101 194	127 761	255 317	484,272
Commercial vehicle asset finance	29 928	7 833	42 218	79,979
RMB Corporate and Investment banking	20 433	32 103	-	52,536
	347 724	304 020	747 903	1 399 648
30 June 2020				
Total retail	195 450	136 616	404 507	736 573
FNB Commercial	101 292	146 585	223 435	471 448
Commercial vehicle asset finance	35 628	23 511	44 643	103 782
RMB Corporate and Investment banking	14 870	37 667	-	52 537
	347 240	344 379	672 585	1 364 340

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

7. Deposits

N\$'000	Unaudited Six month ended December		Audited Year ended June
	2021	2020	2021
7.1 Deposits from customers			
- Current accounts	12 203 430	12 887 006	11 983 033
- Savings accounts	578 118	445 053	450 484
- Call deposits	8 283 708	7 335 506	7 712 911
- Fixed and notice deposits	9 432 047	10 704 254	10 001 199
	30 497 303	31 371 819	30 147 627
7.2 Debt securities			
- Negotiable certificates of deposit	4 441 856	4 662 402	4 073 570
- Fixed and floating rate notes	377 056	543 654	543 611
	4 818 912	5 206 056	4 617 181
7.3 Due to banks and other financial institutions			
Due to banks and financial institutions			
- In the normal course of business	303 067	804 942	1 163 129
	303 067	804 942	1 163 129
Total deposits	35 619 282	37 382 818	35 927 937

3. Capital management

Capital adequacy

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Capital adequacy

Banking Operations

N\$'000	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
Risk weighted assets			
Credit risk	25 192 975	26 223 972	25 572 607
Market risk	35 714	67 575	51 134
Operational risk	5 053 128	4 890 152	4 972 202
Total risk weighted assets	30 281 817	31 181 699	30 595 943
Regulatory capital			
Share capital and share premium	1 142 792	1 142 792	1 142 792
Retained profits	3 991 582	3 461 930	4 175 579
Other undisclosed reserves	6 334	6 086	6 334
Capital impairment: Intangible assets	(74 527)	(88 371)	(81 599)
Total Tier 1	5 066 181	4 522 437	5 243 106
Eligible subordinated debt	400 000	400 000	400 000
General risk reserve, including portfolio impairment	314 927	327 800	320 059
Capital impairment	-	-	-
Current board approved profits	280 534	522 976	-
Total tier 2	995 461	1 250 776	720 059
Total tier 1 and tier 2 capital	6 061 642	5 773 213	5 963 165
Banking group			
Capital adequacy ratios			
Tier 1	16.7%	14.5%	17.1%
Tier 2	3.3%	4.0%	2.4%
Total	20.0%	18.5%	19.5%
Tier 1 leverage ratio	10.9%	9.5%	11.4%

4. Other information

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

1. Basis of preparation

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

- International Financial Reporting Standard, IAS 34 Interim Financial Reporting;
- Interpretations issued by the IFRS Interpretation Committee (IFRS-IC);
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council; and
- The Namibian Companies Act.
- Banking Institutions Determinations 2 and 33 with regards to assets classification, suspension of interest and provisioning and regulatory responses to address economic challenges posed by the COVID-19 pandemic.

The condensed consolidated interim results for the six months ended 31 December 2021 have not been audited or independently reviewed by the group's external auditors.

1.1 Accounting Policies

The accounting policies and methods of computation 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 2021.

The condensed consolidated interim financial report is 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.

There is no new or amended IFRS standards that became effective for the six months ended 31 December 2021 that impacted the groups reported earnings, financial position or reserves or the accounting policies.

1.3 Significant estimates, judgements and assumptions

While the specific areas of judgement used at 31 December 2021 have not changed from those used as at 30 June 2021, the dynamic and evolving nature of Covid-19, combined with limited recent experience of the economic and financial impact of such a pandemic, resulted in additional judgement being applied.

Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the group's forward-looking assumptions for the purposes of expected credit loss (ECL) calculations has been provided. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty about the social and economic consequences of Covid-19, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

Refer to note 6.1 for more detail on the significant estimates, judgements and assumptions applied on the measurement of expected credit loss (ECL).

8. Related parties

First National Bank of Namibia Limited is 100% (2020: 100%) owned by FirstRand Namibia Limited.

FirstRand Namibia Limited is listed on the Namibian Stock Exchange and is 58.4% (2020: 58.4%) owned by FirstRand EMA Holdings Proprietary Limited, its ultimate holding company being FirstRand Limited, which is incorporated in South Africa and is listed on the JSE Limited and the NSX.

