

ANNUAL REPORT

2025

■ *for the year ended 30 June 2025*

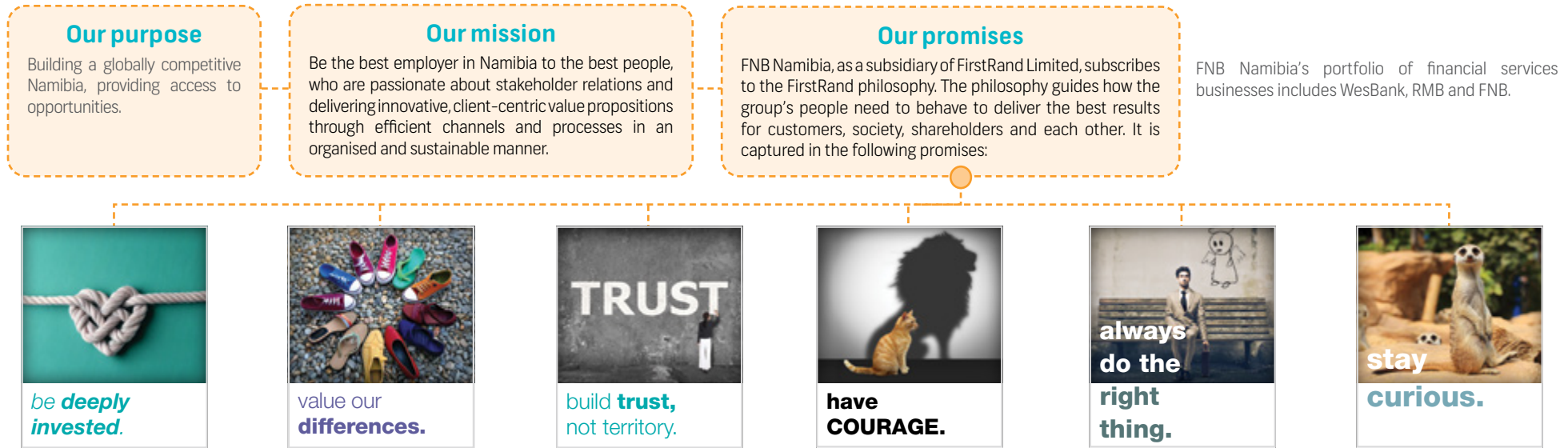


FNB



FNB NAMIBIA ON A PAGE

First National Bank of Namibia (FNB Namibia or the group) is an integrated financial services business offering transactional, lending, investment products and services.



A business overview

FNB Namibia provides financial services to every sector of the Namibian economy. The group does this through a range of comprehensive products and services, a country-wide network of branches and agencies, and a deep understanding of customers and communities.

<p>The strategy (page 29)</p>	<p>Grow and improve our market-leading businesses</p>	<p>Diversify our offering and approach</p>	<p>More efficient and cost-effective operating model</p>
<p>The brands</p>			
<p>The business</p>	<p>Retail and commercial banking Offers a broad range of innovative financial services and products.</p>	<p>Corporate and investment banking Offers a broad range of financial products to corporate and institutional clients.</p>	<p>Vehicle and asset finance Offers vehicle and asset finance to retail and commercial clients.</p>

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WELCOME TO THIS INTEGRATED ANNUAL REPORT

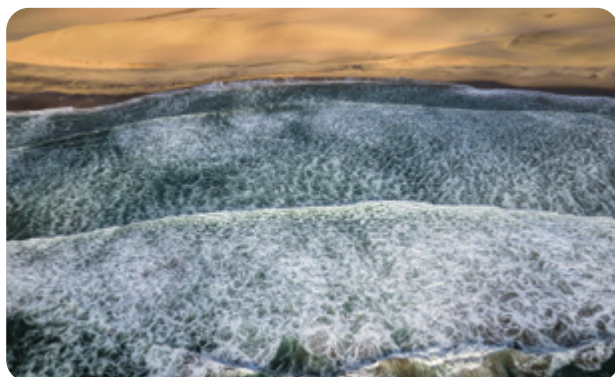
This section shows how FNB Namibia applies the principles of integrated thinking to its reporting. It describes how this report was prepared, its scope, and the controls applied to ensure the integrity of its contents.

- 2 The 2025 reporting suite
- 3 How this report was prepared

A THE FUNDAMENTALS OF FNB NAMIBIA

This section introduces the group and outlines the nature and scope of our business, our market positioning, competitive differentiators, and the business model through which we create value. It highlights the needs and expectations of our stakeholders and explains how our purpose, vision, strategy and values guide our long-term value creation efforts.

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THE 2025 REPORTING SUITE

The reporting suite caters to the needs of our diverse stakeholders. The suite provides a concise and holistic view of FNB Namibia's value creation process and outcomes. It covers the financial year from 1 July 2024 to 30 June 2025 (2025 or the year).

The reporting suite is available at <https://www.fnbnamibia.com.na/world-of-FNB/financialresults.html>.

Integrated annual report

This is our primary report to stakeholders. It presents key aspects of our business and how we deliver sustainable growth and value.

The report shows how FNB Namibia incorporates the principles of integrated thinking into its business and reporting. The financial and operational reviews highlight the interconnectedness of the group's strategic objectives, governance and performance, considering the economic, social and environmental context in which it operates.

The report considers the following frameworks and standards:

- Integrated Reporting Framework
- Namibia Code of Governance Principles for Namibia, 2014 (NamCode)
- Banking Institutions Act, No 13 of 2023, as amended (Banking Act)
- Namibian Companies Act, No 28 of 2004 (Companies Act)
- Namibia Securities Exchange (NSX) Listing Requirements

Financial information

Annual financial statements

These are the full audited annual financial statements of the FNB Namibia group and company. They are compiled in accordance with:

- IFRS[®] accounting standards
- Banking Act
- Companies Act
- NSX Listing Requirements

Interim financial results

These provide concise overviews of our financial performance and are targeted at providers of financial capital.



HOW THIS REPORT WAS PREPARED

Reporting boundary

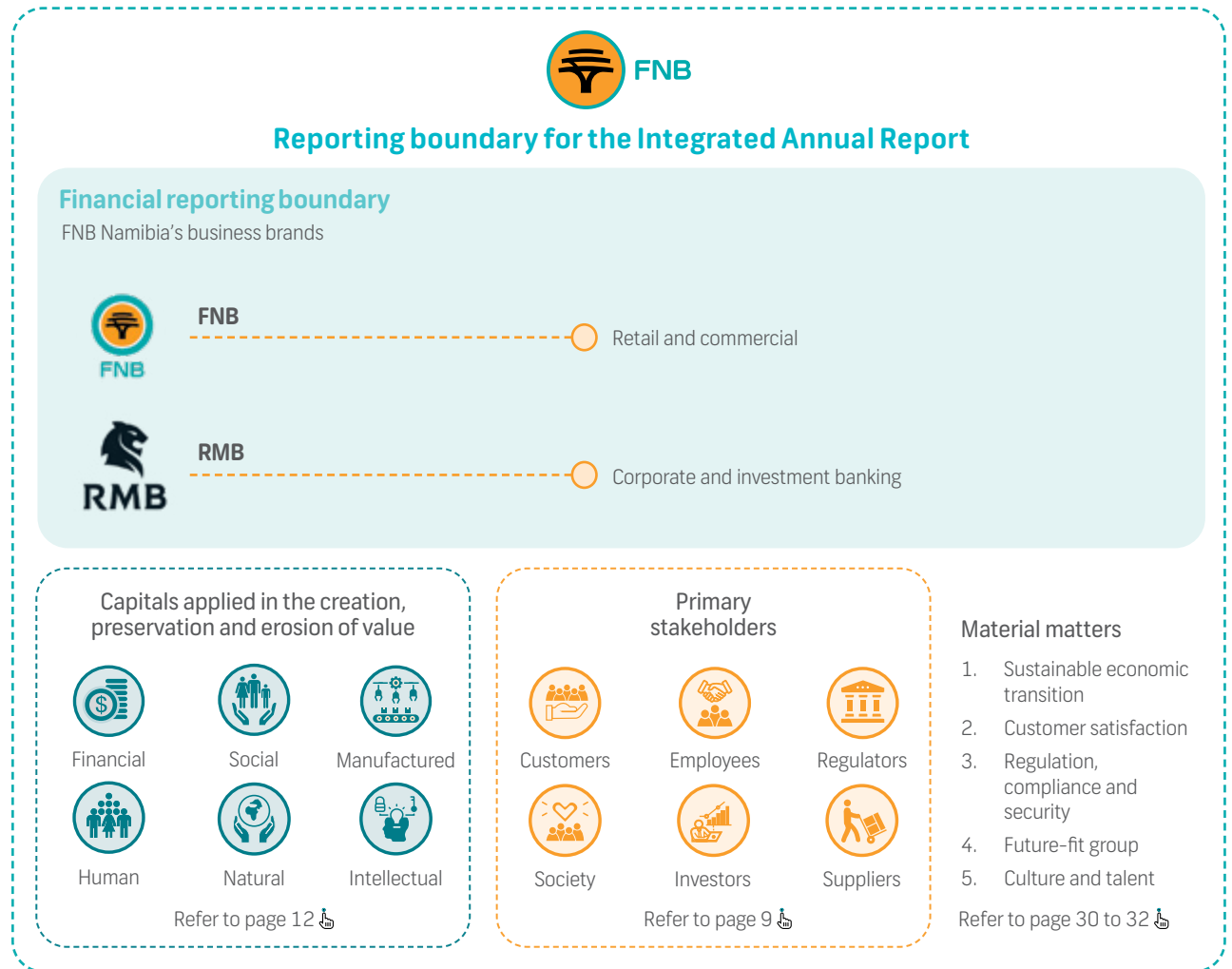
This report provides material information relating to the strategy, business model and performance of FNB Namibia. This includes related risks and opportunities and stakeholders' needs, interests and expectations.

The report targets the group's investors as primary providers of capital and the broader investment community. It focuses on matters that could materially impact our ability to create and sustain value over the short, medium and long term. By "short term" we mean less than one year, by "medium term" one to three years, and by "long term" three to 10 years.

This report highlights how FNB Namibia's purpose – building a globally competitive Namibia, providing access to opportunities – impacted investors, customers, employees, suppliers, regulators and funding institutions in 2025.

The financial and non-financial data in this report relate to the group as the reporting entity. This includes all entities over which the group has control. Management is not aware of any material information that was unavailable or any legal prohibition to publishing any information in this report.

Refer to page 160  for a simplified group structure.



Integrated reporting process

The reporting process is managed by a working group led by the Chief Financial Officer (CFO). We start by evaluating the prior year's report to identify improvement opportunities. This year, we focused on improving:

- the report's structure and flow;
- the stakeholder insights provided; and
- the group's strategy disclosure.

We collect content through collaboration with internal stakeholders. Senior management and the executive committee (exco) review the report. It is then reviewed by the audit committee and ultimately approved by the board of directors (board).

Assurance

We apply a combined assurance model to assess and assure aspects of the group's operations, including the internal controls associated with external reporting. We incorporate and optimise all assurance services and risk functions to enable an effective control environment. This ensures the integrity of the information used in our decision-making and reporting.

The assurance given to the board is underpinned by executive management (first line of defence), relevant functions and specialised risk committees (second line) and independent reviews performed by group internal audit (third line). Refer to page 34 to 35 for our combined assurance approach.

Our external auditors, Ernst & Young Namibia, provided independent assurance on the fair presentation of the consolidated and separate annual financial statements for the year. They also read the integrated annual report and considered whether any information provided is materially inconsistent with the financial statements or the knowledge obtained during their audit or otherwise appears to be materially misstated. No such inconsistency or misstatement was reported.

Approval by the board

The board acknowledges its responsibility for ensuring the integrity of the integrated annual report. The directors confirm that the report fairly represents the group's performance for 2025 and its growth strategies, material matters, risks and opportunities, and prospects.

The board applied its collective mind to the preparation and presentation of this report and believes it was prepared in accordance with the Integrated Reporting Framework. The board approved the report on 21 August 2025 for publication.

ON Shikongo

IN Nashandi

LP Smit

C Dempsey

LD Kapere

E van Zyl

MJ Lubbe

S Balsdon

J Coetzee

Forward-looking statements

The integrated annual report includes forward-looking information and results of the group's operations. These statements by their nature involve risk and uncertainty as they relate to events and circumstances that may or may not occur in the future.

Forward-looking statements are not statements of fact. They are statements by the management of FNB Namibia based on its current estimates, expectations and assumptions regarding the group's future performance.

The group does not undertake to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or otherwise. The forward-looking statements have not been reviewed or reported on by the group's external auditors.



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THE FUNDAMENTALS OF FNB NAMIBIA

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LEVERAGING THE GROUP'S STRENGTHS

Over 100 years' track record in Namibia with recognised and trusted brands

Robust capital and liquidity position

Tier 1 capital 16.9%
(2024: 15.6%)

5 independent directors
2 non-executive directors
2 executive directors

Experienced exco averaging 9.1 years' tenure with the group

The quality of the group's customer-facing franchises, and disciplined allocation of financial resources, ensured FNB Namibia delivered a strong operational performance for 2025.

Strong balance sheet

Tier 1 capital 16.9% (2024: 15.6%)

	2025	2024	2023	2022	2021
Advances (N\$ billion)	39.2	37.7	35.4	32.0	30.2
Deposits (N\$ billion)	46.2	52.5	50.5	44.5	35.9

Value to shareholders

	2025	2024	2023	2022	2021
Return on equity (RoE) (%)	29.5	27.9	26.1	21.5	19.4
Cost-to-income (CTI) (%)	45.5	47.3	47.4	51.7	56.5
Capital adequacy ratio (CAR) (%)	19.2	16.6	17.1	20.3	19.5

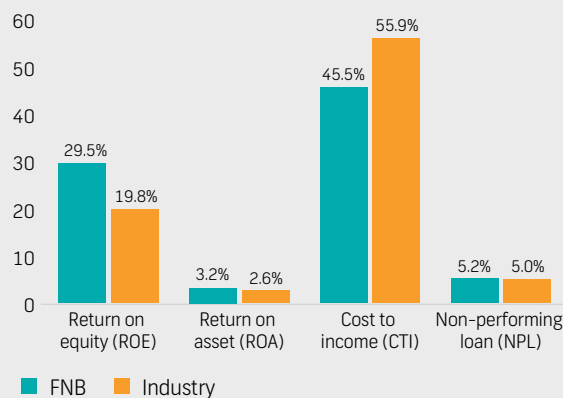
The Bank's position in the Namibian banking industry

FNB Namibia's financial performance, investments in digital banking, and diversified service offerings underscore its leadership in the Namibian banking industry. The bank's innovation and customer-centric solutions position it for sustained growth and market dominance.

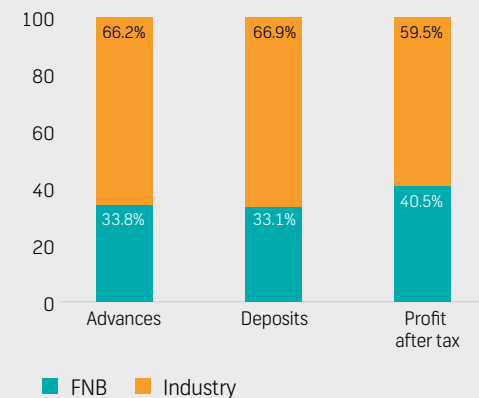
Namibian banking sector advances grew by 5.0% to N\$121 billion (2024: N\$115 billion). Most of the growth was in instalment credit and term loans, which grew by 17.7% and 9.8% respectively year-on-year. FNB Namibia has a 33.8% share of advances, representing credit provided to clients.

FNB Namibia's deposit book represents 33.1% of the N\$137 billion Namibian deposit market, which grew by 3.0%.

Key performance measures



Market share



Source: Bank of Namibia's latest industry regulatory returns, June 2025
Key performance measures for FNB Namibia are as at 30 June 2025

The group's financial and societal impacts

The nature, size and scale of FNB Namibia's business activities result in a broad set of financial and societal impacts. These include increased access and financial inclusion across Namibia.

We are a **large employer** with 2 181 employees (2024: 2 137) and invest in our people:

Paid N\$1.2 billion in salaries to employees
(2024: N\$1.1 billion)

Invested N\$19.2 million in employee development
(2024: N\$18.5 million)

Onboarded 48 individuals in our graduate development and FirstJob internship programmes

We partner for **economic growth** and job creation through enterprise development:

We provide credit:

- FNB Namibia services 34.5% of the market
- N\$25.7 million extended in accessible housing (2024: N\$42.1 million)

Paid N\$550 million to local suppliers
(2024: N\$532.7 million)

Launched H.E.R (Helping Every Woman Rise), a tailored banking solution to empower women in business

Launched the SME digital hub, a platform designed to empower small and medium enterprises (SMEs) with tools and services to manage and grow their portfolios without visiting a branch

Sustainability bond issuance of N\$500.0 million

We are an **enabler of financial return**:

Issued N\$500.0 million on the NSX, the first Basel III compliant tier 2 note issued in Namibia

Senior Lifestyle accounts pay zero monthly account fees and require no minimum balance

In addition to our digital inclusion products and services, we **contributed to society** through:

Tax payments to the Namibian fiscus of N\$918 million
(2024: N\$733 million)

Global and local recognition

- 2024 RMB Best Foreign Exchange Bank
Global Finance's World's Best Foreign Exchange Banks
- 2024 Best International Private Bank – Euromoney Award
- 2024 FNB Top Employer Award: Namibia & Africa
- 2024 FNB Banker's Bank of the Year – Namibia
- 2025 Top Employer Namibia | Top Employer Africa
- Global Finance World's Best Banks Awards – Best Bank in Namibia 2025
- 2025 Best International Private Bank – Euromoney Award
- 2025 PMR awards:
 - » Diamond Arrow Private Banking
 - » Diamond Arrow Digital Banking
 - » Diamond Arrow Business Banking
 - » Diamond Arrow Credit Cards
 - » Diamond Arrow Agriculture
 - » Diamond Arrow Annual Report
 - » Golden Arrow Personal Banking
 - » Golden Arrow Most Innovative
 - » Golden Arrow CSR
- Best Sub-Custodian Bank in Namibia for 2025 by Global Finance Magazine – RMB Namibia
- Brand Africa's Most Admired Brand Non-Namibian 2025 for FNB Namibia
- The Banker's Technology Awards 2025 – Africa winner

Solutions for **financial inclusion**:

eWallet

N\$26.5 million
eWallet customer balance
(2024: N\$22.4 million)

eWallet allows FNB clients to instantly send money to anyone with an active cellphone number, even if the recipient has no bank account.

DigiPlus

14 459
DigiPlus accounts
(2024: 15 208)

DigiPlus is an entry-level, fully digital transactional account, accessible via USSD and with no monthly account fees.

Cash@Till

2 208
Cash@Till merchants
(2024: 1 534)

N\$980 million
cash withdrawals at Cash@Till
(2024: N\$621 million)

Cash@Till allows FNB clients to shop and withdraw cash seven days a week at partner stores nationwide by swiping their FNB Visa cards on point of sale machines.

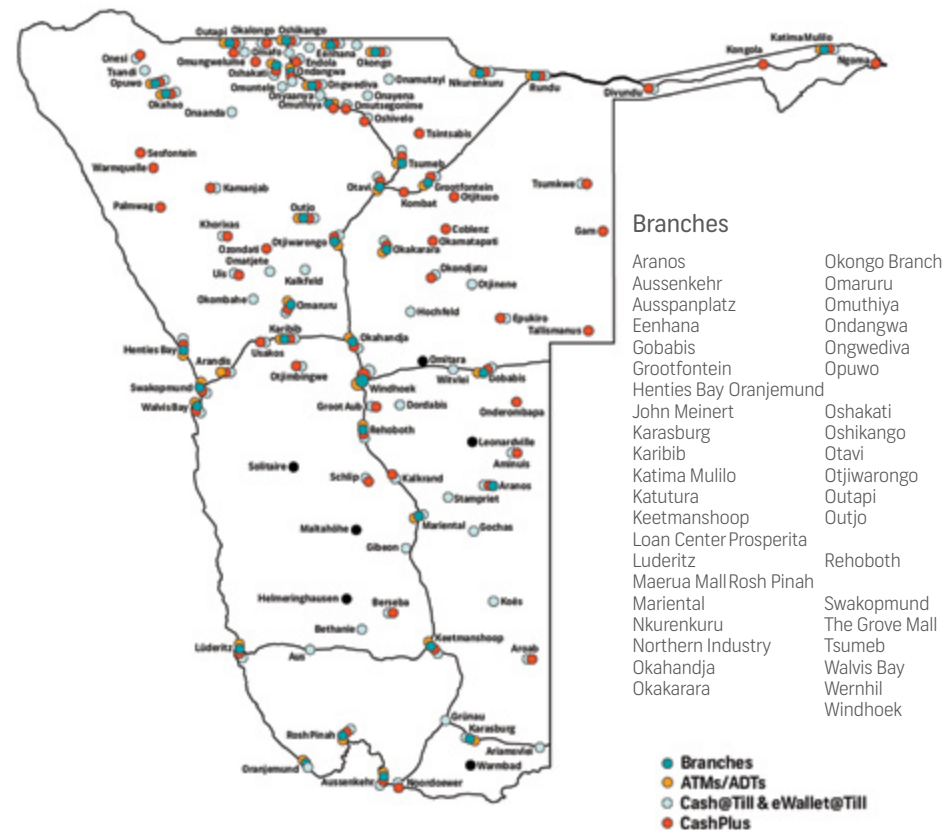
CashPlus

371
CashPlus agents
(2024: 324)

3.1 million
CashPlus transactions
(2024: 2.0 million)

FNB partners with merchants who act as agents for the bank, providing customers with day-to-day banking services through the CashPlus channel.

FNB Namibia has an expansive branch network and digital solutions supporting financial inclusion.



SERVING STAKEHOLDERS

Maintaining strong and transparent relationships with our stakeholders is critical to our long-term success and societal impact.





The board exercises oversight of stakeholder engagement through the risk and audit committees. At operational level, executive and business unit heads manage day-to-day interactions with stakeholder groups.

Stakeholder engagement is embedded in our governance structures and enterprise risk management framework and aligned with our materiality assessment process.

We maintain formal channels such as regulatory submissions, investor briefings, customer service platforms, employee engagement surveys, and community development forums. These ensure consistent feedback loops and proactive responses to stakeholder needs and concerns.

Serving customers

	Retail banking	Commercial banking	Corporate and investment banking
Typical clients	Individual clients through each stage of their financial journey. Includes self-employed, retirees, youth and global citizens.	Medium to large commercial businesses with turnover less than N\$800 million, commercial property funding, agri-ventures including farming, agri-processing and communal farming. Includes tourism industry support and a mandate to grow SMEs nationally.	Large corporates with turnover exceeding N\$800 million. Includes institutions in mining, real estate, retail, financial and diversified industries.
Products	Inclusive financial solutions tailored to client needs. Includes digital enablement solutions, transactional and lending products.	Innovative client value propositions and experiences that address all business banking needs. Includes transactional banking, lending, trade and working capital solutions, merchant services and purchase order financing.	An integrated and comprehensive range of investment banking solutions. Includes lending and advisory, global markets, custody and transactional banking.
Channels	For details on how the group reaches its customers through reliable, convenient and affordable channels, refer to page 8		
Customers' expectations	<ul style="list-style-type: none"> • Simple and transparent banking • Quality products and exceptional service • Accessible, affordable banking products, including digital platforms and low-cost transactional accounts • Convenient access to products and services through their channel of choice • A secure environment in which to transact • Useful information, education and advice that promote financial wellness and peace of mind 		
Measures considered in relationship quality and value created	<p>Relationship quality:</p> <ul style="list-style-type: none"> • Client satisfaction and experience: Utilises net promoter score (NPS) by asking "how likely are you to recommend FNB?" • Trust and complaints handling: Monitors complaint incidence and resolution metrics • Employee experience: Evaluates empathy, empowerment and capability of frontline staff • Multi-experience: Measures consistency and seamlessness across digital and physical touchpoints • Customer engagement: Measured through ongoing feedback <p>Value created:</p> <ul style="list-style-type: none"> • Customer perceived value and price fairness: Benchmarks favourability of fees and pricing relative to benefits • Sustainable and inclusive products: Measures inclusive offerings such as CashPlus agent banking • Transformation and social value: Measures success against the Namibian Financial Sector Charter through ownership and control, human resources (HR) development, etc. 		

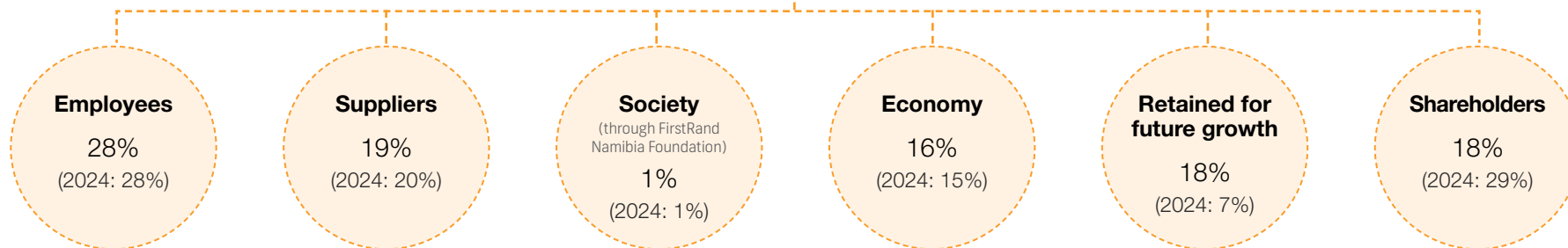
Expectations	What FNB Namibia aims for	Measures considered in relationship quality and value created
<p> Supporting employees</p> <ul style="list-style-type: none"> Employee support and capability development, including digital skills training, wellbeing initiatives, and leadership development to prepare employees for future banking models Stimulating work, with prospects to make a difference A safe and healthy work setting, sustained by flexible work arrangements Fair remuneration, effective performance management and recognition Career growth and development opportunities 	<ul style="list-style-type: none"> An innovative culture that is people and client-focused A diverse and inclusive employee profile 	<ul style="list-style-type: none"> Employee attrition rates Employee satisfaction metrics Employee survey outcomes Top employer awards Investment in employee training and development
<p> Collaborating with regulators</p> <ul style="list-style-type: none"> Compliance with all legal and regulatory requirements and sustainable and responsible banking practices Effective governance and financial and operational stability A responsible taxpayer Transparent reporting and disclosure Active participation and contribution to industry and regulatory working groups 	<ul style="list-style-type: none"> Timely, regular and transparent reporting Buffer on solvency capital 	<ul style="list-style-type: none"> Financial and non-financial targets Group capital adequacy ratio Taxes paid Solvency capital Claims turnaround times
<p> Uplifting society</p> <ul style="list-style-type: none"> Engagement with investors and sustainability stakeholders on sustainable finance offerings, and progress on social impact initiatives Access to financial services, products and solutions that create positive impacts for individuals, families, businesses and communities Promotion of social and environmental matters that contribute to building a thriving society 	<ul style="list-style-type: none"> Shared prosperity Inclusive growth that supports national development objectives 	<ul style="list-style-type: none"> FirstRand Namibia Foundation Staff Assistance Trust Corporate social investment (CSI) contributions
<p> Delivering for investors</p> <ul style="list-style-type: none"> Share price growth and a rewarding dividend stream Sustainable growth in earnings and net asset value (NAV), and ROE above cost of equity A strong balance sheet to guard against downside risk Strong and experienced management, providing sound risk management Strategic focus on diversification through partnerships and acquisitions Transparent reporting and disclosure 	<ul style="list-style-type: none"> Share performance Profit growth Strong business performance 	<ul style="list-style-type: none"> NAV per share ROE Dividends paid and dividend cover Debt instrument offerings that provide alternative investment opportunities

Financial value distributed to stakeholders

In fulfilling our promises to stakeholders, FNB Namibia allocates the value it creates in appropriate and meaningful ways – and for many stakeholders, in ways that go beyond financial value.



How financial value for stakeholders was distributed



The focus going forward

In the coming year, we aim to:

- enhance financial inclusion and digital literacy by expanding our reach to rural and underserved populations through agent banking and mobile education platforms;
- strengthen regulatory engagement to stay ahead of emerging requirements in cyber-security, artificial intelligence (AI) in banking, and sustainable finance taxonomies;
- deepen stakeholder trust by embedding environmental and social considerations more fully into credit risk assessments and product development; and
- foster a culture of responsiveness by equipping teams with real-time analytics and stakeholder intelligence tools for improved decision-making.

FNB Namibia strives to cultivate stakeholder relationships that support inclusive economic growth, promote trust in the banking system, and deliver shared value for all stakeholders.

A VALUE-CREATING BUSINESS MODEL

The group creates value for stakeholders by using its resources, activities and strategy in an interconnected way, managed by strong governance processes and with integrated thinking at the core.

FNB Namibia's business activities are tied to our products and services, which we discuss throughout this report. Value is measured through the direct impact the group has on key stakeholders.

We set out the governance structures and processes from page 21 and unpack the strategy on page 29.

We consider the six capitals throughout our business model. They are defined as follows:

Financial capital	Social capital	Manufactured capital	Human capital	Natural capital	Intellectual capital
<p>Our strong capital position, supported by diversified and sustainable sources of funding and deposits.</p>	<p>Our relationships with stakeholders, including the communities in which we operate.</p>	<p>Our physical infrastructure, including our branch and ATM network, digital and physical channels, and IT systems.</p>	<p>Our culture, solutionist people, experienced leadership and teams.</p>	<p>Our inter-dependency on natural resources and the impact of our operations and financing activities on the environment.</p>	<p>Our brand equity, data and analytics capabilities, innovation in digital platforms, governance frameworks, and financial and risk management systems.</p>
<p>The group aims to positively impact stakeholders by:</p> <ul style="list-style-type: none"> Deploying funds Funding opportunities (corporates and commercial clients) Providing housing financing (property ownership and access to housing) Shareholder returns 	<p>The group aims to positively impact stakeholders through:</p> <ul style="list-style-type: none"> Contributions to society (government income and CSI contributions) Constructive relationships and dialogue with regulators, government and other stakeholders 	<p>The group aims to positively impact stakeholders through financial inclusion, increased access and provision of financial services.</p>	<p>The group aims to positively impact stakeholders by investing in employees and future talent.</p>	<p>The group aims to positively impact stakeholders by advancing environmental sustainability.</p>	<p>The group aims to positively impact stakeholders through the long-term sustainability of the business.</p>
<p>Financial outcomes are measured as follows:</p> <ul style="list-style-type: none"> Capital base <ul style="list-style-type: none"> Equity: N\$6.7 billion (2024: N\$5.8 billion) ROE: 29.5% (2024: 27.9%) Balance sheet growth <ul style="list-style-type: none"> Net advances growth of 3.9% and total deposits increase of 2.2% Profitability <ul style="list-style-type: none"> Profit before tax growth of 12.7% (2024: 4.0%) 	<p>Social outcomes focus on the group's role in society as a financial services business. They are measured as follows:</p> <ul style="list-style-type: none"> Direct and indirect tax paid: N\$1.6 billion (2024: N\$1.4 billion) CSI contributions: N\$17.5 million (2024: N\$32.0 million) Compliance with regulatory requirements 87% localised procurement in Namibia (2024: 92%) Number of customer complaints: 713 (2024: 680) 	<p>Manufactured outcomes are measured as follows:</p> <ul style="list-style-type: none"> Business processes and structures <ul style="list-style-type: none"> Technology infrastructure investment: N\$531 million (2024: N\$570 million) Digital logins by retail customers up 7.8% year-on-year New registrations on digital platforms by retail customers up 2.2% year-on-year Physical infrastructure <ul style="list-style-type: none"> Large branch network CashPlus agents 	<p>Human outcomes focus on our employees, their skills and our culture, and are measured as follows:</p> <ul style="list-style-type: none"> Salaries and benefits paid: N\$1.2 billion (2024: N\$1.1 billion) Investment in training: N\$19.2 million (2024: N\$23.6 million) 44% women and 53% black people in senior management (2024: 48%, 53%) Bursaries awarded: N\$3.1 million (2024: N\$6.8 million) 	<p>Natural capital outcomes are measured as follows:</p> <ul style="list-style-type: none"> Five Star green-rated building (FNB @Parkside) 28.3 tons of waste collected from @Parkside in 2025, of which approximately 16.3 tons (58%) were distributed for recycling Total solar power generated at all FNB locations is approximately 535kWp 	<p>Intellectual outcomes are measured as follows:</p> <ul style="list-style-type: none"> Strong brand <ul style="list-style-type: none"> Refer to page 7 for local and international awards Development capabilities <ul style="list-style-type: none"> Launched the H.E.R banking product Launched the SME digital hub



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A ROBUST GOVERNANCE ECOSYSTEM

Overview of how our leadership and strong governance structures support the creation and protection of value.

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A LETTER FROM THE CHAIRPERSON

Market confidence and national growth depend on coordinated reforms, strategic investment, and a shared vision for inclusive prosperity.

 Otto Shikongo

Reflecting on national leadership and stability

The 2025 reporting period was one of deep reflection and measured optimism for Namibia. The nation mourned the passing of our third President, Dr. Hage Gottfried Geingob, who passed away while in office in February 2024. A year later, Namibia bid farewell to our Founding President, Dr. Sam Shafiqhuna Nujoma. He was a visionary leader whose steadfast commitment to peace, unity, and political stability laid the foundation for the country's democratic and economic trajectory. A demonstration of institutional resilience matched these national moments of remembrance.

President Dr. Netumbo Nandi-Ndaitwah was sworn in as Namibia's fourth elected President on 21 March 2025, following peaceful and democratic elections at the end of 2024. The smooth transition reaffirmed Namibia's commitment to constitutional order and good governance. These values underpin investor confidence and the stability required for sustainable economic growth.

Macroeconomic and operating environment

Namibia's operating environment remained complex throughout the year. Persistent structural challenges continued to weigh on national development and domestic demand. These include high unemployment, the lingering effects of a prolonged drought, and ongoing inefficiencies in key state-owned enterprises.

At the same time, momentum began to build in several key sectors. Improved rainfall and greater policy alignment across infrastructure and energy supported renewed economic activity. In particular, Namibia's growing role in the oil, gas, and green hydrogen sectors is attracting increased global attention and investment interest.

Monetary policy developments presented headwinds and tailwinds. The easing of rates helped improve affordability for households and businesses. However, the group continued to manage elevated impairments stemming from prior high-rate cycles.

Navigating this environment required prudent financial resource management and a strong focus on client resilience.



Navigating the financial services landscape

Namibia's banking sector continues to operate within an evolving regulatory and geopolitical context. The group is encouraged by the national progress toward removal from the Financial Action Task Force (FATF) grey list. This progress is vital to strengthening Namibia's financial system and attracting foreign capital flows.

SMEs remain central to the country's job creation and economic diversification goals. However, access to finance and markets continues to constrain their growth. FNB Namibia is collaborating with government and industry stakeholders to unlock targeted infrastructure projects and improve financing solutions for emerging businesses.

The cost of doing business will reduce, and in turn, market access will expand should policy reforms be given the attention required.

Opportunities within the broader financial services landscape are also expanding. Ongoing digital transformation, the emergence of Namibia as a renewable energy hub, and closer public-private cooperation present avenues for sectoral growth and innovation. Policy coherence, cybersecurity readiness, and regulatory modernisation will be essential to capitalise on these opportunities.

Performing despite macroeconomic headwinds

FNB Namibia delivered a resilient and high-quality set of results. The group achieved:

- strong earnings growth;
- a solid return on equity; and
- meaningful expansion in NAV.

These results reflect our disciplined approach to financial resource management and our strategic asset mix, particularly across lending and deposit franchises.

The diversification of revenue streams into capital-light areas, continued to enhance resilience. RMB's consistent performance contributed to the strength of our balance sheet. These outcomes underscore our ability to make bold, well-timed strategic decisions in service of long-term value creation for shareholders and customers.

Building a globally competitive Namibia

FNB Namibia's commitment to sustainable impact is woven into its culture, strategy and operations. We believe that financial success must be matched by positive social and environmental outcomes, anchored in our purpose.

The group delivered a range of initiatives aligned with national development priorities and the UN Sustainable Development Goals, including:

- **Youth employment:** Absorbed 90% of our FirstJob interns into permanent roles.
- **Affordable housing:** Provided accessible finance to help address Namibia's housing gap.
- **Education:** Awarded bursaries and scholarships to students aligned with future skills needs.
- **Healthcare and wellness:** Contributed to medical equipment and nationwide wellness initiatives.
- **Community resilience:** Provided drought relief support and assisted in land service delivery.

These efforts reflect our commitment to responsible banking and shared prosperity.

Appreciating stakeholders

The Board expresses its heartfelt thanks to Mr. Peter Grüttemeyer, who retired as Chairperson in October 2024. His steady leadership and strategic insight helped steer the group through dynamic times.

We also extend sincere appreciation to the exco for their consistent engagement, operational excellence, and commitment to the group's long-term goals.

Most importantly, we thank every employee of FNB Namibia. Your dedication, integrity, and client focus continue to drive our purpose forward and shape our contribution to the broader Namibian economy.

Together, we remain committed to building a strong, inclusive, and competitive future for all Namibians.

Otto N Shikongo
Board chairperson

A STRONG BOARD OF DIRECTORS

FNB Namibia’s directors have extensive skills and expertise and an appropriate mix of knowledge, diversity and independence to balance the interests of all stakeholders.

The board consists mainly of non-executive directors, the majority of whom are independent. There were nine directors as at 30 June 2025, comprising two executive, two non-executive and five independent non-executive directors.

Non-executive directors



Otto Shikongo (63)

Board chairperson
Independent non-executive director
Namibian

Appointed: February 2023 to the board and October 2024 as board chairperson

Tenure: <3 years

Qualifications: Master of Engineering, Mechanical Engineers Certificate of Competency, Professional Engineer.

Significant external appointments and affiliations:

Tshothi Investments (Pty) Ltd



I-Ben Nashandi (54)

Non-executive director
Namibian

Appointed: January 2019

Tenure: <7 years

Qualifications: Bachelor of Commerce, Master of Science in Financial Economics; Master of Commerce in Development Finance.

Significant external appointments and affiliations:

National Planning Commission of Namibia (Executive director/accounting officer)



Samantha Balsdon (57)

Non-executive director
South African and Irish

Appointed: July 2024

Tenure: <1 year

Qualifications: Bachelor of Commerce, Chartered Financial Analyst.

Significant external appointments and affiliations:

First National Bank of Eswatini Ltd

Non-executive directors



Jan Coetzee (51)

Independent non-executive director
Namibian

Appointed: October 2021

Tenure: <4 years

Qualifications: Bachelor of Commerce in Information Technology



Emile van Zyl (63)

Independent non-executive director
Namibian

Appointed: March 2022

Tenure: <4 years

Qualifications: Bachelor of Commerce in Economic Science, Bachelor of Commerce Honours in Economics, Master of Commerce in Economics.



Libertha Kapere (48)

Independent non-executive director
Namibian

Appointed: December 2022

Tenure: <3 years

Qualifications: Bachelor of Jurisprudence (BJuris), Bachelor of Laws (LLB), Admitted Legal Practitioner (High Court of Namibia).

Significant external appointments and affiliations:

Namibia Theological Seminary



Markus Lubbe (60)

Independent non-executive director
South African with Namibian permanent residency

Appointed: February 2023

Tenure: <3 years

Qualifications: Chartered Accountant (NAM) (SA).

Executive directors



Conrad Dempsey (49)

Chief Executive Officer (CEO)
Namibian

Appointed: October 2020

Tenure: <5 years

Qualifications: Chartered Accountant (NAM) (SA), Global Chartered Management Accountant (UK), Associate Member of the Association of Corporate Treasurers (UK), Master of Philosophy in Future Studies.



Lizette Smit (36)

Chief Financial Officer (CFO)
Namibian

Appointed: July 2023

Tenure: <3 years

Qualifications: Chartered Accountant (NAM) (SA).

Board changes in 2025

SL Balsdon was appointed as a non-executive director effective 15 July 2024. Her induction plan considered that she was previously an executive within FNB Namibia. R Makanjee, also a non-executive director, resigned effective 31 December 2024.

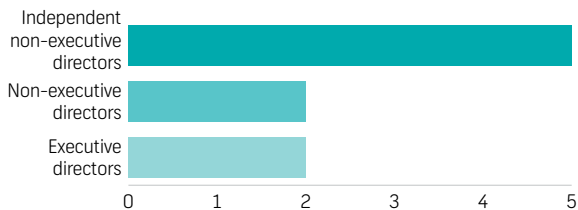
P Grüttmeyer, the previous independent non-executive chairperson, retired from the board effective 17 October 2024. He was replaced as chairperson by the previous deputy chairperson, ON Shikongo, on the same date.

Board composition

Independence

Non-executive directors classified as independent underwent an evaluation of their independence by the board, assisted by the chairperson and the directors' governance committee.

Independence was assessed by weighing all relevant factors that could impair independence. This included the ability to exercise objective judgement after considering all relevant information without undue influence from executive officers or inappropriate external parties.



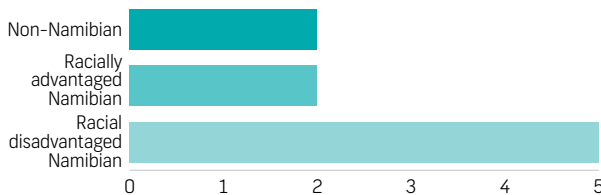
Tenure

The Determination on the Appointment, Duties and Responsibilities of Directors, Principal Officers, and Executive Officers of Banking Institutions and Controlling Companies (BID 1) provides that a non-executive director of a banking institution or controlling company may serve for a maximum of 10 years.

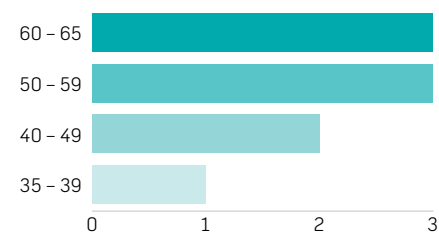
The board allows a maximum tenure of nine years for non-executive directors.



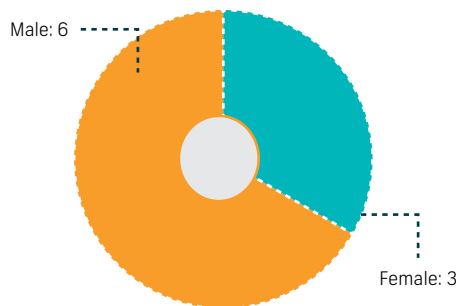
Racial diversity



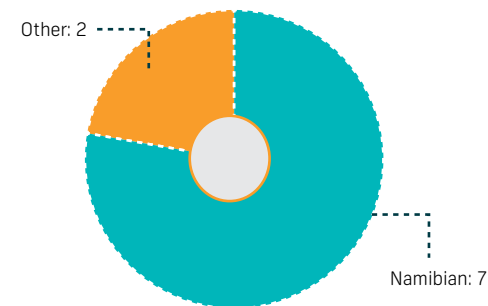
Age



Gender diversity



Nationality



Retirement

The upper age limit for non-executive directors, including the chairperson of the board, is 70 years. Thereafter, subject to the Bank of Namibia’s approval, a non-executive director may continue to serve for a limited period to allow for transitional arrangements.

