FNB

2024

Reviewed condensed consolidated financial results

for the interim reporting period ended **31 December**

About this report

This report covers the reviewed condensed consolidated financial results of First National Bank of Namibia Limited (FNB Namibia or the group) based on IFRS® Accounting Standards as issued by the International Accounting Standards Board for the six months ended 31 December 2024.

The results include a condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and selected notes.

The group chief financial officer supervised the preparation of the condensed consolidated financial results, and it has been reviewed by our auditors, Ernst & Young (EY Namibia). Copies of the review report of EY Namibia are available for inspection at the registered office of the group. Any forward-looking information contained in this announcement has not been reviewed or reported on by the Group's external auditor.

Contents

Highlights

Return of equity
(%)
30.5%
2023: **28.2%**

Cost to income ratio
(%)
45.8%
2023: **47.2%**

Return on assets
(%)
2.9%
2023: **2.8%**

Profit for the period
(N$'million)
891
2023: **803**

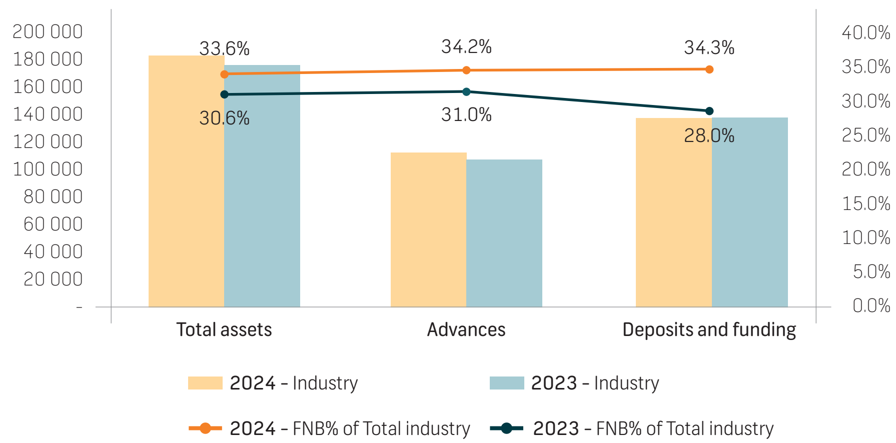
Market and economic indicators

The six months ended 31 December 2024 activity has remained positive with the country experiencing 14 consecutive quarters of GDP growth with the latest quarterly growth being slower than initially expected while inflation has experienced a faster-than-expected disinflationary trend.

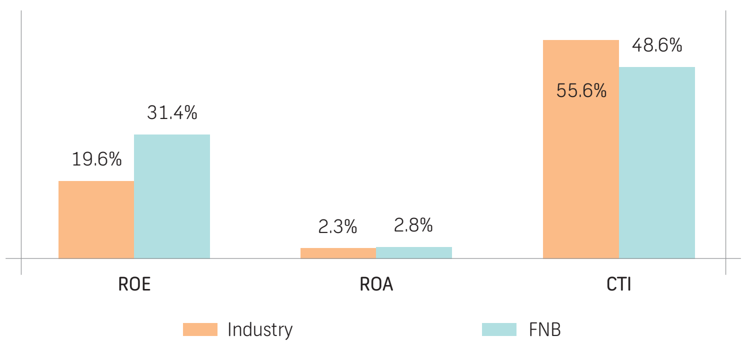
In terms of monetary policy, the Bank of Namibia implemented its first rate cut of 25 basis points in August 2024, followed by two additional 25 basis point reductions in October 2024 and December 2024, respectively. As of 31 December 2024, the repo rate differential between Namibia and South Africa stood at 75 basis points, with Namibia maintaining a lower repo rate of 7.00%.

These rate cuts should provide some relief to consumers, particularly in managing debt obligations, although, we anticipate a lag before noticeable improvements in non-performing loans (NPLs).

The banking sector in Namibia will continue to be shaped by both global economic dynamics and the country's internal development needs. Despite the changing and evolving dynamics, First National Bank of Namibia Limited (FNB Namibia) market share remains strong, holding 34.2% and 34.3% of the advances and deposits of the market respectively and leading well across most industry metrics as depicted in Bank of Namibia's September 2024 publication.



Banking operations
(source: Bank of Namibia Sept 24 publication)



Banking operations
(source: Bank of Namibia Sept 24 publication)

Overview of financial results

Operating environment

The Namibian financial system continues to play a vital role in supporting economic stability and growth amidst global and domestic challenges. Key sectors such as mining, driven by investments in oil exploration and uranium production, remain central to Namibia's growth. While, severe drought conditions intensify economic challenges, with the agriculture and water sectors being particularly affected.

Private Sector Credit Extension (PSCE) growth in December reach 4.0% year on year (y/y), significantly above the 1.9% y/y growth recorded in December 2023. This was the highest growth observed in two years and is mainly due to corporate credit demand which increased 5.4% y/y. Household demand increased 3.1% y/y in December, subdued by low growth in mortgage credit.

Financial performance

The six months ended 31 December 2024 FNB Namibia profit for the period increased by 11.0% to N$891 million. The financial performance of FNB Namibia reflected resilience while these results underscore the bank's strategic focus on sustainable growth, prudent cost management with credit remaining within appetite.

FNB Namibia achieved a revenue growth of 3.2%, with the return on equity improving year-on-year to 30.5% from 28.2%. The increase in headline earnings reflects strong operational performance and strategic growth initiatives, resulting in a notable rise from N$803 million in 2023 to N$890 million.

Interest income

Net interest income (NII) increased by 13.0%, from N$1 455 million at December 2023 to N$1 644 million, despite the repo rate dropping by 75 basis points for the period. The NII increase is attributable to a strong balance sheet growth as well as the result of the Asset Liability Management (ALM) strategy. Post period ended 31 December 2024 a decision was taken to exit the structural ALM hedge. Management continues to actively monitor ALM risk, and where desirable will engage in ALM management activities that align with ALM frameworks, risk appetite and Banking regulations. Gross advances increased by 8.5% and totaled N$41 185 million (2023: N$37 956 million). Interest earned on advances is up with 6.0% from N$2 192 million to N$2 324 million. While deposits grew by 6.6% and totaled N$48 204 million (2023: N$45 238 million). Deposit holders earned N$867 million (2023: N$897 million) in interest across all deposit accounts for the period, reflecting a decline of 3.4%. This decrease was primarily driven by the lower repo rate, which led to a reduction in interest rates offered on deposit accounts.

Impairments

Total impairment charges increased year-on-year to N$263 million (2023: N$191 million), while the credit loss ratio (CLR) is up at 0.7% (2023: 0.5%).

This increase is attributable to specific impairments and was anticipated in the deteriorating economic climate and continuation on from the previous financial year.

Non-performing loans (NPL) increased to N$2 482 million (2023: N$1 995 million) with an NPL ratio of 6.0% which is an improvement from 6.1% reported as at 30 June 2024.

All provisions recognised reflect the groups best estimates against available data and scenario analysis and are measured prudently given the prevailing risks in the economy as well as taking any regulatory changes into account that might impact the provisioning and write-offs required. Maintaining an adequate level of provisions remains a key focus area for the bank's risk management strategy. A downward trend in NPLs is anticipated as the lag to rate cuts align.