	Unaudited Six month ended December		Audited Year ended June
Related party balances:	2021	2020	2021
Advances			
Entities that have significant influence over the group and its subsidiary	409 066	334 931	2 102 036
Fellow subsidiaries to banking group	70 172	119 342	75 365
Key management personnel	13 879	14 660	12 744
Deposits			
Entities that have significant influence over the group and its subsidiary	156 152	3 015 387	120 595
Fellow subsidiaries to banking group	152 026	11 762	147 236
Key management personnel	15 563	12 155	13 010
Derivative instruments: assets			
Entities that have significant influence over the group and its subsidiary	29 708	279 359	199 086
Derivative instruments: liabilities			
Entities that have significant influence over the group and its subsidiary	90 828	224 271	121 130
Related party transactions:			
Interest received from (paid to) related parties			
Entities that have significant influence over the group and its subsidiary	16 171	19 115	29 443
Fellow subsidiaries to banking group	(2 041)	491	3 363
Non-interest revenue			
Fellow subsidiaries to banking group	1 999	3 990	4 214
Operating expenses			
Entities that have significant influence over the group and its subsidiary	186 077	164 891	328 792
Dividends paid			
Entities that have significant influence over the group and its subsidiary	279 420	110 150	361 687

Condensed notes to the consolidated financial results

for the reporting period ended continued

9 . Fair value measurements

9.1 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 as well as any changes to the valuation techniques used to determine fair value measurements. 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.

9.2 Fair value hierarchy and measurements

Measurement of assets and liabilities

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	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

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities

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
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	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	Growth rates and P/E ratio
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

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

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities

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
Derivative financial instruments					
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 is used. 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	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins is used. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs, market risk and correlation factors

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

Measurement of assets and liabilities continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Derivative financial instruments continued					
Deposits continued					
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.

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

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

9 . Fair value measurements continued

9.2 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:

December 2021

N\$'000	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Advances	-	-	64 980	64 980
Derivative financial instruments	-	117 251	-	117 251
Total financial assets	-	117 251	64 980	182 231
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	116 828	-	116 828
Short trading position	22 224	-	-	22 224
Total financial liabilities	-	116 828	-	116 828

9 . Fair value measurements continued

9.2 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:

December 2020

N\$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	-	280 706	-	280 706
Advances	-	-	268 635	268 635
Derivative financial instruments	-	480 171	-	480 171
Total financial assets	-	760 877	268 635	1 029 512
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	493 698	-	493 698
Total financial liabilities	-	493 698	-	493 698

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

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

June 2021

N\$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities	-	288 621	-	288 621
Advances	-	-	241 294	241 294
Derivative financial instruments	-	314 626	-	314 626
Total financial assets		603 247	241 294	844 541
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	317 192	-	317 192
Short trading position	21 849	-	-	21 849
Total financial liabilities	21 849	317 192	-	339 041

During the reporting period ending 31 December 2021 (31 December 2020), 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. However, changing these inputs to reasonably possible alternatives would change the fair value using more positive reasonable assumptions to N\$71 478 (2020: N\$295 498) and using more negative reasonable possible assumptions to N\$58 482 (2020: N\$241 771). These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

9 . Fair value measurements continued

9.3 Fair value of financial instruments continued

Changes in level 3 fair value instruments

N\$ 000	Fair value on June 2021	Gains or losses recognised in profit and loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2021
Assets				
Advances	241 294	5 800	(182 114)	64 980
Total financial assets at fair value	241 294	5 800	(182 114)	64 980

N\$ 000	Fair value on June 2020	Gains or losses recognised in profit and loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2020
Assets				
Advances	310 042	10 295	(51 702)	268 635
Total financial assets at fair value	310 042	10 295	(51 702)	268 635

N\$ 000	Fair value on June 2020	Gains or losses recognised in profit or loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on June 2021
Assets				
Advances	310 042	17 522	(86 270)	241 294
Total financial assets at fair value	310 042	17 522	(86 270)	241 294

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

9. Fair value measurements continued

9.3 Fair value of financial instruments continued

The table below presents the total gains (losses) relating to financial instrument classified in Level 3 that are still held on:

N\$'000	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	Advances		
Assets			
Gains or losses recognised in profit or loss	5 800	10 295	17 522
Total	5 800	10 295	17 522

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position.