Tenure

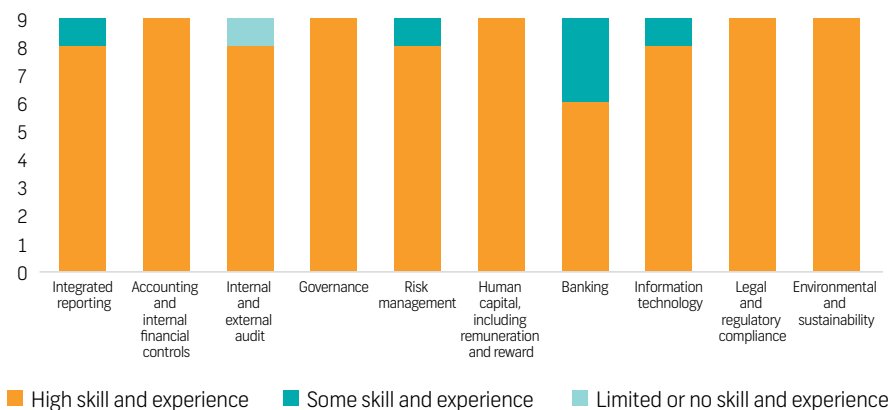
Non-executive directors may serve for a maximum of nine years. Any term beyond this is subject to rigorous review by the board. This review will consider the director’s performance, factors that could impair his or her independence, and the need to refresh the board.

Rotation

One-third of non-executive directors are subject to retirement by rotation at each AGM. The directors to retire will be those who have been longest in office. The length of time during which a director has been in office is computed from the time when he or she was last elected or re-elected.

Board skills

A self-assessment was conducted during the year to formally evaluate the Board’s performance. The expertise and experience of our directors were measured across the key areas listed below.



Key roles and responsibilities

The following outlines the key roles and responsibilities within the governance ecosystem:

Board chairperson Otto Shikongo

The chairperson provides the direction necessary for an effective board. His duties and responsibilities are in accordance with the provisions of the NamCode, Companies Act 2004 and the Banking Institutions Act. These duties include providing overall leadership to the board, overseeing formal board succession, managing conflicts of interest and acting as the link between the board and management.

Chief Executive Officer Conrad Dempsey

The CEO is responsible for leading the implementation of approved strategy, policies and operational planning. He leads and directs executive management and serves as the chief link between management and the board.

Chief Financial Officer Lizette Smit

The CFO is responsible for overseeing financial planning and analysis, managing the budgeting process, and ensuring accurate financial reporting and regulatory compliance. She plays a key role in strategic planning and supports the overall financial health and sustainability of the company.

Company secretary Nelago Makemba

The company secretary plays an essential role in FNB Namibia’s corporate governance and ensuring the board operates effectively. She is responsible to the board for, *inter alia*, providing board support and serves as the gatekeeper of corporate governance. She is responsible for ensuring the board and management have access to professional services and advice on corporate governance principles and practices. The annual assessment of the company secretary confirmed that she is competent, suitably qualified and that the corporate governance arrangements are effective.

Board committees

First National Bank of Namibia has four board committees to assist and support the board in discharging its duties. Each committee acts in accordance with written terms of reference.

The board and committees are satisfied that they fulfilled their responsibilities in 2025 in accordance with their charters, as set out in the board and committee reports.

Board development programmes

Directors have unrestricted access to management, company information and property. They are entitled to seek independent professional advice at the company’s expense, when necessary to carry out their duties, subject to following an internal process.

Professional development training and regular briefings are provided to board members. In 2025, the following training topics were covered:

- Information technology
- Fraud risk management
- Outsourcing risk
- Emerging legislation

KEY GOVERNANCE STRUCTURES

The First National Bank of Namibia group seeks to maintain effective corporate governance processes. As a wholly Namibian subsidiary within the FirstRand Namibia Group, we maintain a governance structure that is globally aligned, ensuring that our oversight mechanisms are robust, contextually relevant, and independently executed.

Meeting attendance

The board meets quarterly. Should important matters arise between scheduled meetings, additional meetings may be convened. No additional board meetings were convened during the year. Directors attended various engagements, including training, strategy sessions, regulatory engagements, and *ad hoc* meetings.

The board and management collaborated effectively, ensuring continuity in effective governance and decision-making.

Director	Board meeting	Board strategy session	Directors' training
Number of meetings	4	1	4
Independent non-executive directors			
ON Shikongo	4	1	4
J Coetzee	4	1	3
E van Zyl	4	1	4
MJ Lubbe	4	1	3
LD Kapere	4	1	3
P Grüttemeyer ¹	2	N/A	N/A
Non-executive directors			
IN Nashandi	4	1	2
SL Balsdon	4	1	4
R Makanjee ²	1	N/A	N/A
Executive directors			
C Dempsey	4	1	4
LP Smit	4	1	4

¹ Retired effective 17 October 2024.

² Resigned effective 31 December 2024.

Audit committee report

The audit committee is duly constituted in accordance with the Banking Act. It assists the board in fulfilling its oversight responsibilities in areas such as financial reporting, internal control systems, and internal and external audit functions for FNB Namibia and its subsidiary.

The committee and board adopted an audit committee charter, including a non-audit services policy and group internal audit policy.

The board is satisfied that the members of the audit committee have appropriate qualifications and a balance of skills and experience to discharge their responsibilities.

Member	Appointment date
Markus Lubbe (Chairperson)	Appointed 6 April 2023
Libertha Kapere	Appointed 14 March 2023
Jan Coetzee	Appointed 1 January 2024
Invitees	
Chief Executive Officer	
Chief Financial Officer	
Chief Audit Executive	
Chief Risk Officer	
Chief Compliance Officer	
Chief Operating Officer	
Treasurer	
Executive Officer: Retail	
Executive Officer: RMB	
Executive Officer: Commercial	
External auditors	

Internal audit programme

The committee reviewed the internal audit programme. It concluded that there is an effective internal audit department staffed with qualified internal audit resources to perform internal audit functions.

Internal audit is under the direct authority and supervision of the audit committee and reports independently to the committee. The Chief Audit Executive has a direct reporting line to the chairperson of the committee, and her performance is evaluated and rated by the committee.

Internal audit is subject to an external quality review every five years. The last review took place in 2024. The review assesses conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. It also assesses the effectiveness of the internal audit methodology, technology and tools, and alignment with the group's strategy, policies, stakeholder expectations, and industry-leading practices.

External audit

The committee oversaw the external audit. This included:

- reviewing and approving the external audit plan;
- reviewing significant audit findings; and
- monitoring progress reports on corrective actions to rectify reported internal control shortcomings.

The external audit report is on page 74

The committee is satisfied with the group's external auditor, Ernst & Young Namibia, with regard to its:

- performance and quality;
- independence, including that of the lead audit partner; and
- efficacy.

The annual appointment of the external auditor and the designated individual audit partner are subject to assessment in accordance with the Banking Act.

Internal financial controls

The committee reviewed and is satisfied with the effectiveness of the group's internal controls and systems. These are designed to provide reasonable assurance over the integrity and reliability of the group's financial statements and to adequately safeguard, verify and maintain accountability of the group's assets.

Combined assurance

The committee ensured that a combined assurance model (page 34 to 35) is applied to provide a coordinated approach to all assurance activities. It assessed whether the combined assurance received adequately addressed all material risks related to external audits, internal audits and management.

The committee is satisfied that the combined assurance process integrated, coordinated and aligned risk management and assurance processes within the group in order to optimise the level of risk, governance and control oversight of the group's risk landscape.

Going concern

The committee helped the board conclude on the going concern status of the group. It reviewed a documented assessment prepared by management, including the key assumptions. The going concern basis continues to apply and was adopted in preparing the consolidated and separate annual financial statements.

Financial statements and integrated reporting

The committee provided independent oversight of the integrity of the interim financial statements, annual financial statements, integrated annual report and other external reports issued and recommended them to the board for approval.

The committee is satisfied that the annual financial statements were prepared in accordance with IFRS[®] Accounting Standards, including interpretations issued by the IFRS Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the NSX Listing Requirements, the Banking Act and the Companies Act.

Lizette Smit, the CFO, supervised the preparation of the annual financial statements for 2025. The committee confirmed that they are satisfied that she possesses the appropriate expertise and experience to perform her duties as CFO. The committee is also satisfied with the appropriateness of the expertise and adequacy of resources of the finance function and the experience of the members of management responsible for the finance function.

The committee confirms that the group has established appropriate financial reporting procedures and that those procedures are operating.

The audit committee is satisfied that it fulfilled its responsibilities in 2025 in compliance with its charter.

Talent and remuneration committee report

The talent and remuneration committee oversees the group's remuneration. It ensures that the group remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Remuneration governance

The committee consists of three members and is chaired by an independent non-executive director. The CEO, the CFO and the Chief Human Capital Officer attend all committee meetings in an ex officio capacity. Management invitees do not have any voting rights. Where there is a conflict or perceived conflict of interest, members of management recuse themselves from the discussion. Deliberation on an individual's performance occurs in the absence of the individual.

The committee assists the board in ensuring that the group meets recommended remuneration guidelines and practices of the NamCode, where appropriate, subject to the provisions of the:

- Companies Act;
- FNB Namibia Ltd Articles of Association;
- Banking Act;
- BID 1; and
- any other applicable laws or regulatory provisions.

The committee provides governance oversight of all forms of remuneration and reward for non-executive directors, executive directors, senior management and all employees across the FNB Namibia group.

Key focus areas

The committee focused on organisational priorities aligned to the group's strategic objectives and long-term value creation goals, namely:

- Succession planning: Strengthening the leadership pipeline to ensure readiness of successors for critical and senior roles across the group.
- Talent engagement and retention: Fostering employee engagement and retaining key skills to sustain the group's competitive advantage.
- Talent mobility: Promoting cross-border assignments and mobility opportunities within the group to support skills development, knowledge transfer and career progression.
- Performance: Oversight of organisational and individual performance to foster a high-performance culture that supports achievement of the group's strategic objectives.
- Leadership and capability development: Implementing coaching, mentorship and development programmes to build future-fit leaders and enhance organisational capability.

Aligning reward with shareholder value

The committee seeks to implement remuneration policies and structures that align reward with shareholder value. Its objectives are to:

- attract, motivate, reward and retain talent;
- promote the achievement of strategic objectives within the organisation's risk appetite;
- promote positive outcomes and fair, transparent and consistent remuneration practices; and
- promote an ethical culture and responsible corporate citizenship.

For detail, refer to the human capital performance review on page 56 and the remuneration report starting on page 61 which contains the reward philosophy and principles policy.

Non-binding advisory vote by shareholders

In line with the NamCode and the NSX Listing Requirements, the 2025 reward philosophy and principles policy was approved at the AGM held on 17 October 2024 through separate non-binding advisory votes by shareholders.

The committee is satisfied that it fulfilled its obligations in 2025 in compliance with its charter.

Risk, capital and compliance committee report

The committee provides independent oversight of the group's risk, capital management and compliance activities. It ensures that an effective policy and plan for risk management are implemented to improve the group's ability to achieve its desired outcomes. It ensures that risk disclosures are timely, sufficiently detailed and relevant to the group's stakeholders.

The committee is supported by various risk and governance committees, chaired by independent non-executive directors and non-executive directors who participate in the committee. These specialist committees were established to ensure the group's diverse risks and risk controls are properly managed and monitored within formalised structures.

Approval of risk, capital and compliance-related frameworks

The committee approved various frameworks and noted the policies and other documents approved by the relevant in-country forums. It ensured that framework and policy documents are localised to in-country laws, regulations and governance arrangements.

The committee provided clear and effective objectives through frameworks and policies within which the group must operate.

Risk profile

The committee monitored the group's overall risk profile and escalated material matters to the FNB Namibia board.

The 2025 risk profile and response plans were impacted by various factors and scenarios (refer to the risk section starting on page 33). The committee continually identifies such challenges and associated risks, determines their potential impacts, and debates and reports on them. The committee monitored that the group took appropriate action to manage the various risks and that it complied with applicable laws, rules, codes and standards.

Sufficiency of resources

The committee ensured that the risk and compliance functions within FNB Namibia group have sufficient experience, qualifications, authority, independence and resources to enable them to fulfil their responsibilities.

Compliance risk universe and monitoring plan

The committee reviewed and approved the compliance risk universe, prioritised universe, compliance monitoring plans and related amendments. It ensured that the group obtained a thorough understanding of its compliance obligations. These are continually addressed as part of the compliance process.

The committee is satisfied that it fulfilled its obligations in 2025 in compliance with its charter.

Social, ethics and transformation report

The committee ensures compliance with Namibia Securities Exchange Gazette No. 159 and supports the group's social, ethical, and transformation agenda, functioning as a management committee rather than a board committee.

Key focus areas

During the year, the committee

- advised the group on environmental, social and governance (ESG) issues, organisational ethics, responsible corporate citizenship, sustainable development and transformation;
- oversaw the governance and effectiveness of the Group-wide ethics programme, including the FNB Namibia code of ethics;
- monitored sustainability matters, including environmental wellbeing, integrated reporting, sustainable development goals, and supply chain practices;
- provided oversight of the environmental and social risk management portfolio;
- oversaw social impact efforts, including CSI, stakeholder engagement, culture, corporate citizenship and empowerment initiatives;
- received regular updates on CSI efforts, primarily through the FirstRand Namibia Foundation and the FNB Staff Assistance Trust;
- received reports on human capital matters, including transformation, organisational culture, people risk and employee wellbeing; and
- assessed business conduct programmes, focusing on market conduct, culture, conflicts of interest and people-related risks.

Do What Matters report to society

FNB Namibia combines a strategic approach with targeted action to deliver shared prosperity through its business activities. The group continually refines its thinking and processes to better assess and measure its societal, economic and environmental impact.

The Do What Matters report to society addresses this aspect of our performance.

The committee is satisfied that it fulfilled its obligations in 2025 in compliance with its mandate.

Directors' governance committee report

FNB Namibia has a governance framework that recognises each company within the group as a separate and independent juristic person to whom its directors owe fiduciary duties. This framework recognises that corporate governance is founded in law and should enable the group to meet its compliance obligations.

Corporate governance is fundamental to the long-term sustainability of the group. The directors' governance committee assists the board to place ethical and effective leadership and good corporate governance at the centre of their operational and corporate culture.

Key focus areas

The group board has ultimate oversight of corporate governance matters. The boards delegate authority to the committee, which assists them in discharging their duties by continually refining:

- governance;
- board and committee structures;
- board continuity;
- board effectiveness; and
- general compliance with the legislative governance requirements.

Corporate governance structures and processes

The committee monitored the adequacy and effectiveness of the group's corporate governance structure and practices. It recommended various changes to the governance structure.

Tenure

The committee monitored individual directors' tenure. It confirmed that all directors are well within the board-approved tenure limit of nine years.

Director and committee succession

The committee oversaw non-executive director continuity and succession planning for the board and committees. The committee has a formal process for identifying and appointing directors. This aims to ensure an appropriate mix of skills, promote diversity through a broad range of attributes, and maintain an appropriate balance between executive, non-executive and independent non-executive directors.

Chairperson independence evaluation

The committee interrogated the results of the annual board chairperson independence evaluation. Independence is defined according to principle C18.4 of the NamCode as the ability to exercise objective judgement after fair consideration of all relevant information and views without undue influence from executive officers or inappropriate external parties or interests. The chairperson was found to be independent.

Non-executive director assessment

The committee conducted the annual assessment of the independence of the non-executive directors. It weighed all relevant factors that could impair independence. The Committee is satisfied that the composition of the board and board committees reflects an appropriate balance of executive, non-executive and independent non-executive directors. The classification of directors is given on page 19 [📄](#)

Board evaluation

The committee submitted the outcome of the prior year evaluation and the action plan to address identified areas of improvement to the full board of directors for discussion. The evaluation outcome was used to identify training needs for the year. The committee monitored progress in implementing the action plan.

The current year evaluation assessed the effectiveness of the board and committee charters, the board and committee meetings, responsibilities and composition, the executive directors, the chairperson, and the Company Secretary. The committee reviewed the evaluation and identified no material concerns. The committee is satisfied that the evaluation process contributes to board and committee performance and effectiveness.

The committee is satisfied that it fulfilled its obligations in 2025 in compliance with its charter.



C

A STRATEGY THAT CREATES VALUE

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○	Strategy overview	29
○	Addressing material matters	30
○	Strategic risk management	33

THE CEO'S REFLECTIONS

Executing on our strategy and solving societal challenges in an inclusive manner remains the cornerstone of the group's success and delivers more to all Namibians.

Conrad Dempsey



Our integrated annual report highlights the group's quality performance in 2025. It demonstrates how delivering more value to customers supports our solid operational performances and leads to steady topline growth.

Investing in Namibia

The group offers a broad range of transactional, lending and investment products and services. Our distinctive investment proposition and longstanding track record of delivering growth and superior returns are underpinned by our:

- consistent innovation;
- enabling digital platforms;
- disciplined financial resource management (FRM); and
- people philosophy.

Our commitment to building a globally competitive Namibia by unlocking opportunities for our market reflects our deep dedication to delivering financial value and positive social outcomes for multiple stakeholders. We aim to add value to society profitably and at scale, enabling job creation across all sectors and regions by using our core business activities, including capital allocation.

Economic growth and superior returns for shareholders cannot occur in a vacuum. In addition to delivering value holistically and sustainably, we are committed to solving societal challenges innovatively through financial literacy, relevant product sets and appropriate distribution strategies.

These ambitions work together to build the foundation for a sustainable future.

We continue to work hard to measure and report progress on this commitment through our Do What Matters report 2025. I am particularly proud to highlight a few of our wins in this area:

- Inaugural N\$500 million FNB Namibia sustainability note, arranged by RMB.
- FNB Collective Buying, enabling access to up to 12 individuals to build a home, buy or invest in property, and share the monthly repayments.
- Increased access to customers through the CashPlus agency banking model.

Celebrating our accolades

We celebrated several notable accolades that underscore our progress, including recognition as a Top Employer and a leader in innovation across Africa. Among our many other accolades, they reflect the tangible results of our strategy, the dedication of our people, and our unwavering commitment to excellence.

Navigating our operating context

The financial sector, in conjunction with the central bank, continues to play a systemic role in supporting the country's growth and stability. Key sectors such as mining, agriculture, financial services, tourism, logistics, and construction remain core to Namibia's growth. However, severe drought conditions intensified economic challenges this year, particularly affecting the agriculture and water sectors.

Good rains in the second half of the year lifted confidence in these sectors. However, ageing infrastructure will require attention going forward. We are committed to enabling the much-needed infrastructure investment through our dedicated infrastructure fund, a partnership between RMB and Ashburton Investments.

Initial international interest in Namibia's oil and gas opportunities has progressed, with government and private sector roles evolving. We have established a strong platform to support multinationals, local businesses and government as Namibia embraces this promising economic shift. We invested significantly during the year in skills, capabilities and solutions specifically tailored towards this emerging market segment.

Applying a considered approach to credit

The national private sector credit extension (PSCE) grew steadily, driven mainly by corporate credit demand, which increased by 10.6%. Household demand also increased, albeit subdued by low growth in mortgage credit.

We continue to employ a considered and market-leading approach to credit extension. This supports our customers while protecting the balance sheet and depositors' return profile. Our credit performance for the year was in line with expectations, reflecting our origination strategy and approach to customer affordability and quality lending.

A well-managed credit loss ratio speaks to a quality customer base, despite the declining interest and inflation rate cycle. However, 2025 saw continued payment strain, debt counselling cases, and new NPL formation.

Increased consumer strain is evident at an industry level, across all entities, individuals, the self-employed and juristic entities.

Growing our businesses



FNB's focus on gaining more customers and doing more business with them played out well. We achieved customer growth across all segments and increased transactional volumes. Ongoing cash rewards to customers and pricing adjustments reflected our commitment to customer needs and opportunities to save on digital and self-help platforms.



RMB's corporate transactional franchise continued to grow fee generation. It was supported by strong balance sheet activity, growth in the markets business and healthy knowledge-based fees.

Employing for the future

Behind every result we deliver is the judgement, discipline, and ingenuity of our people. As the business grows in scale and complexity, our ability to make sound decisions under pressure and drive progress in uncertain conditions is what sets us apart.

We made deliberate choices to attract, retain, and grow talent for where the business is going.

Looking ahead

The macroeconomic environment is expected to show increasing signs of recovery next year, and general sentiment is certainly on the rise. The previous tight monetary policy cycle has abated, with rate cuts in the second half of 2024 setting the tone for the next six months.

However, the global economic outlook remains uncertain. As domestic inflation and interest rates trend lower, this has slowly provided real income relief to households and businesses, helping to lift economic activity. Increasing investment in the energy sector presents opportunities for credit growth extension and local content scaling partnerships in the tertiary sector.

Overall, business and consumer confidence depend on real economy inclusion and activity, a recognised feature of the shared prosperity approach entrenched in FNB Namibia's way of work.

We aim to capture a growing share of profitable growth opportunities in all segments where we operate, maintaining current levels of growth in advances and deposits. Non-interest revenue is likely to benefit from ongoing customer growth and increased transactional volumes. Our growth ambitions in the Namibian market is not limited to organic growth in our existing businesses.

Our investment in technology is creating a market-leading platform for servicing our customers in the coming years. It ensures that we offer resilient and safe channels for all our customers.

I remain optimistic about Namibia's future. Our talent, expertise, and deep understanding of our customers continue to challenge us to innovate and grow partnerships that align with our ambition of value for all.

A globally competitive Namibia starts at home, and the people of FNB Namibia remain committed to creating a better world for all Namibians. We are grateful for each one's contribution.



Conrad Dempsey
Chief Executive Officer



STRATEGY OVERVIEW

FNB Namibia commits to building a globally competitive Namibia, providing access to opportunities. The nature, size and scale of our business activities result in broad financial and societal impacts. We are a provider of credit and a custodian of the country’s savings. We provide transactional platforms for people to access and spend their funds. We are a material taxpayer and a large employer.

Given this position, we have a responsibility to deliver financial value and positive social, environmental and economic outcomes for multiple stakeholders. Delivering value requires intentionally using our core business activities, including capital allocation in the economy, to add value to society – profitably, relevantly and at scale.

The FNB Namibia performance scorecard sets out the key performance indicators (KPIs) through which strategy delivery is measured at group level. Each business unit has its own KPIs that support and link to the group scorecard to ensure alignment. These include more detailed KPIs to track specific business plan delivery against the strategy.

The group scorecard metrics provide the high-level focus for delivery on the overall group business plan and targets. The scorecard has five sections to ensure that the necessary governance, control and strategic focus areas are incorporated:

1. Strategic
2. Financial
3. Risk and control
4. Sustainability
5. People



ADDRESSING MATERIAL MATTERS

Material matters are matters that play a significant role in the group’s ability to deliver on its strategic objectives and ultimately create value and realise its purpose.

The materiality determination process is undertaken as part of a multi-functional review that evaluates risks, opportunities and challenges. The material matters are shaped by the internal and external context, the expectations and concerns of stakeholders, and the social, economic, governance and environmental conditions in which we operate.

The exco conducts a thorough assessment of the material themes, and the board gives final approval.

The material matters determination process:

1. Input

Management and exco meetings, strategic review, and board engagement provide input on the internal and external environment to determine issues and trends in the operating landscape.

2. Integrate

The input is used to identify risks and opportunities, inform business plans and align strategic objectives.

3. Review

Material matters are clarified and guide disclosure for the integrated annual report.

Legend

Strategic objectives and enablers to realise the purpose



Grow and improve market-leading businesses



Diversified offering and approach



More efficient cost-effective operating model



Disciplined FRM



Digital platforms



People

Capitals applied in the creation, preservation and erosion of value



Financial



Social



Manufactured



Human



Natural



Intellectual

Primary stakeholders



Regulators



Customers



Society



Investors



Employees



Suppliers

Level of focus ▲ Increase ▼ Decrease — Constant

Increase/decrease or constant refers to change in the level of focus relative to the prior year.

The five material matters that are explained in the following pages:

1. Sustainable economic transition
2. Customer satisfaction
3. Regulation, compliance and security
4. Future-fit group
5. Culture and talent

Culture and talent arose as a new material matter. Culture is an important lever for attracting and retaining top talent and driving performance. Given the increasing competition for talent, the right culture and people are vital for delivering on FNB Namibia's purpose in the short, medium and long term.

Sustainable economic transition

The context

- Namibia is on the cusp of structural economic change. It needs to address unemployment, improve education and develop infrastructure.
- Namibia needs inclusive economic growth that addresses local development and enhances entrepreneurial activity to ensure long-term resilience.
- There are new industrial opportunities in the energy sector, specifically in oil and gas.
- The country is dependent on agriculture. This requires a focus on climate-resilient solutions that will benefit society, the economy and the environment in the long term.

Why material

- Integral to maintaining our social licence to operate.
- Enhances long-term sustainable performance delivery.

Strategic actions

- Do what matters: Use FNB Namibia’s core business activities and deployment of capital to impact society, the environment and the economy, profitably and at scale.
- Knowledge acquisition and development: Understand the industry shifts, diversification of the economy and related opportunities.
- Skills and capabilities: Develop and acquire the necessary skills and capabilities to ensure continued value creation through relevant solutions and services.
- Partnering and positioning: Build relationships across existing and emerging industries and build brand strength to be relevant and distinctive.
- Measurement and control: Apply continuous measurement and risk management to ensure leading market practices and support the transition.

Customer satisfaction

The context

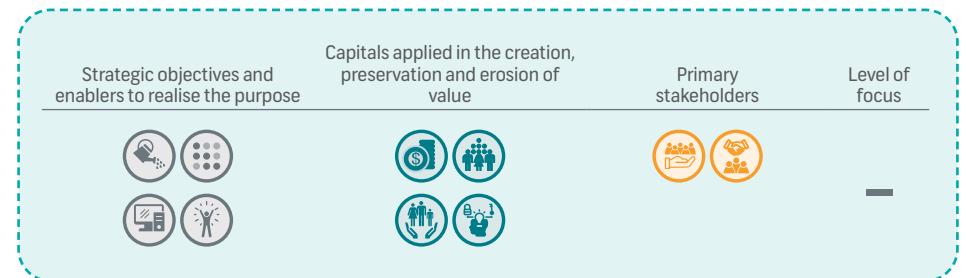
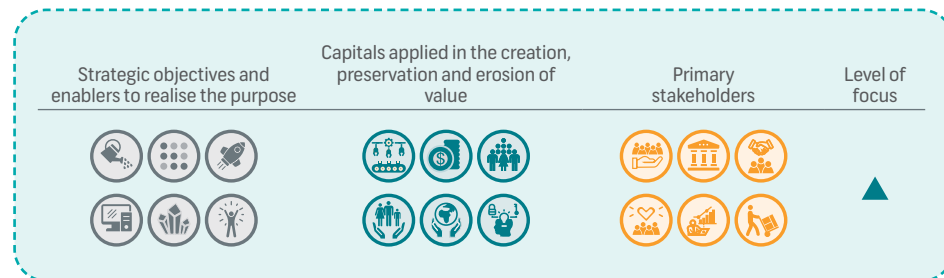
- We operate in an evolving market, with competition from new traditional and non-traditional financial services players entering the market.
- We need to exceed customer expectations in order to maintain market share, build brand loyalty and earn sustainable revenue. This is increasingly challenging.
- Customers demand value, quality, reliability and trust. This makes their satisfaction a core differentiator and risk area.

Why material

- Directly impacts FNB Namibia’s reputation, revenue and long-term value creation.
- Salient for customer retention and growth and competitive positioning.

Strategic actions

- Customer experience enhancement: Provide streamlined service channels and product delivery, digital interfaces, and face-to-face when needed.
- Customer engagement: Provide customer education, rewards, and feedback through satisfaction surveys and complaint tracking.
- Products and services: Offer solutions that are relevant to customers and continually identify opportunities to enhance products and services.
- Employee development: Train employees in service excellence and customer care.
- Data and insights: Use analytics to better understand and anticipate customer needs and proactively solve for personalised needs.



Regulation, compliance and security

The context

- We operate in a highly regulated environment. There is increasing scrutiny around data privacy, financial integrity, ethical conduct and cyber-resilience.
- Non-compliance or security breaches can result in legal penalties, reputational damage and operational disruption. This directly affects stakeholder trust and business continuity.

Why material

- Provides our licence to operate.
- Key to ensuring business continuity, legal compliance, and reputational and business resilience.

Strategic actions

- Governance structures: Oversight by dedicated and relevant committees.
- Compliance posture: Policies, training, internal controls, compliance maturity and ownership at all levels are in place.
- Regulatory monitoring: Continuous tracking of legal and regulatory changes.
- Cyber-security: Advanced threat detection, data protection and response protocols are in place.
- Employee training and awareness: Regular training on compliance, ethics, and data privacy and security.
- Agility and responsiveness: Tested procedures for managing breaches, audits and investigations.

Future-fit group

The context

- We are operating in the context of rapid technological change, shifting stakeholder expectations, evolving regulations, and climate-related shifts.
- Organisations need to be agile, digitally enabled, sustainably managed and purpose-driven in order to thrive.
- We need to increase our use of technological capabilities and digital platforms while remaining human and seeking real connections.

Why material

- Directly affects long-term sustainability, strategic alignment and risk mitigation.
- Salient for future readiness, stakeholder trust and sustained performance.

Strategic actions

- Purpose-led organisation: Align our strategic objectives and business plans with our purpose and its execution.
- Digital transformation: Invest in automation, robotics, data analytics, platform capabilities and customer education.
- Culture and leadership: Encourage innovation, accountability and continuous learning.
- Risk management and resilience: Enhance risk management, scenario planning, and management and planning agility.

Culture and talent

The context

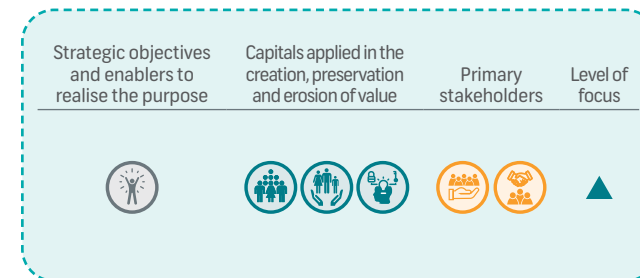
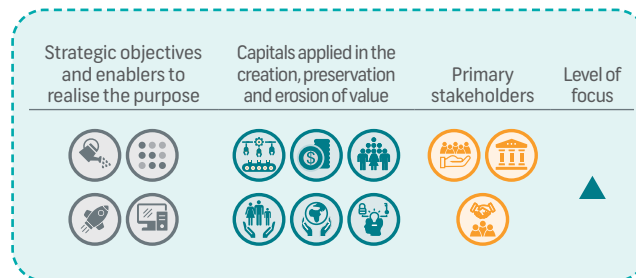
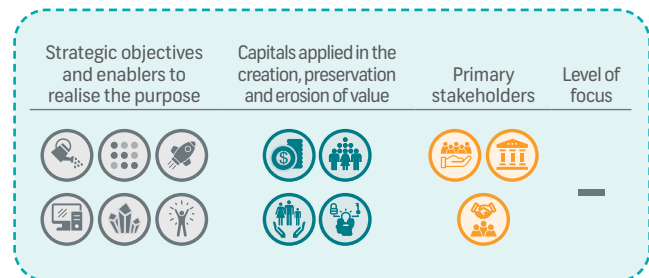
- An increasingly competitive talent landscape due to new entrants in the industry and the emergence of new industries.
- A shortage of required skills.
- Shifts in employee expectations.

Why material

- Directly impacts our ability to deliver on our business plans, innovation and service delivery. Indirectly impacts our reputation.
- Critical to implementing our strategy and sustaining our competitive advantage.

Strategic actions

- Attraction and retention: Build a purpose-led culture with a supportive environment. Strengthen our employee value proposition, succession planning and talent development.
- Skills development: Provide access to continuous learning platforms, leadership training, career pathways, coaching and mentoring.
- Employee engagement: Conduct surveys to track engagement with action plans and performance enablement.
- Talent mobility and agility: Provide hybrid work models, reskilling initiatives, and opportunities for exposure in different jurisdictions.
- Wellbeing: Provide mental health support and employee assistance programmes.



STRATEGIC RISK MANAGEMENT

Effective risk management and disciplined allocation of financial resources underpin the delivery of sustainable returns and earnings growth to shareholders. Therefore, these disciplines are deeply embedded in the group’s tactical and strategic decision-making.

Risk management approach

Risk is defined as any factor that, if not adequately identified, assessed, monitored and managed, may prevent the group from achieving its business objectives or result in adverse outcomes. The risk management process provides checks and balances to ensure sustainability and performance, identify opportunities, achieve desired objectives, and avoid adverse outcomes.

Responsible risk-taking is an essential part of the business, and our core risk competencies are a key differentiator and competitive advantage.

The group aims to achieve an appropriate balance between risk and reward. This requires controlling risk at the level of individual exposures, at portfolio level and across all risk types and activities. We achieve this control by applying risk-return and risk appetite frameworks. These frameworks enable group decision-making and align with FNB Namibia’s strategic objectives.

Effective risk management is key to executing our strategy. It is based on:

- A risk-focused culture and risk governance structure with multiple points of control applied consistently throughout the group.
- A combined assurance process to integrate, coordinate and align risk management and assurance processes. This optimises the level of risk, governance and control oversight of our risk landscape.
- Strong risk governance by applying financial and risk management disciplines through frameworks.

Our strategy is aligned with our financial resource management (FRM) principles and frameworks. These are designed to ensure earnings resilience and growth, superior returns, and balance sheet strength. They also ensure an appropriate risk-return profile and an acceptable level of earnings volatility under adverse conditions. These deliverables are underpinned by core central frameworks (see to the right) to ensure financial discipline. The frameworks incorporate performance metrics, risk appetite and FRM into long-term strategic planning and tactical decision-making.

Risk-return framework

Outlines quantitative return and growth targets and links to risk appetite thresholds to balance the trade-off between returns, growth and risk in decision-making.

Links group strategy to the allocation of risk capacity, resource management and risk appetite. Does this through quantification of earnings volatility limits.

FRM committee’s responsibilities

Ensure delivery on commitments to stakeholders at a defined confidence level.

Execute sustainable funding and liquidity strategies.

Protect credit ratings.

Ensure the group remains appropriately capitalised with an efficient capital structure.

Ensure disciplined allocation and pricing of financial resources.

Preserve balance sheet strength to be able to absorb shocks through the cycle.

Performance measurement framework

Drives economic value creation. This is defined as net income after cost of capital (NIACC).

Measures business delivery on a risk-adjusted basis.

Cascades group targets to business activities.

Risk management framework

Ensures material risks are identified, measured, monitored, mitigated and reported.

Assesses the impact of events on the group.

Ensures risk is understood and appropriately priced for.

Ensures origination within cycle-appropriate risk appetite and volatility parameters.

Risk appetite framework

Articulates the types and level of risk the group is willing to accept to achieve its strategic goals.

Articulates risk appetite statements, risk limits, and earnings volatility assessment approaches per material risk type.

Ensures appropriate behaviour through qualitative risk appetite principles that support a strong risk culture.

Risk governance

The board-approved risk management framework sets out our risk governance and management structure. It delineates the roles and responsibilities of key stakeholders in business, support and control functions.

The board is ultimately responsible for providing strategic direction, approving risk appetite, and ensuring risks are adequately identified, measured, monitored, managed and reported on. The risk, capital and compliance committee (page 24) oversees risk management and delegates responsibility for specialist topics and key risk types to risk subcommittees. The committee and its subcommittees represent the group’s risk governance structure and have appropriate decision-making mandates.

These subcommittees support the risk, capital and compliance committee by providing:

- executive risk oversight for segment CEOs and the Chief Risk Officer (CRO) from a risk and governance perspective; and
- a systematic screening mechanism to filter and escalate material risk concerns to the committee.

Non-executive directors are members of the various risk and governance committees. They serve where required as independent contributors of specialist oversight and knowledge, e.g. of cyber and credit risk. Exco ensures alignment of business strategies, implementation of the risk-return and risk appetite frameworks, and optimal deployment of the group’s resources.

Regular, robust and transparent risk reporting gives the board and management an accurate, complete and reliable view of the group’s financial and non-financial risk profile. This enables management to make appropriate strategic and business decisions.

Group internal audit provides a written assessment of the adequacy and effectiveness of internal controls (including financial controls) and risk management to the audit committee. This enables the board to report on the effectiveness of internal controls in the annual financial statements.

Risk culture

Our risk culture supports effective risk management and controls. It ensures appropriate levels of responsibility and ownership for risk management. Clear and robust mechanisms ensure that each of the three lines of defence (risk ownership, risk control and independent assurance) discharges its functions fully.

Our culture is founded on ethical leadership, transparent flow of information, integrity of reporting, and fair treatment of customers.

The board and management oversee ethics and risk culture programmes. These combine advocacy, employee training and communication to promote responsible conduct and positive risk management. Programmes include assessing risk culture, overseeing client desirability and related reviews, managing whistle-blowing and conflicts of interest, and risk culture monitoring mechanisms.

Our risk culture is underpinned by:

- a deep understanding of the group’s risks in support of its strategy;
- an ethical culture linked to the overarching FNB Namibia code of ethics;
- robust risk governance structures to ensure that risk policy frameworks are visible and implemented;
- best-practice risk identification, measurement, monitoring, management and reporting; and
- an organisational culture that supports appropriate ethics practices and risk management.

We further strengthened our risk culture in 2025 by:

- enabling whistle-blowing and declaration of interest monitoring through digital platforms;
- regularly assessing risk culture and risk maturity across key business lines;
- leveraging digital technologies to enhance risk and compliance protocols and policies and better surface insights and strategic themes; and
- enhancing collaboration to improve the management of ethical matters.

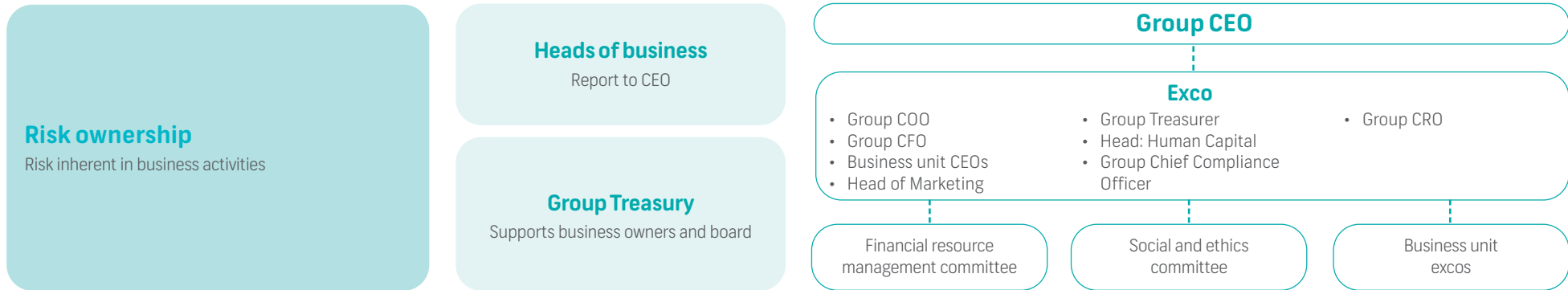
Combined assurance

The group has a mature combined assurance forum. The forum assists the audit committee in integrating, coordinating and aligning the group’s risk management and assurance activities. The group applies a consistent methodology to govern independent oversight, review and validation of audits performed by the respective assurance providers. This ensures a high standard of operational processes.

We made good progress in enhancing the combined assurance processes for greater efficiency. We reduced duplication, optimised the use of resources, and promoted collaboration across assurance providers. Coordinated assurance plans ensure comprehensive coverage of key risk themes and control areas. In addition, the combined assurance forum enhances the identification and awareness of the group’s emerging risks.



First line of defence

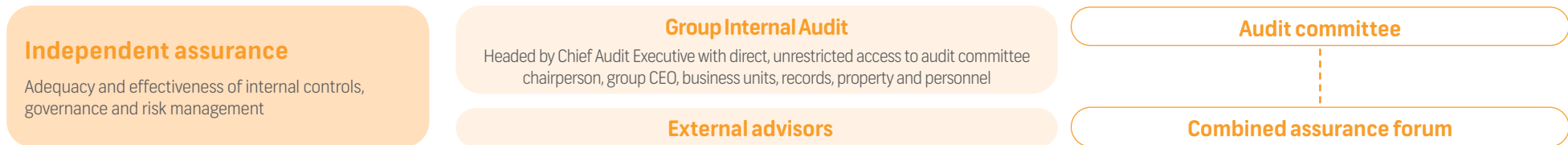


Second line of defence



* Specialised risk committee include the following key committees: senior credit risk committee, credit risk management committee; asset, liability and capital committee and enterprise risk management committee.

Third line of defence



Risk appetite

At business unit level, strategy and execution are influenced by the availability and price of financial resources, risk appetite thresholds, earnings volatility limits, and required hurdle rates and targets. The risk-return framework drives the discipline of balancing risk, return and sustainable growth across all portfolios. It helps the group achieve an optimal trade-off between its ability to take on risk and the sustainability of the returns delivered to shareholders.

The risk-return framework connects the group's performance targets, resource constraints and aggregated risk appetite statement, establishing a link between returns, growth and risk.

Through the risk-return and FRM frameworks, the group sets quantitative measures, thresholds and targets that support its commitments to stakeholders.

The board's risk appetite statement is outlined below. The group's risk appetite is ultimately constrained by its risk capacity, which is informed by its size, capital structure, financial resources and expected risk-adjusted returns. As such, risk appetite is captured by several qualitative principles and quantitative measures.

Qualitative risk appetite principles

Inculcate a sound risk culture through aligned risk management beliefs and values. Do not take risk without a deep understanding of the consequences for franchise value, profitability and stakeholder commitments. Adhere to escalation mandates for risk concerns. Openly debate to reach consensus.

Always act with a fiduciary mindset. Ensure honourable and ethical market, business and employee conduct in dealings with stakeholders. Treat customers and other stakeholders fairly. Always aim to deliver excellent stakeholder outcomes.

Drive effective compliance with all accounting and regulatory requirements, legislation and corporate governance in its widest sense. This includes anti-money laundering, anti-bribery and anti-corruption, and data privacy and protection measures.

Always consider and actively mitigate risks to the group's reputation.

Commit to creating shared prosperity and upholding sound ESG principles in all business activities to build a long-term sustainable business. Balance the needs of all stakeholders.

Ensure that climate change risks (physical and transition) are prudently considered, understood and managed in own operations and financing and investment activities.

Drive operational excellence and efficiency within a robust control environment.

Ensure appropriate allocation of all financial resources. This includes capital, funding, liquidity, risk appetite and capacity in support of portfolio optimisation. Explicitly manage trade-offs between risk, return, NIACC and growth.

Manage risk on a through-the-cycle basis. Understand the cyclical nature and behaviour of the business under stressed conditions and consider the lifetime risk profile of each transaction or customer. Manage risk appetite to ensure acceptable earnings volatility for the overall portfolio and for each risk type and business segment.