Non-interest revenue

Non-interest revenue (NIR) increased by 10.2%, to N$1 239 million from N$1 124 million, reflecting a fee and commission income growth of 10.5%, supported by strong growth in our customer base and increase in transaction volumes. The bank seeks to maintain an optimal balance between NII and NIR to foster a diversified revenue stream. As of 31 December 2024, NII accounted for 57.0% (2023: 56.4%) of revenue, while NIR made up 43.0% (2023: 43.6%). Net fee and commission income represents 84.7% (2023: 83.8%) of group NIR. Overall active customers stood at 787 294 for December 2024 (2023: 734 270), up 7.2% from previous year and overall volumes increased by 8.3%, reaching 26 million (2023: 24 million).

The below two initiatives were launched during the period under review that is aligned with our financial inclusion strategy:

- The H.E.R (Helping Every Women Rise) Banking product, which is a tailored banking solution designed to empower women in business.
- Effective 1 July 2024 Senior lifestyle accounts pay zero monthly account fees and require no minimum balance.

Overview of financial results continued

Operating expenses

Effective cost management strategies are key for FNB Namibia as it aims to optimize its operating expenses and enhance profitability. Operating expenses grew 8.4% to N$1 319 million from N$1 217 million, landing the bank's cost-to-income ratio at 45.8% (2023: 47.2%), maintaining it comfortably below 50%.

Salary costs are integral to maintaining high service standards and achieving strategic goals and is up 4.7% to N$731 million and accounts for 55.4% of total operating expenses. The increase in staff cost is due to the annual salary increase, effective August 2024, that averaged 5.8%. Headcount increased by 1.5% from 2 134 staff members to 2 167. Growth in staff expenditure is driven by strategic hiring for key roles aligned with segment objectives and ensuring alignment with long-term organizational goals and due to PSD 9 regulatory requirements that necessitated the hiring of additional staff.

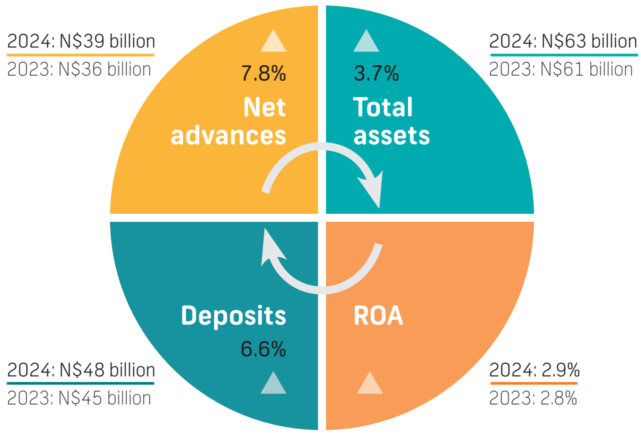
Demonstrating our dedication to advancing Namibian sports at all levels, FNB Namibia proudly took on the role of official naming sponsor for the cricket stadium and associate sponsor for the cricket national team.

Total IT spend, including staff, amortisation and depreciation, increased by 7.3% from N$411 million to N$441 million making up 33.4% of group expenses. Investing in digital technologies, data, information technology and automation processes continues to be a key priority for the group. These efforts are focused on operational efficiency, driving innovation, and elevating customer experiences.

FNB Namibia contributed N$17 million to the FirstRand Namibia Foundation.

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.



Net advances to customers grew by 7.8% to N$39 352 million which was supported by FNB Namibia's innovative product offerings across all segments and mainly driven by increase in term loans and vehicle asset finance that grew by 79.0% and 21.3% respectively. The year-on-year view also highlights an increase of 2.1% in retail, 8.9% in commercial, and 31.2% in RMB, respectively.

The increase in deposits of 6.6% was mainly driven by growth in savings accounts and fixed & notice deposits accounts of 26.3% and 15.7%, respectively.

The entities return on asset (ROA) increased indicating effective use of assets and a strong profitability.

Overview of financial results continued

Capital and regulation

During the period ended December 2024, the Group through FNB Namibia Limited, raised N$500 million in Tier 2 capital notes on the Namibia Securities Exchange (NSX). This issuance represents the first Basel III compliant note to be placed in the Namibian market, with its success paving the way for future issuances. The final orderbook was oversubscribed by 1.5 times, demonstrating strong investor confidence for the credit.

As of December 2024, the capital adequacy ratio stood at 18.0% (2023: 15.6%), while the Tier 1 capital ratio was 15.7% (2023: 14.6%). The group maintained a strong capitalised position throughout the period, consistently exceeding the minimum regulatory requirements. Our conservative capital position provides a solid foundation for sustainable growth, ensuring resilience while seizing new opportunities.

The board declared an interim dividend of 192.32 cents per share, to continue our long-term strategy of growing a sustainable balance sheet and building a globally competitive Namibia. The long-term dividend cover range remains unchanged at 1.5x to 2.5x.

Board, leadership and other changes during the period

During the period under review the following changes took place in respect of First National Bank of Namibia Limited:

Name	Position	Effective date
Appointment		
SL Balsdon	Non-executive	15 July 2024
Change		
ON Shikongo	Chairperson appointment Independent non-executive	17 October 2024
Resignation		
R Makanjee	Non-executive	31 December 2024
Retirement		
P Grüttemeyer	Chairperson Independent non-executive	17 October 2024

Events subsequent to the reporting date

Apart from the interim dividend declared, the directors are not aware of any material events, as defined in IAS 10, occurring between 31 December 2024 and the date of authorisation of the results announcement.

Prospects

While the Namibian economy faces some near-term challenges, there are strong reasons for optimism heading into 2025. Certain key sectors in the primary industry such as oil and gas exploration, uranium, copper and agriculture coupled with supportive policy measures, should lay the foundation for sustained economic growth in the medium term. The group remains well positioned to participate in opportunities in the oil and gas sector as they emerge.

In the period under review, the business has delivered solid results but is expecting growth in the second half of the year to be more muted. The impact of the rate cutting cycle (a total of 75 bps from August 2024 up to December 2024) will continue to lower endowment and impact NII growth. Also, the period under review benefited from base effects in the comparative period that do not manifest for the second half. Changes in the credit write off policy will also result in a higher overall cost of credit for the year versus the first half.

Despite the above, the group's strategy and customer franchise is well-positioned to navigate the evolving and dynamic economic landscape, as reflected in the strong operational performance achieved during the first six months of the 2025 financial period. Combined with prudent financial management, a robust risk management framework, and ongoing investments in human capital and technology, the group's strategic priorities enable it to deliver exceptional client service while driving sustainable growth and shareholder value.