N\$'000	December 2021		December 2020		June 2021		Fair value hierarchy
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
Assets							
Advances	31 057 624	31 215 063	30 129 517	30 125 286	30 041 969	30 017 844	Level 3
Investment securities	6 861 790	7 176 679	7 884 551	8 169 748	6 673 704	6 654 060	Level 2
Total	37 919 413	38 391 742	38 014 068	38 295 034	36 715 673	36 671 904	
Liabilities							
Deposits	35 619 281	35 643 825	37 382 817	37 369 893	38 563 728	38 550 908	Level 2
Other liabilities	214 342	214 198	262 335	279 390	286 186	286 186	Level 2
Tier 2 liabilities	402 825	406 722	402 820	408 724	402 770	402 774	Level 2
Total	36 236 449	36 264 746	38 047 972	38 058 007	39 252 684	39 239 868	

10. Contingencies and commitments

N\$'000	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
Contingent liabilities	3 689 631	3 813 307	3 361 807
Capital commitments	47 350	185 536	190 723

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

11. Segment information

Group's chief operating decision maker	Chief executive officer
Major customers	The group has no major customer as defined (i.e. revenue from the customer exceeds 10% of total revenue) and is, therefore, not reliant on revenue from one or more major customers.
Reportable segments	
FNB	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 consumer, small business, agricultural, medium corporate, parastatals and government entities. FNB's products cover the entire spectrum of financial services – transactional, lending, insurance, investment and savings – and include mortgage loans, credit and debit cards, personal loans, funeral, credit life, life and other insurance policies, and savings and investment products. Services include transactional and deposit taking, card acquiring, credit facilities, insurance and FNB distribution channels (branch network, ATMs, call centres, cellphone and online). WesBank represents the group's activities in instalment credit, fleet management and related services in the retail, commercial and corporate segments of Namibia.
RMB	RMB represents the group's activities in the corporate and investment banking segments in Namibia.
FCC and other	FCC represents groupwide functions, including group treasury (capital, funding and liquidity and financial resource management), group finance, group tax, enterprise risk management, CC regulatory and conduct risk management and group internal audit. FCC has a custodianship mandate which includes managing relationships on behalf of the group with key external stakeholders (e.g. shareholders, debt holders, regulators) and the ownership of key group strategic frameworks (e.g. performance measurement, risk/reward). Its objective is to ensure the group delivers on its commitments to stakeholders. The reportable segment includes all management accounting and consolidated entries.

11. Segment information continued

N\$'000	Six months ended 31 December			
	2021			
	FNB	RMB	FCC and other	Total
Income from operations	1 526 794	239 938	89 666	1 856 399
Profit for the period	431 884	74 921	83 068	589 872
Advances	26 649 509	4 468 817	4 278	31 122 604
Investment securities	-	157 939	6 701 343	6 859 282
Total assets	22 161 540	8 897 353	11 178 111	42 237 003
Deposits	20 747 071	8 588 704	5 984 439	35 346 215
Total liabilities	21 448 558	8 781 145	7 276 724	37 506 422

N\$'000	Six months ended 31 December			
	2020			
	FNB	RMB	FCC and other	Total
Income from operations	1 449 788	249 062	(1 196)	1 697 653
Profit for the period	420 311	101 663	1 001	522 975
Advances	26 030 621	4 367 532	-	30 398 151
Investment securities	-	161 993	8 001 047	8 163 040
Total assets	24 347 360	8 591 995	11 692 046	44 631 399
Deposits	20 099 762	9 547 338	7 735 718	37 382 817
Total liabilities	23 661 613	8 459 622	7 297 634	39 418 862

N\$'000	Year ended 30 June			
	2021			
	FNB	RMB	FCC and other	Total
Income from operations	2 871 197	498 826	42 392	3 412 416
Profit for the period	784 242	188 393	9 216	981 855
Advances	26 107 226	4 176 037	-	30 283 263
Investment securities	-	80 341	6 960 971	7 041 312
Total assets	24 105 022	7 751 317	11 407 074	43 263 413
Deposits	19 881 384	9 018 406	7 028 147	35 927 937
Total liabilities	23 943 927	7 751 740	6 147 618	37 843 285

5. Corporate information

Contact and administration information

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BOARD OF DIRECTORS
Il Zzaamwani-Kamwi (Chairperson), J Coetzee, OLP Capelao, C Dempsey** (Chief Executive), P Grüttemeyer, CLR Haikali, JH Hausiku, IN Nashandi <i>**South African with Namibian Permanent Residence</i>
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