Maintain a strong balance sheet that reflects prudence in funding, liquidity, capital, credit origination and provisioning strategies. Avoid excessive gearing through on- or off-balance sheet leverage. Avoid excessive concentrations in risky asset classes, sectors, instruments, segments and customer sets. Ensure the group's earnings mix remains appropriately diversified across segments, business lines, products, markets and regions.

The group's risk profile in relation to our quantitative return and risk appetite measures

Year ended 30 June 2025 targets

Growth and return	ROE Long-term range 22% - 25%
Solvency	Common equity tier 1 ratio (CET1) Target range > 11.5% Capital adequacy ratio Target > 14%
Liquidity	Liquidity coverage ratio (LCR) Target > 100% Net stable funding ratio (NSFR) Target > 75%

The above risk appetite measures are unpacked in the subsequent sections.

A summary of 2025

The 2025 risk profile and response plans were impacted by:

- persistent weak economic growth exacerbated by a drought that impacted the whole agriculture sector;
- the potential effect of the sovereign rating downgrades on the macroeconomic environment and funding costs;
- increasing cost and scarcity of financial resources;
- new regulations and legislation (particularly for banking) that could impact profitability over the medium to long term;
- rising regulatory and macroeconomic risks; and
- intensifying competition in banking profit pools from non-traditional competitors.

The following emerging trends were also monitored:

- integration of AI into business and the risk of disinformation;
- cybercrime and IT-related disruptions throughout the economy;
- operational risk, including power disruptions, fraud and risk associated with change management;
- information governance and aspects relating to data quality, data protection and market conduct; and
- competition for scarce talent.

These challenges and associated risks are continuously identified. Potential impacts are determined, reported and debated by the risk committees and management. Market developments are monitored, and appropriate responses, strategic adjustments and proactive financial resource management actions are implemented where required.

Credit origination and funding strategies are assessed and adjusted considering macroeconomic conditions and market liquidity. Strategies are in place to ensure a resilient funding model.

The group continues to invest in people, systems, processes and data projects to:

- manage the risks emanating from the large number of regulatory requirements;
- address possible control weaknesses and improve system security;
- improve operational resilience; and
- improve risk data management and reporting.

Business review and resultant risks

	FNB	RMB	Corporate Centre
Key activities	Retail and commercial banking	Corporate and investment banking	Group-wide functions
Market segments	Consumer Small business Agricultural Medium corporate Public sector	Financial institutions Large corporates State-owned enterprises Oil and gas Mining	Institutional and internal/intragroup
Products and services	Transactional Deposit taking Mortgage and personal loans Credit and debit cards Investment products Card acquiring Credit facilities	Advisory Structured finance Markets and structuring Transactional banking Deposit taking Principle investing solutions and private equity	Group asset/liability management Funding and liquidity management Funding instruments Capital management Foreign exchange management Tax risk management
Risks	Retail and commercial credit risk (page 40 🔗) Operational risk (page 38 🔗)	Corporate and counterparty credit risk (page 40 🔗) Market risk in the trading book (page 43 🔗)	Capital management risk (page 46 🔗) Interest rate risk in the banking book (page 43 🔗) Funding and liquidity risk (page 42 🔗) Structural foreign exchange risk
Other risks	Strategic, business, operational, reputational, IT, climate (page 44 🔗), environmental and social (page 46 🔗), tax, compliance, regulatory and conduct risk (page 41 🔗)		

1. Operational risk

What is operational risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. It includes any event that disrupts the normal flow of business processes, causing financial loss or damage to the group's reputation. The principal operational risks we manage are:

- business resilience risk due to external factors such as power supply constraints, system downtime incidents, civil unrest or climate-related events;
- cyber risk due to the growing sophistication of cyberattacks locally and internationally;
- internal and external fraud due to various products and payment instruments;
- legal risk from vendor agreements, borrowings and obligations;
- technology risk due to the pace of technological change and increasing digitisation;
- vendor risk due to lack of direct control over external service providers, who could violate client data privacy while providing services to the group; and
- payment risk due to international and local industry reforms that expose the payment system and participants to increased risk.

How the risk is managed

FNB Namibia aims to maintain a mix of businesses, business activities, income streams and risk exposures to limit earnings volatility. Risk management within risk appetite helps to limit loss of confidence and adverse reputational impacts.

The group's operational risk management framework outlines the principles and practices fundamental to effective management of operational risk.

The framework covers risk identification, exposure quantification and measurement, monitoring and reporting. The capital calculations consider risk scenario analysis, assessments of internal and external loss data, and the group's control environment.

The operational risk appetite policy governs the group's approach to risk appetite. All exceptions and breaches of thresholds are reported to the enterprise risk management committee, exco, and the risk, capital and compliance committee, as appropriate.

Operational losses

The group reports operational losses from a centralised internal database, in line with the requirements of the Basel Committee on Banking Supervision (BCBS) 239 Risk Data Aggregation Reporting project.

- Total operational losses increased slightly in 2025. This is attributed to a loss event related to an isolated process failure that occurred in the 2024 financial year.
- There were no loss events that could indicate a material failed control environment or inadequate controls or risk management processes.
- Losses for 2025 were well within the set appetite.

	% change year-on-year	FY2025	FY2024
Total operational losses as a % of gross income	0.09%	0.40%	0.31%

Current and emerging challenges and opportunities

Current and emerging challenges

- Ongoing challenges in the IT environment, including growing sophistication of cybercrime involving the use of robotics.
- Operational challenges in meeting various regulatory requirements such as changes to payments systems.
- Climate risk-related changes impacting the operations of the group and changes to environmental laws impacting our clients' operations and stakeholders.

Opportunities and risk management focus areas

- Leverage an integrated group cybercrime strategy and cyber incident response plans.
- Continue to improve the internal control environment, improve system security, IT risk processes and operational business resilience capability.
- Continue to embed risk data management, aggregation, and reporting in line with the requirements of BCBS239.
- Evolve risk management maturity while protecting our ethical risk culture.
- Embrace climate-related changes and partner with stakeholders and clients to understand their changing requirements and how best we could assist.

Fraud risk

The fraud risk team manages the risk of loss from fraudulent activities, whether external or internal, and enables proactive recovery of any funds involved. In 2025, we improved our ability to proactively identify criminal activity targeting the group or its clients. We continue to invest in and fine-tune our detection and prevention strategies, particularly of organised criminal activity.

The fraud risk management framework provides key risk management principles and guidelines. It outlines critical fraud risk areas, trends and preventative actions. It is periodically reviewed.

Key fraud loss drivers include:

- account takeover fraud, such as application fraud and identity theft;
- transaction scams, such as loan and investment scams;
- card fraud, such as stolen cards and phishing;
- digital fraud, such as phishing and stolen phones;
- business email compromise fraud, such as compromised access to emails and change of banking details; and
- kidnapping and extortion.

The group's fraud risk profile remains within appetite with a stable outlook. Internal fraud losses are within appetite. The risk of internal compromise remains a key focus area with periodic control testing. We are always on the alert for external fraud that could harm our clients. There is an increase in social engineering scams designed to solicit confidential information to compromise clients' profiles. Such schemes require enhanced client education.

Our initiatives to combat fraud risk include:

- enhanced communication and training of employees and clients on fraud trends and *modus operandi*;
- fraud risk assessments of all business units that suffer medium to high fraud incidents;
- ongoing development of data analytics tools for proactive fraud detection and prevention; and
- enhanced capabilities to prevent vishing fraud, such as device blacklisting, limit reductions and one-time PINs.

Industry collaboration

The group is working with stakeholders to create an industry body that will combine data to identify fraud trends. The body will initiate projects to address industry-specific financial crime threats and targets.

In 2025, we sponsored the Namibia Chapter of the Association of Certified Fraud Examiners. This partnership will create a platform for client engagement. It will also improve the group's knowledge of fraud response and management.

Information technology and cyber risk

IT risk includes any failures of systems, people or processes that impact the resilience of the group's technology. This year, we enhanced the IT and cyber risk management frameworks by refining the risk appetite statements and maturing our risk practices. The group IT risk function manages these frameworks, and the business units implement the controls.

In 2025, we enhanced the governance, management and reporting of IT and cyber risks to include new and emerging technologies. We also continued to:

- monitor the group's key outsourced and critical third parties' cyber risk exposure;
- monitor and process external threat feeds to identify cyber threats and trends;
- test and monitor the effectiveness of controls;
- conduct *ad hoc* incident simulation exercises to assess cyber readiness and resilience;
- facilitate independent controls testing using simulated cyberattacks based on current techniques;
- conduct simulated testing of employees' susceptibility to phishing and other cyberattacks; and
- facilitate testing of the group's risk and control posture by independent assurance providers.

Going forward, we will:

- benchmark the IT and cyber risk management frameworks against international best practices and standards to address new technologies like AI, machine learning and blockchain;
- continue to assess and enhance our internal controls;
- enhance our cyber-security incident management process and resilience; and
- enhance testing of the disaster recovery plan based on risk scenarios and industry best practices.

2. Credit risk

What is credit risk

This is the risk of loss from a borrower’s, counterparty’s or debtor’s failure to meet their contractual obligations under credit agreements with the bank. It includes the risk of default, delayed payments, or a decline in creditworthiness, all of which affect the overall quality of the bank’s lending portfolio.

For fair value portfolios, credit risk includes valuation changes triggered by fluctuations in credit spreads. This expands the traditional definition to include mark-to-market volatility. The scope of credit risk extends beyond default events to include pre-settlement risk, country-specific and sectoral risk exposures, counterparty concentration risk, risks associated with securitised assets, and climate-related risks.

Credit risk is a core component of banking operations. It presents a significant area of exposure and is central to the group’s risk management strategy. Its effective oversight is essential for maintaining the group’s financial health and contributes to the stability of the broader financial system.

How the risk is managed

The credit risk management framework sets out the roles and responsibilities of the board and senior management. It is embedded within the broader enterprise risk management structure, promoting a cohesive and comprehensive approach to risk oversight. The framework facilitates regulatory compliance and aligns with leading industry practices.

The senior credit risk committee provides strategic oversight and management of the bank’s credit risk. It functions under clearly defined discretionary limits, policies and procedures that are board-approved.

FNB Namibia ensures sufficient capital buffers to absorb potential credit losses. Capital adequacy is determined by both regulatory requirements and internal assessments. The group applies a risk-based pricing approach to lending, ensuring that product pricing accurately reflects the level of credit risk assumed. This approach supports sustainable lending and appropriate risk-adjusted returns.

To manage the complexity of credit risk, the group classifies credit exposure into three principal portfolios, each aligned to specific client segments:

1. Retail credit is offered by FNB and serves individual customers.
2. Commercial credit targets SMEs and includes structured and specialist lending solutions delivered via FNB.
3. Corporate credit is facilitated by RMB and directed at large corporate clients.

Credit risk classification and impairment policy

The bank uses internally developed quantitative and statistical models that are aligned with regulatory requirements and internal strategic objectives. These models focus on key credit risk components: probability of default, exposure at default, and loss given default.

Correlation estimates across counterparties, industries and portfolios are incorporated to account for diversification effects. This provides a holistic view of aggregated credit risk exposure. In compliance with IFRS 9 and applicable regulations, the bank maintains appropriate valuation adjustments and provisions for expected credit losses.

The bank applies a robust credit risk classification and impairment policy to accurately reflect potential credit losses.

Specific impairments

The bank considers various factors when quantifying actual and inherent losses from individually identified exposures. These include the bank’s exposure to the client, the client’s cash flow generation capability, the viability of the client’s business, expected cash flows, realisable value of held security, and recovery-related costs. These factors allow for an accurate assessment of the potential credit losses associated with specific exposures.

Portfolio impairments

These impairments provide additional credit risk coverage based on prevailing market conditions and current default statistics. They incorporate forward-looking information, enabling the bank to account for potential credit losses not captured by specific impairments.

Credit risk profile

Credit risk indicators offer valuable insights into the quality of the bank’s credit portfolio and its ability to withstand potential credit losses. They help stakeholders evaluate the effectiveness of the bank’s credit risk management practices and the overall resilience of its lending activities.

	Bank		
	FY2023	FY2024	FY2025
Gross advances (N\$ million)	36 779	39 416	40 819
Non-performing loans/advances %	4.8	6.1	5.2
Portfolio coverage ratio %	1.5	1.6	1.5
Specific coverage ratio %	45.6	44.4	48.6
Total coverage ratio %	3.6	4.3	3.9
Credit loss ratio %	0.6	1.1	1.3

We continue to strengthen the bank's overall credit performance. In 2025, we:

- calibrated the risk appetite to align with strategic objectives and enhanced the scorecard's alignment with the risk appetite and strategy;
- enhanced value propositions, particularly within the wealth segment, and strengthened collaboration between departments for improved client service;
- optimised collection strategies and processes to curb sporadic NPL increases;
- strengthened client rehabilitation and retention through special arrangements and quick-sell initiatives;
- implemented a credit recommendation engine to personalise client treatments using data analytics;
- enhanced automated voice calls and app messaging to improve client communication;
- streamlined litigation processes and improved efficiencies through LexisNexis and attorney management; and
- restructured and optimised the collections department.

Outlook and future focus

Several external factors influence credit dynamics. Our ability to manage NPLs and enhance collection strategies will be key, along with client rehabilitation.

In 2026, the focus will be on strengthening overall credit risk management by:

- implementing platform-driven processes, such as personal loans on the app and home loan pre-approval, to streamline and enhance credit origination;
- upgrading existing credit sanctioning scorecards to improve credit risk assessment and decision-making;
- providing continuous training for credit managers and supporting them with expert assistance;
- finalising the credit risk appetite statement for 2026;
- reviewing SME and mid-touch mandates to ensure alignment with the updated risk appetite, tighten governance and reduce exposure; and
- exploring restructuring opportunities to improve client cash flows and mitigate defaults, curb monthly inflows into NPLs and enhance recovery efforts.

3. Compliance, regulatory and conduct risk

What is compliance, regulatory and conduct risk

This is the risk of loss or reputational harm resulting from non-compliance with various obligations and standards. Compliance risk includes regulatory, conduct and financial crime risk. Conduct risk includes risks associated with delivering fair customer outcomes, ethical behaviour, and the integrity and efficiency of financial markets. It touches every part of how the group conducts its business.

How the risk is managed

FNB Namibia manages the risk resulting from potential or actual non-compliance with legislation and manages regulatory supervisory expectations. The group:

- ensures that conditions are met to retain its various licences;
- limits significant financial losses, civil liability and the risk of imprisonment of directors, key persons and employees;
- strives to treat its customers and third parties fairly;
- minimises reputational damage to the group due to compliance risk; and
- limits abuse of its platforms for financial crime or non-compliance.

FNB Namibia does not tolerate deliberate or wilful acts of non-compliance.

The group expects all employees and entities to maintain standards of honesty, integrity and fair dealing and to act with due skill, care and diligence. We foster a culture of observing both the purpose and the letter of the law, including regulations and supervisory requirements. In cases of legal uncertainty, we properly assess the facts, compliance obligations and related risks. Where appropriate, we obtain external legal or regulatory advice.

We are progressing the strategic focus areas from our three-year strategic plan as follows:

Strengthening partnerships

The new compliance target operating model includes a revised compliance structure and updated job profiles. The model has yielded positive results within the business segments. We executed the combined assurance plan and strengthened relationships between assurance providers.

Enhancing regulatory engagement

We continue with our regulatory inspections, progress reports, issue remediation and repository of regulatory correspondence and artifacts. Regulatory inspections and surveillance activities have increased. This trend is expected to continue given Namibia's greylisting by the FATF.

Risk-based approach

The financial crime risk assessment is ongoing. The conduct culture and anti-bribery and corruption risk assessments were completed through a group survey. This included an assessment of culture risk. We completed the compliance risk register and profile per legal entity. We will roll out a new risk assessment methodology in 2026.

Digital enablement

The digitised compliance risk management plans are in progress, and automation is planned for 2026. Moving the financial crime operations and all regulatory reporting onto the platform is in progress and on track.

4. Liquidity risk

What is liquidity risk

This is the risk that the bank, though solvent, will be unable to meet its contractual and contingent obligations as they arise, or will only be able to meet them under materially unfavourable terms. Liquidity risk is inherent in the bank's operations. It may also arise from unforeseen disruptions that affect the liquidity of asset markets, or from unexpected withdrawals by short-term funding providers.

How the risk is managed

The bank's liquidity risk is managed by the asset and liability management risk function, which:

- assesses, measures and monitors the bank's liquidity risk;
- establishes and monitors liquidity risk limits and indicators, including liquidity risk appetite, in line with regulatory requirements and approval from the assets, liabilities and capital committee;
- reviews liquidity risk management processes; and
- facilitates liquidity stress testing for the bank and implements the recommended improvements.

Liquidity risk profile

Liquidity risk is managed through a series of measures, stress tests and reports that are mainly based on contractual maturities with behavioural adjustments as appropriate. Liquidity positions are monitored and forecast daily. This includes the following key liquidity risk indicators:

- **Liquidity coverage ratio (LCR):** Measures high-quality liquid assets against net stressed cash outflows over the next 30 days. The actual position is monitored against management and board limits and escalated as per the governance framework and appetite statement.
- **Net stable funding ratio (NSFR):** Requires banks to hold enough stable funding to cover the duration of their long-term assets.
- **Term and source diversification measures:** Measures the diversification of funding by term and source against predetermined limits.

- **Available sources of stress funding:** Compares the stressed balance sheet to the available sources of stress funding. This indicates whether the bank has sufficient sources of stress funding as per the contingency funding plan to fund the bank in case of an idiosyncratic stress event.

LCR and NSFR became regulatory limits in Namibia on 31 March 2024 with the implementation of the Determination on Liquidity Risk Management for Domestic Systemically Important Banks (BID 6A).

BID 6A is being phased in as follows:

Ratio	March 2024	March 2025	March 2026	March 2027
LCR	75%	85%	95%	100%
NSFR	75%	85%	95%	100%

With actuals tracking as follows:

	June 2025
LCR*	
Total HQLA (N\$'000)	12 336 954
Net cash outflow (N\$'000)	8 416 081
LCR (%)	146.6
NSFR**	
Available stable funding (N\$'000)	40 218 962
Required stable funding (N\$'000)	35 852 771
NSFR (%)	112.2

* LCR based on daily observations

** NSFR based on quarterly average observations

The Bank of Namibia published the Determination on Recovery Plans (BID 36) in October 2024. This requires banks to compile recovery plans that are appropriate to the nature, scale and complexity of their business. We conducted a liquidity stress test simulation and will use the learnings to refine our liquidity contingency and recovery plans.

Emerging risk

The new global tariff environment may have an impact on liquidity. There is a risk of a global stagflation scenario where inflation is very sticky and growth is low. For LCR and NSFR purposes, this requires banks to hold significant capital in high-quality liquid assets. These mostly comprise sovereign assets like bonds and treasury bills.

In a stagflation environment, as national budget deficits widen, these high-quality assets become less appealing as the yield goes up. This could cause a meltdown, posing heightened valuation and margin call risks. Our focus will be to maintain FNB Namibia's market position of sourcing funding from a strong client deposit base while augmenting it with long-term, sustainable, wholesale funding instruments.



5a. Market risk in the banking book

What is the banking book's market risk

This risk mainly emanates from interest rate risk, i.e. the effect that interest rate changes may have on the group's financial position and earnings. It includes currency risk, which is expressed as the net open foreign exchange position. However, currency risk is insignificant for the group.

Sources of interest rate risk are:

- repricing risk that arises when assets and liabilities reprice or reset at different dates;
- yield curve risk from unanticipated shifts in the yield curve;
- basis risk that arises when different yield curves are used to price assets and liabilities; and
- optionality that arises when actual client behaviour differs from the contractual profile in terms of prepayments and withdrawals.

How the risk is managed

The risk is monitored through two measures with board-approved limits and reported quarterly to the assets, liabilities and capital committee:

1. Net interest income sensitivity (earnings sensitivity): Measures the 12-month impact on net interest income using various interest rate scenarios. These scenarios are instantaneous parallel shifts in the yield curve of 100, 200 and 300 basis points.
2. Value at risk sensitivity (economic value of equity using the present value basis point metric): Estimates the present value of the banking book assets and liabilities and measures how sensitive the group's net asset value is to changes in the yield curve.

Interest income sensitivities include additional behavioural assumptions on the timing and how individual products would reprice in response to changing interest rates. However, reported sensitivities exclude additional management actions in response to an immediate and large movement in interest rates. Therefore, they do not predict future performance.

Risks emanating from asset and liability mismatches are dynamically managed using structured hedging products and interest rate swaps.

Emerging risk

Emerging market economies face the prospect of lower commodity prices, which would negatively impact their revenue, coupled with the new global tariff environment. This could lead to a cautious approach to interest rate cuts.

The Namibia dollar is pegged to the South African rand. There is a risk of an upward interest rate cycle to support the rand against the risk of devaluation against the US dollar. The cost of funding could increase faster than rates on advances, decreasing the net interest margin. We will increase our monitoring and portfolio tilt to ensure the bank portfolio is positioned for a possible change in interest rates.

Focus areas

FNB Namibia exited the structural asset liability management strategy that was used to protect and enhance earnings on a through-the-cycle basis. However, the group will continue to actively monitor asset liability management risk. Asset liability management activities still align with our frameworks, risk appetite and banking regulations.

The assumptions made on the measurement metrics were reviewed to ensure data quality.

5b. Market risk in the trading book

What is the trading book's market risk

We distinguish between traded market risk and non-traded market risk. Traded market risk is the risk of adverse revaluation of any financial instrument because of changes in market prices or rates.

How the risk is managed

A stress loss methodology is used for managing, measuring and reporting market risk. The stress loss limits are allocated and approved by the board. They provide an estimate of losses on the portfolios that could be expected during distressed market conditions. A dedicated risk management team leverages a suite of risk tools to measure and monitor traded risk exposure against the pre-defined appetite levels.

Daily and monthly reports on market risk movements, risk factors and limit utilisation are complemented with market risk reports to segment excos, ERM, and the assets, liabilities and capital committee, and quarterly reports to the risk, capital and compliance committee.

Risk profile

Traded market risk positions were within the board-approved appetite and risk tolerance levels. The traded market risk positions are also sufficiently supported by regulatory and economic capital holdings.

Focus areas

The group's focus areas for managing market risk in the trading book include:

- Review and enhance existing models used to quantify and forecast risk exposure, incorporating machine learning for improved insights.
- Implement advanced analytical tools to support market risk assessment and scenario analysis.
- Maintain investment in employee development and data analytics capabilities.

6. Climate risk management

What is climate risk

This is the risk arising from climate change and its impacts on the group, its customers and assets, and the broader economy. It includes:

- Physical risks that arise from the effects of a changing climate, such as more frequent floods, droughts and higher temperatures. Prolonged droughts and intense water shortages in Namibia are threatening agriculture, food security, business continuity and infrastructure. These impacts may devalue bank-financed assets, interrupt customers' businesses and escalate the risk of defaults.
- Transition risks that arise from the move towards a low-carbon economy. New policies, technology, and shifting market expectations are transforming business models and operations. These factors could influence the long-term viability of financing associated with particular sectors, reduce borrowers' ability to service debt, and impact the revaluation of assets or result in stranded assets.

Climate risk becomes a financial risk through its effect on group-level microeconomic exposures such as operating, credit and liquidity risks. It is also a material source of systemic risk. If not properly managed, it could undermine asset quality, disrupt financial markets, and pose a serious threat to financial stability.

How the risk is managed

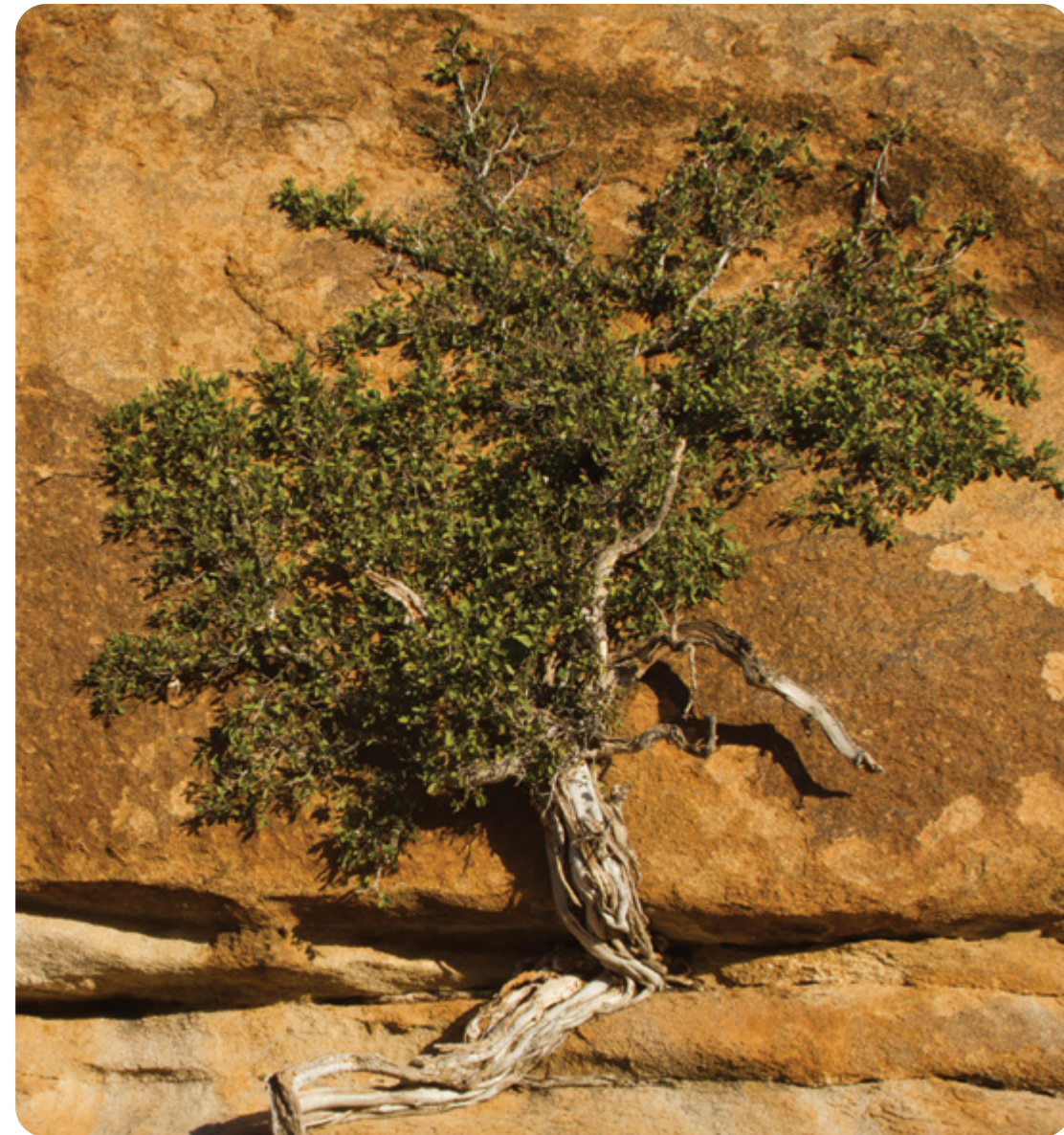
The group has integrated climate risk into its risk management and strategic decision-making frameworks. This is fundamental to safeguarding long-term business resilience, maintaining stakeholders' confidence, and contributing meaningfully to Namibia's pursuit of inclusive and sustainable economic growth.

The board is ultimately accountable for governing climate-related risks. It has delegated specific responsibilities for climate risk management to various subcommittees and management-level governance structures. Primary committees with climate risk oversight responsibilities are:

- the risk, capital and compliance committee, which exercises overall control to ensure consistency with the group's overall risk appetite and capital strategy; and
- the enterprise risk management committee and sustainability, ethics and transformation committee, which oversee implementation of the group's climate strategy.

Climate risk was formally incorporated into the enterprise-wide risk management framework. A climate risk manager coordinates the climate strategy's execution and cross-functional initiatives. A climate forum with senior management representation serves as a platform for strategic debate and decision-making.

The group holds monthly ESG meetings with stakeholders representing various business segments and functions. These meetings promote awareness, encourage cross-functional collaboration, and progress the group's sustainability efforts.



Outcomes for 2025

Governance

- Embedded climate risk and opportunity considerations into segment-level committee deliberations and decision-making processes.
- Continued board training on climate-related risks and opportunities.
- Developed and implemented climate-related policies, including the FNB Namibia energy and fossil fuel policy and climate change policy.
- Conducted internal audits of climate-related governance and management processes to ensure effective implementation.

Strategy

- Rolled out climate risk training for employees across the group.
- Embedded climate considerations into capital allocation, origination, and portfolio diversification strategies.
- Linked executive remuneration models to climate-related performance metrics.
- Developed a climate roadmap to guide long-term strategic direction.
- Incorporated climate externalities into the pricing of financial resources and performance measurement frameworks.

Risk management

- Established climate risk data aggregation and reporting practices, earmarking climate risk for BCBS 239 compliance by 2026.
- Measured and disclosed Scope 1, 2, and 3 greenhouse gas emissions for 2023 and 2024, including financed emissions.
- Unpacked a process to integrate climate considerations into traditional risk streams such as credit risk and operational risk.
- Defined a clear climate risk appetite.
- Preparing for anticipated prudential and regulatory climate disclosures.
- Enhancing the environmental and social risk assessment due diligence process to better capture climate-related impacts.

Climate finance and innovation

- Following our green bond in 2022, issued a sustainability bond to drive sustainable finance.
- Expanded retail green finance offerings to include electric vehicles, e-bikes, aquaponic systems, energy-efficient appliances and homes, solar water heaters, and residential water storage solutions.
- Designed financial products tailored to energy and water efficiency.
- Developed a group-wide climate taxonomy categorising “green”, “brown”, and “olive” assets (climate tags) for corporate clients.

Outlook and future focus

FNB Namibia is enhancing its climate risk data process to better analyse and manage this risk. We aim to:

- integrate stress testing and scenario analysis to evaluate the resilience of different climate scenarios;
- use geo-mapping to visualise and measure physical climate risk;
- collaborate with regulators, investors and customers to align climate risk approaches;
- promote stakeholder involvement to enhance accountability and transparency in managing climate risk;
- foster eco-friendly practices and reduce our carbon footprint in all operations; and
- offer additional financial products and services to help customers transition to a low-carbon economy.

FNB Namibia is committed to protecting its balance sheet, adhering to regulatory requirements, and supporting clients in transitioning to a low-carbon, climate-resilient future.



7. Environmental and social risk

What is environmental and social risk

This is the risk of adverse impacts that the group's activities, projects and investments may have on the environment, individuals and communities. These include pollution, resource depletion, groundwater contamination and ecosystem degradation. In the case of social risk, they include adverse impacts on labour practices, human rights, community wellbeing, health and safety, and cultural heritage.

These impacts can lead to:

- legal or regulatory contraventions;
- material financial losses;
- operational costs;
- physical damage;
- credit risk; and/or
- loss of reputation.

How the risk is managed

The board has delegated responsibility for managing these risks to various subcommittees and management-level governance structures. The primary committees charged with oversight are:

- the risk, capital and compliance committee, which ensures that environmental and social risk management is aligned with the group's overall risk appetite and governance framework; and
- the sustainability, ethics and transformation committee, which oversees environmental and social matters.

The group implemented an environmental and social risk assessment on credit transactions as part of its credit risk governance process. It also introduced environmental and social performance standards that clients are expected to meet. The assessment identifies the risks associated with a transaction and the client's ability to manage environmental and social issues.

If a client's operations and practices do not align with relevant environmental standards and practices (for example, how waste is disposed of), the transaction team and the environmental and social risk assessment specialists will work with the client to adopt environmentally friendly practices. The client may also be required to submit an environmental and social action plan for compliance monitoring.

For transactions that meet Equator Principles¹ criteria, an enhanced due diligence is conducted in line with International Finance Corporation performance standards and sector-specific environmental, health and safety guidelines as well as the World Bank guideline.

¹ An international standard for the management of environmental and social risks in large investment banking and project finance transactions.

FNB Namibia has a matrix that outlines the sectors the group will refrain from financing or investing in, along with specific limitations for sensitive industries. These restrictions are based on the following criteria:

- Activities may be illegal in terms of national or international laws and treaties.
- The group has agreed to financing restrictions imposed by financing agreements with development finance institutions.
- The group has made an ethical decision not to be involved in certain industries that may be controversial and which may cause reputational damage.
- Internal risk appetite.
- Alignment with group strategy.

The group is committed to effectively managing environmental and social risk in its lending and investment decisions and product and service offerings, and promoting responsible practice through its supply and value chains.

A grievance mechanism enables external stakeholders to communicate queries or concerns relating to environmental and social aspects of activities and projects that the group finances. All environmental and social queries relating to the group can be sent to environment@fnbnamibia.com.na.

8. Capital management risk

What is capital management risk

This is the risk that the group fails to maintain sufficient capital to meet regulatory capital requirements, support its strategic objectives, and absorb losses under stressed conditions. Effective capital management ensures the group's resilience, protects depositors, and sustains stakeholder confidence.

Refer to pages 195 to 197 for detail on how we managed our capital.



D

DELIVERING ON PROMISES

The objective of this report is to show how First National Bank of Namibia Ltd (FNB Namibia or the group) incorporates the principles of integrated thinking into its business and reporting. FNB Namibia’s financial and operational performance is portrayed in this report by highlighting the interconnected elements of the Group’s strategic objectives, governance, and performance considering the economic, social and environmental context in which it operates. Value creation remains the key theme of this report, which is the primary report to stakeholders.

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○	Human capital’s performance	56

FINANCIAL PERFORMANCE

FNB Namibia made substantial strides towards delivering on its strategic targets and growing the business. This resilient performance enabled the group to absorb the impact of rate cuts and an increase in impairment charge for the year. We are well-positioned to respond to emerging risks, leverage strategic opportunities, and deliver sustainable value creation for our stakeholders.

Lizette Smit

Our full-year results show a net profit after tax of N\$1 842 million (2024: N\$1 599 million), a 15.2% improvement from last year.

Several key factors contributed to the group's strong position, including:

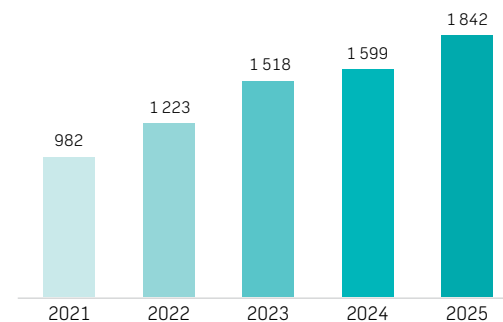
- growth in customers;
- growth in transaction volumes; and
- effective containment of operating costs.

Pre-provision profit before tax increased by 14.4%. This was primarily due to increases in net interest income and non-interest income of 8.8% and 12.8% respectively as well as cost growth of only 6.2%.

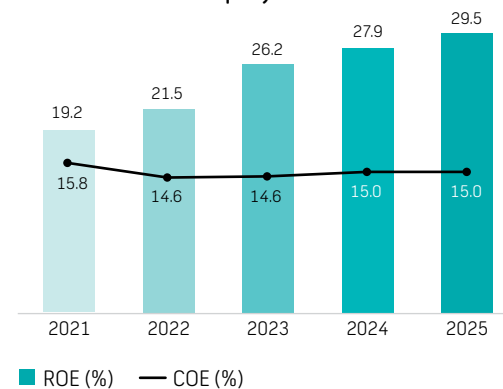
We are pleased with our progress on the key drivers of shareholder value creation. ROE and NIACC improved to 29.5% and N\$909 million, respectively.

We remain well-capitalised, with the tier 1 ratio standing at 16.9% from 15.6%, given strong capital creation and management of risk-weighted assets. This exceeds the board's CET1 target of >11.5% and regulatory requirements. We remain capital generative, with this year's profits adding 4.7% to the tier 1 ratio. Our tier 2 capital issuance of N\$500 million added 1.3% to the tier 2 ratio.

Earnings growth (N\$ million)



ROE and cost of equity



Earnings drivers

The group aims for an optimal balance between net interest income and non-interest revenue, thereby ensuring a diversified revenue stream. This year, net interest income accounted for 55.5% of revenue, while non-interest revenue was 44.5%.

N\$'000	2025	2024	Change %
Net interest income	3 332 451	3 061 518	9
Non-interest revenue	2 496 190	2 213 193	13
Impairment of advances	(527 411)	(425 451)	24
Income from operations	5 301 230	4 849 260	9
Operating expenses	(2 650 565)	(2 495 369)	6
Income before tax	2 650 665	2 353 891	13
Indirect tax	(59 234)	(53 540)	11
Profit before tax	2 591 431	2 300 351	13
Income tax expense	(749 397)	(701 796)	7
Profit for the year	1 842 034	1 598 555	15

Net interest income

Net interest income grew by 8.8% to N\$3 332 million, despite a lower repo rate for the year. Key drivers of the net interest income were:

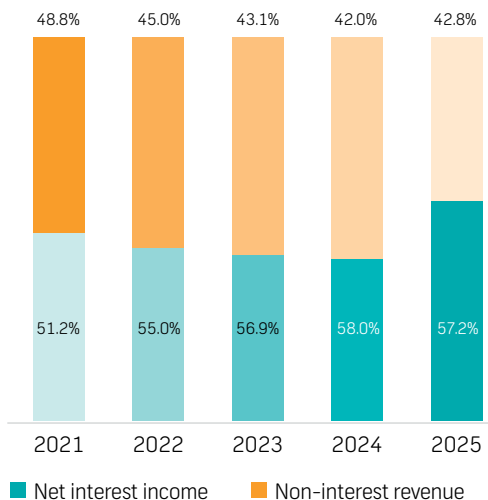
- good average advances growth;
- strategic and agile pricing; and
- the benefit of our asset-liability management (ALM) strategy.

These offset the endowment impact because of the 100bps rate cuts during the financial year.

FNB Namibia manages its endowment profile through its ALM strategy. This strategy is the cornerstone of the group's FRM process and optimises returns to shareholders on a through-the-cycle basis.

The group exited the structural ALM hedge this year. We continue to monitor ALM risk. Where desirable, we will engage in ALM management activities that align with ALM frameworks, risk appetite and banking regulations.

Revenue contribution



Non-interest revenue

Non-interest revenue continues to deliver strong growth. The 12.8% increase was mostly driven by:

- volume growth;
- pricing at 5%; and
- transact customer growth of 6.5%.

Total transaction volumes was 237 million (2024: 204 million), an increase of 16.5% from last year, with growth in all channels. Customer numbers were 800 451 as at June 2025, up 6.0% from last year.

Branch, cash, and self-service transactions, which attract a higher fee, comprise 20% (2024: 20%) of the total transaction income. Net fee and commission income are up 9.9% to N\$2.1 billion, and make up 84.9% (2024: 87.1%) of total non-interest revenue.

We stayed true to our financial inclusion strategy, supporting our purpose of building a globally competitive Namibia. Therefore, we launched the following initiatives:

- The H.E.R (Helping Every Women Rise) Banking product. This is a tailored banking solution designed to empower women in business.
- Senior Lifestyle accounts pay zero monthly account fees and require no minimum balance.
- SME digital hub, a platform designed to empower SMEs with tools and services to manage and grow their portfolios without visiting a branch.

Impairment losses

The impairment charge increased by 23.9% to N\$527 million, driven by an increase in inflows into stage 3 and write-offs during the year, partly offset by improved recoveries.

There were increased defaults in commercial business banking and SME sectors, and personal and home loan products for retail customers. The credit loss ratio (CLR) was 1.3% (2024: 1.1%). The increased write offs during the year were necessitated on the back of regulatory changes effective during the year as well as a review of write off points where recovery was seen to be exhausted.

2026 will see a full year of lower interest rates, which should help ease customer strain. Our initiatives should also continue to curb the increase in NPL inflows and improve the overall impairment charge.

Specific impairment provision decreased by 3.0% to N\$1 032 million. Portfolio provisions (model-driven) decreased by 7.0% to N\$566 million.

The NPLs reduced to N\$2 124 million (2024: N\$2 394 million). This represents a 5.2% NPL ratio, a decrease from the 6.1% in 2024. Refer to note 13 of the annual financial statements for details on the impairments.

All provisions reflect the group's best estimates against available data and scenario analysis. They are measured prudently given the prevailing risks in the economy and consider any regulatory changes that might impact the provisioning and write-offs required.

Maintaining an adequate level of provisions remains a key focus area for the group's risk management strategy.

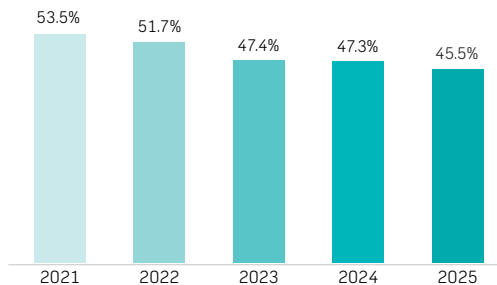
Operating expenses

Operating expenses were tightly managed, and increased by 6.2% to N\$2 651 million. The cost-to-income ratio decreased to 45.5%, aligned with our targeted ranges. Cost management remains top of mind as inflation remains sticky. Continued focus and efforts on cost optimisation remain in place.

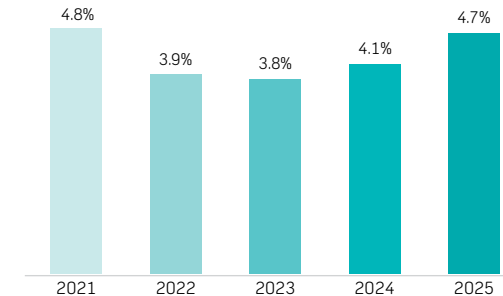
Staff costs increased by 9.9% to N\$1 485 million, accounting for 56.0% of total operating expenses. This is due to targeted and general salary increases and the 4.5% increase in permanent headcount, which aligns with strategic growth objectives.

Total IT spend, including IT staff costs, amounted to N\$869 million, contributing 32.8% to group expenses.

Cost-to-income ratio



Operating expenses as % of total assets



Summary consolidated statement of financial position

Our 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.

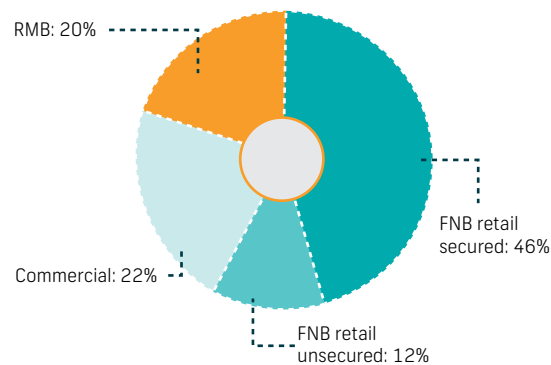
The group's asset profile is dominated by a diversified advances portfolio.