Condensed consolidated statement of comprehensive income

N$'000	Notes	Reviewed Six month ended 31 December 2024	Reviewed Six month ended 31 December 2023	Audited Year ended 30 June 2024
Interest and similar income		3 066 882	2 973 080	6 042 515
Interest expense and similar charges		(1 423 067)	(1 517 897)	(2 980 997)
Net interest income before impairment of advances	2	1 643 815	1 455 183	3 061 518
Impairment and fair value of credit on advances	8.1	(263 359)	(190 906)	(425 451)
Net interest income after impairment of advances		1 380 456	1 264 277	2 636 067
Non-interest revenue	3	1 239 081	1 124 216	2 213 193
Income from operations		2 619 537	2 388 493	4 849 260
Operating expenses	4	(1 319 477)	(1 217 034)	(2 495 369)
Income before indirect tax		1 300 060	1 171 459	2 353 891
Indirect tax		(29 343)	(25 625)	(53 540)
Profit before income tax		1 270 717	1 145 834	2 300 351
Income tax expense		(379 540)	(342 788)	(701 796)
Profit for the period		891 177	803 046	1 598 555
Other comprehensive income				
Items that may not subsequently be reclassified to profit or loss				
Remeasurements on defined benefit post-employment plans		-	-	(9 156)
Deferred income tax		-	-	2 835
Other comprehensive income for the period		-	-	(6 321)
Total comprehensive income for the period		891 177	803 046	1 592 234
Profit for the period attributable to:				
Owners of the parent		891 177	803 046	1 598 555
Total comprehensive income for the period attributable to:				
Owners of the parent		891 177	803 046	1 592 234

Condensed consolidated statement of financial position

		Reviewed		Audited
		Six month ended 31 December		Year ended 30 June
N$'000	Notes	2024	2023	2024
ASSETS				
Cash and cash equivalents	5	3 690 602	4 308 503	3 149 125
Due from banks and other financial institutions	6	8 512 126	9 992 402	9 591 662
Derivative financial instruments		392 917	373 217	349 809
Investment securities	7	9 513 933	8 105 522	8 459 435
Advances	8	39 351 730	36 487 523	37 744 729
Other assets		445 912	390 633	262 428
Current tax asset		-	-	3
Non-current asset held for sale*		53 000	-	53 000
Property, equipment and right of use assets		864 226	898 763	861 261
Intangible assets		59 014	63 455	59 533
Total assets		62 883 460	60 620 018	60 530 985
Equity and liabilities				
LIABILITIES				
Short trading positions		80 851	27 432	34 085
Derivative financial instruments		449 284	397 983	430 716
Creditors and accruals		652 610	701 528	717 034
Current tax liability		110 795	409 191	352 298
Deposits and current accounts	9.1	48 204 216	45 238 471	44 966 360
Due to banks and other financial institutions	9.2	6 025 826	7 754 209	7 547 204
Employee liabilities		211 441	209 457	268 326
Other liabilities		105 960	147 219	125 719
Tier 2 liabilities	10	503 870	-	-
Deferred tax liability		298 168	286 371	298 168
Total liabilities		56 643 021	55 171 861	54 739 910
Capital and reserves attributable to ordinary equity holders of parent		6 240 439	5 448 157	5 791 075
Total equity		6 240 439	5 448 157	5 791 075
Total equity and liabilities		62 883 460	60 620 018	60 530 985

* *During December 2024, the entity reassessed the liquidity order in the statement of financial position, moving non-current assets held for sale above property, equipment and right of use assets line due to its higher liquidity. This change had no impact on the amounts in these line items and was applied to the prior year as well.*

Condensed consolidated statement of changes in equity

N$'000	Total share capital	Defined benefit post employment reserve *	Retained earnings	Total equity
Balance at 1 July 2023	1 142 792	10 924	4 468 006	5 621 722
Total comprehensive income for the period	-	-	803 046	803 046
Dividends	-	-	(976 611)	(976 611)
Reviewed balance at 31 December 2023	1 142 792	10 924	4 294 441	5 448 157
Balance at 1 July 2023	1 142 792	10 924	4 468 006	5 621 722
Total comprehensive income for the year	-	(6 321)	1 598 555	1 592 234
Dividends	-	-	(1 422 881)	(1 422 881)
Audited balance at 30 June 2024	1 142 792	4 603	4 643 680	5 791 075
Balance at 1 July 2024	1 142 792	4 603	4 643 680	5 791 075
Total comprehensive income for the period	-	-	891 177	891 177
Dividends	-	-	(441 813)	(441 813)
Reviewed balance at 31 December 2024	1 142 792	4 603	5 093 044	6 240 439

* *The following heading have been renamed to more accurately describe the amounts. "Defined benefit post employment reserve' was previously named "Total reserves."*

Condensed consolidated statement of cash flows

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Net cash generated from operations	1 202 803	3 553 596	3 450 881
Tax paid	(633 627)	(16 234)	(529 045)
Net cash flow from operating activities	569 176	3 537 362	2 921 836
Acquisition of property and equipment	(61 891)	(29 823)	(113 856)
Proceeds from the disposal of property and equipment	5 976	1 739	4 425
Acquisition of intangible assets	(3 749)	(3 724)	(3 704)
Net cash flow from investing activities	(59 664)	(31 808)	(113 135)
Tier 2 liability	500 000	-	-
Dividends paid	(441 813)	(976 611)	(1 422 881)
Principal payments of lease liabilities	(10 579)	(10 726)	(21 559)
Principal payments of other liabilities	(15 643)	(15 643)	(21 065)
Net cash flow from financing activities	31 965	(1 002 980)	(1 465 505)
Net increase in cash and cash equivalents	541 477	2 502 574	1 343 196
Cash and cash equivalents at beginning of the period	3 149 125	1 805 929	1 805 929
Cash and cash equivalents at end of the period	3 690 602	4 308 503	3 149 125

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

1. Basis of preparation

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

- IFRS® Accounting Standards IAS 34;
- Framework concepts and the recognition and measurement requirements of IFRS accounting standards as issued by the International Accounting Standards Board;
- Interpretations issued by the IFRS Interpretation Committee (IFRS-IC);
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council;
- The Namibian Companies Act; and
- Banking Institutions Act (BID2) with regards to assets classification, suspension of interest and provisioning: and
- Banking Institutions Act (BID18) with regards to public disclosures by banking institutions.

The condensed consolidated interim results for the six months ended 31 December 2024 have been independently reviewed by the group's external auditor, EY Namibia. Any reference to future financial performance has not been reviewed or reported on by the group's auditors.

1.2 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 2024, with the exception of the tier 2 debt instruments issued during the six month ended 31 December 2024. The group classifies a financial liability in accordance with the substance of the contractual agreement. Tier 2 liabilities are measured at amortised cost using the effective interest rate method. Refer to note 15 for details. 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 month ended 31 December 2024 that impacted the group's reported earnings, financial position or reserves or accounting policies.

1.3 Significant estimates, judgements and assumptions

The table below provides an overview of the areas where additional judgement has been applied and includes references to the relevant sections in the notes to the annual financial statements, where additional information has been included. Unless stated otherwise, the judgements applied by management in applying the accounting policies are consistent with the prior year. There have been no material changes to the significant judgments and estimates for expected credit losses. The assumptions in respect of forward looking information including the number of scenarios, weightings of scenarios and other macro-economic forecasts have not materially changed since the previous reporting period. For an overview on the changes to impairments, refer to page 3.

Description	Additional information
Impairment provisions on advances	
Incorporating forward-looking information	
Forward-looking information has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement based post-model adjustments. Both quantitative models and expert judgment-based adjustments consider a range of forecast macroeconomic scenarios as inputs. The macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. To arrive at the macroeconomic forecasts teams of economists, assess the micro- and macroeconomic developments to formulate the macroeconomic forecasts. A number of internal and external economists are then requested to assign a probability to each scenario.	Refer to note 8

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

1. Basis of preparation continued

1.3 Significant estimates, judgements and assumptions continued

Description	Additional information
Significant increase in credit risk (SICR)	
SICR triggers continue to be determined based on client behaviour, client-based behaviour scores, the internal FNB Namibia client rating or risk score, as well as judgemental factors, which include triggers for industries in distress, potentially resulting in the client being added to the watchlist through the group's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a SICR.	Refer to note 8

2. Analysis of interest income and interest expense

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Analysis of interest and similar income			
Instruments at amortised cost	3 066 882	2 973 080	6 042 515
Advances	2 323 796	2 191 770	4 487 709
Investment securities	384 672	377 605	723 089
Due from banks, other financial institutions and cash and cash equivalents	358 414	403 665	831 677
Accrued on off-market advances	-	40	40
Interest and similar income	3 066 882	2 973 080	6 042 515
Analysis of interest expense and similar charges			
Instruments at amortised cost	1 423 067	1 517 897	2 980 997
Deposits			
Deposits from customers	866 598	897 494	1 781 424
Debt securities	286 052	283 510	539 620
Deposits from banks and other financial institutions	254 127	325 654	646 876
Other liabilities	11 298	9 985	10 577
Lease liabilities	1 122	1 254	2 500
Tier 2 liabilities	3 870	-	-
Interest expense and similar charges	1 423 067	1 517 897	2 980 997
Net interest Income	1 643 815	1 455 183	3 061 518

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

3. Non-interest revenue

		Reviewed		Audited
		Six month ended 31 December		Year ended 30 June
N$'000	Notes	2024	2023	2024
Analysis of non-interest revenue				
Fee and commission income	3.1	1 241 153	1 116 937	2 231 320
Fee and commission expenses		(170 697)	(147 895)	(303 449)
Net fees and commission income		1 070 456	969 042	1 927 871
Fair value income		149 504	102 853	194 417
Gross gains less losses from investing activities		(606)	606	768
Other non-interest revenue		19 727	51 715	90 137
Total non-interest revenue		1 239 081	1 124 216	2 213 193
3.1 Fee and commission income:				
- Card commissions		222 149	182 045	361 091
- Cash deposit fees		60 770	51 981	99 900
- Commission: bills and drafts*		24 606	17 223	44 239
- Bank charges*		879 513	805 509	1 599 236
Banking fee and commission income		1 187 038	1 056 758	2 104 466
- Documentation and administration fees*		30 568	27 805	70 938
- Cash handling fees*		19 732	21 101	38 439
- Other commission income*		3 815	11 273	17 477
Total fee and commission income		1 241 153	1 116 937	2 231 320

** In the current year other commission income has been disaggregated from bank charges to allow for enhanced disclosure.*

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

4. Operating expenses

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Auditors' remuneration - external			
- Audit fees	6 889	5 327	13 517
- Fees for other services	-	257	1 846
	6 889	5 584	15 363
Non-capitalised lease charges			
- Short term leases	3 949	2 829	6 201
- Leases of low value assets	1 871	1 650	3 323
	5 820	4 479	9 524
Staff costs	730 912	697 838	1 351 309
Amortisation of intangible assets	4 268	3 697	7 599
Depreciation of property, equipment and right of use assets	61 611	53 399	109 722
Directors remuneration	10 653	7 669	29 575
Other operating costs	499 324	444 368	972 277
Total operating expenses	1 319 477	1 217 034	2 495 369

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

5. Cash and cash equivalents

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Coins and bank notes	663 882	686 609	648 972
Balances with central bank	3 026 720	3 621 895	2 500 153
	3 690 602	4 308 504	3 149 125
Mandatory reserve balances included in above:	565 947	547 728	559 922

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

6. Due from banks and other financial institutions

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Namibian dollar	8 512 126	9 992 402	9 591 662

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

7. Investment securities

		Reviewed		Audited
		Six month ended 31 December		Year ended 30 June
N$'000	Notes	2024	2023	2024
Treasury bills		3 409 613	3 046 687	3 099 656
Other government and government guaranteed stock		6 061 452	5 062 883	5 362 877
Unlisted equity		47 361	-	789
Total gross carrying amount of investment securities		9 518 426	8 109 570	8 463 322
Loss allowance on investment securities	7.1	(4 493)	(4 048)	(3 887)
Total investment securities		9 513 933	8 105 522	8 459 435

No financial instruments held for trading form part of the group's liquid asset portfolio in terms of the Banking Institutions Act No. 13 of 2023 and other foreign banking regulators requirements. The total liquid asset portfolio is N$10.4 billion (2023: N$9.2 billion).

7.1 Reconciliation of the loss allowance – investment securities at amortised cost.

N$'000	Notes	December 2024	December 2023	June 2024
Opening balance		3 887	4 654	4 654
Impairment charge/(release) for the period				
- Stage 1		606	(606)	(767)
Closing balance		4 493	4 048	3 887
The impairment charge in the income statement can be broken down as follows:				
Provision created/(release) in the current period		606	(606)	(767)
New business and changes in exposure		606	(606)	(767)

The loss allowance on investment securities measured at amortised cost is N$4.5 million (2024: N$4.0 million).

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

8. Advances

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Category analysis			
Overdrafts and cash management accounts	4 176 874	4 325 964	3 426 564
Card loans	530 222	554 418	566 451
Instalment sales	4 289 708	3 915 316	4 136 878
Lease payments receivable	115 390	95 090	138 068
Term loans	5 364 756	2 997 157	4 971 296
Home loans	16 727 620	16 674 510	16 775 824
Commercial property finance	4 443 525	4 422 591	4 331 047
Assets under agreement to resell	19 825	16 865	78 954
Investment bank term loans	305 565	-	302 759
Personal loans	3 578 733	3 291 481	3 430 827
Preference share agreements	1 181 447	1 332 309	964 464
Invoice financing	154 916	22 295	11 729
Other	296 130	308 440	281 379
Gross carrying amount of advances	41 184 711	37 956 436	39 416 240
Impairment and fair value of credit of advances	(1 832 981)	(1 468 913)	(1 671 511)
Net advances	39 351 730	36 487 523	37 744 729
Portfolio analysis			
Designated at fair value through profit or loss	324 427	16 865	380 750
Amortised cost	39 027 303	36 470 658	37 363 979
Net advances	39 351 730	36 487 523	37 744 729

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

8. Advances continued

Analysis of total gross advances per impairment stage

December 2024

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Category analysis				
Residential mortgages	16 727 620	-	(569 772)	16 157 848
Vehicle asset finance	2 024 018	-	(54 842)	1 969 176
Total retail secured	18 751 638	-	(624 614)	18 127 024
Credit card	515 108	-	(24 935)	490 173
Personal loans	3 574 044	-	(329 314)	3 244 730
Other retail	616 985	-	(117 308)	499 677
Total retail unsecured	4 706 137	-	(471 557)	4 234 580
FNB Commercial	6 796 895	-	(560 649)	6 236 246
Commercial vehicle asset finance	2 677 211	-	(122 571)	2 554 640
RMB corporate and investment banking	7 927 440	325 390	(53 590)	8 199 240
Total corporate and commercial	17 401 546	325 390	(736 810)	16 990 126
Total advances	40 859 321	325 390	(1 832 981)	39 351 730

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

8. Advances continued

December 2023

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Category analysis				
Residential mortgages	16 674 510	-	(454 590)	16 219 920
Vehicle asset finance	1 889 770	-	(56 475)	1 833 295
Total retail secured	18 564 280	-	(511 065)	18 053 215
Credit card	534 039	-	(47 579)	486 460
Personal loans	3 287 348	-	(317 108)	2 970 240
Other retail	582 694	-	(102 908)	479 786
Total retail unsecured	4 404 081	-	(467 595)	3 936 486
FNB Commercial	6 277 584	-	(371 076)	5 906 508
Commercial vehicle asset finance	2 418 668	-	(65 952)	2 352 716
RMB corporate and investment banking	6 274 958	16 865	(53 225)	6 238 598
Total corporate and commercial	14 971 210	16 865	(490 253)	14 497 822
Total advances	37 939 571	16 865	(1 468 913)	36 487 523