N\$'000	2025	2024	Change %
Cash and cash equivalents	3 069 530	3 149 125	(2.5)
Due from banks and other financial instruments	2 194 327	9 591 662	(77.1)
Advances	39 222 390	37 744 729	3.9
Other assets	11 577 530	10 045 469	15.3
Total assets	56 063 777	60 530 985	(7.4)
Total equity	6 694 509	5 791 075	15.6
Deposits	45 966 950	44 966 360	2.2
Due to banks and other financial institutions	253 154	7 547 204	(96.6)
Other liabilities	3 149 164	2 226 346	41.4
Total liabilities	49 369 268	54 739 910	(9.8)

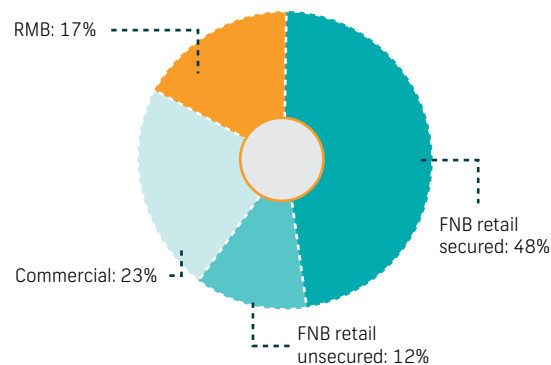
Advances

The group's total assets decreased by 7.4% to N\$56.1 billion (2024: N\$60.1 billion). Net advances, making up 70.0% (2024: 62.4%) of the balance sheet, reflected a year-on-year increase of 3.9% to N\$39.2 billion.

Gross advances composition 2025



2024



Residential mortgage loans decreased year-on-year by 1.0% to N\$16.6 billion. This aligns with a slow market growth of 0.5% given higher-than-usual customer repayments and prepayments, and the impact of write-offs.

The group continues to enable home ownership across the social spectrum by providing credit to individuals.

WesBank focused on protecting its origination strategy and return profile by maintaining a disciplined risk appetite in the face of increasing competition. This resulted in vehicle and assets financing increasing by 8.3% to N\$4.6 billion. This was driven by retail vehicle and asset financing, which had a year-on-year increase of 13.7%.

RMB recorded a 36.1% increase in advances, driven largely by manufacturing and energy deals as its bespoke offering continues to support our growth objectives.

Deposits and funding

Deposits grew by 2.2% to N\$46.0 billion, with FNB deposits growing by 12.9%, offsetting a 14.1% year-on-year decline in RMB deposits on the back of planned client portfolio movements.

The ongoing growth in FNB deposits reflects a focus on:

- maintaining competitive pricing;
- appropriate client offerings, specifically in transactional deposits and call accounts; and
- active customer growth.

Institutional funding decreased due to the strong franchise deposit growth, which contributed 89.4% of the overall funding base. In March 2025, we issued a sustainability bond which was oversubscribed by 1.9x. The proceeds will be used to fund sustainability-linked deals, including green and social projects. The bond matures on 24 March 2028.

Capital and regulation

The group issued the first Basel III compliant note, raising N\$500 million in tier 2 capital notes on the NSX. The final orderbook was 1.5x oversubscribed, demonstrating strong investor confidence.

The group maintained strong capital and leverage ratios that exceeded regulatory minimums and internal targets. Total regulated capital amounted to N\$7.5 billion (2024: N\$6.1 billion) and has increased by 23.3%. The capital adequacy ratio is 19.2% (2024: 16.6%), and tier 1 capital is 16.9% (2024: 15.6%).

Our conservative capital position provides a solid foundation for sustainable growth, ensuring resilience while seizing new opportunities.

2026 outlook

We operate in a competitive and rapidly evolving financial sector that is underpinned by a robust regulatory environment and stable capital adequacy. Our success will depend on our ability to:

- apply prudent credit management;
- deploy our capital responsibly; and
- capitalise on our technology capability to deliver on strategic initiatives.

We continue to benefit from our diversified funding base and disciplined liquidity management. We remain focused on managing margin compression, particularly given the narrowing margin between the repo and prime rates coming into effect in 2026.

Our commitment to serving customers remains central to our strategy. We are focused on deepening relationships, enhancing the customer experience across channels, and responding to evolving client needs with agility and innovation. Key investments in our digital journey – including platform enhancements, process automation, and data analytics – are enabling greater efficiency, improved service delivery, and scalable growth.

We continue to invest in the skills, capabilities, and wellbeing of our teams to ensure we are well-positioned to meet future demands, navigate complexity, and unlock long-term value.

Our strategic focus remains on creating sustainable shareholder value through disciplined execution, responsible growth, and effective capital deployment.

We are committed to building a resilient, future-fit group that operates sustainably, balancing economic performance with social and environmental impact.

Lizette Smit
Chief Financial Officer

FNB RETAIL'S PERFORMANCE

FNB Retail demonstrated a commitment to empowering its people, delighting customers, delivering value to stakeholders, and keeping sustainability at the core of day-to-day management.

Advances of N\$23.6 billion
(2024: N\$23.2 billion)

Customer base increase of 6.2%
NPS of 34%
(2024: 43%)

Rewards of N\$36.3 million returned to customers

Performance summary

Advances increased by 1.6%, supported by overall growth in the customer base combined with new origination strategies. Deposits increased by 13.0%, supported by customer base growth and targeted initiatives to grow the book. The total customer base increased by 6.2%, mainly driven by new-to-bank customers across the retail portfolio.

The NPS of 34% remains above the international benchmark of 33% for retail banks but down from last year's 43%. Various factors contributed to this. The broad feedback we have received from customers has enabled us to understand where they are asking more of FNB and we have plans in place to deliver on this.

The annual customer survey did however highlight pockets of excellence. Private Wealth banking achieved an NPS of 44%. They also received several accolades, including the Euromoney Award for Namibia's Best International Private Bank for the third consecutive year.

The adoption of more cost-effective alternative channels away from traditional branches increased significantly. The use of CashPlus channels increased by 36%, driven by growth of 254% in CashPlus deposit volumes. At the same time, branch activity declined by 15%. This aligns with our strategy to migrate customers out of more traditional and costly channels to reduce the ultimate cost of transactional banking for customers.

Some non-interest revenue lines declined significantly. This included a decision to zero-rate senior citizen monthly account fees. This aligns with the overall group strategy of shared value and our focus on financial inclusion.

2025 focus areas

People and culture

Employee engagement, recruitment and growth, a caring culture and high performance are central to our people strategy. Employee engagement initiatives were enhanced with a combination of formal and informal opportunities to connect with our people. Proactive succession planning remained a priority – 99% of senior management and 100% of entry-level appointments were made internally. We supported this with continued investment in leadership development and extensive learning and development interventions. We also continued to run our internship and graduates programmes.

Sustainability and shared prosperity

FNB Retail facilitated home ownership for 972 families, with bond amounts disbursed during the financial year to the value of N\$843 million for <N\$1.5 million housing. The segment also progressed its efforts to support sustainability by providing green financing.

FNB Retail continued to play its part in addressing housing needs in the country.

We progressed our financial inclusion efforts by hosting a range of financial literacy and fraud prevention education activations across the country.

We continued to make transactional banking more affordable. As we unlocked efficiencies, we passed the value on to customers in the form of flat or reduced fees, and in some instances, free transactions. The related improvement in banking behaviour resulted in a 20% increase in cash back to customers. This took the form of rewards of N\$36.3 million paid to beneficiaries.

Risks and opportunities

Employment conditions in Namibia are deteriorating, with a broad unemployment rate of 55%. However, the market continues to present opportunities for the unbanked and underserved population. Active eWallet users increased by 9%.

Although not material, FNB Retail experienced an increase in fraudulent activities globally and locally in 2025, with social engineering being the dominant *modus operandi*. The segment continued to enhance its risk and control environment to stay ahead of fraud-related risks.

We continue to work closely with the regulator, clients, law enforcement and related subject matter experts to maintain a mature fraud risk culture.

Looking ahead

Despite a tough operating environment, significant scope for growth remains. The segment is exploring opportunities presented by growth in specific sectors. We will continue to enhance our customer value propositions and value-added services to meet the evolving lifestyle and banking needs of customers.

Most importantly, we will continue to deliver on our strategic objective of meaningfully impacting people's lives.

Nangula Kauluma
CEO: FNB Namibia Retail Banking

FNB COMMERCIAL'S PERFORMANCE

FNB Commercial's trajectory speaks volumes. We have charted consistent double-digit profit growth since Covid-19, with 2025 profit returns normalising, maintaining our annual revenue growth momentum.

Advances of N\$9.0 billion
(2024: N\$9.2 billion)

Customer base increase of 3.1%

CashPlus agents increased by 15%

Performance summary

Volume growth supported significant non-interest revenue increases. This was complemented by strong deposit growth and expansion of our customer base. Advances declined by 1%, primary due to prudent write-offs and the continued application of a disciplined credit appetite. This reflects our ongoing commitment to maintaining a quality and resilience of the loan portfolio, and we maintained a disciplined credit appetite.

High interest rates impacted NPLs. However, the resolution strategy started to show results, with NPL inflows following a declining trend.

We are positioning our solutions where clients need them most. The segment expanded its CashPlus agent footprint by 15%, Cash@Till by 29%, and merchant services by 9%.

SME growth drives Namibia's future. We launched and migrated clients to the SME digital hub and forged strategic partnerships, including a N\$1 billion pipeline initiative with Moneda in the oil and gas sector.

FNB Commercial received PMR Diamond Arrow Awards across business, agricultural and digital banking. This reflects the team's commitment to delivering outstanding client experiences.

2025 focus areas

The Relationship Management Academy has proven transformative, completing its third cohort this year with remarkable results. The programme nurtures bankers and trusted advisors who understand sector-specific challenges across Namibia's economy. This investment in human capital improves our client experience metrics. It also strengthens our competitive advantage in specialised sectors, where we onboarded dedicated relationship managers.

The segment's innovative scored credit system has transformed credit access. The system delivers unprecedented turnaround times and efficiency while helping clients improve creditworthiness. Alongside our award-winning digital platforms, it exemplifies our commitment to financial inclusion through technology that works for people.

True partnership means solving problems together.

In agriculture, we partner with farmers. We supported them through the drought by restructuring loans and increasing agricultural sector credit by 12% year-on-year. The segment financed multiple capital expenditure projects for commercial farming operations, helped finance agricultural infrastructure and built resilience against environmental challenges. We also contributed N\$500 000 to agricultural initiatives.

The segment pioneered H.E.R banking as a standout value proposition, creating a tailored suite of financial services for women entrepreneurs. This supports building networks, creating opportunities, and fostering growth ecosystems to empower women-led businesses across Namibia.

In public sector banking, we strengthened relationships with government entities, municipalities and educational institutions, creating specialised solutions to improve public service delivery. Our public sector collaborations delivered real impact, from N\$450 000 for sanitation facilities to N\$500 000 for specialised library equipment.

We deepened client engagement through strategic community partnerships. Our sponsorship of the Namibia cricket team reflects our commitment to developing national talent beyond the banking sector.

We create a more user-friendly and efficient experience for clients through innovative digital solutions and proactive platform support.

Risks and opportunities

Digital solutions continue to present significant opportunities. To enhance efficiencies across our platform, we are:

- integrating assistance on platform;
- simplifying the account opening process; and
- ensuring a seamless, efficient user experience.

While the rainy season brought some relief, the ongoing drought puts pressure on the agricultural sector. We continue to align our strategies to better support farmers and the broader agricultural ecosystem.

Enabling SMEs through the digital hub

We launched and migrated clients to our SME digital hub. This is a comprehensive platform that empowers SMEs with tools and services to manage and grow their portfolios without visiting a branch.

The hub offers faster solutions, streamlined access to financial services, and enhanced accessibility through virtual assistance. It gives SME business owners easier access to credit and business insights to scale their operations and expand their goals. It means geographic location is no longer a limiting factor.

Looking ahead

We are cautiously optimistic about Namibia’s economic future. We are monitoring the unfolding oil and gas opportunities. Our focus is on helping businesses maximise their participation in this evolving sector. We will support this through our partnerships and provision of niche support in transport and logistics.

We will continue to innovate across all interactions, products and services to stay ahead as the payments landscape evolves. We will integrate sustainable finance solutions and deliver tailored, fit-for-purpose lending solutions to provide industry-leading value to clients.



Philip Chapman
Acting CEO: FNB Namibia Commercial Banking

RMB'S PERFORMANCE

RMB Namibia leverages a strategic mix of transactional banking, lending and markets businesses. This is underpinned by deep understanding of clients' businesses and macroeconomic contexts. Our diversified portfolio and disciplined approach to balancing risk, return and growth deliver sustainable high-quality earnings and balance sheet resilience.



Performance summary

RMB increased the number of clients with primary bank status by 14.0%, a testament to clients' trust in our capabilities. We received positive feedback on our clients' banking experience and will continue to improve.

RMB was named ESG Bond House of the Year for its partnership in issuing the Letshego Holdings Namibia Ltd social bond. This is a first for Namibia and confirms our market-leading capabilities.

RMB's lending business grew strongly and delivered growth exceeding private sector credit extension. The segment creates real value in extending credit to enable clients and partners.

2025 focus areas

A big focus was on solving for the group's ability to deliver on the Payment System Determination 9 regulatory change. We successfully enabled clients to make payments within the Common Monetary Area (CMA) on the SWIFT rail with an EFT experience. This enabled compliant processing of cross-border payments, particularly among CMA countries (South Africa, Namibia, Lesotho, and Eswatini).

RMB acted as sponsor, arranger and sustainability coordinator for FNB Namibia's inaugural Sustainability Note issuance under its NSX-listed Domestic Medium-Term Note Programme. This highlighted RMB's dual capabilities in debt capital markets and sustainable finance. The Sustainability Note issuance is a milestone for FNB Namibia. Funds raised will be allocated to eligible green and social assets, including renewable energy, financial inclusion, and social infrastructure.

Risks and opportunities

RMB's risk profile remains stable and managed within the approved risk appetite and thresholds. We achieve this by embedding fit-for-purpose risk management principles and collaboration across multiple governance structures.

We aim to build our capabilities and relevance in the market. We will do this by providing innovative financial tools and tailor-made advice to enable clients to navigate the complex financial landscape and capitalise on opportunities.

We are positioning our group as a knowledgeable and proactive banking partner in Namibia's emerging oil and gas sector and in mining, energy and logistics. Our title sponsorship of the Mining Expo highlighted our expertise in the sector. Similarly, sponsoring the Namibia Oil & Gas Conference and the Global African Green Hydrogen Summit reflects our leadership in the evolving energy landscape.

Looking ahead

RMB will continue to support the economy through private sector credit extension growth exceeding the industry benchmark. We aim to drive investment in the country in diverse sectors. The segment will maintain a well-diversified, high-quality balance sheet.

We will focus on platform stability and process optimisation to enhance the client experience and ease of doing business. RMB will continue to leverage the broader FNB ecosystem to solve for our clients holistically in Namibia and across jurisdictions.



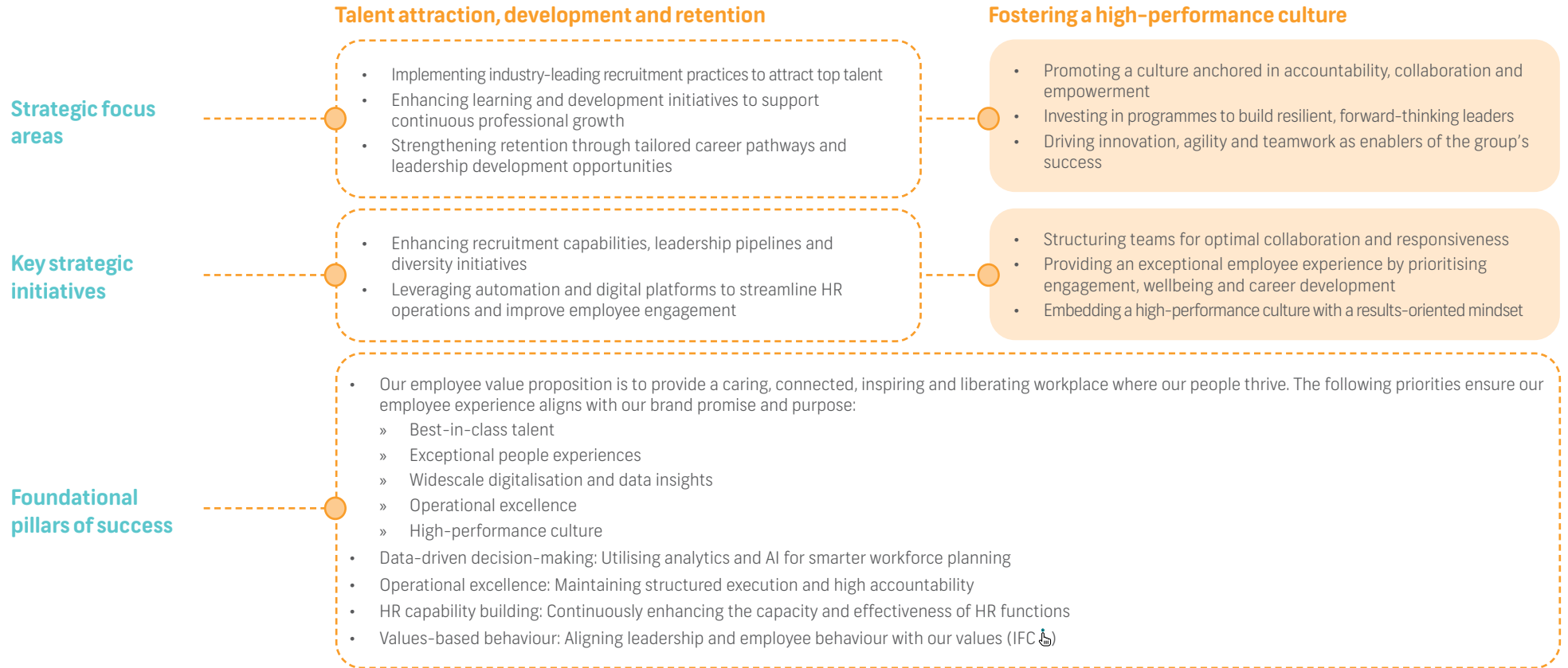
Philip Chapman
CEO: RMB Namibia

HUMAN CAPITAL'S PERFORMANCE

The group's long-term success is rooted in its ability to attract, grow and retain talented individuals who are committed to shaping a future of inclusive prosperity.

Human capital strategy

Our people strategy aims to foster a thriving workforce, drive innovation and ensure business resilience. Investment and alignment in these areas will enable us to maintain our competitive edge and position the group for sustainable growth and long-term success.



The Top Employers Institute recognised FNB Namibia as a Top Employer in Namibia and Africa, with an overall score of 90.05%.

Equity and inclusion

Diversity, equity and inclusion are central to the group's ethos. We have 2 059 (2024: 2 161) employees of whom 62% (2024: 63%) are women and 89% (2024: 91%) are from historically disadvantaged backgrounds. We are guided by a robust transformation plan and a dedicated transformation committee.

FirstRand Namibia was awarded A-Grade certification by the Employment Equity Commission, with an overall compliance of 92% (2024: 90.5%). This underscores our commitment to workplace transformation. Equal opportunity is integral across the business, from hiring and promotions to compensation and recognition.

Talent management and succession

There are 24 high-potential individuals in our executive succession pool. Each one is supported by structured development plans and career experience maps. We use psychometric and potential assessments to guide growth and address development needs.

We have had zero external executive hires over the past two years, reinforcing the group's "grow our own timber" philosophy.

Targeted talent development

Our strategic talent programmes ensure that emerging professionals and future leaders are equipped for tomorrow's challenges:

- FirstJob: Equips unemployed youth with practical skills and experience. We have onboarded 35 interns over the last four years.
- Accelerated talent development: Provides leadership coaching, technical skills and executive exposure.
- Leadership DNA project: Aligns our leadership development with business needs and future roles.
- Talent mobility: Formalised our Chobe talent mobility framework to facilitate cross-border talent movement between Namibia, Zambia and Botswana.

Executive succession pool

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Ready-now – 17%
1-2 years – 21%
3-5 years – 33%
5+ years – 29%

Successor gender representation

66% Male

34% Female

Successor racial representation

66% Previously disadvantaged

34% Previously advantaged

Ready-enough succession cover for exco positions:

Out of 2 exco roles, both have ready-enough successors (100%)

Short-term succession cover for exco positions:

Out of 2 exco roles, both have short-term successors (100%)

Talent attrition

High performers = 5.2%
Critical roles = 10.8%

Talent attrition: resignations from the talent pool.

Learning and development

We invested N\$7.4 million (2024: N\$6.4 million) in training interventions to upskill our workforce.

- 106 non-managerial employees from previously disadvantaged backgrounds received tertiary education support via the Staff Assistance Trust (valued at N\$3.35 million).
- 10 internal bursaries were awarded for tertiary education.
- Our in-house academies and leadership programmes equip employees with future-ready banking skills and client-centric capabilities.

Employee wellbeing

Employee wellbeing is a strategic priority. The LifeAssist Employee Wellness Programme has provided 24/7 support services to employees and their families for 12 consecutive years. Services are offered via phone, digital platforms and in-person channels.

Achievements for the year include:

- Trained 72 wellness ambassadors in mental health first aid.
- Launched on-site fitness programmes to promote physical wellness.
- Conducted wellness screenings across branches and for 42 senior leaders.
- Provided financial support for 33 employees and 13 dependents (N\$0.5 million).

Since 1992, our employees have contributed to saving over 17 000 lives through regular blood donations.

Going forward

Our investment in human capital is positioning FNB Namibia for long-term sustainable growth.

Our key priorities are to:

- attract and retain best-in-class talent;
- deliver exceptional employee experiences;
- drive widescale digitalisation and leverage data insights;
- achieve operational excellence; and
- embed a high-performance culture

Through our integrated people strategy, we are creating a future-fit workforce capable of navigating disruption and driving innovation.

We are committed to strengthening our culture, empowering our people, and ensuring FNB Namibia remains an employer of choice.

"Receiving this recognition as a Top Employer is an honour for FNB Namibia. It highlights our ongoing efforts to build a workplace that values people and drives meaningful progress."

Isidor Angula,
Human Capital Head of FNB Namibia




First National Bank - a financial services group. Reg. No. 2000-01381 - a subsidiary of First National Bank Limited

"FNB Namibia's focus on both customer and employee satisfaction sets the standard for excellence. I feel valued and enjoy daily opportunities for personal and professional growth, and I especially appreciate the flexibility to serve our clients effectively."

Anndine Buckley,
Platinum Segment Head,
FNB Namibia




First National Bank - a financial services group. Reg. No. 2000-01381 - a subsidiary of First National Bank Limited

"Working at FNB Namibia is an enriching experience, offering numerous opportunities for professional growth. I deeply value the organisation's commitment to excellence, innovation and a customer-first approach. I am proud to be part of a bank that consistently drives positive impact."

Mario Fortunato,
Head of Information
Management, FNB Namibia




First National Bank - a financial services group. Reg. No. 2000-01381 - a subsidiary of First National Bank Limited

"FNB is more than just a workplace; it's a place where innovation, growth and collaboration thrive. The company's commitment to its people, coupled with a supportive and dynamic environment, makes it the best place to work and grow professionally. I'm proud to be part of the FNB family."

Theo Hidulika,
Digital Banking Consultant,
FNB Contact Centre




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REWARDING VALUE CREATION



Remuneration report

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REMUNERATION REPORT

Remuneration philosophy

The principle of aligning reward with shareholder value is central to how the group approaches remuneration. It is embedded in a performance management framework that drives performance at individual, team, business unit and group level.

The performance management cycle begins with an annual planning process informed by the group's strategic direction. The board sets the strategic focus areas and performance targets for the financial year, ensuring alignment with the group's overarching risk appetite and long-term objectives.

The group applies an outcomes-based approach to remuneration. We believe this remains best-suited to the diverse nature of our operations.

The group's remuneration philosophy is founded on the following principles:

- **Attracting and retaining talent** in the market is critical for the group to execute its strategy and deliver on its promises to stakeholders.
- **Aligning with shareholders** means that management should not be rewarded beyond the value delivered to shareholders. To support this principle, the group uses net income after cost of capital (NIACC) as its key performance measure. This ensures that variable pay is only awarded once all obligations are met, including "paying" shareholders for their equity.
- **Pay for performance** through variable pay that is subject to financial and non-financial performance criteria aligned to the company's strategic objectives. To promote sustainable outperformance, the targeted remuneration mix offered to key talent is weighted towards variable pay (short- and long-term incentives).

- **Sustainable business** means that management also has a responsibility to regulators, customers, deposit holders, employees and broader society. In determining remuneration, the talent and remuneration committee (TRC) aims to ensure that the group delivers long-term growth for the benefit of all stakeholders.
- **Fair and responsible remuneration** means that the group promotes equal pay for work of equal value. This includes two aspects: market-related pay and internal parity. TRC considers total remuneration across fixed salaries, short-term incentives (STIs) and long-term incentives (LTIs). The group aims to ensure there is equitable pay among employees who do similar work, regardless of race or gender.

Principles that underpin the group's commitment to fair and responsible remuneration

Fairness

- The principle of equal pay for work of equal value is applied across all job roles.
- Remuneration practices are impartial and not affected by self-interest or prejudice on arbitrary grounds, including race and gender.

Responsibleness

- Remuneration outcomes are aligned with group strategy and sustainable value creation.
- Incentives are based on corporate performance conditions and individual performance criteria.
- Incentive schemes do not promote excessive risk-taking.
 - » The committee assesses material risk events and behaviours to ensure that actions falling outside the group's risk appetite are not rewarded and that incentive pools are appropriately adjusted for risk.
- Variable remuneration is subject to malus and clawback.

Practices that underpin the group's commitment to fair and responsible remuneration

- Adhering to legislative requirements relevant to remuneration and benefits.
- Setting salary ranges per role (based on role evaluations and benchmarking) for recruitment and the annual review of salaries.
 - » FNB Namibia uses independent service providers to benchmark market data relating to guaranteed remuneration. The PWC, REMchannel and Emergence salary surveys are currently used to benchmark against the market.
- Placing new employees within a salary range based on their skills, qualifications and experience in the role.
- Conducting annual remuneration reviews for each employee. This considers their performance in their roles and market benchmarks as a minimum requirement.
- Annually reviewing and adjusting for internal income differentials when required.
- Continually monitoring for pay gaps based on race and gender.
- Monitoring the minimum salary bands to ensure employees receive a salary that is competitive in the market and offers a decent standard of living.

Benchmarking of remuneration

The group conducts annual external benchmarking to ensure fair and competitive remuneration for all employee levels. *Ad hoc* surveys are conducted if significant shifts in market practices occur. Market data points are used to determine a pay range for each role that is anchored to the market median. Employee positioning in the pay range is based on:

- employee experience and competence;
- scarcity of skill; and
- employee performance in the role.

Benchmarking of executive directors' and prescribed officers' remuneration

TRC benchmarks the remuneration of executive directors and prescribed officers against peers in the banking and financial services sector. TRC uses benchmark information from external service providers and internal analysis for annual salary reviews. This ensures the total remuneration of executive directors and prescribed officers is market-aligned and competitive.

FNB Namibia defines its prescribed officers as the group's executive directors and the CEOs of the group's retail and commercial and corporate and institutional segments. These officers are members of the group's exco.

Remuneration policy and structures

Components of remuneration

FNB Namibia's remuneration structure consists of:

- **Fixed pay:** A guaranteed package (GP) that is competitive in the market, reflecting the role, skills and experience of the individual employee.
- **Variable pay:**
 - » STIs based on group, segment and individual performance.
 - » LTIs calibrated to three-year, forward-looking group performance conditions. The greater the influence of the individual on the overall risk and returns of the group, the higher the proportion of LTIs awarded.
 - » LTIs and deferred STI payments also act as retention mechanisms.

The diagram below illustrates the different components of fixed and variable pay.

Each of these components is based on pools that are set using the methods described in the table below.

		Eligible				Paid during the year	Deferred for 6 months to 1 year	Deferred for 2 years	Deferred for/ vesting after 3 years
		AE	MM	SM	E				
Guaranteed package	Cash package (based on cost to company)	✓				Cash package			
	Benefits <ul style="list-style-type: none"> • Retirement • Medical aid 	✓				Benefits			
Short-term incentives	Cash award	✓				Cash award			
	Deferred cash award	✓					Deferred cash award		
	Deferred bonus award/Bonus share ownership plan (BSOP)		✓	✓	✓			Deferred bonus award/BSOP	
	Deferred incentive plan (DIP)/Deferred share ownership plan (DSOP)*		✓	✓					DIP/DSOP
Long-term incentives	FirstRand share price linked conditional incentive plan (CIP); Share price linked plan based on achieving group performance targets			✓	✓				FirstRand share price linked CIP

AE: all employees; MM: middle management; SM: senior management; E: executives.

FirstRand refers to FirstRand Limited, the ultimate holding company listed on the Johannesburg Stock Exchange. The share price of FirstRand Limited is used to determine the value of cash-settled share awards under the BSOP, DSOP and CIP incentive plans. Refer to short-term incentives section below for deferral thresholds.

* Inaugural DSOP awards commenced September 2024 replacing the deferred incentive plan (DIP).

- The first awards in the BSOP and DSOP were made in the 2024 annual reward review cycle.
- The DSOP and BSOP is indexed to the FirstRand share price and will pay dividend equivalents to participants as and when dividends are declared for FirstRand shareholders. At vesting, both awards will be cashed out and paid through the payroll.

Components of remuneration

GP and benefits

Increases are informed by inflation, benchmarking and union negotiations.

Short-term incentives

Annual bonus award

The STI pool is based on:

- Unionised staff: Based on FNB Namibia earnings performance. 95% is based on individual performance, and 5% is discretionary.
- Managerial: Determined against financial and non-financial performance, with financial performance linked to earnings growth and NIACC. The outcome is adjusted for risk. Individual allocation is based on individual performance.

DIP/DSOP

Long-term incentives

The pool growth is linked to Namibia's inflation. The allocation of the pool to the operating businesses is determined by considering the franchise value created and the sustainability of the operating businesses' contributions to shareholder value.

CIP

Guaranteed package

Guaranteed package is based on the group's cost-to-company remuneration approach. GP comprises a cash component and benefits. The cash component is market-related. It reflects the responsibilities of the role (pay for the role) and the expertise and skills of the individual employee (pay for the person).

The group has recognised the Namibia Bank Workers Union (NBWU) as the exclusive bargaining agent for non-managerial employees. The group negotiates salary increases with the NBWU on an annual basis as provided for in the recognition agreement. Salary negotiations and resulting settlements are informed by prevailing macroeconomic factors and individual employees' performance.

Retirement contribution

All employees are contractually obliged to contribute to the FirstRand Namibia Retirement Fund under the Benchmark Umbrella Fund. A board of trustees manages the fund, seeking to maximise investment returns and minimise costs. A management committee has been constituted with employer and employee representatives.

Medical aid contribution

All employees are contractually obliged to belong to a medical aid or become a member of the Namibia Health Plan. An independent board of trustees has been constituted with employer and employee representatives. The board of trustees manages the medical aid to ensure that relevant benefits are provided to employees at a reasonable cost.

Short-term incentives

STIs reward group and individual performance achieved, considering the strategic priorities and objectives. TRC determines the STI pool for both managerial and non-managerial employees using a combination of financial and non-financial performance measures.

Regarding financial measures, the STI pool is determined using performance measures such as ROE, earnings growth and NIACC for the year.

STIs that exceed a certain threshold are deferred into cash and restricted share awards. Deferral drives retention, aligns senior employees with shareholders, and is a key consideration in the management of remuneration risk.

Deferral thresholds:

- Up to N\$1 million: Paid in full in August.
- Above N\$1 million up to N\$2 million: Paid in three tranches – in August, December and the following June. The second and third tranches include interest.
- Above N\$2 million: A portion is paid in three tranches – in August, December and the following June. The second and third tranches include interest. The remaining portion (50% for executive directors and 30% for exco members) is deferred in restricted shares (BSOP) that vest after two years. Restricted shares qualify for dividends as declared.

	Immediate	6 months	12 months	24 months
First N\$1m	Cash paid immediately			
Next N\$1m	Cash – tranche 1	Cash – tranche 2	Cash – tranche 3	
CEO 50% / Exco 70%	Cash – tranche 1	Cash – tranche 2	Cash – tranche 3	
Over N\$2m CEO 50% / Exco 30%	Restricted cash-settled share award vesting in 24 months			

STI pool determination

Top-down overall group STI pool determination is anchored to a multi-year budget process that considers strategy, risk appetite and financial resource allocation. Qualitative and quantitative targets are core to the remuneration assessment:

- **Quantitative targets** include earnings growth and ROE targets, which are set to deliver positive NIACC. Growth in management remuneration should not exceed growth in accumulated net asset value and dividends in an economic cycle (currently six years). Normalised earnings are adjusted for the impact of impairments of intangible assets (as these are not part of headline earnings), reducing the STI pool accordingly.
- **Qualitative targets:** TRC will adjust STI pools downwards for events related to material risk and conduct. This involves consideration of:
 - » the control environment, internal and external audit results, compliance with risk policies and processes, and platform maturity;
 - » employee, client, business and financial markets conduct; and
 - » regulatory compliance.

TRC considers formal submissions from management in determining the pool.

Final pool allocation

The bottom-up pool determination is constrained by the group STI pool calculation and adjusted accordingly. The bottom-up approach considers business unit growth rate in profit before tax, NIACC, volatility over economic cycle. In determining the group STI pool, TRC ensures that shareholders do better than management.

Deferred incentive plan

The DIP is a deferred bonus designed to drive high performance and ensure retention. Key professional staff who are high performers, have scarce skills and do not receive LTIs are eligible for the DIP. Executive directors are not eligible for the DIP. These awards are allocated based on the individual's performance rating for the previous 12 months as part of the annual reward review cycle. Specific allocation guidelines are provided to businesses to inform awards. The award is only forfeited if the individual performance requirements are not met over the three-year vesting period or if the individual is no longer employed by the group. Alignment to shareholders is maintained, as the final award value is anchored to FirstRand's share price and vesting is after three years, when awards are settled in cash. Share price changes for DIP awards are hedged, ensuring there is no additional cost to shareholders.

The pool for DIP awards is developed bottom-up and moderated by considering inflation and strategic headcount growth.

The 2022 and 2023 in-flight DIP awards vest in September 2025 and September 2026 respectively.

Deferred share ownership plan

The DSOP replaced the DIP from September 2024. Whereas the DIP is share price linked, the DSOP is awarded as a restricted share instrument, with participants qualifying for dividends when they are declared. Alignment to shareholders is maintained, as the award comprises FirstRand shares and vests after a three-year deferral period. The DSOP aims to increase employee ownership by enabling them to experience annuity value unlock through dividends and enjoy share price growth. Specific allocation guidelines are provided to businesses to inform awards.

The diagram below sets out the key features of the DSOP:

Key element

Policy and design features

Eligibility

----- ● Aims to promote high performance and retention of key talent with scarce skills.

Pool determination

----- ● The pool is allocated bottom-up and moderated by considering inflation. Allocation of the pool to the operating businesses is determined by considering increases in packages.
Awards are made annually, but no one is guaranteed an annual allocation. Allocation to individuals is driven by eligibility criteria that include talent classification, scarcity of skills and performance.

DSOP award vesting period and conditions

----- ● Awards vest three years after the award date. Vesting depends on the participant remaining in the employ of the group and meeting individual performance requirements.

In-flight awards

----- ● Inaugural awards were made in September 2024.

Dividends

----- ● Participants qualify for notional dividends as and when dividends are declared during the vesting period.

Settlement at vesting

----- ● Awards are settled in cash, based on the underlying value of the FirstRand share price.

Provisions for malus and clawback

----- ● Malus and clawback will apply in accordance with the policy on remuneration risk and governance. Refer to malus and clawback on page 66 .

Long-term incentives

The group's LTI scheme seeks to ensure that employees are aligned to shareholder requirements for sustainable earnings growth, sustainable and superior returns, and creation of long-term franchise value. LTIs also support the long-term retention of critical management-level employees. The group utilises the FirstRand Limited Conditional Incentive Plan (CIP) in Namibia to achieve these objectives.

Allocation of LTIs to individuals is driven by eligibility criteria, with guidance on quantum linked to individual GP. The performance conditions for the LTI plans are embedded in the performance culture of the group. They include targets for ROE and earnings growth. The group does not assign weightings to the ROE and earnings growth conditions, as this creates two separate instruments for driving behaviour, where one condition could be favoured at the cost of the other. The group requires both conditions to be met. ROE takes priority and must be achieved before growth is assessed. The earnings growth target is measured over a three-year rolling period on a cumulative basis. The ROE target is measured as average ROE over the three-year vesting period, and positive NIACC is required in line with the group's performance philosophy. ROE is based on net asset value, not tangible net asset value, and as such includes goodwill.

Performance conditions should support motivation and retention. Therefore, TRC considers several factors, including:

- the outcomes of the three-year budget process, including scenario analyses of the budgets that incorporate risk and stressed views;
- the macroeconomic outlook together with the probabilities assigned to the different scenarios;
- the required investment in platforms and new business development for future growth strategies, with this investment expensed and not capitalised;
- the opportunity to grow in excess of the economy, given the group's relative market share; and
- the requirement to protect the return profile, as opposed to incentivising earnings growth at the expense of returns.

LTIs are linked to the FirstRand share price. Therefore, participants in the LTI CIP are exposed to fluctuations in the group's share price and consequent increases or decreases in the value of their awards over the vesting period. This supports alignment between participants and shareholders.

Operation of the LTI awards

The table below sets out the key features of the LTIs.

Key element

Policy and design features

Eligibility

Granted to executives and senior managers who are in decision-making positions that affect overall group performance and delivery of value to shareholders.

Award allocation

Creation and allocation of the pool to the operating businesses is determined by considering:

- the franchise value created; and
- the sustainability of the operating businesses' contributions to shareholder value.

The allocation to individuals is driven by eligibility criteria that include seniority, talent classification, ability to influence strategy, and individual performance. Awards are generally made annually. No one is guaranteed an annual allocation.

Vesting value

All LTI awards are subject to forward-looking performance conditions linked to group outcomes and are settled in cash, based on the underlying value of FirstRand shares. Therefore, participants are fully exposed to fluctuations in the group's share price over the vesting period.

LTI award vesting period

The performance conditions are measured over three years. Awards vest three years from the award date to the extent that the conditions have been met.

Performance conditions

The section above provides detail regarding the performance conditions. From 2022, 100% of LTI awards are subject to performance conditions, as professional staff are no longer eligible for LTI awards and participate only in the DIP or DSOP. Awards granted from 2024 onwards have the same performance conditions as the rest of the group.

Vesting ranges

Vesting of LTI awards is based on a graded structure, where minimum performance conditions are set for each vesting level, namely threshold vesting (50% vesting level), on-target vesting (100% vesting level) and a range of stretch targets. If the performance conditions for threshold vesting are not met, the vesting outcome will be zero and the award will lapse. ROE and earnings growth conditions are set for each vesting level, with the earnings growth outcome determining the graded vesting percentage.

Key element

Policy and design features

Maximum LTI vesting level



Graded vesting includes stretch and super-stretch targets for vesting above 100%. Awards can vest up to a maximum level of 150%. This will correlate with exceptional value for shareholders based on the performance conditions set for these levels of vesting.

In-flight awards



Current in-flight awards were made in September 2022, September 2023 and September 2024. Awards for 2025 will be made in September 2025.

Changes to performance conditions of in-flight awards



TRC does not:

- amend the performance conditions of in-flight awards once issued;
- reprice share incentive awards for changes in the share price; or
- re-test performance conditions or delay their measurement.

Downward adjustment



Where performance conditions have been met, TRC can reduce the vesting outcome with a downward adjustment of up to 20% for materially negative outcomes within management control. This allows TRC to guard against financial targets being achieved by compromising on risk, compliance or conduct.

Dividends



Dividends or notional dividends are not accrued over the vesting period.

Settlement at vesting



The participant receives the vesting value based on the share price at the end of the vesting period. Settlement is in cash.

Change in employment before award vests



Refer to termination categories on page 67

Provisions for malus and clawback



Malus and clawback will apply in accordance with the policy on remuneration risk and governance. Refer to malus and clawback alongside.

Other governance matters

FNB Staff Assistance Trust

The FNB Staff Assistance Trust assists non-managerial, racially disadvantaged employees and their immediate families with tertiary education and healthcare needs. For the 2024/25 school cycle, the trust assisted employees to the value of N\$3.5 million.

Executive contracts and policies

There are no contractual entitlements to payments on termination and no special termination arrangements or golden-parachute agreements in place. Contractual notice and accrued leave are paid out where legally required. Unvested deferred STI awards or unvested LTI awards are dealt with in accordance with the applicable scheme rules.

Malus and clawback

Malus and clawback provisions for STIs and LTIs align employee behaviour to the delivery of sustainable risk-adjusted performance by ensuring that any serious risk event can lead to consequences for award participants. The deferral of short-term incentives and the use of forward-looking LTI performance and vesting periods extend the malus and clawback periods.

Malus and clawback are applied to all variable pay. They can be invoked upon the occurrence of a trigger event and applied as follows:

- Malus applies to awards that have not yet vested or settled, allowing for them to be cancelled on the occurrence of a trigger event.
- Clawback applies once an award has vested upon the occurrence of a trigger event. TRC has discretion to claw back any variable remuneration upon the occurrence of any of the trigger events detailed below. Clawback applies for three years after vesting.

A trigger event may include, *inter alia*:

- discovery of a material misstatement of performance that resulted in a variable reward made, with the board being satisfied that the employee contributed to and is responsible for the misstatement;
- discovery that the assessment upon which the award was made was based on erroneous, inaccurate or misleading information;
- any action or conduct which, in the reasonable opinion of the board, amounts to dishonesty, fraud or misconduct;
- discovery of a material failure in risk management to which the employee contributed and is responsible for; and/or
- discovery that performance related to financial or non-financial targets was misrepresented and that such misstatement led to over-payment of incentives.

Notice periods for executive directors and prescribed officers

All executive directors and prescribed officers in Namibia have a notice period of one month, which can be extended by mutual consent. Executives have no guaranteed termination payments.

Buy-out awards and sign-on bonuses

The group differentiates between buy-out awards and sign-on bonuses.

Buy-out awards

The group uses buy-out awards when recruiting employees to compensate them for incentive awards they will forfeit upon leaving their previous roles. This is typically done:

- when the business is heavily reliant on high-demand, scarce skills;
- to replace prospective employees' current benefits; and/or
- to remain attractive and competitive in the market.

Buy-out awards can be made in cash, deferred awards or LTIs, and will be similar in value, nature and time period attached to the incentive that is being bought out, subject to clawback in the event that the employee leaves. LTI awards are subject to their respective applicable performance conditions. Furthermore, the buy-out is subject to FNB Namibia leaver forfeiture provisions (refer to termination categories alongside) and remains subject to malus and clawback in line with policy.

Sign-on bonuses

Sign-on bonuses are rarely paid to attract employees to join the group. They may be awarded in exceptional circumstances, but require specific executive approval. They are subject to FNB Namibia leaver forfeiture provisions and malus and clawback in line with policy. Executives are not eligible for sign-on bonuses.