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

8. Advances continued

June 2024

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Category analysis				
Residential mortgages	16 788 707	-	(552 249)	16 236 458
Vehicle asset finance	1 904 655	-	(59 628)	1 845 027
Total retail secured	18 693 362	-	(611 877)	18 081 485
Credit card	548 070	-	(67 655)	480 415
Personal loans	3 426 686	-	(309 554)	3 117 132
Other retail	552 828	-	(102 593)	450 235
Total retail unsecured	4 527 584	-	(479 802)	4 047 782
				-
FNB Commercial	6 513 002	-	(422 931)	6 090 071
Commercial vehicle asset finance	2 651 924	-	(103 338)	2 548 586
RMB corporate and investment banking	6 648 655	381 713	(53 563)	6 976 805
Total corporate and commercial	15 813 581	381 713	(579 832)	15 615 462
Total	39 034 527	381 713	(1 671 511)	37 744 729

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

8. Advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2024

	Gross advances			
N$000's	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2024	33 710 349	3 312 239	2 393 652	39 416 240
Transfer between stages	(441 440)	266 121	175 319	-
Transfer from Stage 1 to Stage 2	(1 454 408)	1 454 408	-	-
Transfer from Stage 1 to Stage 3	(152 197)	-	152 197	-
Transfer from Stage 2 to Stage 3	-	(252 864)	252 864	-
Transfer from Stage 2 to Stage 1	1 106 262	(1 106 262)	-	-
Transfer from Stage 3 to Stage 2	-	170 839	(170 839)	-
Transfer from Stage 3 to Stage 1	58 903	-	(58 903)	-
Opening balances of back book after transfer	33 268 909	3 578 360	2 568 971	39 416 240
Other current period charges/(releases)	1 664 629	191 142	90 702	1 946 473
Changes in exposure of back book in the current period				
- Exposure with a change in measurement basis from 12 months to LECL	-	171 752	-	171 752
- Other current year change in exposure/net movement on GCA	(1 737 363)	(188 521)	63 787	(1 862 097)
Total new book exposure				
- Change in exposure due to new business in the current year	3 401 992	207 911	26 915	3 636 818
Bad debts written off	-	-	(178 002)	(178 002)
Amount as at 31 December 2024	34 933 538	3 769 502	2 481 671	41 184 711
Amortised cost	34 608 148	3 769 502	2 481 671	40 859 321
Fair value	325 390	-	-	325 390
	34 933 538	3 769 502	2 481 671	41 184 711

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

8. Advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2024

	Loss allowance			
N$000's	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2024	257 535	350 567	1 063 409	1 671 511
Transfer between stages	46 892	(53 282)	6 390	-
Transfer from Stage 1 to Stage 2	(12 931)	12 931	-	-
Transfer from Stage 1 to Stage 3	(1 645)	-	1 645	-
Transfer from Stage 2 to Stage 3	-	(34 901)	34 901	-
Transfer from Stage 2 to Stage 1	53 924	(53 924)	-	-
Transfer from Stage 3 to Stage 2	-	22 612	(22 612)	-
Transfer from Stage 3 to Stage 1	7 544	-	(7 544)	-
Opening balances of back book after transfer	304 427	297 285	1 069 799	1 671 511
Other current period charges/(releases)	(78 778)	49 179	369 071	339 472
Changes in exposure of back book in the current period				
- Exposure with a change in measurement basis from 12 months to LECL	-	7 280	-	7 280
- Other current year impairment charge/(release)	(105 167)	23 209	343 277	261 319
Total new book exposure				
- Change in exposure due to new business in the current year	26 389	18 690	25 794	70 873
Bad debts written off	-	-	(178 002)	(178 002)
Amount as at 31 December 2024	225 649	346 464	1 260 868	1 832 981
Amortised cost	224 686	346 464	1 260 868	1 832 018
Fair value	963	-	-	963
	225 649	346 464	1 260 868	1 832 981

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

8. Advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2023

	Gross advances			
N$000's	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2023	32 058 216	2 948 269	1 771 301	36 777 786
Transfer between stages	(264 934)	41 190	223 744	-
Transfer from Stage 1 to Stage 2	(479 888)	479 888	-	-
Transfer from Stage 1 to Stage 3	(88 264)	-	88 264	-
Transfer from Stage 2 to Stage 3	-	(144 393)	144 393	-
Transfer from Stage 2 to Stage 1	300 057	(300 057)	-	-
Transfer from Stage 3 to Stage 2	-	5 752	(5 752)	-
Transfer from Stage 3 to Stage 1	3 161	-	(3 161)	-
Opening balances of back book after transfer	31 793 282	2 989 459	1 995 045	36 777 786
Current period provision created / (released)	1 826 550	(648 043)	104 869	1 283 376
Changes in exposure of back book in the current period				
- Exposure with a change in measurement basis from 12 months to LECL	(177)	(41 122)	-	(41 299)
- Other current year change in exposure/net movement on GCA	(2 730 724)	(746 295)	84 598	(3 392 421)
Total new book exposure				
- Change in exposure due to new business in the current year	4 557 451	139 374	20 271	4 717 096
Bad debts written off	-	-	(104 726)	(104 726)
Amount as at 31 December 2023	33 619 832	2 341 416	1 995 188	37 956 436
Amortised cost	33 602 967	2 341 416	1 995 188	37 939 571
Fair value	16 865	-	-	16 865
	33 619 832	2 341 416	1 995 188	37 956 436

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

8. Advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2023

	Loss allowance			
N$000's	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2023	247 810	273 956	807 313	1 329 079
Transfer between stages	16 755	(31 581)	14 826	-
Transfer from Stage 1 to Stage 2	(5 289)	5 289	-	-
Transfer from Stage 1 to Stage 3	(1 739)	-	1 739	-
Transfer from Stage 2 to Stage 3	-	(18 176)	18 176	-
Transfer from Stage 2 to Stage 1	21 572	(21 572)	-	-
Transfer from Stage 3 to Stage 2	-	2 878	(2 878)	-
Transfer from Stage 3 to Stage 1	2 211	-	(2 211)	-
Opening balances of back book after transfer	264 565	242 375	822 139	1 329 079
Current period provision created / (released)	(30 485)	36 885	238 160	244 560
Changes in exposure of back book in the current period				
- Exposure with a change in measurement basis from 12 months to LECL	-	26 856	-	26 856
- Other current year impairment charge/(release)	(60 092)	(3 618)	224 461	160 751
Total new book exposure				
- Change in exposure due to new business in the current year	29 607	13 647	13 699	56 953
Bad debts written off	-	-	(104 726)	(104 726)
Amount as at 31 December 2023	234 080	279 260	955 573	1 468 913
Amortised cost	234 080	279 260	955 573	1 468 913
Fair value	-	-	-	-
	234 080	279 260	955 573	1 468 913

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

8. Advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 30 June 2024

	Gross advances			
N$000's	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2023	32 058 216	2 948 269	1 771 301	36 777 786
Transfer between stages	(1 263 575)	235 757	1 027 818	-
Transfer from Stage 1 to Stage 2	(3 009 400)	3 009 400	-	-
Transfer from Stage 1 to Stage 3	(568 117)	-	568 117	-
Transfer from Stage 2 to Stage 3	-	(527 287)	527 287	-
Transfer from Stage 2 to Stage 1	2 264 447	(2 264 447)	-	-
Transfer from Stage 3 to Stage 2	-	18 091	(18 091)	-
Transfer from Stage 3 to Stage 1	49 495	-	(49 495)	-
Opening balances of back book after transfer	30 794 641	3 184 026	2 799 119	36 777 786
Current period provision created / (released)	2 915 708	128 213	(224 031)	2 819 890
Changes in exposure of back book in the current period				
- Exposure with a change in measurement basis from 12 months to LECL	-	(20 859)	-	(20 859)
- Other current year change in exposure/net movement on GCA	(3 827 286)	(95 950)	(367 558)	(4 290 794)
Total new book exposure				
- Change in exposure due to new business in the current year	6 742 994	245 022	143 527	7 131 543
Bad debts written off	-	-	(181 436)	(181 436)
Amount as at 30 June 2024	33 710 349	3 312 239	2 393 652	39 416 240
Amortised cost	33 328 636	3 312 239	2 393 652	39 034 527
Fair value	381 713	-	-	381 713
	33 710 349	3 312 239	2 393 652	39 416 240

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

8. Advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 30 June 2024

	Loss allowance			
N$000's	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2023	247 810	273 956	807 313	1 329 079
Transfer between stages	56 393	(110 964)	54 571	-
Transfer from Stage 1 to Stage 2	(13 931)	13 931	-	-
Transfer from Stage 1 to Stage 3	(5 661)	-	5 661	-
Transfer from Stage 2 to Stage 3	-	(59 509)	59 509	-
Transfer from Stage 2 to Stage 1	69 187	(69 187)	-	-
Transfer from Stage 3 to Stage 2	-	3 801	(3 801)	-
Transfer from Stage 3 to Stage 1	6 798	-	(6 798)	-
Opening balances of back book after transfer	304 203	162 992	861 884	1 329 079
Current period provision created / (released)	(46 668)	187 575	382 961	523 868
Changes in exposure of back book in the current period				
- Exposure with a change in measurement basis from 12 months to LECL		27 964	-	27 964
- Other current year impairment charge/(release)	(91 742)	139 120	286 839	334 217
Total new book exposure				
- Change in exposure due to new business in the current year	45 074	20 491	99 122	161 687
Bad debts written off	-	-	(181 436)	(181 436)
Amount as at 30 June 2024	257 535	350 567	1 063 409	1 671 511
Amortised cost	256 572	350 567	1 063 409	1 670 548
Fair value	963	-	-	963
	257 535	350 567	1 063 409	1 671 511

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

8. Advances continued

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

	Gross advances			
N$000's	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
Total retail	19 299 784	2 483 564	1 674 427	23 457 775
FNB Commercial	5 493 845	579 579	723 471	6 796 895
Commercial vehicle asset finance	2 346 108	247 330	83 773	2 677 211
RMB Corporate and Investment banking	7 793 801	459 029	-	8 252 830
	34 933 538	3 769 502	2 481 671	41 184 711
31 December 2023				
Total retail	19 764 090	1 739 541	1 464 730	22 968 361
FNB Commercial	5 390 744	411 531	475 309	6 277 584
Commercial vehicle asset finance	2 250 032	113 487	55 149	2 418 668
RMB Corporate and Investment banking	6 214 966	76 857	-	6 291 823
	33 619 832	2 341 416	1 995 188	37 956 436
30 June 2024				
Total retail	19 466 942	2 099 478	1 654 526	23 220 946
FNB Commercial	5 258 290	609 129	645 583	6 513 002
Commercial vehicle asset finance	2 242 988	315 393	93 543	2 651 924
RMB Corporate and Investment banking	6 742 129	288 239	-	7 030 368
	33 710 349	3 312 239	2 393 652	39 416 240

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

8. Advances continued

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

	Loss allowance			
N$000's	Stage 1	Stage 2	Stage 3	Total
31 December 2024				
Total retail	147 608	188 168	760 395	1 096 171
FNB Commercial	47 808	89 556	423 285	560 649
Commercial vehicle asset finance	12 059	33 324	77 188	122 571
RMB Corporate and Investment banking	18 174	35 416	-	53 590
	225 649	346 464	1 260 868	1 832 981
31 December 2023				
Total retail	126 581	176 282	675 797	978 660
FNB Commercial	55 614	67 038	248 424	371 076
Commercial vehicle asset finance	13 275	21 335	31 342	65 952
RMB Corporate and Investment banking	38 610	14 615	-	53 225
	234 080	279 270	955 563	1 468 913
30 June 2024				
Total retail	177 275	206 330	708 074	1 091 679
FNB Commercial	47 236	77 239	298 456	422 931
Commercial vehicle asset finance	11 868	34 591	56 879	103 338
RMB Corporate and Investment banking	21 156	32 407	-	53 563
	257 535	350 567	1 063 409	1 671 511

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

8. Advances continued

8.1 Impairment of advances

N$000's	December 2024	December 2023	June 2024
Increase in loss allowance	339 472	244 560	523 868
Interest in suspense	(58 245)	(41 854)	(76 670)
Recoveries of bad debts	(17 868)	(11 800)	(21 747)
Impairment of advances recognised during the period	263 359	190 906	425 451
Specific / stage 3 impairments	305 839	211 173	339 197
Portfolio / stage 1 and stage 2 impairments	(42 480)	(20 267)	86 254
	263 359	190 906	425 451

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

9. Deposits

N$'000	Reviewed Six month ended 31 December 2024	Reviewed Six month ended 31 December 2023	Audited Year ended 30 June 2024
9.1 Deposit and current accounts			
Deposits from customers			
- Current accounts	18 060 660	17 293 968	17 876 688
- Call deposits	11 536 383	11 517 304	10 486 068
- Savings accounts	1 041 959	825 237	833 192
- Fixed and notice deposits	11 200 705	9 678 664	9 892 381
	41 839 707	39 315 173	39 088 329
Debt securities			
- Negotiable certificates of deposit	6 010 696	5 569 896	5 524 360
- Fixed and floating rate notes	353 813	353 402	353 671
	6 364 509	5 923 298	5 878 031
Total deposits	48 204 216	45 238 471	44 966 360
9.2 Due to banks and other financial institutions			
Due to banks and financial institutions	6 025 826	7 754 209	7 547 204

FNB Namibia entered into a series of fully collateralised repo and reverse trades with FirstRand Bank (FRB SA) in the 2022 financial year for the purposes of asset and liability management. The total value of the transaction amounted to N$6 billion. The repo asset is disclosed under due from banks and other financial institutions. Refer to note 6.

Post period ended 31 December 2024 a decision was taken to exit the structural ALM hedge. Management continues to actively monitor ALM risk, and where desirable will engage in ALM management activities that align with ALM frameworks, risk appetite and Banking regulations.

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

10. Tier 2 Liabilities

Subordinated debt instruments	Interest rate	Final maturity date	2024
FNB34 (T2) floating rate notes (N$'000)	Three-month JIBAR + 1.95%	3-Dec-34	503 870
Accrued interest (N$'000)			3 870

The above FNB floating rate notes were issued 3 December 2024 , with a maturity date of 3 December 2034. The bank has the option to redeem in full on 3 December 2029.