Termination categories for outstanding STI and LTI awards

The following conditions apply to outstanding STI and LTI awards upon termination of employment:

		STI	LTI
Resignation and fault terminations			
Resignation or dismissal	or	Employees who resign or are dismissed before the vesting or payment date of cash or restricted share awards will forfeit these awards.	Employees who resign or are dismissed before the vesting date of outstanding LTIs will forfeit these awards.
No-fault terminations			
Retirement		The cash and restricted share awards of employees who retire in terms of the group's retirement policy continue for the duration of the vesting period and remain subject to the applicable rules.	The LTI awards of employees who retire in terms of the group's retirement policy continue for the duration of the performance period and remain subject to the applicable rules and performance conditions.
Injury, disability or ill health	or	The cash and restricted share awards of employees who are terminated due to injury, disability or ill health in terms of the group's policy continue for the duration of the vesting period and remain subject to the applicable rules.	The LTI awards of employees who are terminated due to injury, disability or ill health in terms of the group's policy continue for the duration of the performance period and remain subject to the applicable rules and performance conditions.
Death retrenchment	or	Vesting for the cash and restricted share awards of employees is accelerated and pro-rated where appropriate in line with scheme rules.	The awards are pro-rated for the remaining vesting period and adjusted for the performance conditions, which are tested against the roll-forward conditions to date in order to determine probability of vesting. Thereafter, vesting of the pro-rated awards is accelerated.

Corporate performance targets

TRC sets corporate performance targets for each award based on expected macroeconomic conditions, group earnings and returns forecasts over the performance period. The criteria vary from year to year, depending on the expectations for each of the above variables. For vesting to occur, the criteria must be met or exceeded. If the performance conditions are not met, the award fails.

The awards have a graded vesting structure. The level of vesting is correlated to the earnings growth achieved relative to macroeconomic variables or set normalised earnings per share (EPS) growth targets and minimum ROE requirements. The vesting outcome is based on the delivery of the performance conditions. TRC may adjust the final outcome of the graded vesting level downwards for predetermined issues.

The criteria for expired and currently open schemes are set out below.

Expired schemes

2021 (Vesting date in September 2024) – From 2021, all CIP awards have performance conditions applied to 100% of the award. The group implemented a DIP without performance conditions for certain employees, and no longer issues CIP awards with only employment as a condition for vesting. Graded vesting applies to all CIP awards. The awards are subject to the achievement of performance conditions set at award date, and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a maximum (super-stretch) target with linear grading correlated to normalised EPS growth between targets.

TRC has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damage the group's businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to TRC by the risk, capital and compliance committee; and
- concerns regarding adherence to the liquidity and capital management strategies in place.

The table below sets out the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

Performance conditions (both conditions must be met)			
	Vesting level should both conditions be met*	ROE target Minimum ROE requirement at 30 June 2024**	Normalised EPS growth requirement (3-year compound annual growth rate (CAGR)) FNB Namibia must achieve growth in normalised EPS relative to the consumer price index (CPI) plus real gross domestic product (GDP) growth# on a cumulative basis over the three-year performance period from the base year end, being 30 June 2021, as set out for each vesting level below
Threshold (minimum vesting, below which the award lapses)	50%	≥17%	Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 1%
On-target performance	100%	≥18%	Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 3%
Stretch [†]	120%	≥20%	Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 5%
Super-stretch [†]	150%	≥20%	Cumulative normalised EPS growth rate over three years of real GDP growth plus CPI plus 8%

* Linear grading between these vesting levels based on the growth achieved. The lower of the vesting outcome based on ROE or the vesting outcome based on earnings growth will apply.

** The ROE target is measured at 30 June 2024. The ROE calculation is based on NAV, taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS accounting standards changes or changes in volatile reserves.

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† For vesting at 120% or above, ROE of ≥20% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 8% over the three-year period.

Currently open schemes

2022 (Vesting date in September 2025) – All CIP awards are subject to performance conditions. For all the awards, graded vesting applies. The awards are subject to the achievement of performance conditions set at award date, and these determine the value that will ultimately vest. The performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super-stretch target with linear grading correlated to normalised EPS growth between targets.

TRC has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damage the group’s businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to TRC by the risk, capital management and compliance committee; and
- concerns regarding adherence to the liquidity and capital management strategies in place.

The table below sets out the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

Performance conditions (both conditions must be met)

	Vesting level*	Minimum ROE requirement**	Normalised EPS growth requirement (3-year CAGR)#
			FNB Namibia must achieve growth in normalised EPS relative to the CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2022, as set out for each vesting level below
Threshold (minimum vesting, below which the award lapses)	50%	≥19%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 1.5%
On-target performance	100%	≥20.5%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 2.5%
Stretch†	120%	≥22%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 5%
Super-stretch†	150%	≥22%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 9%

* Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on ROE and the vesting outcome based on earnings growth will apply.

** The ROE target is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS accounting standards changes or volatile reserves.

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

† For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 9% over the three-year period.

2023 (Vesting date in September 2026) – All CIP awards are subject to performance conditions. For all the awards, graded vesting applies. The awards are subject to the achievement of performance conditions set at award date, and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super-stretch target with linear grading correlated to normalised EPS growth between targets.

TRC has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damage the group’s businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to TRC by the risk, capital management and compliance committee; and
- concerns regarding adherence to the liquidity and capital management strategies in place.

The table below sets out the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

Performance conditions (both conditions must be met)			
	Vesting level*	Minimum ROE requirement**	Normalised EPS growth requirement (3-year CAGR)#
			FNB Namibia must achieve growth in normalised EPS relative to the CPI plus real GDP growth on a cumulative basis over the three-year performance period from the base year end, being 30 June 2022, as set out for each vesting level below:
Threshold (minimum vesting, below which the award lapses)	50%	≥20%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 4%
On-target performance	100%	≥21%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 4%
Stretch*	120%	≥22%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 6.5%
Super-stretch*	150%	≥22%	Cumulative normalised EPS growth rate over 3 years of real GDP growth plus CPI plus 10.5%

* Linear grading between these vesting levels based on the earnings growth achieved. The lower of the vesting outcome based on ROE and the vesting outcome based on earnings growth will apply.

** The ROE target is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS accounting standards changes or volatile reserves.

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

* For vesting at 120% or above, ROE of ≥22% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 10.5% over the three-year period.

2024 (Vesting date in September 2027) – All CIP awards are subject to performance conditions. For all the awards graded vesting applies. The awards are subject to the achievement of performance conditions set at award date and these determine the value that will ultimately vest. These performance conditions include a minimum condition to achieve any vesting, a target, a stretch and a super stretch target with linear grading correlated to normalised earnings per share growth between targets.

Remco has the right to adjust the vesting level downwards by as much as 20% if material negative outcomes for the business occur that are within management control. Examples would include:

- issues that materially damaged the group’s businesses, including its reputation;
- material enterprise-wide risk and control issues, as recommended to it by the RCCC;
- concerns regarding adherence to the liquidity and capital management strategies in place; and
- lack of compliance with the group’s climate roadmap over the three-year period.

The table below stipulates the performance conditions to be fulfilled by the group and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. If the conditions set for 50% vesting are not met, the award lapses and none of the other conditions described below are assessed. Both performance conditions must be met for vesting to occur.

Performance conditions (both conditions must be met)*			
	Vesting level*	Minimum ROE requirement**	Normalised earnings per share growth requirement (3-year CAGR)#
			FNB Namibia must achieve growth in normalised earnings per share relative to the CPI, plus real GDP growth on a cumulative basis, over the three-year performance period from the base year end, being 30 June 2023, as set out for each vesting level indicated below:
Threshold (minimum vesting, below which the award lapses)	50%	≥19.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 1.5%
On-target performance	100%	≥20.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 2.5% to real GDP growth plus CPI plus 4%
Stretch*	120%	≥21.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 6%
Super-stretch*	150%	≥21.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 9%

* Linear grading between these vesting levels based on the earnings growth achieved. After measuring the ROE outcome and growth outcome separately, the lower of either will become the vesting level. Both conditions must be met for vesting at any level to occur. Thereafter, Remco will assess if any downward adjustment is necessary for the factors listed.

** The ROE is measured as the average over the three-year performance period. The ROE calculation is based on net asset value (NAV) taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS Accounting Standards changes or volatile reserves (including the foreign currency translation reserves).

In the event that the three-year CAGR of real GDP is negative, CPI will be referenced.

* For vesting at 120% or above, ROE of ≥21.5% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR, with the maximum vesting at 150% at a level of real GDP growth plus CPI plus 9% over the three-year period.

Directors' remuneration

Executive directors

Executive directors are employed on fairly standard employment contracts similar to those of other employees. Remuneration paid is based on the group's remuneration policy as set out earlier.

After due consideration, and with the board's agreement, TRC resolved that disclosure of the executives' remuneration sufficiently illustrates the alignment between executive reward and shareholder return.

TRC ensures an optimal balance between operational stability, superior value creation and appropriate alignment of employee performance with the medium- to long-term interests of the group's stakeholders.

The following principles are at the core of the group's remuneration practices:

- ensuring guaranteed pay is commensurate with the volume of work, level of responsibility and individual performance in the role;
- protecting stakeholder value through compensation based on performance measured after adjusting for the level of risk assumed and the cost of capital incurred during business; and
- overseeing the implementation of long-term incentive awards subject to performance criteria that appropriately reflect sustainable value creation over the medium to long term.

Executives have no guaranteed termination payments. After the group STI pool has been determined, TRC considers STIs for executive directors and prescribed officers using a scorecard. The STI scorecard categories and hurdles are only considered if STI pools are available for the year, i.e. the financial metrics have been met. STI pool determination is based on financial metrics (normalised earnings and NIACC through the cycle). As such, achievement of financial metrics is required before the scorecards can be considered for individual STI allocations.

Non-executive directors

Non-executive directors receive fees for services as directors and for services provided as members of board committees. These fees are paid on a retainer as well as an attendance basis. The fees vary depending on the role of the committee, are based on market comparisons, and are reviewed on an annual basis to align with the group's fair and responsible remuneration philosophy. The fees are reviewed by TRC and approved by shareholders at the AGM.

Non-executive directors do not receive share options or other incentive awards.

Actual remuneration paid to non-executive directors is detailed in note 5 to the annual financial statements.



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Directors' responsibilities and approval

To the shareholders of FNB Namibia Limited

The directors of First National Bank of Namibia Limited are responsible for the preparation of the consolidated and separate annual financial statements comprising the consolidated and separate statements of financial position, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows and the notes to the consolidated and separate annual financial statements as at, and for the year ended June 2025.

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

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

In preparing the consolidated and separate annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The consolidated and separate annual financial statements incorporate full and responsible disclosure in line with the group's philosophy on corporate governance and as required by the Namibian Securities Exchange. The group has complied in all material respects with the requirements set out in BID2 with regards to asset classification, suspension of interest and provisioning. The group's policies with this regard are stated in the notes on accounting policies, disclosed on pages 82 to 105 [🔗](#).

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

Internal audit provides independent assurance on the adequacy and effectiveness of controls and report to the audit committee. The board has adopted and is committed to the principles in the NamCode report on Corporate Governance.

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

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

The group's external auditors, Ernst & Young Namibia, have audited the consolidated and separate financial statements and their report appears on pages 74 to 79 [🔗](#).

Approval of financial statements

The consolidated and separate annual financial statements of the group, which appear on pages 80 to 197 [🔗](#), were approved by the board of directors on 21 August 2025 and were signed on its behalf by:

ON Shikongo

Chairperson

Windhoek
21 August 2025

C Dempsey

Chief Executive Officer

Independent auditor's report

To the members of First National Bank of Namibia Limited

Opinion

We have audited the consolidated and separate annual financial statements of First National Bank of Namibia Limited and its subsidiary ("the group") set out on pages 80 to 197 which comprise the consolidated and separate statements of financial position as at 30 June 2025, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate annual financial statements, including a summary of material accounting policy information and the directors' report.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 June 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards and the requirements of the Companies Act of Namibia.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group

How the matter was addressed in the audit

Valuation of expected credit losses on advances

Significant macroeconomic uncertainty persists in the environment in which the Group operates.

Consequently, management has continued to exercise judgement to ensure that the final Expected Credit Loss (ECL) is aligned to the requirements of International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) and industry developments. This judgement includes the setting of macroeconomic scenarios and associated probabilities, as well as the forecasting of macroeconomic variables under the set scenarios.

Impairment of advances is a matter of most significance to our current year audit due to the following:

- Advances are material to the consolidated financial statements.
- The level of subjective judgement applied in determining the ECL on advances.
- Event-driven uncertainty and its impact on the assessment of ECL.

The Group's advances fall into three broad customer segments for which significant audit or attention was required:

- Retail, Commercial and Corporate

The credit impairment models, which outline the Group's macroeconomic forecasting principles are subject to formal model governance and approval.

Our audit of expected credit losses (ECL) of advances included the following procedures to address the key areas of significant judgement and estimation uncertainty in determining the ECL.

We performed these procedures with the assistance of our economic, credit and actuarial specialists:

- Across all significant portfolios, assessed the advances impairment policies and practices applied by inspecting the Group's policies and comparing it against the requirements of IFRS 9.
- Assessed the Group's probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario views and associated probabilities against the principles of IFRS 9.
- Assessed the forecasts for appropriateness against the Group's macroeconomic forecasting principles by reviewing the approval of these macroeconomic variables by the appropriate governance structures through discussions with management, inspecting documentation and comparing to our own and benchmarked economic forecasts and independent market data, as well as attendance at the governance forums.

Independent auditor's report *continued*

Key Audit Matter – Group

Valuation of expected credit losses on advances

Retail and commercial advances

Retail and commercial advances are higher in volume and lower in value and, therefore, a significant portion of credit impairments are calculated on a portfolio basis. This requires the use of statistical models incorporating data and assumptions which are not always observable.

The areas of significant judgement and estimation uncertainty relating to the retail and commercial advances customer segment include:

Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

- Inputs, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Evaluation of SICR

Evaluating whether there has been a Significant Increase in Credit Risk (SICR) event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).

How the matter was addressed in the audit

Retail and commercial advances

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

Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

- Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry, and assessed these against the requirements of IFRS 9.
- Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model.
- Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results.

Evaluation of SICR

Evaluated the appropriateness of the SICR triggers adopted by management and tested whether this was correctly and consistently applied in the models by performing an independent SICR efficacy assessment to confirm the appropriateness of the implemented PD thresholds and that the required SICR has been recognised.

Independent auditor’s report *continued*

Key Audit Matter – Group

Valuation of expected credit losses on advances

Incorporation of macro-economic inputs and FLI into the ECL measurement

- The incorporation of probability-weighted forward-looking information (FLI) and consideration of the appropriate macroeconomic inputs into the ECL calculations.

Assessment of post model adjustments

- Assessing the appropriateness and impact of the macroeconomic uncertainty assumptions on the forward-looking econometric information not incorporated into the respective models but rather in post model adjustments.
- Assessing the completeness of the post model adjustments.

Assessment of ECL raised for Stage 3 exposures

- Assumptions used to estimate the realisable values and timing of future cash flows of individual exposures, which have been classified as non-performing.
- The revisions made to BID-2 determination has defined the write off points.

The related disclosures in the consolidated financial statements are included in:

- Critical accounting estimates, assumptions and judgements: Impairment of financial assets (Accounting policies section 8.4)
- Note 12 – Advances;
- Note 13 – Impairment on advances;
- Note 32 – Risk management; and
- Accounting policies: Financial Instruments (section 4).

How the matter was addressed in the audit

Incorporation of macro-economic inputs and FLI into the ECL measurement

- Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP), Consumer Price Index (CPI), and the central bank rates; and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used.
- Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated.
- Assessed the Group’s probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9.

Assessment of post model adjustments

- Performed industry analysis and assessed individual counterparties using publicly available information to evaluate the appropriateness of the macroeconomic assumptions applied in the post-model adjustments raised and released.
- Assessed the inherent limitations of the ECL models within the banking portfolios, including the limitation of past performance, emerging industry risks which are not yet present in the current data, macroeconomic forecast challenges and sectoral stresses, by benchmarking against our own economic forecasts and building our own independent model which incorporates our own point estimates and inputs.
- Assessed the completeness of the post model adjustments against our own research and publicly available information including country, sector, Group and portfolio specific risk factors.

Assessment of ECL raised for Stage 3 exposures

- Assessed the Stage 3 LGD, EAD and PD assumptions used by management by inspecting the methodology used for providing for non-performing loans and comparing these against the requirements of IFRS 9.

We assessed management’s appropriateness of the applied write off points in compliance with the revised BID-2 determination.

Independent auditor's report *continued*

Key Audit Matter – Group

Valuation of expected credit losses on advances

Corporate advances

Corporate advances are dealt with on a case-to-case basis unlike retail and commercial advances. This also requires the use of statistical models incorporating data and assumptions which are not always observable.

The areas of significant judgement and estimation uncertainty relating to the corporate advances customer segment include:

Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

- Inputs, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Evaluation of SICR

- Evaluating whether there has been a SICR event since the origination date of the exposure to the reporting date (i.e. a trigger event that has caused a significant deterioration in credit risk and results in migration of the loan from Stage 1 to Stage 2).

Incorporation of macro-economic inputs and FLI into the ECL measurement

- Assessing the appropriateness and impact of probability-weighted macroeconomic uncertainty on the forward-looking econometric information incorporated into the respective models.

How the matter was addressed in the audit

Corporate advances

We performed the following procedures on the ECL for all material corporate advances portfolio with the assistance of our economic, credit and actuarial experts:

Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

- Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry and assessed these against the requirements of IFRS 9.
- Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, PDs, EADs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model.
- Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results.

Evaluation of SICR

- Selected a sample of performing advances and assessed if the application of the SICR trigger was reasonable by forming an independent view based on publicly available information and management's periodic credit reviews.

Incorporation of macro-economic inputs and FLI into the ECL measurement

- Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP), Consumer Price Index (CPI), and the central bank rates; and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used.
- Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated.
- Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9.



Independent auditor's report continued

Other Information

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

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

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

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

Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

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

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



Independent auditor’s report *continued*

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Ernst & Young Namibia

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

Windhoek, Namibia
Date: 26 September 2025

Directors' report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of First National Bank of Namibia Limited (The Group) for the year ended 30 June 2025.

1. Nature of business

First National Bank of Namibia Limited is a registered bank incorporated in Namibia offering a full range of banking services to retail, commercial and corporate and public sector customers through its portfolio of market leading franchises. FNB, the retail and commercial bank and RMB, the corporate and investment bank. The group operates in Namibia.

There have been no material changes to the nature of the group's business from the prior year.

Refer to note 29 to the group's financial statements for a simplified group structure.

2. Financial results and activities

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

The consolidated and separate annual financial statements on pages 80 to 197 set out fully the financial position, results of operations and cash flows of the company and the group. Your attention is also drawn to the chairperson's report (page 14), the chief executive officer's report (page 27) and the chief financial officer's report (page 48).

3. Share capital

Details of FNB's authorised share capital as at 30 June 2025 are shown in note 26 to the group's financial statements. The company's authorised share capital remained unchanged at N\$4 000.

The company's authorised share capital at year end consists of 4 000 (2024: 4 000) ordinary shares of N\$1 each. The issued ordinary share capital remained unchanged at 1 200 ordinary shares.

4. Dividends

During the current year cash dividends of N\$937 million (2024: N\$1 423 million) were declared and paid in respect of the current and previous financial years.

5. Interest of directors

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

6. Directorate

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

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

* South African with Namibian permanent residence.

** South African and Irish.

Board changes

During the period under review and at the date of this report, the following changes to the board of directors took place in respect of First National Bank of Namibia Limited.

Director	Nature of change	Effective date
SL Balsdon Non-executive	Director appointment	15 July 2024
ON Shikongo Independent non-executive	Chairperson appointment (previously deputy chairperson)	17 October 2024
P Grüttemeyer Independent non-executive	Director and chairperson retirement	17 October 2024
R Makanjee Non-executive	Director resignation	31 December 2024

Directors' emoluments

Directors' emoluments are disclosed in note 5 to the annual financial statements.



Directors' report continued

7. Management by third parties

No part of the business of the company or of its subsidiary has been managed by a third party or by a company in which a director had a direct or indirect interest during this financial year.

8. Insurance

Comprehensive cover in respect of the bankers' bond, computer crime and professional indemnity risk is in place.

9. Property and equipment

There was no change in the nature of the property and equipment or in the policy regarding their use during the year ended 30 June 2025.

10. Holding company

The holding company of First National Bank of Namibia Limited is FirstRand Namibia Limited a Namibia Securities Exchange (NSX) listed company and its ultimate holding company is FirstRand Limited which is incorporated in the Republic of South Africa.

11. Subsidiary

Interest in and aggregate profits of the subsidiary is set out in note 15 to the annual financial statements.

12. Events after the reporting period

Apart from the final dividend declared subsequent to 30 June 2025, the directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

13. Company secretary and registered office

The company secretary is Mrs N Makemba.

Postal address: P O Box 195
Windhoek
Namibia

Registered office 130 Independence Avenue
Windhoek
Namibia



Accounting policies

1. Introduction and basis of preparation

The group's consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), including IFRIC[®] Interpretation, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, NSX Listings Requirements, the Banking Institutions Act and requirements of the Companies Act of Namibia. FNB Namibia Limited is a limited company, domiciled and incorporated in Namibia.

These financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 30 June 2025; the income statements and statements of other comprehensive income; statements of changes in equity and statements of cash flows for the year ended; as well as the notes, which comprise a summary of significant accounting policies and other explanatory notes.

The consolidated and separate financial statements including accounting policies and other methods of computation applied in the preparation of the consolidated and separate financial statements are consistent with those applied for the year ended 30 June 2024.

The group prepares consolidated financial statements which include the assets, liabilities and results of the operations of First National Bank of Namibia Ltd, its subsidiary and its share of earnings of associates. To compile the consolidated financial statements the following information is used:

- Audited information about the financial position and results of operations at 30 June for the subsidiary in the group.
- The most recent audited annual financial statements of associates. These are not always drawn up to the same date as the financial statements of the group. Where the reporting date is different from that of the group, the group uses the most recently available financial statements of the investee and reviews the investee's management accounts for material transactions during the intervening period. In instances where significant events occurred between the last reporting date of an investee and the reporting date of the group, the effect of such events is adjusted for.

The segmental analysis included in the segment report is based on the information reported to the chief operating decision maker for the respective segments under the current operating business management structures. The information is prepared in terms of IFRS accounting standards and certain adjustments are made to the segment results in order to eliminate the effect of non-taxable income and other segment-specific items that impact certain key ratios reviewed by the chief operating decision maker when assessing the operating segments' performance (chief operating decision maker is set out in note 33).

1.1 Application of the going concern principle

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

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

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

Accounting policies continued

1. Introduction and basis of preparation continued

1.2 Presentation of financial statements, functional and foreign currency

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

Presentation	The group presents its statement of financial position in order of liquidity. Where permitted or required under IFRS Accounting Standards, the group offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position, the income statement or the statement of other comprehensive income.
Materiality	IFRS Accounting Standards is only applicable to material items. Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure. Management assesses the relevance of the information to user of the financial statement and considers both qualitative and quantitative factors in determining the materiality threshold for disclosure and presentation purposes.
Functional and presentation currency of the group	Namibia dollar (N\$)
Level of rounding	The group has a policy of rounding to the nearest thousand. Amounts less than N\$500 will therefore round down to N\$nil and are presented as a dash.
Foreign currency transactions of the group	Translated into the functional currency using the exchange rates prevailing at the date of the transactions.
Translation and treatment of foreign denominated balances	Translated at the relevant exchange rates, depending on whether it is a monetary item (in which case the closing spot rate is applied) or non-monetary items. For non-monetary items measured at cost the rate applied is the rate on transaction date. For non-monetary items measured at fair value the rate at the date the fair value is determined (reporting date) is applied. Foreign exchange gains or losses are recognised in profit or loss in fair value gains or losses. To the extent that foreign exchange gains or losses relate to financial assets held at fair value through other comprehensive income (FVOCI) the following applies: <ul style="list-style-type: none"> Equity instruments – recognised in other comprehensive income (OCI) as part of the fair value movement; and Debt instruments – allocated between profit or loss (those that relate to changes in amortised cost) and OCI (those that relate to changes in the fair value).

1.3 Standards and interpretations issued but not yet effective

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

Standard	Impact assessment	Effective date
IAS 21	Lack of exchangeability – Amendments to IAS 21 The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The group does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2025
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments The amendments clarify: <ul style="list-style-type: none"> that a financial liability is derecognised on the settlement date. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met; how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features; the treatment of non-recourse assets and contractually linked instruments; and additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event. The group does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2026

Accounting policies continued

1. Introduction and basis of preparation continued

1.3 Standards and interpretations issued but not yet effective continued

Standard	Impact assessment	Effective date
IFRS 9 and IFRS 7	<p>Contracts referencing nature-dependent electricity – Amendments to IFRS 9 and IFRS 7</p> <p>The amendments include:</p> <ul style="list-style-type: none"> • Clarifying the application of the ‘own-use’ requirements. • Permitting hedge accounting if these contracts are used as hedging instruments. • Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows. <p>The group does not expect this amendment to have a significant impact on the annual financial statements.</p>	Annual periods commencing on or after 1 January 2026
IFRS 18	<p>Presentation and Disclosure in Financial Statements</p> <p>IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.</p> <p>IFRS 18 aims to improve financial reporting by:</p> <ul style="list-style-type: none"> • Requiring additional defined subtotals in the statement of profit or loss; • Requiring disclosures about management-defined performance measures; and • Adding new principles for grouping (aggregation and disaggregation) of information. <p>The new standard is expected to impact group presentation of its statement of profit or loss.</p>	Annual periods commencing on or after 1 January 2027
IFRS 19	<p>Subsidiaries without Public Accountability: Disclosures</p> <p>IFRS 19 enables eligible entities to provide reduced disclosures compared to the requirements in other IFRS accounting standards. Entities that elect IFRS 19 are still required to apply recognition, measurement and presentation requirements of other IFRS accounting standards.</p> <p>The group does not expect this standard to have any impact on the annual financial statements.</p>	Annual periods commencing on or after 1 January 2027

New standards adopted in the current year

Amendments to IFRS 16 Leases, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures became effective in the current year. None of these amendments to IFRS Accounting Standards impacted the group’s reported earnings, financial position or reserves, or the accounting policies.

Accounting policies continued

1. Introduction and basis of preparation continued

1.4 Summary of material accounting policies

The group adopts the following material accounting policies in preparing its financial statements.

Summary of material accounting policies

2	Subsidiaries and associates	Consolidation and equity accounting (section 2.1)	Related party transactions (section 2.2)	
3	Income, expenses and taxation	Income and expenses (section 3.1)	Taxation (section 3.2)	
4	Financial instruments	Classification and measurement (section 4.1)	Impairment (section 4.2)	Transfers, modifications and derecognition (section 4.3)
		Offset and collateral (section 4.4)	Derivatives and hedge accounting (section 4.5)	
5	Other assets and liabilities	Property and equipment (section 5.1)	Intangible assets (section 5.1)	Properties in possession (section 5.1)
		Leases (section 5.2)	Provisions (section 5.3)	
6	Capital and reserves	Share capital and treasury shares (section 6)	Dividends (section 6)	Other reserves (section 6)
7	Transactions with employees	Employee liabilities (section 7.1)	Share-based payment transactions (section 7.2)	
8	Significant accounting estimates, assumptions and judgements	Introduction (section 8.1)	Subsidiaries and associates (section 8.2)	Taxation (section 8.3)
		Impairment of financial assets (section 8.4)	Provisions (section 8.5)	Transactions with employees (section 8.6)

Accounting policies continued

2. Subsidiaries and associates

2.1 Basis of consolidation and equity accounting

Subsidiaries and other structured entities	
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%
Nature of the relationship between the group and the investee	Entities over which the group has control, as defined in IFRS 10, are consolidated. These include certain investment funds managed by the group, securitisation structures or other entities used for the purpose of buying or selling credit protection.
Separate financial statements	
The company measures investments in the above entities at cost less impairment (in terms of IAS 36).	
Consolidated financial statements	
Consolidation	
Initial recognition in the consolidated financial statements	Subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations. The excess (shortage) of the sum of the consideration transferred, the value of non-controlling interest and the fair value of any existing interest, over the fair value of identifiable net assets are recognised as goodwill or a gain on bargain purchase, as set out further below. Transaction costs are included in operating expenses within profit or loss, when incurred.
Intercompany transactions and balances	Intercompany transactions are all eliminated on consolidation, including unrealised gains. Unrealised losses on transactions between group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the group's impairment policies.
Impairment	In the consolidated financial statements either the cash generating unit (CGU) is tested, i.e. a grouping of assets no higher than an operating segment of the group, or, if the entity is not part of a CGU, the individual assets of the subsidiary and goodwill are tested for impairment in terms of IAS 36.
Goodwill	Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses. If this amount is negative, as in the case of a bargain purchase, the difference is immediately recognised in gains less losses from investing activities within NIR. Goodwill is tested annually for impairment by the group in March, or earlier if there are objective indicators of impairment. For subsidiaries acquired between March and June, a goodwill impairment test is performed in June in the year of acquisition and thereafter annually in March. For testing purposes, goodwill is allocated to a suitable CGU.

2.2 Related party transactions

Related parties of the group, as defined, include:

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

The principal shareholder of the First National Bank of Namibia group is FirstRand Namibia Limited, with the ultimate holding company FirstRand Limited, incorporated in South Africa.

Key management personnel of the group are the FirstRand Namibia Limited board of directors and the FirstRand Namibia Limited executive committee, including any entities which provide key management personnel services to the group. Their close family members include spouse/domestic partner and children, domestic partner's children and any other dependants of the individual or their domestic partner.

Accounting policies continued

3. Income, expenses and taxation

3.1 Income and expenses

Net interest income recognised in profit or loss

Interest income includes:

- Interest on financial instruments measured at amortised cost and debt instruments measured at FVOCI, including the effect of qualifying hedges for interest rate risk.
- Interest on financial asset debt instruments measured at fair value through profit or loss (FVTPL) that are held by and managed as part of the group's funding operations.
- Interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:
 - » the gross carrying amount (GCA) of financial assets which are not credit impaired; and
 - » the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to section 4.2 of the accounting policies).
- Modified advances (derecognition not achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to accounting policy 4.3) is calculated by applying the original effective interest rate to the asset's modified GCA.
- Modified advances (derecognition is achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.

Interest expense includes:

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

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

Non-interest and financial instrument revenue recognised in profit or loss

Non-interest revenue from contracts with customers

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

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

Accounting policies continued

3. Income, expenses and taxation continued

3.1 Income and expenses continued

Non-interest and financial instrument revenue recognised in profit or loss continued	
Non-interest revenue from contracts with customers continued	
Fee and commission income	<p>Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers.</p> <p>Fee and commission income is earned by the group by providing customers with a range of services and products, and consists of the following main categories:</p> <ul style="list-style-type: none"> Banking fee and commission income; Knowledge-based fee and commission income; Management, trust and fiduciary fees; Fee and commission income from service providers; and Other non-banking fee and commission income. <p>The bulk of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, which typically includes transactional banking fees such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, is recognised at a point in time.</p> <p>Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:</p> <ul style="list-style-type: none"> Fees for services rendered are recognised on an accrual basis as the service is rendered and the group's performance obligation is satisfied, e.g. annual card fees and asset management and related fees. Commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis. <p>Commitment fees for unutilised funds made available to customers in the past are recognised as revenue at the end of the contract period. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the group, are recognised as revenue on a straight-line basis over the period for which the funds are promised to be kept available.</p> <p>Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime, data vouchers and electricity, and traffic fines paid through FNB channels.</p>

Non-interest and financial instrument revenue recognised in profit or loss continued	
Non-interest revenue from contracts with customers continued	
Fee and commission expenses	<p>Fee and commission expenses are those that are incremental and directly attributable to the generation of fee and commission income and are recognised as part of fee and commission income. These include transaction and service fees, which are expensed as the services are received. The group operates a customer loyalty programme, Rewards, in terms of which it undertakes to provide reward credits to customers when they transact. Expenses relating to the provision of the customer loyalty reward credits are recognised as fee and commission expenses as incurred.</p>
Fair value gains or losses	
<p>Fair value gains or losses of the group recognised in NIR include the following:</p> <ul style="list-style-type: none"> Fair value adjustments and interest on financial instruments at FVTPL, including derivative instruments that do not qualify for hedge accounting; Fair value adjustments that are not related to credit risk on advances designated at FVTPL; A component of interest expense that relates to interest paid on liabilities which fund the group's fair value operations. Interest expense is reduced by the amount that is included in fair value income; Fair value adjustment on financial instruments designated at FVTPL in order to eliminate an accounting mismatch, except for such instruments relating to the group's funding operations, for which the interest component is recognised in net interest income (NII). The change in the fair value of a financial liability designated at FVTPL attributable to changes in its credit risk is presented in OCI, unless this would cause or enlarge an accounting mismatch in profit or loss. The total fair value adjustment on policyholder liabilities and non-recourse liabilities (including movements due to changes in credit risk) is included in profit or loss, since the fair value movements on these liabilities are directly linked to fair value movements on the underlying assets; Ordinary and preference dividends on equity instruments at FVTPL; Any difference between the carrying amount of the liability and the consideration paid, when the group repurchases debt instruments that it has issued; Fair value gains or losses on policyholder liabilities under investment contracts; and Fair value gains or losses on commodities acquired for short-term trading purposes, including commodities acquired with the intention of reselling in the short term, or if they form part of the trading operations of the group and certain commodities subject to option agreements whereby the counterparty may acquire the commodity at a future date where the risks and rewards of ownership are deemed to have transferred to the group in terms of IFRS 15. 	

Accounting policies continued

3. Income, expenses and taxation continued

3.1 Income and expenses continued

Non-interest and financial instrument revenue recognised in profit or loss <small>continued</small>	
Gains less losses from investing activities	
The following items are included in gains less losses from investing activities:	
<ul style="list-style-type: none"> Any gains or losses on disposals of investments in subsidiaries and associates; Any gains or losses on the sale of financial assets measured at amortised cost; and Dividend income on any equity instruments that are considered long-term investments of the group, including non-trading equity instruments measured at FVOCI. 	
Dividend income	
The group recognises dividend income when the group's right to receive payment is established.	
Expenses	
Expenses of the group, apart from certain fee and commission expenses included in net fee and commission income, are recognised and measured in terms of the accrual principle and presented as operating expenses in profit or loss.	
Indirect tax expense	Indirect tax includes other taxes paid to central and local governments and also includes value-added tax and securities transfer tax. Indirect tax is disclosed separately from income tax and operating expenses in the income statement.

3.2 Taxation

Income tax includes Namibian and foreign corporate tax payable.

Current income tax
The current income tax expense is calculated by adjusting the net profit for the year for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date, in each particular jurisdiction within which the group operates.

Deferred income tax	
Recognition	On temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.
Typical temporary differences for which deferred tax is provided	<ul style="list-style-type: none"> Provision for loan impairment. Instalment credit assets. Revaluation (including ECL movements) of certain financial assets and liabilities, including derivative contracts. Provisions for pensions and other post-retirement benefits.
Measurement	The liability method under IAS 12 is used, which means applying tax rates and laws applicable at the reporting date which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Presentation	<p>Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or OCI.</p> <p>Items recognised directly in equity or OCI relate to:</p> <ul style="list-style-type: none"> Fair value remeasurement of financial assets measured at FVOCI; and Remeasurements of defined benefit post-employment plans. <p>Tax in respect of share transactions is recognised directly in equity. Tax in respect of the other items is recognised directly in OCI and subsequently reclassified to profit or loss (where applicable) at the same time as the related gain or loss.</p>
Deferred tax assets	The group recognises deferred income tax assets only if it is probable that future taxable income will be available, against which the unused tax losses can be utilised, based on management's review of the budget and forecast information. The group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.
Substantively enacted tax rates	<p>Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p> <p>Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.</p>

Accounting policies continued

4. Financial instruments

4.1 Classification and measurement

4.1.1 Initial measurement

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

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

4.1.2 Classification and subsequent measurement of financial assets and liabilities

Classification and subsequent measurement of financial assets

Management determines the classification of its financial assets at initial recognition, based on:

- The group's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Business model

The group distinguishes three main business models for managing financial assets:

- Holding financial assets to collect contractual cash flows;
- Managing financial assets and liabilities on a fair value basis or selling financial assets; and
- A mixed business model of collecting contractual cash flows and selling financial assets.

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment is done for each legal reporting entity at least at a franchise level, although franchises will perform the assessment on a portfolio or sub-portfolio level, depending on the manner in which groups of financial assets are managed in each franchise.

The main consideration in determining the different business models across the group is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, among other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction, because substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are infrequent, the significance of these sales is considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets.

Determining whether sales are significant or frequent requires management to use its judgement. The significance and frequency of sales are assessed on a case-by-case basis at the business model level. The frequency is assessed on an annual basis and sales of assets that take place once or less per annum are considered to be infrequent. If sales take place more than once per annum it doesn't mean that the business models are not to collect contractual cash flows, but rather that the reasons for the sales need to be more carefully considered. Management will consider both the volume and number of sales relative to the total assets in the business model to determine whether they are significant.

A change in business model only occurs on the rare occasion when the group changes the way in which it manages financial assets. Any change in business models would result in a reclassification of the relevant financial assets from the start of the next reporting period.

Accounting policies continued

4. Financial instruments continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

Classification and subsequent measurement of financial assets continued	
Cash flow characteristics	
In order for a debt instrument to be measured at amortised cost or FVOCI, the cash flows on the asset have to be solely payments of principal and interest (SPPI), i.e. consistent with those of a basic lending agreement.	
The SPPI test is applied on a portfolio basis for retail advances, as the cash flow characteristics of these assets are standardised. This includes the consideration of any prepayment penalties that are limited by consumer credit regulation. They can therefore be considered reasonable compensation, which would not cause these assets to fail the SPPI test.	
For wholesale advances, the SPPI test is applied to individual advances at initial recognition, based on the cash flow characteristics of the asset. Wholesale advances that do not pass the SPPI test and that have to be measured at FVTPL include advances with equity participation features, convertible bonds and payments linked to commodity or other prices. If the contract contains prepayment penalties, the amount of the prepayment penalty is compared to the present value of the margin that will be earned if the loan is not prepaid. If the amount of the prepayment penalty is lower than or equal to the margin lost due to prepayment, this is considered reasonable compensation and the loan passes the SPPI test.	
Amortised cost	
Financial assets are measured at amortised cost using the effective interest rate method when they are held to collect contractual cash flows which are SPPI, and sales of such assets are not significant or frequent. These include the majority of the retail, corporate and commercial advances of the group, as well as certain investment securities utilised for liquidity risk management of the group.	
Cash and cash equivalents	
Cash and cash equivalents comprise coins and bank notes, money at call and short notice, and balances with central banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition. Money at call and short notice constitutes amounts withdrawable in 32 days or less. Cash and cash equivalents are measured at amortised cost.	

Retail advances		
	Business model	Cash flow characteristics
Retail advances	<p>The FNB and WesBank businesses hold retail advances to collect contractual cash flows. Their business models focus on growing these advances within acceptable credit appetite limits and maintaining strong collection practices.</p> <p>The products included under this business model include:</p> <ul style="list-style-type: none"> Property mortgages; Vehicle and asset finance; Personal loans; Credit cards; and Other retail products such as overdrafts. 	<p>The cash flows on retail advances are SPPI. Interest charged to customers compensates the group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract.</p>
Corporate and commercial advances		
	Business model	Cash flow characteristics
Corporate and commercial advances	<p>The business models of FNB, WesBank and RMB are also focused on collecting contractual cash flows on corporate and commercial advances and growing these advances within acceptable credit appetite limits.</p> <p>The products under in this business model include:</p> <ul style="list-style-type: none"> Trade and working capital finance; Specialised finance; Commercial property finance; and Asset-backed finance. <p>These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.</p> <p>Within RMB, debt for large corporates and institutions is structured. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.</p>	<p>The cash flows on these advances are considered to be SPPI if the loan contract does not contain equity upside features, conversion options, payments linked to equity or commodity prices or prepayment penalties that exceed reasonable compensation for early termination of the contract. Any advances that do contain such features are mandatorily measured at FVTPL.</p>

Accounting policies continued

4. Financial instruments continued

4.1 Classification and measurement continued

4.1.2 Classification and subsequent measurement of financial assets and liabilities continued

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

Corporate and commercial advances continued	
Designated at FVTPL	
Advances	Certain advances with fixed interest rates in RMB have been designated at FVTPL in order to eliminate an accounting mismatch that would otherwise result from measuring these assets on a different basis. The cash flows on these advances are considered to be SPPI.
Investment securities	Group Treasury holds investment securities (typically treasury bills) for liquidity purposes.
Equity Investments at FVOCI	
Investment securities	The group has elected to designate certain equity investments not held for trading to be measured at FVOCI.
Financial liabilities and compound financial instruments	
The group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Tier 2 instruments which have write-down or conversion features are classified based on the nature of the instrument and the definitions. Tier 2 and other funding liabilities are presented in separate lines on the statement of financial position of the group.	
Financial liabilities measured at amortised cost	
The following liabilities are measured at amortised cost using the effective interest rate method, unless they have been designated as measured at FVTPL:	
<ul style="list-style-type: none"> • Deposits; • Creditors; • Tier 2; and • Other funding liabilities. 	
Financial liabilities measured mandatory at FVTPL	
The following held for trading liabilities are measured at FVTPL:	
<ul style="list-style-type: none"> • Derivative liabilities; and • Short trading positions. 	
These liabilities are measured at fair value at reporting date as determined under IFRS 13, with fair value gains or losses recognised in profit or loss.	

Accounting policies continued

4. Financial instruments continued

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

This policy applies to:

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

Refer to accounting policy note 8.4 where all risk parameters, scenarios and sources of estimation are detailed more extensively.