The South African Reserve Bank (SARB) designated the South African Rand Overnight Index Average (ZARONIA) as the successor rate to replace the Johannesburg interbank rate (JIBAR). The observation period for ZARONIA ended on 3 November 2023 and the SARB has indicated that market participants may use the published ZARONIA as a reference rate in pricing financial contracts going forward. The transition from JIBAR to ZARONIA is a multi-year initiative, the group is busy engaging market participants on how the possible transition of the interest benchmark reform could work for JIBAR linked instruments before the cessation occurs at the end of 2026.

Interest is paid quarterly in arrears on 3 March, 3 June, 3 September and 3 December of each year until the maturity date.

These notes are listed on the Namibia Securities Exchange (NSX).

The notes are unsecured, subordinated Tier 2 Notes, the proceeds of which qualify as Tier 2 capital for First National Bank of Namibia Limited.

Tier 2 liabilities are measured at amortised cost using the effective interest rate method.

Refer to note 10 fair value of financial instruments for the methodologies used to determine the fair value of the tier 2 liabilities.

Tier 2 liabilities reconciliation

N$'000	2024	2023
Opening balance	-	-
Cash flow movement		
- Proceeds	500 000	-
Non-cash flow movement		
- Interest accrued	3 870	-
Closing balance	503 870	-

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

11. Related parties

First National Bank of Namibia Limited is 100% (2023: 100%) owned by FirstRand Namibia Limited.

FirstRand Namibia Limited is listed on the Namibian Stock Exchange and is 58.4% (2023: 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.

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Related party balances:			
Advances			
FirstRand SA group of companies	1 933 992	1 874 777	1 742 669
Fellow subsidiaries to banking group	4 457	3 942	4 202
Key management personnel	25 769	10 111	23 802
Balances due from bank and other financial institutions			
FirstRand SA group of companies	5 781 512	7 417 699	7 236 323
Other assets			
FirstRand SA group of companies	42	11 459	48
Derivative instruments: assets			
FirstRand SA group of companies	32 091	78 725	49 955
Deposits			
FirstRand SA group of companies	56 913	95 059	58 328
Fellow subsidiaries to banking group	176 037	757 619	159 306
Key management personnel	4 789	5 138	2 228
Balances due to bank and other financial institutions			
FirstRand SA group of companies	5 774 737	7 442 583	7 225 149
Derivative instruments: liabilities			
FirstRand SA group of companies	341 655	306 345	291 923

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

11. Related parties continued

N$'000	Reviewed Six month ended 31 December 2024	Reviewed Six month ended 31 December 2023	Audited Year ended 30 June 2024
Related party transactions:			
Interest received from (paid to) related parties			
FirstRand SA group of companies	26 069	12 857	40 734
Fellow subsidiaries to banking group	(4 567)	(223)	(25 155)
Non-interest revenue			
Fellow subsidiaries to banking group	12 378	27 389	12 518
Operating expenses (Information Technology, platform and other support services)			
FirstRand SA group of companies	292 994	257 850	551 259
Dividends paid			
FirstRand Namibia Limited	441 813	976 611	1 422 881

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

12. Fair value measurements

12.1 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.

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

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

12. Fair value measurements continued

12.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs level 2	Unobservable inputs level 3
		Investment securities and other investments		
Equities/bonds listed in an inactive market	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e. Level 1). However if the market is not active and the listed price is not representative of fair value, these are classified as Level 2 and a valuation technique is used, for example the discounted cash flow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Unlisted bonds	Price earnings ("P/E") model	Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate.	Market transactions	Not applicable
Negotiable certificates of deposit	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available	Market interest rates and curves	Not applicable
Treasury Bills	Discounted cash flows	The future cash flows are discounted using market related interest rates.	Market interest rates and curves	Not applicable
		Derivative financial instruments		
Option and equity derivatives	Option pricing model and industry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option, market-related discount rate, spot or forward rate, the volatility of the underlying, dividends and listed share prices	Not applicable
Forward rate agreements. Forwards and swaps	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, credit and currency basis curves and spot prices	Market interest rates, credit and currency basis curves

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

12. Fair value measurements continued

12.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs level 2	Unobservable inputs level 3
Deposits				
Call and non-term deposits	None - the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short-term nature of the instruments. These deposits are financial liabilities with a demand feature and the fair value is not less than the amount payable on demand i.e. the undiscounted amount of the deposit.	None - the undiscounted amount approximates fair value and no valuation is performed	Not applicable
Deposits that represent collateral on credit linked notes	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins 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	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
Other				
Other liabilities and Tier 2 liabilities	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs.	Market interest rates and curves	Credit inputs

* *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. However, there is a non-recurring fair value transactions in the current year. A building owned by Swabou Investments (Pty) Ltd was classified as asset held for sale at 30 June 2024. The building is subject to the IFRS 5 measurement criteria at fair value less costs to sell and classified as level 1 in the fair value hierarchy.

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

12. Fair value measurements continued

12.2 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 2024

N$'000	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Advances	-	19 825	304 602	324 427
Investment securities	-	849 673	-	849 673
Derivative financial instruments	-	392 917	-	392 917
Non-recurring fair value measurements				
Non-current asset held for sale	53 000	-	-	53 000
Total financial assets	53 000	1 262 415	304 602	1 620 017
Liabilities				
Recurring fair value measurements				
Short trading position	80 851	-	-	80 851
Derivative financial instruments	-	449 284	-	449 284
Total financial liabilities	80 851	449 284	-	530 135

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

12. Fair value measurements continued

12.2 Fair value hierarchy and measurements continued

December 2023

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Advances	-	16 865	-	16 865
Investment securities	-	407 359	-	407 359
Derivative financial instruments	-	373 217	-	373 217
Total financial assets	-	797 441	-	797 441
Liabilities				
Recurring fair value measurements				
Short trading position	27 432	-	-	27 432
Derivative financial instruments	-	397 983	-	397 983
Total financial liabilities	27 432	397 983	-	425 415

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

12. Fair value measurements continued

12.2 Fair value hierarchy and measurements continued

June 2024

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Advances	-	78 954	301 796	380 750
Investment securities	-	613 682	-	613 682
Derivative financial instruments	-	349 809	-	349 809
Non-recurring fair value measurements	-	-	-	-
Non-current asset held for sale	53 000	-	-	53 000
Total financial assets	**53 000**	**1 042 445**	**301 796**	**1 397 241**
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	430 716	-	430 716
Short trading position	34 085	-	-	34 085
Total financial liabilities	**34 085**	**430 716**	**-**	**464 801**

During the reporting period ending 31 December 2024 (31 December 2023), 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$335 million (2023: nil) and using more negative reasonable possible assumptions to N$274 million (2023: nil). 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 continued

12. Fair value measurements continued

12.2 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

N$'000	Fair value on June 2024	Gains or losses recognised in profit and loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2024
Assets				
Advances	301 796	2 806	-	304 602
Total financial assets at fair value	301 796	2 806	-	304 602

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

12. Fair value measurements continued

12.2 Fair value hierarchy and measurements continued

N$ 000	Fair value on June 2023	Gains or losses recognised in profit and loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2023
Assets				
Advances	-	-	-	-
Total financial assets at fair value	-	-	-	-