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

Advances	
Significant increase in credit risk (SICR) since initial recognition	<p>In order to determine whether an advance has experienced a SICR, the probability of default (PD) of the asset calculated at the origination date is compared to that calculated at the reporting date (incorporating forward-looking information (FLI)). The origination date is defined as the most recent date at which the group has repriced an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility.</p> <p>SICR test thresholds are reassessed and, if necessary, updated, on at least an annual basis.</p> <p>Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a SICR.</p> <p>In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of wholesale and commercial small and medium-sized enterprise (SME) facilities on a credit watch list.</p> <p>Any up-to-date facility that has undergone a distressed restructure (i.e. a modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a SICR, and will be disclosed within stage 2 at a minimum.</p> <p>The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a SICR are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a SICR has occurred. No standard minimum period for transition from stage 2 back to stage 1 is applied across all advances, with the exception of cured distressed restructured exposures that are required to remain in stage 2 for a minimum period of six months before re-entering stage 1.</p>

Advances continued	
Low credit risk	The group does not use the low credit risk assumption.
Credit impaired financial assets	<p>Advances are considered credit-impaired if they meet the definition of default.</p> <p>The group's definition of default applied to calculating provisions under IFRS 9 has been aligned to the definition applied to regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes.</p> <p>Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, are more than three instalments in arrears.</p> <p>In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the group to actions such as the realisation of security.</p> <p>Any distressed restructures of accounts which have experienced a SICR since initial recognition are defined as default events.</p> <p>Retail accounts are considered to no longer be in default if they meet the stringent cure definition, which has been determined at portfolio level based on analysis of re-defaulted rates. Curing from default within wholesale is determined judgementally through a committee process.</p>

Accounting policies continued

4. Financial instruments continued

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

Advances continued	
Write-offs	<p>Write-off must occur when it is not economical to pursue further recoveries, i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised):</p> <ul style="list-style-type: none"> By implication, in both retail and wholesale, for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account. Within retail portfolios, write-off definitions have been determined with reference to analysis of the materiality of post write-off recoveries. The result of this is that retail secured loans are written off on perfection of collateral. Retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency. Within wholesale portfolios, a judgemental approach to write-off is followed, based on case-by-case assessment by a credit committee. Partial write-offs are not performed within credit portfolios, except in limited circumstances within the wholesale portfolio, where they are assessed on a case by case basis. Where required, additional provisions against irrecoverable assets will be raised until such a time as final write-off can occur.
Collection and enforcement activities post write-off	<p>For unsecured advances, post write-off collection strategies include outsourcing of the account to external debt collections (EDCs). In addition, settlement campaigns are run to encourage clients to settle their outstanding debt. For secured advances, any residual balance post the realisation of collateral and post write-off is outsourced to EDCs.</p>

Other financial assets	
Cash and cash equivalents	<p>All physical cash is classified as stage 1. Other exposures are classified as stage 1 unless specific evidence of impairment exists, in which case, due to the nature of these assets, they are classified immediately as stage 3. ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach.</p>
Other assets	<p>ECL for other assets, i.e. financial accounts receivable and where applicable, contract assets, are calculated using the simplified approach. This results in a LECL being recognised.</p>
Investment securities	<p>Impairment parameters for investment securities (PD, LGD and EAD) are determined using appropriate models, with the models to be applied determined with reference to the issuer of the security and the nature of the debt instrument.</p> <p>The tests for a SICR and default definitions are then applied and the ECL calculated in the same way as for advances. The SICR thresholds applied for investment securities are the same as those applied within the wholesale credit portfolio, to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures.</p> <p>The group does not use the low credit risk exemption for investment securities, including government bonds.</p>

Accounting policies continued

4. Financial instruments continued

4.3 Transfers, modifications and derecognition

Financial instruments are derecognised when:

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

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

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

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

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

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

Transaction type	Description	Accounting treatment
Transfers without derecognition		
Reverse repurchase agreements	Investment securities and advances are sold to an external counterparty in exchange for cash and the group agrees to repurchase the assets at a specified price at a specific future date. The counterparty's only recourse is to the transferred investment securities and advances that are subject to the agreement. The group remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks.	The transferred assets continue to be recognised by the group in full. Such advances and investment securities are disclosed separately in the relevant notes. The group recognises an associated liability for the obligation for the cash received as a separate category of deposits.
Securities lending	Investment securities are lent to external counterparties in exchange for cash collateral as security for the return of the securities. The group's only recourse in respect of the return of the securities it has lent is to the cash collateral held and as such, the group generally requires cash collateral in excess of the fair value of the securities lent.	
Modifications without derecognition		
Modification of contractual cash flows	Debt restructuring is a process that is applied to accounts whereby the new terms of the contract (such as a lower interest rate) are mandated by law and do not have the same commercial terms as a new product that the group would be willing to offer a customer with a similar risk profile.	The existing asset is not derecognised. The GCA of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate. Distressed modifications are included in ECL.
Modifications with derecognition (i.e. substantial modifications)		
Retail advances	The process for modifying an advance (which is not part of a debt restructuring) is substantially the same as the process for raising a new advance, including reassessing the customer's credit risk, repricing the asset and entering into a new legal agreement.	The existing asset is derecognised and a new asset is recognised at fair value based on the modified contractual terms.

Accounting policies continued

4. Financial instruments continued

4.4 Offsetting of financial instruments and collateral

Where the requirements of IAS 32 are met, the group offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to master netting arrangements (MNAs) or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

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

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

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

4.5 Derivative financial instruments

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

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

Accounting policies continued

5. Other assets and liabilities

5.1 Classification and measurement

Classification	Measurement
Property and equipment (owned and right of use)	
<p>Property and equipment of the group include:</p> <ul style="list-style-type: none"> Assets utilised by the group in the normal course of operations to provide services, including freehold property and leasehold premises and leasehold improvements (owner-occupied properties); Assets which are owned by the group and leased to third parties under operating leases as part of the group's revenue-generating operations; Capitalised leased assets; and Other assets utilised by the group in the normal course of operations, including computer and office equipment, motor vehicles and furniture and fittings. 	<p>Historical cost less accumulated depreciation and impairment losses, except for land, which is not depreciated.</p> <p>Depreciation is recognised on the straight-line basis over the useful life of the asset, except for assets capitalised under leases where the group is the lessee, in which case it is depreciated per the leases accounting policy 5.3.</p> <p>Freehold property and property held under leasing agreements:</p> <ul style="list-style-type: none"> Buildings and structures 50 years Motor vehicle 5 years Sundries 3 – 5 years IT equipment 3 – 5 years Other equipment: various 3 – 10 years Furniture and fixtures 5 – 10 years
Intangible assets	
<p>Intangible assets of the group include:</p> <ul style="list-style-type: none"> Internally generated intangible assets (including computer software and other assets such as trademarks or patents) are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met. External computer software development costs are capitalised when they can be clearly associated with a strategic and unique system which will result in a benefit to the group exceeding the costs incurred for more than one financial period. Material acquired trademarks, patents and similar rights are capitalised when the group will receive a benefit from these intangible assets for more than one financial period. <p>All other costs related to intangible assets are expensed in the financial period incurred.</p> <p>Goodwill arising from business combinations is recognised as an intangible asset.</p>	<p>Cost less accumulated amortisation and any impairment losses.</p> <p>Amortisation is on a straight-line basis over the useful life of the asset. The useful life of each asset is assessed individually.</p> <p>The benchmarks used when assessing the useful life of the individual assets are:</p> <ul style="list-style-type: none"> Software development costs 3 years Trademarks 10 – 20 years Other 3 – 10 years Customer related intangibles 10 years

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

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

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

Non-current assets held for sale

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

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

Accounting policies continued

5. Other assets and liabilities continued

5.2 Leases

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

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

	Group company is the lessee	Group company is the lessor
At inception	<p>The group recognises a ROUA and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets.</p> <p>The ROUAs are measured at cost comprising of:</p> <ul style="list-style-type: none"> • The amount of the initial measurement of the lease liability; • Any initial direct costs incurred; • Restoration costs where required by the lessee by the terms and conditions of the lease; and • Any lease payments made at or before the commencement date, less any lease incentives received. <p>The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its own incremental borrowing rate, being the rate that it can borrow funds from the Group Treasury function.</p>	<p>The group recognises assets sold under a finance lease as finance lease receivables included in advances and impair the advances, as required, in line with the impairment of financial assets accounting policy in section 4.2. No practical expedients are applied, and the general model under IFRS 9 is used for impairment calculations on lease receivables.</p>

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

Accounting policies continued

5. Other assets and liabilities continued

5.3 Provisions

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

6. Capital and reserves

Transaction	Liability	Equity
Shares issued and issue costs	Preference shares, where the group does not have the unilateral ability to avoid repayments, are classified as other liabilities.	The group's equity includes ordinary shares, contingently convertible securities, additional Tier 1 notes and non-cumulative non-redeemable (NCNR) preference shares. Contingently convertible securities, additional Tier 1 notes and NCNR preference shares are classified as other equity instruments in the financial statements. Any incremental costs directly related to the issue of new shares or options, net of any related tax benefit, are deducted from the issue price.
Dividends paid/declared	Recognised as interest expense on the underlying liability.	Dividends on equity instruments are recognised against equity. A corresponding liability is recognised when the dividends have been approved by the company's shareholders and distribution is no longer at the discretion of the entity.
Other reserves	Not applicable	Other reserves recognised by the group include general risk reserves, required to be held by some of the group's African operations capital redemption reserve funds contingency reserves. These reserves are required by in-country legislation governing these subsidiaries and are calculated based on the requirements outlined in the relevant legislation applicable in the specific jurisdiction.

Accounting policies continued

7. Transactions with employees

7.1 Employee benefits

The group operates defined benefit and defined contribution schemes, the assets of which are held in separate trustee administered funds. These funds are registered in terms of the Pension Funds Act, 1956, and membership of the pension fund is compulsory for all group employees. The defined benefit plans are funded by contributions from employees and the relevant group companies.

Defined contribution plans	
Determination of defined contribution plan	<p>Recognition</p> <p>Contributions are recognised as an expense, included in staff costs, when the employees have rendered the service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.</p>
Defined benefit plans	
Defined benefit obligation liability	<p>Recognition</p> <p>The liabilities and assets of these funds are reflected as a net asset or liability in the statement of financial position, i.e. the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.</p> <p>Measurement</p> <p>The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. The discount rate used is the rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.</p>
Profit or loss	<p>Profit or loss Included as part of staff costs:</p> <ul style="list-style-type: none"> • Current and past service costs calculated on the projected unit credit method. • Gains or losses on curtailments and settlements that took place in the current period. • Net interest income calculated by applying the discount rate at the beginning of the period to the net asset or liability. • Actuarial gains or losses on long-term employee benefits.
Other comprehensive income	<p>All other remeasurements in respect of the obligation are included in other comprehensive income and never reclassified to profit or loss.</p>

Termination benefits	
<p>The group recognises termination benefits as a liability in the statement of financial position and as an expense, included in staff costs, in profit or loss when it has a present obligation relating to termination. The group has a present obligation at the earlier of the following two occurrences: when the group can no longer withdraw the offer of the termination benefit or when the group recognises any related restructuring costs.</p>	
Liability for short-term employee benefits	
Leave pay	<p>The group recognises a liability for employees' rights to annual leave in respect of past service. The amount recognised by the group is based on the current salary of employees and the contractual terms between employees and the group. The expense is included in staff costs.</p>
Bonuses	<p>The group recognises a liability and an expense for management and staff bonuses when it is probable that the economic benefits will be paid, and the amount can be reliably measured. The expense is included in staff costs.</p>

7.2 Share-based payment transactions

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

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

Accounting policies continued

8. Significant accounting estimates, assumptions and judgements

8.1 Introduction

In preparing the financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise, the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the material critical accounting estimates, assumptions and judgements made by the group, except those related to fair value measurement, which are included in note 30.

8.2 Subsidiary

Subsidiaries	
<p>Only one party can have control over a subsidiary. In determining whether the group has control over an entity, consideration is given to any rights the group has that result in the ability to direct the relevant activities of the investee, and the group's exposure to variable returns.</p> <p>In operating entities, shareholding is most often the clearest indication of control. However, for structured entities and investment management funds, judgement is often needed to determine which investors have control of the entity or fund. Generally, where the group's shareholding is greater than 50%, the investment is accounted for as a subsidiary.</p>	
Decision-making power	<p>Some of the major factors considered by the group in making this determination include the following:</p> <ul style="list-style-type: none"> • The purpose and design of the entity; • What the relevant activities of the entity are; and • Who controls the relevant activities and whether control is based on voting rights or contractual agreements. <p>This includes considering:</p> <ul style="list-style-type: none"> » What percentage of voting rights is held by the group and the dispersion and behaviour of other investors; » Potential voting rights and whether these increase/decrease the group's voting powers; » Who makes the operating and capital decisions; » Who appoints and determines the remuneration of the KMP of the entity; » Whether any investor has any veto rights on decisions; » Whether there are any management contracts in place that confer decision-making rights; » Whether the group provides significant funding or guarantees to the entity; and » Whether the group's exposure is disproportionate to its voting rights. <ul style="list-style-type: none"> • Whether the group is exposed to any downside risk or upside potential that the entity was designed to create; • To what extent the group is involved in the setup of the entity; and • To what extent the group is responsible to ensure that the entity operates as intended.

Subsidiaries	
Exposure to variable returns	<p>Factors considered include:</p> <ul style="list-style-type: none"> • The group's rights in respect of profit or residual distributions; • The group's rights in respect of repayments and return of debt funding; • Whether the group receives any remuneration from servicing assets or liabilities of the entity; • Whether the group provides any credit or liquidity support to the entity; • Whether the group receives any management fees and whether these are market-related; and • Whether the group can obtain any synergies through the shareholding that are not available to other shareholders. Benefits could be non-financial in nature, such as employee services, etc.
Ability to use power to affect returns	<p>Factors considered include:</p> <ul style="list-style-type: none"> • Whether the group is acting as an agent or principal; • Whether the group has any de facto decision-making rights; • Whether the decision-making rights the group has are protective or substantive; and • Whether the group has the practical ability to direct the relevant activities.

8.3 Taxation

The group is subject to direct tax in Namibia and South Africa. As such there may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business.

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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

Accounting policies continued

8. Significant accounting estimates, assumptions and judgements continued

8.4 Impairment of financial assets

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

Scenario	Probability	Description
Baseline	64.5% (2024: 65.7%)	Global growth slows amid US protectionism, but stimulus supports recovery as trade wars are avoided. Domestically, uranium, gold, and mining investments drive growth, offset by weak diamond prices, climate shocks, and lower SACU receipts. Inflation remains anchored below 5% over the medium term, while policy stays data-dependent but largely flat.
Upside	18.8% (2024: 17.3%)	Namibia's GDP growth accelerates amid strong mining exports, tourism, and infrastructure investment. Inflation rises with higher spending, deposit and PSCE growth, and currency appreciation. Real interest rates decrease rapidly, prompting potential rate hikes as policy normalises. Improved capital inflows and public finances support broader economic resilience including higher deposit growth and credit sentiment.
Downside	16.7% (2024: 17.0%)	Namibia enters a mild recession as exports weaken, CPI spikes on rapid currency depreciation, and inflationary pressures from drought and energy costs intensify. PSCE and deposits shrink, dampening consumption. Interest rates rise to defend the peg amid regional shocks, further constraining credit demand. Currency and inflation only stabilise post-2028.

Accounting policies continued

8. Significant accounting estimates, assumptions and judgements continued

8.4 Impairment of financial assets continued

Forward-looking information continued

Namibia

Namibia's economic outlook remains positive but moderate, with GDP growth projected to remain below 3.5% over the medium term, as post-pandemic momentum slows, and structural constraints re-emerge. Improved rainfall is expected to support activity in agriculture, electricity, and water in 2025, while ongoing infrastructure spending should continue to lift construction. Lower inflation expectations may also boost real wage growth and household consumption later in the year.

However, the medium-term outlook is increasingly shaped by rising fiscal pressures. Weak SACU inflows, softer diamond revenues, and higher borrowing costs are expected to constrain government spending from 2026, with fiscal consolidation likely to weigh on public sector-driven activity, especially in construction, education, and public services.

Inflation is expected to rise gradually, reaching 3.6% by June 2025, 4.4% by June 2026, and 4.6% by June 2027. Risks remain tilted to the upside, including global trade disruptions, volatile food prices, and sticky rent inflation.

Following recent rate cuts, the Bank of Namibia kept the repo rate unchanged at 6.75% in June 2025, maintaining a cautious policy stance amidst rising global uncertainty and stubborn core inflation. The repo rate is expected to remain flat amid subdued credit growth and heightened global and regional uncertainty.

Significant macroeconomic factors

The table below sets out the most significant macroeconomic factors used to estimate the FLI relating to ECL provisions. The information is forecast over a period of three years. The information below reflects the group's forecasts for each period at 30 June.

June 2025	Upside scenario			Baseline expectation			Downside scenario			June 2024	Upside scenario			Baseline expectation			Downside scenario		
	2026	2027	2028	2026	2027	2028	2026	2027	2028		%	2025	2026	2027	2025	2026	2027	2025	2026
Real GDP growth	5.75	6.25	6.00	3.50	3.20	3.00	(0.50)	-	0.50	Real GDP growth	5.70	6.10	6.00	4.40	3.10	3.40	0.65	-	0.30
CPI inflation	5.65	6.20	6.00	4.40	4.60	4.60	6.75	7.5	7.00	CPI inflation	6.30	6.50	6.60	5.30	5.20	4.90	7.65	7.80	7.80
Repo rate	7.50	7.25	7.25	6.75	6.75	6.75	9.00	8.5	7.75	Repo rate	6.75	6.10	6.00	7.50	7.50	7.50	10.75	9.90	7.75

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

IFRS 9 impairment provision at 30 June 2025	N\$'000	% change on total IFRS 9 provision	IFRS 9 impairment provision at 30 June 2024	N\$'000	% change on total IFRS 9 provision
Baseline	1 590 337	(0.42%)	Baseline	1 647 762	1.8%
Upside	1 558 549	(2.41%)	Upside	1 544 872	(4.5%)
Downside*	1 649 613	3.29%	Downside*	1 694 532	4.7%

* Applicable to the secured portfolio.

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

Accounting policies continued

8. Significant accounting estimates, assumptions and judgements continued

8.4 Impairment of financial assets continued

Judgement	Retail and retail SME	Wholesale and commercial SME
Measurement of the 12-month and LECL	<p>Parameters are determined on a basis whereby exposures are pooled at a portfolio level (at a minimum). Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour, as well as behavioural and demographic information related to individual exposures currently on book.</p> <p>PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates. EAD parameter estimates are based on product characteristics in addition to historical drawdown and payment behaviour. LGDs are determined by estimating expected future cash flows, adjusted for FLI such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes.</p> <p>The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within historical data will continue to be relevant in the future.</p>	<p>Parameters are determined based on the application of statistical models that produce estimates based on counterparty-specific financial information and transaction characteristics. These characteristics include the nature of available collateral.</p> <p>Due to the specialised nature of these exposures, parameters produced by models are taken through a robust review and challenge process before being applied to calculate ECL, and are required to be signed off by a committee of wholesale and commercial credit experts who can motivate adjustments to modelled parameters.</p>
	<p>Parameters are calibrated for the calculation of 12-month and LECL using term structures that consider borrower risk, account age, historical behaviour, transaction characteristics and correlations between parameters.</p> <p>Term structures have been developed over the remaining lifetime of an instrument. The remaining lifetime is limited to the contractual term of instruments in the portfolio, except for instruments with an undrawn commitment such as credit cards, where there is no contractual expiry date. In such instances the remaining lifetime is determined with reference to the change in client requirements that would trigger a review of the contractual terms, for example an increase in limit.</p> <p>ECL on open accounts is discounted from the expected date of default to the reporting date, using the asset's original effective interest rate or a reasonable approximation thereof.</p>	
Determination of whether the credit risk of financial instruments have increased significantly since initial recognition (SICR)	<p>SICR triggers continue to be based on client behaviour, client-based behaviour scores and judgemental factors.</p>	<p>SICR triggers continue to be determined based on client behaviour and the internal FNB client rating or risk score, as well as judgemental factors, which include triggers for industries in distress, potentially resulting in the client being added to the watch-list through the group's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a SICR.</p>

8.5 Provisions

Provisions for litigation
<p>The group has a policy and process in place to determine when to recognise provisions for potential litigation and claims. The recognition of such provisions is linked to the ranking of the legal risk of potential litigation on the bank's litigation database which indicates if outflow is probable.</p>

Accounting policies continued

8. Significant accounting estimates, assumptions and judgements continued

8.6 Transactions with employees

Employee benefits – post employment plans	
Determination of present value of defined benefit plan obligations	<p>The cost of the benefits and the present value of the defined benefit pension funds and post-employment medical obligations depend on a number of factors that are determined annually on an actuarial basis, by independent actuaries, using the projected unit credit method which incorporates a number of assumptions.</p> <p>The key assumptions used in determining the charge to profit or loss arising from these obligations include the expected long-term rate of return on the relevant plan assets, discount rate and expected salary and pension increase rates. Any changes in these assumptions will impact the charge to profit or loss and may affect planned funding of the pension plans.</p>
Cash settled share-based payment plans	
Determination of fair value of the award	<p>The award is determined using the Black Scholes option pricing model with a zero strike price. The following estimates are included in the model to determine the value:</p> <ul style="list-style-type: none"> • management’s estimate of future dividends; • the risk-free interest rate; and • staff turnover and historical forfeiture rates as indicators of future conditions.

8.7 Fair value

Fair value measurement
<p>The details of the processes, procedures and assumptions used in the determination of fair value are disclosed in note 30. In particular, the areas that involve the greatest amount of judgement and complexity include the following:</p> <ul style="list-style-type: none"> • assessing whether instruments are trading with sufficient frequency and volume that can be considered liquid; • the inclusion of a measure of the risk of counterparty non-performance in the fair value measurement of loans and advances; and • the inclusion of credit valuation adjustments and funding valuation adjustments in the fair value measurement of derivative instruments.

Statements of comprehensive income for the year ended 30 June 2025

N\$'000	Note(s)	Group		Company	
		2025	2024	2025	2024
Interest and similar income	1	5 850 605	6 042 515	5 840 040	6 040 335
Interest expense and similar charges	2	(2 518 154)	(2 980 997)	(2 509 142)	(2 980 997)
Net interest income before impairment of advances		3 332 451	3 061 518	3 330 898	3 059 338
Impairment and fair value of credit on advances	13	(527 411)	(425 451)	(521 106)	(424 045)
Net interest income after impairment of advances		2 805 040	2 636 067	2 809 792	2 635 293
Non-interest revenue	3	2 496 190	2 213 193	2 493 503	2 211 881
– Net fee and commission income		2 119 448	1 927 871	2 119 598	1 927 366
– Fee and commission income		2 470 213	2 231 320	2 470 363	2 230 815
– Fee and commission expenses		(350 765)	(303 449)	(350 765)	(303 449)
– Fair value gains		310 062	194 417	310 062	194 417
– Gains less losses from investing activities		(542)	768	(542)	768
– Other non-interest income		67 222	90 137	64 385	89 330
Income from operations		5 301 230	4 849 260	5 303 295	4 847 174
Operating expenses	4	(2 650 565)	(2 495 369)	(2 648 745)	(2 487 191)
Net income from operations		2 650 665	2 353 891	2 654 550	2 359 983
Income before indirect tax		2 650 665	2 353 891	2 654 550	2 359 983
Indirect tax	6	(59 234)	(53 540)	(59 212)	(53 396)
Profit before income tax		2 591 431	2 300 351	2 595 338	2 306 587
Income tax expense	6	(749 397)	(701 796)	(753 457)	(701 748)
Profit for the year		1 842 034	1 598 555	1 841 881	1 604 839
Other comprehensive income:					
Items that may not be subsequently reclassified to profit or loss:					
Remeasurements on net defined benefit post-employment plan	23	(2 446)	(9 156)	(2 446)	(9 156)
Deferred income tax	18	758	2 835	758	2 835
Total items that may not be subsequently reclassified to profit or loss		(1 688)	(6 321)	(1 688)	(6 321)
Other comprehensive (loss)/income for the year net of taxation		(1 688)	(6 321)	(1 688)	(6 321)
Total comprehensive income for the year		1 840 346	1 592 234	1 840 193	1 598 518

Statements of financial position as at 30 June 2025

N\$'000	Note(s)	Group		Company	
		2025	2024	2025	2024
Assets					
Cash and cash equivalents	8	3 069 530	3 149 125	3 069 530	3 149 125
Due from banks and other financial institutions	9	2 194 327	9 591 662	2 194 327	9 591 662
Derivative financial instruments	10	943 324	349 809	943 324	349 809
Investment securities	11	9 317 365	8 459 435	9 317 365	8 459 435
Advances	12	39 222 390	37 744 729	39 145 260	37 643 200
Other assets	14	328 140	262 428	327 165	181 521
Current tax asset		245	3	-	-
Non-current asset held for sale*	19	55 040	53 000	-	-
Investment in subsidiary	15	-	-	119 021	136 199
Property and equipment	16	878 200	861 261	877 466	860 308
Intangible assets	17	55 216	59 533	55 216	59 533
Total Assets		56 063 777	60 530 985	56 048 674	60 430 792
Equity and Liabilities					
Liabilities					
Short trading position	21	16 682	34 085	16 682	34 085
Derivative financial instruments	10	984 517	430 716	984 517	430 716
Creditors and accruals	20	931 757	717 034	931 337	635 724
Current tax liability		90 899	352 298	90 899	352 298
Deposits and current accounts	22	46 220 104	52 513 564	46 218 890	52 512 056
- Deposits from customers	22	41 307 918	39 088 329	41 306 704	39 086 821
- Debt securities	22	4 659 032	5 878 031	4 659 032	5 878 031
- Due to banks and other financial institutions	22	253 154	7 547 204	253 154	7 547 204
Employee liabilities	23	292 839	268 326	292 839	268 326
Other liabilities	24	103 941	125 719	103 941	125 719
Tier 2 liabilities	25	503 558	-	503 558	-
Deferred tax liability	18	224 971	298 168	229 707	298 845
		49 369 268	54 739 910	49 372 370	54 657 769
Equity					
Share capital	26	1	1	1	1
Share premium	26	1 142 791	1 142 791	1 142 791	1 142 791
Reserves		2 915	4 603	2 915	4 603
Retained earnings		5 548 802	4 643 680	5 530 597	4 625 628
		6 694 509	5 791 075	6 676 304	5 773 023
Total Equity and Liabilities		56 063 777	60 530 985	56 048 674	60 430 792

* During the current year, the group reassessed the liquidity order in the statement of financial position, moving non-current assets held for sale above investment in subsidiary 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.

Statements of changes in equity for the year ended 30 June 2025

N\$'000	Share capital	Share premium	Total share capital	Defined benefit post-employment reserve	Retained earnings	Total equity
Group						
Balance at 01 July 2023	1	1 142 791	1 142 792	10 924	4 468 006	5 621 722
Profit for the year	-	-	-	-	1 598 555	1 598 555
Other comprehensive loss	-	-	-	(6 321)	-	(6 321)
Total comprehensive (loss)/income for the year	-	-	-	(6 321)	1 598 555	1 592 234
Dividends	-	-	-	-	(1 422 881)	(1 422 881)
Balance at 01 July 2024	1	1 142 791	1 142 792	4 603	4 643 680	5 791 075
Profit for the year	-	-	-	-	1 842 034	1 842 034
Other comprehensive loss	-	-	-	(1 688)	-	(1 688)
Total comprehensive (loss)/income for the year	-	-	-	(1 688)	1 842 034	1 840 346
Dividends	-	-	-	-	(936 912)	(936 912)
Balance at 30 June 2025	1	1 142 791	1 142 792	2 915	5 548 802	6 694 509
Note(s)	26	26	26			
Company						
Balance at 01 July 2023	1	1 142 791	1 142 792	10 924	4 443 670	5 597 386
Profit for the year	-	-	-	-	1 604 839	1 604 839
Other comprehensive loss	-	-	-	(6 321)	-	(6 321)
Total comprehensive (loss)/income for the year	-	-	-	(6 321)	1 604 839	1 598 518
Dividends	-	-	-	-	(1 422 881)	(1 422 881)
Balance at 01 July 2024	1	1 142 791	1 142 792	4 603	4 625 628	5 773 023
Profit for the year	-	-	-	-	1 841 881	1 841 881
Other comprehensive loss	-	-	-	(1 688)	-	(1 688)
Total comprehensive (loss)/income for the year	-	-	-	(1 688)	1 841 881	1 840 193
Dividends	-	-	-	-	(936 912)	(936 912)
Balance at 30 June 2025	1	1 142 791	1 142 792	2 915	5 530 597	6 676 304
Note(s)	26	26	26			

Statements of cash flows for the year ended 30 June 2025

N\$'000	Note(s)	Group		Company	
		2025	2024	2025	2024
Cash generated from operating activities					
Profit before taxation		2 591 431	2 300 351	2 595 338	2 306 587
Adjusted for:					
– Amortisation of intangibles	17	8 039	7 599	8 039	7 599
– Depreciation of property and equipment	16	121 288	109 722	121 068	108 029
– Impairment loss on advances excluding post write-off recoveries*	13	576 106	425 451	569 793	424 045
– Provision post-employment benefit obligation		3 894	393	3 894	393
– Other employment accruals		150 358	130 938	150 358	130 938
– Impairment of other assets	4	1 283	7 711	1 283	7 711
– Gains & losses from banking & trading activities	3	(309 520)	(194 417)	(309 520)	(194 417)
– (Profit)/loss on sale of property and equipment	3	(2 394)	288	(2 394)	273
– Share-based payment expenses	4	24 991	26 069	24 991	26 069
– Indirect tax	6	59 234	53 540	59 212	53 395
– (Reversal of impairment)/impairment of non-current asset held for sale	19	(2 040)	3 820	–	–
– Interest and similar income	1	(5 850 605)	(6 042 515)	(5 840 040)	(6 040 335)
– Interest and similar expense	2	2 518 154	2 980 997	2 509 142	2 980 997
– Interest received		5 936 560	5 933 335	5 925 889	5 931 474
– Interest paid		(2 401 666)	(2 917 714)	(2 392 655)	(2 917 714)
– Taxation paid		(1 135 735)	(529 045)	(1 135 715)	(498 613)
Cash generated from operating activities		2 289 377	2 296 523	2 288 683	2 326 431
Movement in operating assets and liabilities					
Investment securities	11	(729 858)	1 385 123	(729 858)	1 385 123
Due from banks and other financial institutions	9	7 459 193	132 584	7 459 192	132 584
Advances	12	(2 048 555)	(2 692 152)	(2 066 724)	(2 709 458)
Deposits	22	981 891	1 870 764	982 184	1 871 179
Due to banks and other financial institutions	22	(7 388 278)	68 445	(7 388 278)	68 445
Other assets	14	(67 000)	(27 968)	(144 361)	52 231
Creditors and other payables	20	214 152	(103 657)	292 905	(162 073)
Employee liabilities	23	(129 740)	19 424	(129 740)	19 424
Other liabilities	24	(21 778)	(61 335)	(21 778)	(61 781)
Short-term trading	21	(17 402)	34 085	(17 402)	34 085
Derivative financial instruments		(23 196)	–	(23 196)	–
Net cash generated from operating activities		518 806	2 921 836	501 627	2 956 190

* "Impairment and fair value of credit on advances" has been updated to "Impairment loss on advances excluding post write-off recoveries" to provide a more accurate representation of the underlying balance for the current year, by correctly excluding post write-off recoveries. The prior year comparative information has not been updated and include post write-off recoveries amounting to N\$21.6 million.

Statements of cash flows continued for the year ended 30 June 2025

N\$'000	Note(s)	Group		Company	
		2025	2024	2025	2024
Cash flows from investing activities					
Acquisition of property and equipment	16	(112 701)	(113 856)	(112 700)	(170 385)
Proceeds on disposal of property and equipment		7 395	4 425	7 395	4 409
Acquisition of intangible assets	17	(3 722)	(3 704)	(3 722)	(3 704)
Loans to shareholders repaid		-	-	17 178	22 192
Net cash outflow from investing activities		(109 028)	(113 135)	(91 849)	(147 488)
Cash flows from financing activities					
Payments on lease liabilities	24	(21 175)	(21 559)	(21 175)	(21 559)
Proceeds from the issue of Tier 2 liabilities	25	500 000	-	500 000	-
Payments on other liabilities	24	(31 286)	(21 065)	(31 286)	(21 065)
Dividends paid		(936 912)	(1 422 881)	(936 912)	(1 422 881)
Net cash outflow from financing activities		(489 373)	(1 465 505)	(489 373)	(1 465 505)
Total cash movement for the year		(79 595)	1 343 196	(79 595)	1 343 196
Cash at the beginning of the year		3 149 125	1 805 929	3 149 125	1 805 929
Total cash at end of the year	8	3 069 530	3 149 125	3 069 530	3 149 125

Notes to the annual financial statements

for the year ended 30 June 2025

1. Interest and similar income

N\$'000	Group		Company	
	2025	2024	2025	2024
Analysis of interest and similar income				
Instruments at amortised cost using effective interest rate	5 850 605	6 042 515	5 840 040	6 040 335
Revenue other than from contracts with customers				
– Overdrafts and cash managed accounts	464 719	455 332	464 428	455 362
– Term loans	526 810	369 061	526 810	369 061
– Card loans	79 199	83 807	79 199	83 807
– Instalment sales	508 801	477 236	508 801	477 236
– Lease payments receivable	14 331	13 171	14 331	13 171
– Home loans	1 847 779	1 960 076	1 837 505	1 946 660
– Commercial property finance	460 125	501 288	460 125	500 980
– Personal loans	528 392	494 249	528 392	494 249
– Preference share agreements	97 588	97 187	97 588	97 187
– Other advances	29 510	33 623	29 510	33 623
– Invoice financing	4 407	2 679	4 407	2 679
	4 561 661	4 487 709	4 551 096	4 474 015
Due from banks, other financial institutions and cash and cash equivalents*	512 106	831 677	512 106	843 191
Investment securities	776 838	723 089	776 838	723 089
Accrued off-market advances	–	40	–	40
Interest and similar income	5 850 605	6 042 515	5 840 040	6 040 335

* In prior year this line item was titled “cash and cash equivalents” has now been enhanced to “due from banks, other financial institutions and cash and cash equivalents”, to more accurately reflect the composition of the underlying balances included in the reported amount.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

2. Interest expense and similar charges

N\$'000	Group		Company	
	2025	2024	2025	2024
Analysis of interest expense and similar charges				
Instruments at amortised cost	2 518 154	2 980 997	2 509 142	2 980 997
Deposits from customers				
– Current accounts	294 206	382 555	294 206	382 555
– Savings deposits	34 854	32 670	34 854	32 670
– Call deposits	708 659	715 205	708 659	715 205
– Fixed and notice deposits	643 534	650 994	643 534	650 994
	1 681 253	1 781 424	1 681 253	1 781 424
Debt securities				
– Negotiable certificate of deposit	470 351	504 469	470 351	504 469
– Fixed and floating rate notes	38 829	35 151	38 829	35 151
	509 180	539 620	509 180	539 620
Deposits from banks and other financial institutions	289 706	646 876	280 694	646 876
Other funding liabilities				
– Other liabilities	7 600	10 577	7 600	10 577
– Lease liabilities	2 872	2 500	2 872	2 500
– Tier 2 liabilities	27 543	–	27 543	–
	38 015	13 077	38 015	13 077
Interest expense and similar charges	2 518 154	2 980 997	2 509 142	2 980 997

Notes to the annual financial statements *continued* for the year ended 30 June 2025

3. Non-interest revenue

N\$'000	Note(s)	Group		Company	
		2025	2024	2025	2024
Analysis of non-interest revenue					
Fee and commission income		2 470 213	2 231 320	2 470 363	2 230 815
Instruments at amortised cost		2 461 664	2 213 843	2 461 814	2 213 338
Non-financial instruments		8 549	17 477	8 549	17 477
Fee and commission expense		(350 765)	(303 449)	(350 765)	(303 449)
Net fee and commission income	3.1	2 119 448	1 927 871	2 119 598	1 927 366
Fair value income	3.2	310 062	194 417	310 062	194 417
Gains less losses from investing activities	3.3	(542)	768	(542)	768
Other non-interest revenue	3.4	67 222	90 137	64 385	89 330
Total non-interest revenue		2 496 190	2 213 193	2 493 503	2 211 881
3.1 Net fee and commission income					
– Card commissions		435 379	361 091	435 379	361 091
– Cash deposit fee		117 953	99 900	117 953	99 900
– Commissions: bills and drafts		55 807	44 239	55 943	44 445
– Bank charges		1 738 128	1 599 236	1 737 780	1 598 739
Banking fee and commissions gains		2 347 267	2 104 466	2 347 055	2 104 175
– Documentation and administration fees		79 206	70 938	79 568	70 724
– Cash handling fees		35 191	38 439	35 191	38 439
– Other commission income		8 549	17 477	8 549	17 477
Total fee and commission income		2 470 213	2 231 320	2 470 363	2 230 815
Transaction processing fee		(267 864)	(230 766)	(267 864)	(230 766)
Cash sorting, handling and transportation charges		(29 577)	(27 957)	(29 577)	(27 957)
Customer loyalty programmes		(37 923)	(29 976)	(37 923)	(29 976)
ATM commission paid		(10 750)	(10 263)	(10 750)	(10 263)
Other		(4 651)	(4 487)	(4 651)	(4 487)
Total fee and commission expenses		(350 765)	(303 449)	(350 765)	(303 449)
Net fee and commission income*		2 119 448	1 927 871	2 119 598	1 927 366

* Revenue from contracts with customers that are within the scope of IFRS 15. Majority of the fee and commission income are recognised at a point in time, including bank charges, exchange commissions, cash deposit fees and knowledge-based fee and commission income.

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

3. Non-interest revenue *continued*

N\$'000	Group		Company	
	2025	2024	2025	2024
3.2 Fair value income				
Foreign exchange	199 955	169 386	199 955	169 386
Designated at fair value through profit or loss	110 107	25 031	110 107	25 031
Total fair value income	310 062	194 417	310 062	194 417
3.3 Gains less losses from investing activities				
(Loss allowance)/recoveries on investment securities	(542)	768	(542)	768
Gains less losses from investing activities	(542)	768	(542)	768
3.4 Other non-interest revenue				
Gain/(loss) on disposal of property and equipment	2 394	(288)	2 394	(273)
Rental income	7 404	6 773	6 607	6 773
Other income	55 384	83 652	55 384	82 830
Impairment reversal	2 040	-	-	-
Total other non-interest income	67 222	90 137	64 385	89 330

Notes to the annual financial statements *continued* for the year ended 30 June 2025

4. Operating expenses

N\$'000	Group		Company	
	2025	2024	2025	2024
Auditor's remuneration – external				
Audit fees	13 855	13 517	13 364	13 056
Fees for other services	1 985	1 846	1 889	1 846
Total auditors' remuneration	15 840	15 363	15 253	14 902
Non-capitalised lease charges				
– Short-term leases	7 303	6 201	10 325	9 046
– Low value lease charges	3 274	3 323	3 274	3 323
Total non-capitalised lease charges	10 577	9 524	13 599	12 369
Staff costs				
Salaries, wages and allowances	1 161 110	1 079 194	1 161 110	1 079 194
Defined contribution schemes: pension	156 623	112 895	156 623	112 895
Off-market staff loans amortisation	–	40	–	40
Defined contribution schemes: medical	111 950	103 583	111 950	103 583
Severance pay: death in service	301	1 129	301	1 129
Post retirement medical expense	4 235	3 784	4 235	3 784
Social security levies	2 242	2 040	2 242	2 040
Share-based payments	24 991	26 069	24 991	26 069
Skills development levies	12 295	14 704	12 295	14 704
Other staff costs	11 377	7 871	11 379	7 871
Total staff costs	1 485 124	1 351 309	1 485 126	1 351 309

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

4. Operating expenses *continued*

N\$'000	Group		Company	
	2025	2024	2025	2024
Other operating costs				
Advertising and marketing	83 544	68 504	83 544	68 504
Amortisation of intangible assets	8 039	7 599	8 039	7 599
Business travel	24 991	16 972	24 991	16 972
Computer expenses	530 802	569 713	530 802	569 712
Depreciation	121 288	109 722	121 068	108 029
Directors remuneration	21 820	29 575	21 820	29 575
Donations	17 528	31 600	17 528	31 600
Impairment loss	1 283	11 531	1 283	7 711
Insurance	15 769	15 978	15 563	15 661
Legal and other related expenses	5 171	4 180	5 169	4 180
Other operating expenditure	166 994	127 751	165 360	125 616
Postage	1 674	2 057	1 674	2 057
Professional fees	20 716	15 712	20 694	15 684
Property and maintenance related expenses	86 533	78 268	84 360	75 700
Stationery	9 860	8 009	9 860	8 009
Telecommunications	23 012	22 002	23 012	22 002
Other operating costs	1 139 024	1 119 173	1 134 767	1 108 611
Total operating expenses	2 650 565	2 495 369	2 648 745	2 487 191

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

5. Directors' remuneration

N\$'000	Group		Company	
	2025	2024	2025	2024
Executive directors	17 512	25 790	17 512	25 790
Non-executive directors	4 308	3 785	4 308	3 785
Total directors' remuneration	21 820	29 575	21 820	29 575
			2025	2024
Non-executive directors				
Group and company				
J Coetzee			573	532
P Grüttemeyer			223	722
LD Kapere			527	433
MJ Lubbe			716	508
IN Nashandi			348	334
ON Shikongo			716	419
E van Zyl			823	837
SL Balsdon			382	-
			4 308	3 785

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

Notes to the annual financial statements continued

for the year ended 30 June 2025

5. Directors' remuneration continued

N\$'000	C Dempsey (CEO)		L.P Smit (CFO)		E Tjipuka (CEO FNB Franchise – resigned 4 September 2023)**	
	2025	2024	2025	2024	2025	2024
Executive						
Group and company						
Cash packages paid during the year	2 796	2 582	1 841	1 619	–	576
Retirement contributions paid during the year	551	521	302	285	–	113
Other allowances	820	819	161	272	–	430
Guaranteed package	4 167	3 922	2 304	2 176	–	1 119
Cash:*						
– within 6 months	1 640	2 480	245	600	–	1 333
– within 1 year	1 782	788	1 117	–	–	–
Retention bonus***	–	3 300	–	1 810	–	–
LTI award#	5 847	4 791	410	–	–	3 471
Variable pay	9 269	11 359	1 772	2 410	–	4 804
Total guaranteed and variable pay	13 436	15 281	4 076	4 586	–	5 923

* Variable compensation paid in cash in respect of the year ended June is paid (with an interest factor) in three tranches during the following year ended on 30 June, i.e. August, December and June.

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

*** The CEO and CFO received N\$3.3 million and N\$1.8 million respectively as retention bonuses in the 2024 financial year with a clawback of 100% of the amount should they leave the employment of the group within 3 years as part of the long term incentive plan (LTI). In the current year, LTI award retention was renamed to retention bonus.

LTI awards are made annually under the CIP, and vesting is dependent on certain corporate performance targets being met on a cumulative basis over three years. In the current year, share based payment was renamed to LTI award.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

5. Directors' remuneration *continued*

	Opening balance June 2024	Granted during the year	Taken this year (vested/sold)	Vesting date	Value on settlement N\$'000	Closing balance as at 30 June 2025	Fair value as at 30 June 2025 N\$'000
C Dempsey							
FirstRand Ltd shares	56 967	6 398	(63 365)	23/09/24	5 332	-	-
FirstRand Ltd shares	5 437	-	(5 437)	26/09/24	647	-	-
FirstRand Ltd shares	48 325	-	-	26/09/25	-	48 325	3 657
FirstRand Ltd shares	53 962	-	-	26/09/26	-	53 962	4 084
FirstRand Ltd shares	-	7 863	-	26/09/25	-	7 863	595
FirstRand Ltd shares	-	43 672	-	23/09/27	-	43 672	3 306
Total CIP (FR shares)	164 691	57 933	(68 802)		5 979	153 822	11 642
Namibia dollar value	-	577	-	23/09/26	-	577	577
Total Bonus Share Award Plan	-	577	-		-	577	577
LP Smit							
FirstRand Ltd shares	4 869	-	(4 869)	23/09/24	410	-	-
FirstRand Ltd shares	5 638	-	-	26/09/25	-	5 638	427
FirstRand Ltd shares	7 709	-	-	26/09/26	-	7 709	583
FirstRand Ltd shares	7 708	-	-	26/09/26	-	7 708	583
FirstRand Ltd shares	-	7 427	-	23/09/27	-	7 427	562
Total CIP (FR shares)	25 924	7 427	(4 869)		410	28 482	2 155
Namibia dollar value	-	625	-	23/09/27	-	625	625
Total Bonus Share Award Plan	-	625	-		-	625	625

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

6. Taxation

N\$'000	Group		Company	
	2025	2024	2025	2024
Indirect tax				
Stamp duties	10 386	8 650	10 386	8 650
Value-added tax (net)	48 848	44 890	48 826	44 746
Total indirect tax	59 234	53 540	59 212	53 396
Direct tax				
Current				
Local income tax current period	815 104	703 288	815 104	703 288
Deferred				
Originating and reversing temporary differences	(65 707)	(1 492)	(61 647)	(1 540)
Total income tax expense	749 397	701 796	753 457	701 748
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	31.00%	32.00%	31.00%	32.00%
Total tax has been affected by:				
Tax rate change adjustment	(0.29)%	(0.41)%	(0.29)%	(0.41)%
Other non-taxable income*	(1.69)%	(1.35)%	(1.69)%	(1.35)%
Other	(0.11)%	–%	–%	–%
Disallowed expenditure **	0.01%	0.27%	0.01%	0.19%
Effective rate of tax	28.92%	30.51%	29.03%	30.43%

* Includes fair value income which is non-taxable.

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

Notes to the annual financial statements *continued* for the year ended 30 June 2025

7. Analysis of assets and liabilities

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

N\$'000	Amortised cost	At fair value through profit or loss Mandatory	At fair value through profit or loss Designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and Non-contractual
Group – 2025								
Assets								
Cash and cash equivalents	3 069 530	–	–	–	–	3 069 530	3 069 530	–
Due from banks and other financial institutions	2 194 327	–	–	–	–	2 194 327	2 194 327	–
Derivative financial instruments	–	943 324	–	–	–	943 324	413 690	529 634
Investment securities	8 249 420	1 067 156	–	789	–	9 317 365	5 123 967	4 193 398
Advances	39 222 390	–	–	–	–	39 222 390	9 596 964	29 625 426
Other assets	223 826	–	–	–	104 314	328 140	27 758	300 382
Non-current asset held for sale*	–	–	–	–	55 040	55 040	55 040	–
Non-financial assets*	–	–	–	–	933 661	933 661	–	933 661
Total assets	52 959 493	2 010 480	–	789	1 093 015	56 063 777	20 481 276	35 582 501
Equity and Liabilities								
Total equity	–	–	–	–	6 694 509	6 694 509	–	6 694 509
Liabilities								
Derivative financial instruments	–	984 517	–	–	–	984 517	953 932	30 585
Creditors and accruals	692 147	–	–	–	239 610	931 757	816 863	114 894
Deposits	45 966 950	–	–	–	–	45 966 950	42 719 510	3 247 440
Short trading position	–	16 682	–	–	–	16 682	16 682	–
Other liabilities	103 941	–	–	–	–	103 941	38 060	65 881
Due to banks and other financial institutions	253 154	–	–	–	–	253 154	123 567	129 587
Tier 2 liabilities	503 558	–	–	–	–	503 558	41 782	461 776
Non-financial liabilities	–	–	–	–	608 709	608 709	259 932	348 777
Total liabilities	47 519 750	1 001 199	–	–	848 319	49 369 268	44 970 329	4 398 939
Equity and liabilities	47 519 750	1 001 199	–	–	7 542 828	56 063 777	44 970 329	11 093 448

* In the current year, non-current assets held for sale were disaggregated from non-financial assets to enhance disclosure. Comparative figures have been updated accordingly.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

7. Analysis of assets and liabilities *continued*

N\$'000	Amortised cost	At fair value through profit or loss Mandatory	At fair value through profit or loss Designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and Non-contractual
Group – 2024								
Assets								
Cash and cash equivalents	3 149 125	–	–	–	–	3 149 125	3 149 125	–
Due from banks and other financial institutions	9 591 662	–	–	–	–	9 591 662	3 187 680	6 403 982
Derivative financial instruments	–	349 809	–	–	–	349 809	216 110	133 699
Investment securities	7 845 752	612 894	–	789	–	8 459 435	1 476 520	6 982 915
Advances	37 363 979	78 954	301 796	–	–	37 744 729	9 173 839	28 570 890
Other assets**	139 459	–	–	–	122 969	262 428	134 964	127 464
Non-current asset held for sale*	–	–	–	–	53 000	53 000	53 000	–
Non-financial assets*	–	–	–	–	920 797	920 797	–	920 797
Total assets	58 089 977	1 041 657	301 796	789	1 096 766	60 530 985	17 391 238	43 139 747
Equity and Liabilities								
Total equity	–	–	–	–	5 791 075	5 791 075	–	5 791 075
Liabilities								
Derivative financial instruments	–	430 716	–	–	–	430 716	374 866	55 850
Creditors and accruals	559 700	–	–	–	157 334	717 034	527 301	189 733
Deposits	44 966 360	–	–	–	–	44 966 360	42 269 028	2 697 332
Short trading position	–	34 085	–	–	–	34 085	34 085	–
Other liabilities	94 588	–	–	–	31 131	125 719	40 483	85 236
Due to banks and other financial institutions	7 547 204	–	–	–	–	7 547 204	7 547 204	–
Non-financial liabilities	–	–	–	–	918 792	918 792	512 895	405 897
Total liabilities	53 167 852	464 801	–	–	1 107 257	54 739 910	51 305 862	3 434 048
Equity and liabilities	53 167 852	464 801	–	–	6 898 332	60 530 985	51 305 862	9 225 123

* In the current year, non-current assets held for sale were disaggregated from non-financial assets to enhance disclosure. Comparative figures have been updated accordingly.

** During the year, the classification of items in transit was reassessed to reflect their nature, resulting in their reclassification from non-financial assets to financial instruments. Comparative information has been updated, with N\$106.5 million for group previously reported under non-financial assets now presented under amortised cost instruments. Amortised cost instruments and non-financial assets and liabilities were previously stated as N\$34.5 million and N\$227.9 million, have been reassessed to N\$139.5 million and N\$123.0 million.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

7. Analysis of assets and liabilities *continued*

N\$'000	Amortised cost	At fair value through profit or loss Mandatory	At fair value through profit or loss Designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and Non-contractual
Company – 2025								
Assets								
Cash and cash equivalents	3 069 530	–	–	–	–	3 069 530	3 069 530	–
Due from banks and other financial institutions	2 194 327	–	–	–	–	2 194 327	2 194 327	–
Derivative financial instruments	–	943 324	–	–	–	943 324	413 690	529 634
Investment securities	8 249 420	1 067 156	–	789	–	9 317 365	5 123 967	4 193 398
Advances	39 145 260	–	–	–	–	39 145 260	9 514 490	29 630 770
Other assets	222 851	–	–	–	104 314	327 165	26 783	300 382
Non-financial assets	–	–	–	–	1 051 703	1 051 703	–	1 051 703
Total assets	52 881 388	2 010 480	–	789	1 156 017	56 048 674	20 342 787	35 705 887
Equity and Liabilities								
Total equity	–	–	–	–	6 676 304	6 676 304	–	6 676 304
Liabilities								
Derivative financial instruments	–	984 517	–	–	–	984 517	953 932	30 585
Creditors and accruals	691 690	–	–	–	239 647	931 337	816 447	114 890
Deposits	45 965 736	–	–	–	–	45 965 736	42 900 724	3 065 012
Short trading position	–	16 682	–	–	–	16 682	16 682	–
Other liabilities	103 941	–	–	–	–	103 941	38 060	65 881
Due to banks and other financial institutions	253 154	–	–	–	–	253 154	123 567	129 587
Tier 2 liabilities	503 558	–	–	–	–	503 558	41 782	461 776
Non-financial liabilities	–	–	–	–	613 445	613 445	259 932	353 513
Total liabilities	47 518 079	1 001 199	–	–	853 092	49 372 370	45 151 126	4 221 244
Equity and liabilities	47 518 079	1 001 199	–	–	7 529 396	56 048 674	45 151 126	10 897 548

Notes to the annual financial statements *continued* for the year ended 30 June 2025

7. Analysis of assets and liabilities *continued*

N\$'000	Amortised cost	At fair value through profit or loss Mandatory	At fair value through profit or loss Designated	At fair value through other comprehensive income (equity)	Non-financial assets and liabilities	Total carrying value	Current	Non-current and Non-contractual
Company – 2024								
Assets								
Cash and cash equivalents	3 149 125	–	–	–	–	3 149 125	3 149 125	–
Due from banks and other financial institutions	9 591 662	–	–	–	–	9 591 662	3 187 680	6 403 982
Derivative financial instruments	–	349 809	–	–	–	349 809	216 110	133 699
Investment securities	7 845 752	612 894	–	789	–	8 459 435	1 476 520	6 982 915
Advances	37 262 450	78 954	301 796	–	–	37 643 200	9 173 839	28 469 361
Other assets*	58 552	–	–	–	122 969	181 521	134 964	46 557
Non-financial assets	–	–	–	–	1 056 040	1 056 040	–	1 056 040
Total assets	57 907 541	1 041 657	301 796	789	1 179 009	60 430 792	17 338 238	43 092 554
Equity and Liabilities								
Total equity	–	–	–	–	5 773 023	5 773 023	–	5 773 023
Liabilities								
Derivative financial instruments	–	430 716	–	–	–	430 716	374 866	55 850
Creditors and accruals	478 390	–	–	–	157 334	635 724	445 961	189 733
Deposits	44 964 852	–	–	–	–	44 964 852	42 269 028	2 695 824
Short trading position	–	34 085	–	–	–	34 085	34 085	–
Other liabilities	94 588	–	–	–	31 131	125 719	40 483	85 236
Due to banks and other non financial institutions	7 547 204	–	–	–	–	7 547 204	7 547 204	–
Non-financial liabilities	–	–	–	–	919 469	919 469	512 895	406 574
Total liabilities	53 085 034	464 801	–	–	1 107 934	54 657 769	51 224 522	3 433 217
Equity and liabilities	53 085 034	464 801	–	–	6 880 957	60 430 792	51 224 522	9 206 240

* During the year, the classification of items in transit was reassessed to reflect their nature, resulting in their reclassification from non-financial assets to financial instruments. Comparative information has been updated, with N\$25.6 million previously reported under non-financial assets now presented under amortised cost instruments. Amortised cost instruments and non-financial assets and liabilities were previously stated as N\$34.5 million and N\$147.0 million, have been reassessed to N\$58.6 million and N\$123 million.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

8. Cash and cash equivalents

N\$'000	Group		Company	
	2025	2024	2025	2024
Coins and bank notes	583 415	648 972	583 415	648 972
Balances with central bank	2 486 115	2 500 153	2 486 115	2 500 153
Total cash and cash equivalents	3 069 530	3 149 125	3 069 530	3 149 125
Mandatory reserve balance included in above	506 908	559 922	506 908	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.

The carrying value of cash and cash equivalent approximates the fair value.

ECL for cash and cash equivalent are immaterial.

No cash and cash equivalents have been pledged.

9. Due from banks and other financial institutions

Namibia Dollar	2 194 327	9 591 662	2 194 327	9 591 662
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FNB Namibia (FNB) previously entered into a series of fully collateralised repo and reverse repo transactions with FirstRand Bank (FRB) for a total value of N\$7 080 million for the purposes of asset and liability management. During the current year a decision was taken to exit the structural ALM (Asset and Liability Management) hedge and N\$5 775 million was unwound. 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. The repo transaction is disclosed under due to banks and other financial liabilities. Refer to note 22.

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

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

10. Derivative financial instruments

Use of derivatives

The group transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the group's own risk. The group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels, with off-setting deals being utilised to achieve this where necessary.

For further detail on the valuation of derivatives refer to note 30.

Hedging instruments

The group's fair value hedges consist principally of currency forwards and interest swaps used to hedge the fair value risk associated with changes in interest rates. These are not designated as hedging instruments and therefore hedge accounting does not apply.

For further details on the group's approach to managing interest rate risk and market risk, refer to note 32.

By using derivative financial instruments to hedge exposures to changes in interest rates and commodity prices, the group also exposes itself to the credit risk of the derivative counterparty, which is not offset by the hedged item. For information on how the group minimises counterparty risk in derivative instruments, refer to note 32.

Most of the group's derivative transactions relate to sale activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take on, transfer, modify or reduce current or expected risk.

The following tables reflect the notional and fair value of the derivatives that are held for trading:

N\$'000	Group and company			
	Assets notional	Fair value	Liabilities notional	Fair value
2025				
Held for trading				
– Currency derivatives	2 584 932	126 993	2 526 467	124 010
– Interest rate derivatives	2 272 609	26 734	2 097 609	24 041
– Commodity derivatives	2 509 681	787 687	2 509 681	834 556
– Energy derivatives	19 303	1 910	19 303	1 910
Total	7 386 525	943 324	7 153 060	984 517
2024				
Held for trading				
– Currency derivatives	1 646 753	66 318	972 062	95 047
– Interest rate derivatives	2 194 065	13 050	2 194 076	15 162
– Commodity derivatives	2 279 032	270 441	2 279 032	320 507
Total	6 119 850	349 809	5 445 170	430 716

Notes to the annual financial statements continued

for the year ended 30 June 2025

11. Investment securities

N\$'000	Group		Company	
	2025	2024	2025	2024
Treasury bills	3 109 859	3 099 656	3 109 859	3 099 656
Other government and government guaranteed stock	6 211 145	5 362 877	6 211 145	5 362 877
Unlisted equity	789	789	789	789
Total gross carrying amount of investment securities	9 321 793	8 463 322	9 321 793	8 463 322
Loss allowance on investment securities	(4 428)	(3 887)	(4 428)	(3 887)
Total investment securities	9 317 365	8 459 435	9 317 365	8 459 435
Analysis of Investment securities				
Amortised cost	8 249 420	7 845 752	8 249 420	7 845 752
Equities – Fair value through other comprehensive income	789	789	789	789
Other securities – Fair value through profit or loss	1 067 156	612 894	1 067 156	612 894
Total investment securities	9 317 365	8 459 435	9 317 365	8 459 435

N\$8 249 million (2024: N\$7 845 million) of the financial instruments 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.

Information regarding other investments are required in terms of Schedule 4 of the Companies Act 2004 is kept at the company's registered offices. This information is open for inspection in terms of the provisions of Section 120 of the Companies Act.

The loss allowance on investment securities measured at amortised cost is N\$4.4 million (2024: N\$3.9 million).

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

The carrying amount approximates the fair value.

	2025	2024
Reconciliation of the loss allowance		
Balance at the beginning of the year	3 887	4 654
Impairment for the periods: Impairment charge/(reversal) in the income statement		
– Stage 1	541	(767)
Balance at the end of the year	4 428	3 887

Notes to the annual financial statements *continued* for the year ended 30 June 2025

12. Advances

N\$'000	Group		Company	
	2025	2024	2025	2024
Notional value of advances	40 819 299	39 416 240	40 736 825	39 304 401
Category analysis				
Overdrafts and cash management accounts	4 134 159	3 426 564	4 134 159	3 426 564
Term loans	5 875 237	4 971 296	5 875 237	4 971 296
Card loans	562 363	566 451	562 363	566 451
Instalment sales	4 474 282	4 136 878	4 474 282	4 136 879
Lease payments receivable	154 002	138 068	154 002	138 068
Home loans	16 618 829	16 775 824	16 538 348	16 663 984
Commercial property finance	3 889 922	4 331 047	3 887 929	4 331 047
Personal loans	3 637 927	3 430 827	3 637 927	3 430 827
Preference share agreements	1 192 198	964 464	1 192 198	964 464
Investment bank term loans	–	302 759	–	302 759
Invoice finance	84 979	11 729	84 979	11 729
Other	195 401	281 379	195 401	281 379
Assets under agreement to resell	–	78 954	–	78 954
Gross value of advances	40 819 299	39 416 240	40 736 825	39 304 401
Impairment of advances	(1 596 909)	(1 671 511)	(1 591 565)	(1 661 201)
Net advances	39 222 390	37 744 729	39 145 260	37 643 200
Gross advances – fair value	–	381 713	–	381 713
Impairment of advances – fair value	–	(963)	–	(963)
Net advances – fair value*	–	380 750	–	380 750
Gross advances – amortised cost	40 819 299	39 034 527	40 736 825	38 922 688
Impairment of advances – amortised cost	(1 596 909)	(1 670 548)	(1 591 565)	(1 660 238)
Net advances – amortised cost*	39 222 390	37 363 979	39 145 260	37 262 450
Net advances	39 222 390	37 744 729	39 145 260	37 643 200

* In the current year, the analysis of advances between fair value through profit or loss and amortised cost are presented on the gross basis with a separate line item for impairment of advances per category. In the prior year the net amount was disclosed.

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

12. Advances *continued*

Maturity analysis of lease payment receivables

N\$'000	Group and company	
	2025	2024
Within 1 year	100 839	103 415
Between 1 and 2 years	57 902	30 630
Between 2 and 3 years	12 867	17 766
Between 3 and 4 years	6 561	5 834
Between 4 and 5 years	2 146	3 523
More than 5 years	100	3 149
Total gross amount	180 415	164 317
Unearned finance charges	(26 413)	(26 249)
Net amount	154 002	138 068

Notes to the annual financial statements continued

for the year ended 30 June 2025

12. Advances continued

Analysis of advances per class

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

N\$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Group – 2025				
Property finance	16 633 705	–	(420 157)	16 213 548
Vehicle and asset finance	2 168 406	–	(53 108)	2 115 298
Total Retail secured	18 802 111	–	(473 265)	18 328 846
Credit card	540 833	–	(54 265)	486 568
Personal loans	3 635 390	–	(351 330)	3 284 060
Other retail	623 362	–	(111 224)	512 138
Total Retail unsecured	4 799 585	–	(516 819)	4 282 766
Total Retail	23 601 696	–	(990 084)	22 611 612
FNB Commercial	6 392 049	–	(416 970)	5 975 079
Commercial vehicle asset finance	2 655 279	–	(133 389)	2 521 890
Total FNB Commercial	9 047 328	–	(550 359)	8 496 969
RMB Corporate and Investment banking	8 170 275	–	(56 466)	8 113 809
Total Corporate and Commercial	17 217 603	–	(606 825)	16 610 778
Total advances	40 819 299	–	(1 596 909)	39 222 390

Notes to the annual financial statements continued

for the year ended 30 June 2025

12. Advances continued

Analysis of advances per class continued

N\$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Group – 2024				
Property finance	16 788 707	–	(552 249)	16 236 458
Vehicle and 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
Total Retail	23 220 946	–	(1 091 679)	22 129 267
FNB Commercial	6 513 002	–	(422 931)	6 090 071
Commercial vehicle asset finance	2 651 924	–	(103 338)	2 548 586
Total FNB Commercial	9 164 926	–	(526 269)	8 638 657
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 advances	39 034 527	381 713	(1 671 511)	37 744 729

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

12. Advances *continued*

Analysis of advances per class *continued*

N\$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Company – 2025				
Property finance	16 551 231	–	(414 812)	16 136 419
Vehicle and asset finance	2 168 406	–	(53 108)	2 115 298
Total Retail secured	18 719 637	–	(467 920)	18 251 717
Credit card	540 833	–	(54 265)	486 568
Personal loans	3 635 390	–	(351 330)	3 284 060
Other retail	623 362	–	(111 225)	512 137
Total Retail unsecured	4 799 585	–	(516 820)	4 282 765
Total Retail	23 519 222	–	(984 740)	22 534 482
FNB Commercial	6 392 049	–	(416 970)	5 975 079
Commercial vehicle asset finance	2 655 279	–	(133 389)	2 521 890
Total FNB Commercial	9 047 328	–	(550 359)	8 496 969
RMB Corporate and Investment banking	8 170 275	–	(56 466)	8 113 809
Total Corporate and Commercial	17 217 603	–	(606 825)	16 610 778
Total advances	40 736 825	–	(1 591 565)	39 145 260

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

12. Advances *continued*

Analysis of advances per class *continued*

N\$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Company – 2024				
Property finance	16 676 391	–	(541 939)	16 134 452
Vehicle and asset finance	1 904 655	–	(59 628)	1 845 027
Total Retail secured	18 581 046	–	(601 567)	17 979 479
Credit card	548 070	–	(67 655)	480 415
Personal loans	3 426 686	–	(309 554)	3 117 132
Other retail	553 305	–	(102 593)	450 712
Total Retail unsecured	4 528 061	–	(479 802)	4 048 259
Total Retail	23 109 107	–	(1 081 369)	22 027 738
FNB Commercial	6 513 002	–	(422 931)	6 090 071
Commercial vehicle asset finance	2 651 924	–	(103 338)	2 548 586
Total FNB Commercial	9 164 926	–	(526 269)	8 638 657
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 advances	38 922 688	381 713	(1 661 201)	37 643 200

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

Notes to the annual financial statements continued

for the year ended 30 June 2025

12. Advances continued

Reconciliation of the gross carrying amount of advances and loss allowance on total advances

N\$'000	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Group – 2025								
Amortised cost	33 328 636	3 312 239	2 393 652	39 034 527	256 572	350 567	1 063 409	1 670 548
Fair value	381 713	–	–	381 713	963	–	–	963
Amount as at 1 July 2024	33 710 349	3 312 239	2 393 652	39 416 240	257 535	350 567	1 063 409	1 671 511
Transfer from stage 1 to stage 2	(1 025 415)	1 025 415	–	–	(20 769)	20 769	–	–
Transfer from stage 1 to stage 3	(169 993)	–	169 993	–	(3 052)	–	3 052	–
Transfer from stage 2 to stage 3	–	(144 944)	144 944	–	–	(24 467)	24 467	–
Transfer from stage 2 to stage 1	1 220 793	(1 220 793)	–	–	44 114	(44 114)	–	–
Transfer from stage 3 to stage 2	–	–	–	–	–	–	–	–
Opening balance after transfer*	33 735 734	2 971 917	2 708 589	39 416 240	277 828	302 755	1 090 928	1 671 511
Other current period charges/(releases)	1 796 921	190 508	177 310	2 164 739	(59 420)	44 245	702 253	687 078
Change in exposure of back book in the current period	(1 999 463)	(19 394)	111 819	(1 907 038)	(97 569)	20 806	642 025	565 262
– Exposures with a change in measurement basis from 12 months to LECL	–	133 171	–	133 171	–	7 244	–	7 244
– Other current year impairment charge/(release)	(1 999 463)	(152 565)	111 819	(2 040 209)	(97 569)	13 562	642 025	558 018
Change in exposure due to new business in the current year	3 796 384	209 902	65 491	4 071 777	38 149	23 439	60 228	121 816
Bad debts written off**	–	–	(761 680)	(761 680)	–	–	(761 680)	(761 680)
Amount as at 30 June 2025	35 532 655	3 162 425	2 124 219	40 819 299	218 408	347 000	1 031 501	1 596 909
Amortised cost	35 532 655	3 162 425	2 124 219	40 819 299	218 408	347 000	1 031 501	1 596 909

* The reconciliations have been prepared using a year to date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. The current year movement is split between new business and back book.

The group transfers opening balances (back book) at the value as at 1 July based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balance as at 1 July are transferred to the impairment stage at 30 June in the transfers section and the current year movements in the back book (changes in exposure and net movement on GCA and ECL provided/(released)) are reflected separately in the reconciliation. The current year movement for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and changes in other risk parameters.

** Decrease in the advance as a result of write-off is equal to the decrease in ECL as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is N\$761.7 million (2024: N\$181.4 million).

Notes to the annual financial statements *continued* for the year ended 30 June 2025

12. Advances *continued*

Reconciliation of the gross carrying amount of advances and loss allowance on total advances *continued*

N\$'000	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Group – 2024								
Amortised cost	32 058 216	2 948 269	1 771 301	36 777 786	247 810	273 956	807 313	1 329 079
Amount as at 1 July 2023	32 058 216	2 948 269	1 771 301	36 777 786	247 810	273 956	807 313	1 329 079
Transfer from stage 1 to stage 2	(3 009 400)	3 009 400	-	-	(13 931)	13 931	-	-
Transfer from stage 1 to stage 3	(568 117)	-	568 117	-	(5 661)	-	5 661	-
Transfer from stage 2 to stage 3	-	(527 287)	527 287	-	-	(59 509)	59 509	-
Transfer from stage 2 to stage 1	2 264 447	(2 264 447)	-	-	69 187	(69 187)	-	-
Transfer from stage 3 to stage 2	-	18 091	(18 091)	-	-	3 801	(3 801)	-
Transfer from stage 3 to stage 1	49 495	-	(49 495)	-	6 798	-	(6 798)	-
Opening balance after transfer*	30 794 641	3 184 026	2 799 119	36 777 786	304 203	162 992	861 884	1 329 079
Other current period charges/(releases)	2 915 708	128 213	(224 031)	2 819 890	(46 668)	187 575	382 961	523 868
Change in exposure of back book in the current year	(3 827 286)	(116 809)	(367 558)	(4 311 653)	(91 742)	167 084	283 839	359 181
- Exposures with a change in measurement basis from 12 months to LECL	-	(20 859)	-	(20 859)	-	27 964	-	27 964
- Other current year impairment charge/(release)	(3 827 286)	(95 950)	(367 558)	(4 290 794)	(91 742)	139 120	283 839	331 217
Change in exposure due to new business in the current year	6 742 994	245 022	143 527	7 131 543	45 074	20 491	99 122	164 687
Bad debts written off**	-	-	(181 436)	(181 436)	-	-	(181 436)	(181 436)
Amount as at 30 June 2024	33 710 349	3 312 239	2 393 652	39 416 240	257 535	350 567	1 063 409	1 671 511
Amortised cost	33 328 636	3 312 239	2 393 652	39 034 527	256 572	350 567	1 063 409	1 670 548
Fair value	381 713	-	-	381 713	963	-	-	963

* The reconciliations have been prepared using a year to date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. The current year movement is split between new business and back book.

The group transfers opening balances (back book) at the value as at 1 July based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balance as at 1 July are transferred to the impairment stage at 30 June in the transfers section and the current year movements in the back book (changes in exposure and net movement on GCA and ECL provided/(released)) are reflected separately in the reconciliation. The current year movement for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and changes in other risk parameters.

** Decrease in the advance as a result of write-off is equal to the decrease in ECL as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is N\$761.7 million (2024: N\$181.4 million).

Notes to the annual financial statements continued

for the year ended 30 June 2025

12. Advances continued

Reconciliation of the gross carrying amount of advances and loss allowance on total advances continued

N\$'000	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Company – 2025								
Amortised cost	33 245 537	3 299 008	2 378 143	38 922 688	256 476	349 550	1 054 212	1 660 238
Fair value	381 713	–	–	381 713	963	–	–	963
Amount as at 1 July 2024	33 627 250	3 299 008	2 378 143	39 304 401	257 439	349 550	1 054 212	1 661 201
Transfer from stage 1 to stage 2	(1 014 286)	1 014 286	–	–	(20 918)	20 918	–	–
Transfer from stage 1 to stage 3	(169 993)	–	169 993	–	(3 052)	–	3 052	–
Transfer from stage 2 to stage 3	–	(138 352)	138 352	–	–	(24 577)	24 577	–
Transfer from stage 2 to stage 1	1 220 793	(1 220 793)	–	–	43 843	(43 843)	–	–
Transfer from stage 3 to stage 2	–	–	–	–	–	–	–	–
Opening balance after transfer*	33 663 764	2 954 149	2 686 488	39 304 401	277 312	302 048	1 081 841	1 661 201
Other current period charges/(releases)	1 806 521	199 841	175 704	2 182 067	(59 135)	44 390	694 754	680 009
Change in exposure of back book in the current period	(1 989 863)	(10 061)	110 213	(1 889 710)	(97 284)	20 951	634 526	558 193
– Exposures with a change in measurement basis from 12 months to LECL	–	133 171	–	133 171	–	7 389	–	7 389
– Other current year impairment charge/(release)	(1 989 863)	(143 232)	110 212	(2 022 881)	(97 284)	13 562	634 526	550 804
Change in exposure due to new business in the current year	3 796 384	209 902	65 491	4 071 777	38 149	23 439	60 228	121 816
Bad debts written off**	–	–	(749 643)	(749 643)	–	–	(749 643)	(749 643)
Amount as at 30 June 2025	35 470 288	3 153 989	2 112 548	40 736 825	218 175	346 437	1 026 952	1 591 565
Amortised cost	35 470 288	3 153 989	2 112 548	40 736 825	218 175	346 437	1 026 952	1 591 565

* The reconciliations have been prepared using a year to date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. The current year movement is split between new business and back book.

The group transfers opening balances (back book) at the value as at 1 July based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balance as at 1 July are transferred to the impairment stage at 30 June in the transfers section and the current year movements in the back book (changes in exposure and net movement on GCA and ECL provided/(released)) are reflected separately in the reconciliation. The current year movement for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and changes in other risk parameters.

** Decrease in the advance as a result of write-off is equal to the decrease in ECL as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is N\$749.6 million (2024: N\$181.4 million).

Notes to the annual financial statements continued

for the year ended 30 June 2025

12. Advances continued

Reconciliation of the gross carrying amount of advances and loss allowance on total advances continued

N\$'000	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Company – 2024								
Amortised cost	31 963 808	2 932 485	1 753 584	36 649 877	247 797	273 226	800 030	1 321 053
Amount as at 1 July 2023	31 963 808	2 932 485	1 753 584	36 649 877	247 797	273 226	800 030	1 321 053
Transfer from stage 1 to stage 2	(3 014 957)	3 014 957	-	-	(14 135)	14 135	-	-
Transfer from stage 1 to stage 3	(568 515)	-	568 515	-	(5 712)	-	5 712	-
Transfer from stage 2 to stage 3	-	(527 289)	527 289	-	-	(59 511)	59 511	-
Transfer from stage 2 to stage 1	2 270 884	(2 270 884)	-	-	69 200	(69 200)	-	-
Transfer from stage 3 to stage 2	-	19 686	(19 686)	-	-	3 990	(3 990)	-
Transfer from stage 3 to stage 1	49 865	-	(49 865)	-	6 799	-	(6 799)	-
Opening balance after transfer*	30 701 085	3 168 955	2 779 837	36 649 877	303 949	162 640	854 464	1 321 053
Other current period charges/(releases)	2 926 165	130 053	(220 258)	2 835 960	(46 510)	186 910	381 184	521 584
Change in exposure of back book in the current year	(3 827 287)	(116 809)	(367 557)	(4 311 653)	(91 743)	167 084	286 840	362 181
- Exposures with a change in measurement basis from 12 months to LECL	-	(20 859)	-	(20 859)	-	27 964	-	27 964
- Other current year impairment charge/(release)	(3 827 287)	(95 950)	(367 557)	(4 290 794)	(91 743)	139 120	286 840	334 217
Change in exposure due to new business in the current year	6 753 452	246 862	147 299	7 147 613	45 233	19 826	94 344	159 403
Bad debts written off**	-	-	(181 436)	(181 436)	-	-	(181 436)	(181 436)
Amount as at 30 June 2024	33 627 250	3 299 008	2 378 143	39 304 401	257 439	349 550	1 054 212	1 661 201
Amortised cost	33 245 537	3 299 008	2 378 143	38 922 688	256 476	349 550	1 054 212	1 660 238
Fair value	381 713	-	-	381 713	963	-	-	963

* The reconciliations have been prepared using a year to date view. This means that the group reports exposures based on the impairment stage at the end of the reporting period. The current year movement is split between new business and back book.

The group transfers opening balances (back book) at the value as at 1 July based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balance as at 1 July are transferred to the impairment stage at 30 June in the transfers section and the current year movements in the back book (changes in exposure and net movement on GCA and ECL provided/(released)) are reflected separately in the reconciliation. The current year movement for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and changes in other risk parameters.

** Decrease in the advance as a result of write-off is equal to the decrease in ECL as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is N\$749.6 million (2024: N\$181.4 million).

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

12. Advances *continued*

Reconciliation of the gross carrying amount of advances and loss allowance on total advances *continued*

N\$'000	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Group – 2025								
Retail	20 383 243	1 773 172	1 445 281	23 601 696	147 416	179 579	663 089	990 085
FNB Commercial*	7 331 680	1 036 710	678 938	9 047 328	53 178	128 769	368 412	550 359
RMB Corporate and Investment banking	7 817 732	352 543	–	8 170 275	17 814	38 652	–	56 465
	35 532 655	3 162 425	2 124 219	40 819 299	218 408	347 000	1 031 501	1 596 909
Company – 2025								
Retail	20 320 876	1 764 736	1 433 610	23 519 222	147 182	179 018	658 540	984 740
FNB Commercial*	7 331 680	1 036 710	678 938	9 047 328	53 178	128 769	368 412	550 359
RMB Corporate and Investment banking	7 817 732	352 543	–	8 170 275	17 814	38 652	–	56 466
	35 470 288	3 153 989	2 112 548	40 736 825	218 175	346 438	1 026 952	1 591 565
Group – 2024								
Retail	19 466 942	2 099 478	1 654 526	23 220 946	177 275	206 330	708 074	1 091 679
FNB Commercial*	7 501 278	924 522	739 126	9 164 926	59 104	111 830	355 335	526 269
RMB Corporate and Investment banking	6 742 129	288 239	–	7 030 368	21 156	32 407	–	53 563
	33 710 349	3 312 239	2 393 652	39 416 240	257 535	350 567	1 063 409	1 671 511
Company – 2024								
Retail	19 383 843	2 086 247	1 639 017	23 109 107	177 179	205 313	698 877	1 081 369
FNB Commercial*	7 501 278	924 522	739 126	9 164 926	59 104	111 830	355 335	526 269
RMB Corporate and Investment banking	6 742 129	288 239	–	7 030 368	21 156	32 407	–	53 563
	33 627 250	3 299 008	2 378 143	39 304 401	257 439	349 550	1 054 212	1 661 201

* In the current year, FNB commercial and commercial vehicle finance have been aggregated and are now presented under FNB commercial, as both relate to the commercial segment. In prior years, these were disclosed separately.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

13. Impairment of advances

Analysis of the loss allowance closing balance

N\$'000	2025				2024			
	Loss allowance				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Group								
Included in the total loss allowance	218 408	347 000	1 031 501	1 596 909	257 535	350 567	1 063 409	1 671 511
On and off balance sheet exposure*	215 104	347 000	1 031 501	1 593 605	253 964	350 567	1 063 409	1 667 940
Letters of credit and guarantees	3 304	-	-	3 304	3 571	-	-	3 571
Components of total loss allowance								
- Forward looking information**	21 649	29 783	630	52 062	21 172	27 075	2 948	51 195
- Model updates^	-	-	-	-	(356)	(804)	-	(1 160)
- Interest on stage 3 advances#	-	-	356 248	356 248	-	-	404 811	404 811
Company								
Included in the total loss allowance	218 174	346 439	1 026 952	1 591 565	257 439	349 550	1 054 212	1 661 201
On and off balance sheet exposure*	214 870	346 439	1 026 952	1 588 261	253 868	349 550	1 054 212	1 657 630
Letters of credit and guarantees	3 304	-	-	3 304	3 571	-	-	3 571
Significant components of total loss allowance								
- Forward looking information**	21 649	29 783	630	52 062	21 172	27 075	2 948	51 195
- Model updates^	-	-	-	-	(356)	(804)	-	(1 160)
- Interest on stage 3 advances#	-	-	354 056	354 056	-	-	404 811	404 811

* Includes committed undrawn facilities as the credit risk of the undrawn component is managed and monitored with the drawn component as a single EAD. The EAD on the entire facility is used to calculate the ECL and is therefore included in the ECL allowance.

** This represents the total ECL closing balance as at 30 June that is attributable to incorporating FLI macro-economic information into the ECL calculations. For more detail on the process of incorporating FLI into the ECL calculation refer to the accounting policy note 8.4.

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

Cumulative balance as at 30 June.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

13. Impairment of advances *continued*

Breakdown of impairment charge recognised during the year

N\$'000	2025			2024		
	Amortised cost	Fair value	Total	Amortised cost	Fair value	Total
Group						
Increase in loss allowance	687 078	–	687 078	522 905	963	523 868
Interest in suspense	(110 971)	–	(110 971)	(76 670)	–	(76 670)
Recoveries of bad debts	(48 696)	–	(48 696)	(21 747)	–	(21 747)
Impairment of advances recognised during the period	527 411	–	527 411	424 488	963	425 451
Company						
Increase in loss allowance	680 007	–	680 007	520 621	963	521 584
Interest in suspense	(110 218)	–	(110 218)	(75 792)	–	(75 792)
Recoveries of bad debts	(48 683)	–	(48 683)	(21 747)	–	(21 747)
Impairment of advances recognised during the period	521 106	–	521 106	423 082	963	424 045

Notes to the annual financial statements *continued* for the year ended 30 June 2025

13. Impairment of advances *continued*

Reconciliation of the loss allowance on total advances per class

N\$'000	Retail secured		Retail unsecured			Corporate and commercial			Total
	Residential mortgages	Vehicle asset finance	Credit card	Personal loans	Other Retail	FNB Commercial	Commercial vehicle asset finance	RMB Corporate and Investment banking	
Group – 2025									
Amount as at 30 June 2024	552 249	59 628	67 654	309 553	102 594	422 932	103 338	53 563	1 671 511
– Stage 1	67 801	19 458	14 447	58 699	16 868	47 237	11 868	21 157	257 535
– Stage 2	118 343	5 462	7 732	31 157	43 639	77 238	34 591	32 406	350 568
– Stage 3	366 106	34 708	45 476	219 698	42 086	298 456	56 879	–	1 063 409
Bad debts written off	(325 636)	(13 397)	(15 082)	(99 847)	(24 953)	(273 637)	(9 128)	–	(761 680)
Provision created/(released) for current period	193 544	6 877	1 693	141 624	33 583	267 675	39 179	2 903	687 078
– Stage 1	(20 974)	1 656	264	(11 496)	695	(5 174)	(754)	(3 342)	(39 125)
– Stage 2	(34 695)	113	1 660	770	5 398	13 852	3 088	6 245	(3 569)
– Stage 3	249 213	5 108	(231)	152 350	27 490	258 997	36 845	–	729 772
Amount as at 30 June 2025	420 157	53 108	54 265	351 330	111 224	416 970	133 389	56 466	1 596 909
– Stage 1	46 826	21 114	14 710	47 202	17 564	42 064	11 114	17 814	218 408
– Stage 2	83 648	5 575	9 392	31 927	49 037	91 090	37 679	38 652	347 000
– Stage 3	289 683	26 419	30 163	272 201	44 623	283 816	84 596	–	1 031 501
Company – 2025									
Amount as at 30 June 2024	541 939	59 628	67 655	309 554	102 593	422 931	103 338	53 563	1 661 201
– Stage 1	67 705	19 458	14 447	58 699	16 868	47 237	11 868	21 157	257 439
– Stage 2	117 325	5 462	7 732	31 157	43 639	77 238	34 591	32 406	349 550
– Stage 3	356 909	34 708	45 476	219 698	42 086	298 456	56 879	–	1 054 212
Bad debts written off	(313 599)	(13 397)	(15 082)	(99 847)	(24 953)	(273 637)	(9 128)	–	(749 643)
Provision created/(released) for current period	186 472	6 877	1 692	141 623	33 585	267 676	39 179	2 903	680 007
– Stage 1	(21 112)	1 656	263	(11 497)	695	(5 173)	(754)	(3 343)	(39 265)
– Stage 2	(34 240)	113	1 660	770	5 400	13 852	3 088	6 246	(3 111)
– Stage 3	241 824	5 108	(231)	152 350	27 490	258 997	36 845	–	722 383
Amount as at 30 June 2025	414 812	53 108	54 265	351 330	111 225	416 970	133 389	56 466	1 591 565
– Stage 1	46 593	21 114	14 710	47 202	17 563	42 064	11 114	17 814	218 174
– Stage 2	83 085	5 575	9 392	31 927	49 039	91 090	37 679	38 652	346 439
– Stage 3	285 134	26 419	30 163	272 201	44 623	283 816	84 596	–	1 026 952

Notes to the annual financial statements *continued* for the year ended 30 June 2025

13. Impairment of advances *continued*

Reconciliation of the loss allowance on total advances per class *continued*

N\$'000	Retail secured		Retail unsecured			Corporate and commercial			Total
	Residential mortgages	Vehicle asset finance	Credit card	Personal loans	Other Retail	FNB Commercial	Commercial vehicle asset finance	RMB Corporate and Investment banking	
Group – 2024									
Amount as at 30 June 2023	435 073	66 378	49 561	263 057	75 547	324 213	61 992	53 258	1 329 079
– Stage 1	46 573	24 328	12 449	42 022	18 112	51 629	16 365	36 332	247 810
– Stage 2	81 640	6 546	6 523	25 756	34 728	73 864	27 973	16 926	273 956
– Stage 3	306 860	35 504	30 589	195 279	22 707	198 720	17 654	–	807 313
Bad debts written off	(37 019)	(8 557)	(19 154)	(69 778)	(14 568)	(30 596)	(1 764)	–	(181 436)
Provision created/(released) for current period	154 195	1 807	37 247	116 274	41 615	129 315	43 110	305	523 868
– Stage 1	21 228	(4 870)	1 997	16 677	(1 243)	(4 392)	(4 497)	(15 175)	9 725
– Stage 2	36 702	(1 084)	1 209	5 400	8 910	3 375	6 618	15 480	76 610
– Stage 3	96 265	7 761	34 041	94 197	33 948	130 332	40 989	–	437 533
Amount as at 30 June 2024	552 249	59 628	67 654	309 553	102 594	422 932	103 338	53 563	1 671 511
– Stage 1	67 801	19 458	14 447	58 699	16 868	47 237	11 868	21 157	257 535
– Stage 2	118 342	5 462	7 732	31 157	43 639	77 238	34 591	32 406	350 567
– Stage 3	366 106	34 708	45 476	219 698	42 086	298 456	56 879	–	1 063 409
Company – 2024									
Amount as at 30 June 2023	427 047	66 378	49 561	263 057	75 547	324 213	61 992	53 258	1 321 053
– Stage 1	46 560	24 328	12 449	42 022	18 112	51 629	16 365	36 332	247 797
– Stage 2	80 910	6 546	6 523	25 756	34 728	73 864	27 973	16 926	273 226
– Stage 3	299 577	35 504	30 589	195 279	22 707	198 720	17 654	–	800 030
Bad debts written off	(37 019)	(8 557)	(19 154)	(69 778)	(14 568)	(30 596)	(1 764)	–	(181 436)
Provision created/(released) for current period	151 911	1 807	37 247	116 274	41 615	129 315	43 110	305	521 584
– Stage 1	21 145	(4 870)	1 997	16 677	(1 243)	(4 392)	(4 497)	(15 175)	9 642
– Stage 2	36 415	(1 084)	1 209	5 400	8 910	3 375	6 618	15 480	76 323
– Stage 3	94 351	7 761	34 041	94 197	33 948	130 332	40 989	–	435 619
Amount as at 30 June 2024	541 939	59 628	67 655	309 554	102 593	422 931	103 338	53 563	1 661 201
– Stage 1	67 705	19 458	14 447	58 699	16 868	47 237	11 868	21 157	257 439
– Stage 2	117 325	5 462	7 732	31 157	43 639	77 238	34 591	32 406	349 550
– Stage 3	356 909	34 708	45 476	219 698	42 086	298 456	56 879	–	1 054 212

Notes to the annual financial statements *continued* for the year ended 30 June 2025

14. Other assets

N\$'000	Group		Company	
	2025	2024*	2025	2024*
Items in transit*	178 376	106 461	177 480	25 633
Property in possession	31 866	34 532	31 866	34 532
Prepayments	72 448	88 437	72 448	88 437
Other receivables	48 286	35 028	48 182	34 924
Loss allowance	(2 836)	(2 030)	(2 811)	(2 005)
Total other assets	328 140	262 428	327 165	181 521
Financial asset and non-financial asset components of other assets				
Financial asset	223 826	139 459	222 851	58 552
Non-financial asset	104 314	122 969	104 314	122 969
	328 140	262 428	327 165	181 521

* During the year, the classification of items in transit was refined to better reflect their nature, resulting in their reclassification from non-financial assets to financial assets. Comparative information for the group and company has been updated, with N\$106.5 million and N\$25.6 million respectively previously reported under non-financial assets now presented under financial assets. Financial assets and non-financial assets were previously stated as N\$34.5 million and N\$227.9 million for group and N\$34.5 million and N\$147.0 million for company, have been reassessed to N\$139.5 million and N\$123.0 million for group and N\$58.6 million and N\$123.0 million for company respectively.