N$ 000	Fair value on June 2023	Gains or losses recognised in profit or loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on June 2024
Assets				
Advances	-	1 796	300 000	301 796
Total financial assets at fair value	-	1 796	300 000	301 796

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

12. Fair value measurements continued

12.2 Fair value hierarchy and measurements continued

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

	Reviewed		Audited
	Six months ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
	Advances		
Assets			
Gains or losses recognised in profit or loss	2 806	-	1 796
Total	2 806	-	1 796

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

	Reviewed December 2024		Reviewed December 2023		Audited June 2024	
N$'000	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Assets						
Advances	39 027 303	39 639 370	36 470 658	36 392 972	37 363 016	37 438 258
Investment securities	9 471 065	8 789 793	8 109 570	7 803 355	7 845 752	7 906 720
Total	48 498 368	48 429 163	44 580 228	44 196 327	45 208 768	45 344 978
Liabilities						
Deposits	48 204 216	48 461 406	52 992 680	45 381 498	44 988 488	45 108 975
Other liabilities	105 960	105 528	147 219	110 383	94 588	94 065
Tier 2	503 870	501 471	-	-	-	-
Total	48 814 046	49 068 405	53 139 899	45 491 881	45 083 076	45 203 040

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

13. Contingent liabilities and capital commitments

	Reviewed		Audited
	Six month ended 31 December		Year ended 30 June
N$'000	2024	2023	2024
Contingent liabilities	4 682 145	4 156 163	3 700 915
Capital commitments	80 379	142 869	106 348

Contingent liabilities include letters of credit, non-financial guarantees, and committed undrawn facilities, all of which expose the group to credit risk.

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 FNB Namibia's activities in the retail and commercial segments in Namibia FNB offers a diverse set of financial products and services to market segments including 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. RMB offers corporate finance, leveraged finance, resources sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate broking, loan syndications, advisory, corporate transactional banking and principal investments. From a markets perspective it offers market making, financial risk management and investment across interest rate, currency, commodity, equity and credit asset classes as well as execution, asset financing, custody and clearing services.
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.

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

14. Segment information

The group operates within the borders of Namibia and no material segment operations are outside Namibia.

	Reviewed six months ended 31 December			
	2024			
N$'000	FNB	RMB	FCC and other	Group
Net interest income before impairments of advances	1 277 228	235 939	130 648	1 643 815
Impairment and fair value of credit advances	(263 358)		-	(263 359)
Net interest income after impairment of advances	1 013 870	235 938	130 648	1 380 456
Non-interest revenue	1 080 161	208 997	(50 077)	1 239 081
Income from operations	2 094 031	444 935	80 571	2 619 537
Operating expenses	(1 172 729)	(160 889)	14 141	(1 319 477)
Net income from operations	921 302	284 046	94 712	1 300 060
Indirect tax	(23 595)	(3 583)	(2 165)	(29 343)
Profit for the period before tax	897 707	280 463	92 547	1 270 717
Income tax expense	(268 129)	(83 769)	(27 642)	(379 540)
Profit for the period	629 578	196 694	64 905	891 177
Advances	31 152 497	8 199 233	-	39 351 730
Investment securities	-	888 342	8 625 591	9 513 933
Non-current asset held for sale				
Total assets	36 647 988	9 215 650	17 019 822	62 883 460
Deposits	30 296 250	10 929 340	13 004 452	54 230 042
Total liabilities	35 816 128	8 859 719	11 967 174	56 643 021

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

14. Segment information

The group operates within the borders of Namibia and no material segment operations are outside Namibia.

	Reviewed six months ended 31 December			
	2023			
N$'000	FNB	RMB	FCC and other	Group
Net interest income before impairments of advances	1 175 732	234 350	45 101	1 455 183
Impairment and fair value of credit advances	(190 935)	29	-	(190 906)
Net interest income after impairment of advances	984 797	234 379	45 101	1 264 277
Non-interest revenue	981 182	184 277	(41 243)	1 124 216
Income from operations	1 965 978	418 657	3 858	2 388 493
Operating expenses	(1 086 949)	(147 697)	17 605	(1 217 041)
Net income from operations	879 029	270 960	21 463	1 171 452
Indirect tax	(20 678)	(2 437)	(2 504)	(25 619)
Profit for the period before tax	858 351	268 523	18 959	1 145 833
Income tax expense	(256 773)	(80 342)	(5 672)	(342 787)
Profit for the period	601 578	188 181	13 287	803 046
Advances	30 248 946	6 238 577	-	36 487 523
Investment securities	-	441 905	7 663 617	8 105 522
Non-current asset held for sale				
Total assets	32 198 087	11 293 975	17 127 956	60 620 018
Deposits	25 887 236	12 882 298	14 223 146	52 992 680
Total liabilities	31 373 819	10 949 550	12 848 492	55 171 861

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

14. Segment information

The group operates within the borders of Namibia and no material segment operations are outside Namibia.

	Audited year ended 30 June			
	2024			
N$'000	FNB	RMB	FCC and other	Group
Net interest income before impairments of advances	2 459 110	528 738	73 670	3 061 518
Impairment and fair value of credit advances	(425 120)	(331)	-	(425 451)
Net interest income after impairment of advances	2 033 990	528 407	73 670	2 636 067
Non-interest revenue	1 939 552	311 330	(37 689)	2 213 193
Income from operations	3 973 542	839 737	35 981	4 849 260
Operating expenses	(2 199 009)	(289 412)	(6 948)	(2 495 369)
Net income from operations	1 774 533	550 325	29 033	2 353 891
Indirect tax	(42 136)	(4 626)	(6 778)	(53 540)
Profit for the period before tax	1 732 397	545 699	22 255	2 300 351
Income tax expense	(528 523)	(166 483)	(6 790)	(701 796)
Profit for the period	1 203 874	379 216	15 465	1 598 555
Advances	30 767 827	6 976 902	-	37 744 729
Investment securities	-	612 894	7 846 541	8 459 435
Non-current asset held for sale				
Total assets	34 855 163	8 630 450	17 045 372	60 530 985
Deposits	28 281 078	10 164 615	14 067 871	52 513 564
Total liabilities	33 164 246	8 130 420	13 445 244	54 739 910

Capital adequacy

Banking Operations

N$'000	Six months ended 31 December 2024	Six months ended 31 December 2023	Year ended 30 June 2024
Risk weighted assets			
Credit risk	32 361 083	30 821 346	30 368 874
Market risk	112 128	70 520	109 471
Operational risk	6 845 134	5 984 188	6 394 567
Total risk weighted assets	39 318 345	36 876 054	36 872 912
Regulatory capital			
Share capital and share premium	1 142 792	1 142 792	1 142 792
Retained profits	5 093 044	4 294 445	4 643 681
Other undisclosed reserves	4 603	10 913	4 603
Capital impairment: Intangible assets	(59 014)	(63 455)	(59 533)
Total Tier 1	6 181 425	5 384 695	5 731 543
Eligible subordinated debt	500 000	-	-
General risk reserve, including portfolio impairment	404 514	385 267	379 611
Total tier 2	904 514	385 267	379 611
Total tier 1 and tier 2 capital	7 085 939	5 769 962	6 111 154
Banking group			
Capital adequacy ratios			
Tier 1	15.7%	14.6%	15.6%
Tier 2	2.3%	1.0%	1.0%
Total	18.0%	15.6%	16.6%
Tier 1 leverage ratio	9.2%	8.4%	9.0%

Corporate information

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