The group has not pledged any of its property in possession. An impairment loss of N\$1 283 (2024: N\$2 591) was recognised on property in possession.

Information about the credit quality of the above balances is set out in the risk management note 32.

The carrying value of other assets approximates the fair value.

ECL for other assets is N\$2.8 million (2024: N\$2.0 million).

15. Investment in subsidiary

Significant subsidiary

	Nature of business	Date of acquisition	Country of incorporation	Listed/unlisted	2025	2024
Swabou Investments (Pty) Ltd	Property finance	1 Jul 03	Namibia	Unlisted	100%	100%
Swabou Investments (Pty) Ltd						
Aggregate (loss)/income of subsidiary (before tax)					(3 946)	(17 071)
Total indebtedness					(119 021)	136 199
Total investment					(119 021)	136 199

Interest paid by Swabou Investments (Pty) Ltd to First National Bank of Namibia Limited totalled N\$9.0 million (2024: N\$11.5 million).

Notes to the annual financial statements *continued* for the year ended 30 June 2025

16. Property and equipment

N\$'000	2025			2024		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Group						
Buildings	657 130	(74 459)	582 671	646 930	(64 713)	582 217
Leasehold property	80 938	(45 284)	35 654	80 727	(47 135)	33 592
Right of use asset property	73 163	(35 161)	38 002	91 156	(61 888)	29 268
Capitalised lease equipment	12 289	(12 289)	-	-	-	-
IT equipment	476 994	(310 448)	166 546	414 924	(272 935)	141 989
Furniture and fittings	217 602	(175 742)	41 860	216 028	(161 780)	54 248
Motor vehicles	9 542	(4 457)	5 085	8 662	(3 770)	4 892
Office equipment	101 601	(93 219)	8 382	122 370	(107 315)	15 055
Total	1 629 259	(751 059)	878 200	1 580 797	(719 536)	861 261
Company						
Buildings	657 130	(74 459)	582 671	646 930	(64 713)	582 217
Leasehold property	80 938	(45 284)	35 654	80 727	(47 135)	33 592
Right of use asset property	73 163	(35 161)	38 002	91 156	(61 888)	29 268
Capitalised lease equipment	12 289	(12 289)	-	-	-	-
IT equipment	476 760	(310 361)	166 399	414 690	(272 894)	141 796
Furniture and fittings	216 652	(175 278)	41 374	215 077	(161 440)	53 637
Motor vehicles	9 542	(4 457)	5 085	8 662	(3 770)	4 892
Office equipment	101 358	(93 077)	8 281	122 127	(107 221)	14 906
Total	1 627 832	(750 366)	877 466	1 579 369	(719 061)	860 308

Notes to the annual financial statements *continued* for the year ended 30 June 2025

16. Property and equipment *continued*

Reconciliation of property and equipment

N\$'000	Opening balance	Additions	Disposals	Transfers	Depreciation	Total	
Group – 2025							
Buildings	582 217	11 211	(1 010)	–	(9 747)	582 671	
Leasehold property	33 592	7 189	(37)	–	(5 090)	35 654	
Right of use asset property	29 268	30 527	(225)	–	(21 568)	38 002	
IT equipment	141 989	80 016	(3 089)	9 685	(62 055)	166 546	
Furniture and fixtures	54 248	7 711	(506)	–	(19 593)	41 860	
Motor vehicles	4 892	1 355	(122)	–	(1 040)	5 085	
Office equipment	15 055	5 219	(12)	(9 685)	(2 195)	8 382	
	861 261	143 228	(5 000)	–	(121 288)	878 200	
	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Group – 2024							
Buildings	637 803	14 868	(2 962)	(56 820)	(10 672)	–	582 217
Leasehold property	28 649	9 627	(226)	–	(4 458)	–	33 592
Right of use asset property	32 982	17 766	(374)	–	(21 106)	–	29 268
IT equipment	128 538	68 262	(451)	–	(49 240)	(5 120)	141 989
Furniture and fixtures	64 472	10 318	(346)	–	(20 196)	–	54 248
Motor vehicles	3 071	3 075	(445)	–	(809)	–	4 892
Office equipment	10 594	7 706	(4)	–	(3 241)	–	15 055
	906 109	131 622	(4 808)	(56 820)	(109 722)	(5 120)	861 261

Notes to the annual financial statements continued

for the year ended 30 June 2025

16. Property and equipment continued

Reconciliation of property and equipment continued

N\$'000	Opening balance	Additions	Disposals	Transfers	Depreciation	Total	
Company – 2025							
Buildings	582 217	11 211	(1 010)	–	(9 747)	582 671	
Leasehold property	33 592	7 189	(37)	–	(5 090)	35 654	
Right of use asset property	29 268	30 527	(225)	–	(21 568)	38 002	
IT equipment	141 796	80 015	(3 089)	9 685	(62 008)	166 399	
Furniture and fixtures	53 637	7 712	(506)	–	(19 469)	41 374	
Motor vehicles	4 892	1 355	(122)	–	(1 040)	5 085	
Office equipment	14 906	5 218	(12)	(9 685)	(2 146)	8 281	
	860 308	143 227	(5 001)	–	(121 068)	877 466	
	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Company – 2024							
Buildings	579 379	71 821	(2 962)	(56 820)	(9 201)	–	582 217
Leasehold property	28 649	9 626	(225)	–	(4 458)	–	33 592
Right of use asset property	32 982	17 766	(374)	–	(21 106)	–	29 268
IT equipment	128 535	68 034	(451)	–	(49 202)	(5 120)	141 796
Furniture and fixtures	63 830	10 197	(331)	–	(20 059)	–	53 637
Motor vehicles	3 071	3 075	(445)	–	(809)	–	4 892
Office equipment	10 473	7 631	(4)	–	(3 194)	–	14 906
	846 919	188 150	(4 792)	(56 820)	(108 029)	(5 120)	860 308

In prior year, Swabou Investments (Pty) Ltd's building, located on Erf 7065, Independence Avenue, Windhoek, was reclassified from owner-occupied property in accordance with IAS 16 to a non-current asset held for sale in accordance with IFRS 5, on 30 June 2024. In the current year, the building continues to be classified as held for sale under IFRS 5, as the group remains committed to the sale. Although the sale of the building was not completed during the 2025 financial year, management remains committed to the disposal. Negotiations regarding the terms of the sale are ongoing, and management believes that the sale will be concluded within the next financial year. Please see note 19 for more detail.

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

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

Notes to the annual financial statements *continued* for the year ended 30 June 2025

17. Intangible assets

N\$'000	2025			2024		
	Cost/valuation	Accumulated amortisation	Carrying value	Cost/valuation	Accumulated amortisation	Carrying value
Group						
Trademarks	380 713	(380 713)	-	380 713	(380 713)	-
Software	37 344	(30 095)	7 249	33 622	(22 056)	11 566
Goodwill	47 967	-	47 967	47 967	-	47 967
Total	466 024	(410 808)	55 216	462 302	(402 769)	59 533
Company						
Trademarks	354 100	(354 100)	-	354 100	(354 100)	-
Software	37 344	(30 095)	7 249	33 622	(22 056)	11 566
Goodwill	47 967	-	47 967	47 967	-	47 967
Total	439 411	(384 195)	55 216	435 689	(376 156)	59 533

Reconciliation of intangible assets

	2025				2024			
	Opening balance	Additions	Amortisation	Total	Opening balance	Additions	Amortisation	Total
Group								
Software	11 566	3 722	(8 039)	7 249	15 461	3 704	(7 599)	11 566
Goodwill	47 967	-	-	47 967	47 967	-	-	47 967
	59 533	3 722	(8 039)	55 216	63 428	3 704	(7 599)	59 533
Company								
Software	11 566	3 722	(8 039)	7 249	15 461	3 704	(7 599)	11 566
Goodwill	47 967	-	-	47 967	47 967	-	-	47 967
	59 533	3 722	(8 039)	55 216	63 428	3 704	(7 599)	59 533

Impairment of goodwill

The group assessed goodwill and determined that no write down of the carrying amount was necessary.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

18. Deferred tax liability

Deferred tax

N\$'000	Group		Company	
	2025	2024	2025	2024
Deferred tax liability	(224 971)	(298 168)	(229 707)	(298 845)
Opening balance	(298 168)	(295 767)	(298 845)	(296 492)
– Recognised in profit or loss	65 706	1 492	61 647	1 540
– Deferred tax on amounts charged directly to other comprehensive income	758	2 835	758	2 835
– Taxable temporary difference adjustment	6 733	(6 728)	6 733	(6 728)
Total deferred income tax liability	(224 971)	(298 168)	(229 707)	(298 845)

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

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

Currently tax losses have no expiry date.

Reconciliation of deferred tax asset/(liability)

Deferred tax liability	(224 971)	(298 168)	(229 707)	(298 845)
Provision for loan impairment	127 038	104 869	127 038	104 853
Post-employment benefits	13 768	11 792	13 768	11 792
Other provisions*	(56 465)	(131 317)	(61 201)	(131 317)
Financial instruments	–	26 812	–	26 812
Instalment credit agreements**	(111 119)	(30 686)	(111 119)	(30 719)
Accruals	(183 316)	(273 094)	(183 316)	(273 094)
Fair value adjustment of financial instrument	–	(2 155)	–	(2 155)
Share-based payment	(14 419)	2 031	(14 419)	2 031
Other	(458)	(6 420)	(458)	(7 048)
Total deferred tax liability	(224 971)	(298 168)	(229 707)	(298 845)
Charge through profit and loss	(65 706)	(1 492)	(61 647)	(1 540)
Deferred income tax on other comprehensive income	(758)	(2 835)	(758)	(2 835)
	(66 464)	(4 327)	(62 405)	(4 375)

* 'Other' has been updated to 'Other provisions' to provide a more accurate representation of the underlying balance.

** Deferred fees have been reclassified from instalment sales to other provisions, as they include elements of home loans. The instalment credit line now reflects only instalment credit sales related to instalment credit assets.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

19. Non-current asset held for sale

N\$'000	Group		Company	
	2025	2024	2025	2024
Opening balance	53 000	-	-	-
Transfer from property and equipment	-	56 820	-	-
Reversal of impairment/(Impairment)	2 040	(3 820)	-	-
	55 040	53 000	-	-

During the current year, the building remained classified as held for sale in accordance with IFRS 5, as management remains committed to its disposal. As a result of an increase in fair value less costs to sell, an impairment reversal of N\$2 million was recognised. Although the sale of the building was not completed in the current financial year, negotiations with the previously identified buyer are on-going.

20. Creditors and accruals

Items in transit	160 835	192 354	160 831	192 350
Audit fees accrued	12 099	8 947	11 608	8 486
Accrued expenses	37 663	26 963	37 663	26 963
Accounts payable and accrued liabilities	721 160	488 770	721 235	407 925
	931 757	717 034	931 337	635 724

Accounts payable and accrued liabilities balance mainly includes sundry creditors, withholding tax for employees, VAT payment control and other accrued liabilities.

All amounts are expected to be settled within twelve months.

The carrying value of creditors and accruals approximate fair value.

21. Short trading position

Government and government guaranteed stock	16 682	34 085	16 682	34 085
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Notes to the annual financial statements *continued*

for the year ended 30 June 2025

22. Deposits

N\$'000	Group		Company	
	2025	2024	2025	2024
22.1 Deposits from customers				
Current accounts	17 965 514	17 876 688	17 964 300	17 875 180
Call deposits	11 983 532	10 486 068	11 983 532	10 486 068
Savings deposits	1 010 871	833 192	1 010 871	833 192
Fixed and notice deposits	10 348 001	9 892 381	10 348 001	9 892 381
Deposits from customers	41 307 918	39 088 329	41 306 704	39 086 821
Debt securities				
Negotiable certificates of deposit	4 046 032	5 524 360	4 046 032	5 524 360
Fixed and floating rate notes	613 000	353 671	613 000	353 671
Debt securities	4 659 032	5 878 031	4 659 032	5 878 031
Total deposits and current accounts	45 966 950	44 966 360	45 965 736	44 964 852
22.2 Due to banks and other financial institutions				
To banks and other financial institutions	253 154	7 547 204	253 154	7 547 204

FNB Namibia (FNBN) previously entered into a series of fully collateralised repo and reverse repo transactions with FirstRand Bank (FRB) for a total value of N\$7 080 million for the purposes of asset and liability management. During the current year a decision was taken to exit the structural ALM (Asset and Liability Management) hedge and N\$5 775 million was unwounded. 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. The repo transaction is disclosed under due to banks and other financial liabilities. Refer to note 9.

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

23. Employee liabilities

N\$'000	Group		Company	
	2025	2024	2025	2024
Liability for short-term employee liabilities	246 947	225 488	246 947	225 488
Post-employment benefit liabilities	45 892	42 838	45 892	42 838
	292 839	268 326	292 839	268 326

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

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

- A severance pay provision is carried in terms of the Labour Act of 2007 and relates to when employment services are terminated by dismissal under certain circumstances or if employees die while employed.
- The medical plan is regulated by Namfisa. The medical fund is governed by a board of trustees independent of the group. An external auditor performs an audit of the fund on an annual basis.

The employer contributed N\$3.6 million (2024: N\$3.9 million) to the post-retirement medical benefit.

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

The independent actuarial valuations are done on an annual basis.

	2025			2024		
	Medical	Severance	Total	Medical	Severance	Total
Group and Company						
Present value of unfunded liabilities	37 262	8 630	45 892	35 019	7 819	42 838

Notes to the annual financial statements *continued* for the year ended 30 June 2025

23. Employee liabilities *continued*

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

N\$'000	2025			2024		
	Medical	Severance	Total	Medical	Severance	Total
Group and Company						
Current service cost	189	658	847	182	599	781
Interest cost	4 046	870	4 916	3 602	873	4 475
Included in staff cost	4 235	1 528	5 763	3 784	1 472	5 256
Remeasurements recognised in other comprehensive income						
Actuarial (gains)/loss recognised*	1 295	1 151	2 446	4 819	4 337	9 156
– Actuarial gains from changes in demographic	2 015	599	2 614	4 094	3 782	7 876
– Actuarial (gains)/loss from financial assumptions	(457)	(75)	(532)	725	(47)	678
– Other remeasurements	(263)	627	364	–	602	602
Total	5 530	2 678	8 208	8 603	5 809	14 412

* In the current year, additional information was provided to explain the composition of actuarial gains and losses recognised, in order to provide more useful insights to users of the financial statements regarding the actuarial movements. The comparative figures have been included above.

Movement in post-employment liabilities

Group and Company						
Present value at beginning of the year	35 019	7 819	42 838	30 121	6 687	36 808
Current service cost	189	658	847	182	599	781
Interest cost	4 046	870	4 916	3 602	873	4 475
Benefits paid	(3 287)	(1 868)	(5 155)	(3 705)	(4 677)	(8 382)
Actuarial (gains)/loss recognised*	1 295	1 151	2 446	4 819	4 337	9 156
Present value at end of the year	37 262	8 630	45 892	35 019	7 819	42 838

* The description 'Actuarial (gains)/loss from changes in financial assumptions' has been updated to 'Actuarial (gain)/loss recognised' to provide a more accurate representation of the underlying balance.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

23. Employee liabilities *continued*

Movement in post-employment liabilities *continued*

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

N\$'000	2025	2024
Effect of 1% change in the medical aid inflation assumptions is as follows:		
1% increase – effect in current service and interest cost	4 399	4 643
1% decrease – effect in current service and interest cost	3 689	3 881
Effect of 1% change in the normal salary inflation assumption is as follows:		
1% increase – effect in current service and interest cost	1 776	1 710
1% decrease – effect in current service and interest cost	1 499	1 441

The principal actuarial assumptions used for accounting purposes were:

	2025		2024	
	Medical	Severance	Medical	Severance
Group and Company				
Discount rate (%)	10.71%	10.39%	12.06%	11.48%
Medical aid inflation (%)	6.15%	–	7.60%	–
Salary inflation (%)	–	5.95%	–	7.11%
Employees covered	88	2 216	92	2 136

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

24. Other liabilities

N\$'000	Group		Company	
	2025	2024	2025	2024
Lease liabilities	40 929	31 131	40 929	31 131
Other funding liabilities	63 012	94 588	63 012	94 588
Total other liabilities	103 941	125 719	103 941	125 719
Other liabilities reconciliation				
Opening balance	125 719	161 440	125 719	161 440
Cash flow movements	(62 619)	(56 334)	(62 619)	(56 334)
– Principal payments towards other liabilities	(31 286)	(21 065)	(31 286)	(21 065)
– Principal payments towards lease liabilities	(21 175)	(21 559)	(21 175)	(21 559)
– Interest paid on other liabilities	(7 286)	(11 210)	(7 286)	(11 210)
– Interest paid on lease liabilities	(2 872)	(2 500)	(2 872)	(2 500)
Non-cash flow movements	40 841	20 613	40 841	20 613
– New leases issued during the year	17 419	17 766	17 419	17 766
– Early termination of lease	13 553	(383)	13 553	(383)
– Interest accrued	9 869	3 230	9 869	3 230
Total other liabilities	103 941	125 719	103 941	125 719

The group's significant operating leases relate to property rentals of office premises and the various branch network channels represented by branches and ATM's. The rentals have fixed monthly payments. Escalation clauses are based on market-related rates and vary between 5% and 10%.

The leases are usually for a period of one to five years. The leases are non-cancellable and some of the leases have an option to renew for a further leasing period at the end of the original lease term.

Restrictions are more of an exception than the norm and usually relate to the restricted use of the asset for the business purposes specified in the lease contract.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

25. Tier 2 liabilities

Subordinated debt instruments	Interest rate	Final maturity date	2025
FNB34 (T2) floating rate notes (N\$'000)	Three-month JIBAR + 1.95%	3 December 2034	500 000
Accrued interest (N\$'000)			3 558

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.

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 subordinated and unsecured, which qualifies 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 30 fair value of financial instruments for the methodologies used to determine the fair value of the tier 2 liabilities. The group did not have any default of interest or other breaches with respect of its Tier 2 debt instrument during the year.

Tier 2 liabilities reconciliation

N\$'000	2025	2024
Opening balance		
Cash flow movement		
– Interest accrued	27 421	–
Non-cash flow movement		
– Interest paid	(23 863)	–
– Proceeds from the issue of Tier 2 liabilities	500 000	–
Closing balance	503 558	–

26. Share capital

	Group		Company	
	2025	2024	2025	2024
Authorised				
4 000 Ordinary shares with a par value of N\$1 per share	4	4	4	4
Issued				
1 200 (2024: 1 200) ordinary shares with a par value of N\$1 per share	1	1	1	1
Share premium	1 142 791	1 142 791	1 142 791	1 142 791
	1 142 792	1 142 792	1 142 792	1 142 792

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

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

Notes to the annual financial statements *continued* for the year ended 30 June 2025

27. Remuneration schemes

N\$'000	Group		Company	
	2025	2024	2025	2024
Conditional incentive plan (CIP)				
Other subsidiary schemes	24 991	26 069	24 991	26 069

The CIP is structured as a conditional incentive plan which is dominated in South African Rands. To align with overall FirstRand group strategic intent, the CIP is linked to the performance of FirstRand SA share price (applicable to qualifying employees). For all qualifying employees, 100% of the award has the FirstRand share price as the underlying.

No liability is recognised for the CIP scheme, as the liability is prepaid. Included in prepayments in note 14 is an amount of N\$48.1 million (2024: N\$46.5 million) relating to the group's share-based payment scheme. The prepayment fund is managed by RMB Morgan Stanley. Share based payments allocated to employees are accumulated in advance through the fund. The vesting of these schemes are subject to the vesting conditions set out below.

Description of the scheme and vesting conditions:

Conditional and deferred incentive plans (awards)	
IFRS 2 treatment	Cash settled
Description	The award is a notional share based on the FirstRand Limited share price.
Vesting conditions	<p>Deferred bonus awards</p> <p>Short-term incentives over a specified threshold are converted to notional share awards and vests after 24 months to ensure these payments are share price linked. These awards are subject to employment conditions, personal and business unit performance requirements and have been included in the share awards outstanding tables below.</p> <p>Deferred incentive and conditional incentive awards</p> <p>These awards vest up to three years after the initial award. The deferred incentive plan (DIP) awards are subject to employment conditions and personal performance requirements. During the year, the DIP was replaced with the bonus share ownership plan (BSOP) for all new awards. Similar to the DIP, this award is only forfeited if the individual performance requirements are not met over the three-year vesting period, or if the individual is no longer employed by the group.</p> <p>The conditional incentive plan (CIP) awards are subject to employment conditions and vesting conditions relating to group performance.</p> <p>CIP vesting conditions are subject to specified financial performance targets set annually by the group's remuneration committee. These corporate performance targets (CPTs) are set out below.</p>
Valuation methodology	The awards are valued using the Black Scholes option pricing model. The awards are cash settled and are repriced at each reporting date.
Valuation assumptions	
Dividend data	Management's estimates of future discrete dividends.
Market related	Interest rate is the risk-free rate of return as recorded on the last day of the financial year, on a funding curve of a term equal to the remaining expected life of the plan.
Employee related	The weighted average forfeiture rate used is based on historical data observed over all schemes.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

27. Remuneration schemes *continued*

Corporate performance targets

The FirstRand remuneration committee sets the CPTs for each award based on the expected macroeconomic conditions, group earnings and returns forecasts over the performance period. These criteria vary from year to year, depending on the expectations for each of the aforementioned variables. For vesting to occur, the criteria must be met or exceeded. If the performance conditions are not met, the award fails. The awards have a graded vesting structure. The level of vesting is correlated to the earnings growth achieved relative to macroeconomic variables or set normalised earnings per share growth targets and minimum return on equity requirements. The vesting outcome is based on the delivery of the performance conditions and this level is finally determined and calculated by the group remuneration committee. The remuneration committee is permitted to adjust the final outcome of the graded vesting level downwards for pre-determined issues.

Currently open

The significant weighted average assumptions used to estimate the fair value of the conditional share awards granted are detailed below.

	2025	2024
Conditional and deferred incentive plans		
Award life (years)	2 – 3	2 – 3
Risk-free rate (%)	7.35 – 7.68	8.43 – 8.83
Conditional and deferred incentive plans (FirstRand shares)		
Shares awards outstanding		
Number of awards in force at the beginning of the year (millions)	1.695	2.646
Number of awards granted during the year (millions)	0.144	0.763
Number of awards purchased to settle the share award plans (millions)	–	–
Number of awards transferred (within the group) during the year (millions)	–	–
Number of awards exercised/released during the year	(0.520)	(1.270)
– Market value range at date of exercise/release (cents)*	8 415 – 8 415	6 435 – 6 489
– Weighted average (cents)	8 415	6 462
Number of awards forfeited during the year (millions)	(0.116)	(0.444)
Number of awards in force at the end of the year (millions)	1.203	1.695

* Market values indicated above include those instances where a probability of vesting is applied to accelerated share award vesting prices due to a no-fault termination, as per the rules of the scheme.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

27. Remuneration schemes *continued*

Currently open *continued*

	2025		2024	
	Weighted average remaining life (years)	Outstanding awards (millions)	Weighted average remaining life (years)	Outstanding awards (millions)
Awards outstanding*				
Conditional and deferred incentive plans (FirstRand shares)				
Vesting during 2024	-	-	0.32	0.514
Vesting during 2025	0.32	0.531	1.32	0.573
Vesting during 2026	1.32	0.564	2.32	0.608
Vesting during 2027	2.32	0.108	-	-
Total conditional awards	-	1.203	-	1.695
Number of participants	-	98	-	121

* Years references in the rows related to calendar years and not financial years.

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

Page 61 of the integrated annual report.

The award value outstanding table below reflects the share award value for which shares have not yet been purchased. At the point the shares are purchased, the value of the award is transferred to awards outstanding, with the number of shares purchased with respect to the share award plan reflected in the share award outstanding table above.

N\$'000	Share Award Plan	
	2025	2024
Award value outstanding	-	-
Value of awards in force at the beginning of the year	-	-
Value of awards granted during the year	37.844	-
Value of awards forfeited during the year	(2.225)	-
Value of awards that were transferred to awards outstanding	-	-
Value of awards in force at the end of the year	35.619	-

Notes to the annual financial statements *continued* for the year ended 30 June 2025

28. Contingent liabilities and capital commitments

N\$'000	Group and company	
	2025	2024
Contingencies		
Guarantees	1 604 163	1 569 910
Letters of credit	57 094	18 512
Total contingencies	1 661 257	1 588 422
Irrevocable unutilised facilities	2 506 109	2 112 493
Committed capital expenditure	60 977	106 348
Total contingencies and commitments	4 228 343	3 807 263

Guarantees consist predominantly of endorsement and performance guarantees. The fair value of guarantees approximates the face value as disclosed.

Legal proceedings

There are a number of legal or potential claims against the group, the outcome of which cannot at present be foreseen. These claims are not regarded as material, either on an individual or group basis.

Provision is made for all liabilities which are expected to materialise.

Commitments in respect of capital expenditure and long-term investments are approved by the directors.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

29. Related parties

First National Bank of Namibia Limited is 100% (2024:100%) owned by FirstRand Namibia Limited.

	Nature of business	Date of acquisition	Country of incorporation	Number of shares	Effective holding % 2025	Effective holding % 2024
FirstRand Namibia Limited	Holding company	7 May 03	Namibia	1 200 of N\$1 each	100	100
Swabou Investments (Proprietary) Limited	Home loan investment company	30 Apr 04	Namibia	2 of N\$0.05 each	100	100

FirstRand Namibia Limited is listed on the Namibian Securities Exchange and is 58.4% (2024: 58.4%) owned by FirstRand EMA Holdings (Proprietary) Limited, with its ultimate holding company FirstRand Limited, which is incorporated in South Africa, listed on the JSE Limited and on the NSX. Refer to section 2.2 of the accounting policies.

Details of transactions with relevant related parties appear below.

Related party balances

N\$'000	Group	
	2025	2024
Advances		
FirstRand SA group companies	1 033 274	1 742 669
Fellow subsidiary to banking group	4 848	4 202
Key management personnel	29 692	23 802
Balances due from banks and other financial institutions		
FirstRand SA group companies	–	7 236 323
Other assets		
FirstRand SA group companies	13 041	48
Derivative assets		
FirstRand SA group companies	108 259	49 955
Deposits		
FirstRand SA group companies	54 553	58 328
Fellow subsidiary to banking group	203 161	159 306
Key management personnel	7 532	2 228

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

29. Related parties *continued*

Related party balances *continued*

N\$'000	Group	
	2025	2024
Balances due to banks and other financial institutions		
FirstRand SA group companies	–	7 255 149
Derivative liabilities		
FirstRand SA group companies	831 582	291 923
Related party transactions		
Interest received from related parties		
FirstRand SA group companies	374 518	672 702
Fellow subsidiary to banking group	9 493	11 970
Interest paid to related parties		
FirstRand SA group companies	268 586	631 968
Fellow subsidiary to banking group	18 229	37 125
Non-interest revenue		
Fellow subsidiary to banking group	12 722	12 518
Non-interest expenditure (Information Technology, platform and other support services)		
FirstRand SA group companies	563 629	551 259
Dividend paid		
FirstRand Namibia Limited	936 912	1 422 881
Compensation to directors and other key management		
Key management personnel		
– Cash package	27 414	30 200
– Retirement contributions	4 272	3 404
– Performance-related benefits	33 047	50 628



Notes to the annual financial statements *continued* for the year ended 30 June 2025

30. Fair value measurements

30.1 Valuation methodology

The group has established control frameworks and processes at an operating business level to its valuation techniques and inputs used to determine its fair value measurements. At an operating business level, valuation specialists are responsible for the selection and implementation of the valuation techniques used to determine fair value measurements, as well as any changes required. Valuation committees comprising representatives from key management have been established within each operating business and at an overall group level. They are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval at an operating business level by the required valuation specialists, valuation committees, relevant risk committees and external auditors annually or more frequently if considered appropriate.

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

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

Non-recurring fair value measurements

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

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

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



Notes to the annual financial statements *continued*

for the year ended 30 June 2025

30. Fair value measurements *continued*

30.2 Fair value hierarchy and measurements

Measurement of assets and liabilities at level 2 and level 3

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

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs of Level 2	Unobservable inputs of Level 3
Investment banking book	Discounted cash flows	Certain of the group's investment banking advances do not meet the requirements to be carried at amortised cost and are measured at fair value through profit or loss. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. As such, these advances are classified as level 3 on the fair value hierarchy. Future cash flows are discounted using a market related interest rate, adjusted for credit inputs.	Market interest rates and curves	Credit inputs
Non-current asset held or for sale	Offer price	The fair value is based on a recent offer price received for the asset, assuming the offer is from a credible buyer and represents a price at which the asset could be sold in an orderly transaction between market participants at the measurement date.	Quoted prices	Not applicable
Investment securities and other investments				
Equities/bonds listed in an inactive market	Discounted cash flows	For listed equities, 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, a valuation technique is used to determine the fair value. The valuation technique 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. Future cash flows are discounted using a market-related interest rate.	Market interest rates and curves	Not applicable
Unlisted equities	P/E model and discounted cash flow	For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings, depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount rate for unlisted companies. The valuation of these instruments may be corroborated by discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions and market interest rates	Growth rates and P/E ratios
Unlisted bonds	Price earnings ("P/E") model	Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate.	Market transactions	Not applicable
Negotiable certificates of deposit	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
Treasury bills	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Derivative financial instruments				
Forward rate agreements, forwards and swaps	Discounted cash flows	Future cash flows are projected using a related forecasting curve and then discounted using a market-related discounting curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, credit and currency basis curves and spot prices	Not applicable
Options and equity derivatives	Option pricing and industry standard model	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

Notes to the annual financial statements continued

for the year ended 30 June 2025

30. Fair value measurements continued

30.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs of Level 2	Unobservable inputs of Level 3
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 instrument. 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 premium and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs on related advance
Other deposits	Discounted cash flows	These deposits represent the collateral leg of credit link notes. The forward curve adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs
Other liabilities and tier 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	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

Fair value hierarchy and measurements

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

Non-recurring fair value measurements

For non-recurring fair value measurements, the fair value hierarchy classification and valuation technique applied in determining fair value will depend on the underlying asset or liability being measured. Where the underlying assets or liabilities are those for which recurring fair value measurements are required as listed in the table above, the technique applied and the inputs into the model would be in line with those as set out in the table. There were no assets or liabilities measured at fair value on a non-recurring basis in the prior year. However, there is a non-recurring fair value transaction 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 on the fair value hierarchy. Further details have been provided in note 19.

Refer to page 168 for the effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

30. Fair value measurements *continued*

30.2 Fair value hierarchy and measurements *continued*

Non-recurring fair value measurements *continued*

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

N\$'000	Level 1	Level 2	Level 3	Total carrying amount
2025				
Assets				
Recurring fair value measurements				
Investment securities	-	1 067 945	-	1 067 945
Advances	-	-	-	-
Derivative financial instruments	-	943 324	-	943 324
Non recurring fair value measurements				
Non-current asset held for sale	-	55 040	-	55 040
Total fair value assets	-	2 066 309	-	2 066 309
Liabilities				
Recurring fair value measurement				
Derivative financial instruments	-	984 517	-	984 517
Short trading position	16 682	-	-	16 682
Total fair value liabilities	16 682	984 517	-	1 001 199
2024				
Assets				
Recurring fair value measurements				
Investment securities	-	613 682	-	613 682
Advances	-	78 954	301 796	380 750
Derivative financial instruments	-	349 809	-	349 809
Non recurring fair value measurements				
Non-current asset held for sale*	-	53 000	-	53 000
Total fair value assets	-	1 095 445	301 796	1 397 241
Liabilities				
Recurring fair value measurement				
Derivative financial instruments	-	430 716	-	430 716
Short trading position	34 085	-	-	34 085
Total fair value liabilities	34 085	430 716	-	464 801

* The amount was reclassified from Level 1 to Level 2, following a reassessment of valuation measures and methods.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

30. Fair value measurements *continued*

30.2 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 the valuation model (for example, bid mid spreads, counterparty credit spreads and/or market data uncertainty; and
- (iii) Day one profit or loss, or an unamortised element thereof, not recognised immediately in the income statement in accordance with the group’s accounting policy, and separately detailed within the derivative note above.

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

Changes in the group’s best estimate of the non-observable inputs (Level 3) could affect the reported fair values recognised on the statement of financial position and the movement in fair values recognised in the statement of comprehensive income. These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

Changes in level 3 instruments with recurring fair value measurements

N\$'000	Fair value as at June 2024	Gains or losses recognised in profit or loss	Purchases/ (sales)/issues/ (settlements)	Fair value as at June 2025
2025				
Advances	301 796	190	(301 986)	–
Total financial assets at fair value	301 796	190	(301 986)	–
	Fair value as at June 2023	Gains or losses recognised in profit or loss	Purchases/ (sales)/issues/ (settlements)	Fair value as at June 2024
2024				
Advances	–	1 796	300 000	301 796
Total financial assets at fair value	–	1 796	300 000	301 796

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

30. Fair value measurements *continued*

30.2 Fair value hierarchy and measurements *continued*

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

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

Valuation techniques used to derive level 2 fair values

N\$'000	2025		2024	
	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income	Gains or losses recognised in profit or loss	Gains or losses recognised in other comprehensive income
Advances	190	-	1 796	-
	190	-	1 796	-

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

	2025			2024		
	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3	Carrying value	Fair value hierarchy level 2	Fair value hierarchy level 3
Advances	39 222 390	-	39 942 449	37 363 979	-	37 438 258
Total investment securities at amortised cost	8 249 420	8 405 881	-	7 845 752	7 906 720	-
	47 471 808	8 405 881	39 942 449	45 209 731	7 906 720	37 438 258
Total deposits at amortised cost	45 966 950	46 055 683	-	44 988 488	45 108 975	-
Tier 2 liabilities	503 558	501 889	-	-	-	-
Other liabilities	63 012	62 930	-	94 588	94 065	-
	46 666 059	46 557 572	-	45 083 076	45 203 040	-

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

Notes to the annual financial statements continued

for the year ended 30 June 2025

30. Fair value measurements continued

30.2 Fair value hierarchy and measurements continued

Valuation techniques used to derive level 2 fair values continued

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

N\$'000	2025			2024		
	Fair value	Change in fair value due to credit risk		Fair value	Change in fair value due to credit risk	
		Current period	Cumulative		Current period	Cumulative
Advances	-	-	-	380 750	963	963
Total	-	-	-	380 750	963	963

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

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

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

Asset/liability	Significant unobservable inputs	Unobservable input to which reasonably possible changes are applied	Reasonably possible changes required
Advances	Credit	Scenario analysis	A range of scenarios are run as part of the group's credit risk management process for advances measured at fair value through profit or loss to determine credit losses and change in credit spreads in various economic conditions. The probability of default is adjusted either upwards or downwards versus the base case.

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

	2025			2024		
	Reasonably possible alternative fair value			Reasonably possible alternative fair value		
	Fair value	Using more positive assumptions	Using more negative assumptions	Fair value	Using more positive assumptions	Using more negative assumptions
Advances	-	-	-	301 796	332 024	271 656
Investment securities	-	-	-	-	-	-
Total financial assets measured at fair value in level 3	-	-	-	301 796	332 024	271 656

Notes to the annual financial statements *continued* for the year ended 30 June 2025

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

The group has designated certain financial assets at fair value through profit or loss that would otherwise have been measured at amortised cost or FVOCI. The table below contains details on the carrying value of the advance designated as fair value through profit or loss:

N\$'000	Group		Company	
	2025	2024	2025	2024
Included in advances	-	301 796	-	301 796

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

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

32. Risk management

Overview of financial risks

The financial instruments recognised on the group's statement of financial position expose the group to various financial risks.

The risk report of the group appears on page 33 of this annual report. The report describes the various risks the group is exposed to as well as the methodology and instruments to mitigate these risks. The report includes the disclosures required by IFRS 7 related to the management of credit markets liquidity and interest rate risks. Capital management is dealt with in the Capital Management report. Risk control policies and exposures limits for key risk areas of the group are approved by the board while operational policies and control procedures are approved by the relevant risk committees. The following assets and off-balance sheet amounts expose the group to credit risk. For all on-balance sheet exposures the carrying amount recognised in the statement of financial position represents the maximum exposure to credit risk before taking into account collateral and other credit.

Credit risk

Objective

Credit risk management objectives are two-fold:

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

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

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Assessment and management

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

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

The models are used for the internal assessment of the three primary credit risk components:

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

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

The group employs a granular, 100 point master rating scale, which has been mapped to the continuum of default probabilities, as illustrated in the following table. FirstRand (FR) 1 is the lowest PD and the FR100 the highest. External ratings have also been mapped to the master rating scale for reporting purposes. These mappings are reviewed and updated on a regular basis.

Mapping of FR grades to rating agency scales

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

Credit assets

The following assets and off-balance sheet amounts expose the group to credit risk. For all on-balance sheet exposures the gross amount disclosed represents the maximum exposure to credit risk before taking into account collateral and other credit enhancements.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Total exposure (items where credit risk exposure exist)

N\$'000	Group		Company	
	2025	2024	2025	2024
Cash and cash equivalents				
Balances with central bank	2 486 115	2 500 153	2 486 115	2 500 153
Total cash and cash equivalents	2 486 115	2 500 153	2 486 115	2 500 153
Due from banks and other financial institutions	2 194 327	9 591 662	2 194 327	9 591 662
Advances				
Residential mortgages	16 213 548	16 236 458	16 136 419	16 134 452
Vehicle asset finance	2 115 298	1 845 027	2 115 298	1 845 027
Credit card	486 568	480 415	486 568	480 415
Personal loans	3 284 060	3 117 132	3 284 060	3 117 132
Other retail	512 138	450 235	512 137	450 712
FNB Commercial	5 975 079	6 090 071	5 975 079	6 090 071
Commercial vehicle finance	2 521 890	2 548 586	2 521 890	2 548 586
RMB Corporate and Investment banking	8 113 809	6 976 805	8 113 809	6 976 805
Total advances	39 222 390	37 744 729	39 145 260	37 643 200
Derivative financial instruments	943 324	349 809	943 324	349 809
Debt investment securities				
Listed investment securities	6 211 145	5 362 877	6 211 145	5 362 877
Unlisted investment securities	3 106 220	3 096 558	3 106 220	3 096 558
Total debt investment securities	9 317 365	8 459 435	9 317 365	8 459 435
Accounts receivable*	223 826	139 459	222 851	58 552
Guarantees	1 604 163	1 569 910	1 604 163	1 569 910
Letters of credit	57 094	18 512	57 094	18 512
Irrevocable commitments	2 506 109	2 112 493	2 506 109	2 112 493

* During the year, the classification of items in transit was refined to better reflect their nature, resulting in their reclassification from non-financial assets to financial assets. Comparative information for the group and company has been updated, with N\$106.5 million and N\$25.6 million respectively previously reported under non-financial assets now presented under financial assets. Accounts receivable were previously stated as N\$146.0 million for group and N\$146.0 million for company, have been reassessed to N\$139.5 million for group and N\$58.6 million for company respectively.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Credit assets

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

N\$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Group – 2025							
Total exposure (items where credit exposure exists)							
Cash and cash equivalents							
Balances with central bank	2 486 115	–	2 486 115	–	2 486 115	2 486 115	–
Total cash and cash equivalents	2 486 115	–	2 486 115	–	2 486 115	2 486 115	–
Due from banks and other financial institutions	2 194 327	–	2 194 327	–	2 194 327	2 194 327	–
Advances							
Residential mortgages	16 633 705	(420 157)	16 213 548	–	16 213 548	–	16 213 548
Vehicle and asset finance	2 168 406	(53 108)	2 115 298	–	2 115 298	–	2 115 298
Credit card	540 833	(54 265)	486 568	–	486 568	486 568	–
Personal loans	3 635 390	(351 330)	3 284 060	–	3 284 060	3 284 060	–
Other Retail	623 362	(111 224)	512 138	3 397	508 741	508 741	–
FNB Commercial	6 392 049	(416 970)	5 975 079	46 184	5 928 895	4 241 849	1 687 046
Commercial vehicle finance	2 655 279	(133 389)	2 521 890	–	2 521 890	–	2 521 890
RMB Corporate and Investment banking	8 170 275	(56 466)	8 113 809	770 139	7 343 670	1 640 713	5 702 957
Total advances	40 819 299	(1 596 909)	39 222 390	819 720	38 402 670	10 161 931	28 240 739
Investment securities	9 321 793	(4 428)	9 317 365	–	9 317 365	9 317 365	–
Derivatives	943 324	–	943 324	–	943 324	943 324	–
Other assets	328 140	–	328 140	–	328 140	328 140	–
Off balance sheet exposures							
Guarantees	1 604 163	–	1 604 163	127 526	1 476 637	1 024 569	452 068
Letters of credit	57 094	–	57 094	–	57 094	57 094	–
Irrevocable commitments	2 506 109	–	2 506 109	–	2 506 109	2 506 109	–

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Credit assets *continued*

N\$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Group – 2024							
Total exposure (items where credit exposure exists)							
Cash and cash equivalents							
Balances with central bank	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Total cash and cash equivalents	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Due from banks and other financial institutions	9 591 662	-	9 591 662	-	9 591 662	9 591 662	-
Advances							
Residential mortgages	16 788 707	(552 249)	16 236 458	-	16 236 458	-	16 236 458
Vehicle and asset finance	1 904 655	(59 628)	1 845 027	-	1 845 027	-	1 845 027
Credit card	548 070	(67 655)	480 415	4 974	475 441	475 441	-
Personal loans	3 426 686	(309 554)	3 117 132	-	3 117 132	3 117 132	-
Other Retail	552 828	(102 593)	450 235	2 682	447 553	447 553	-
FNB Commercial	6 513 002	(422 931)	6 090 071	24 128	6 065 943	1 895 780	4 170 163
Commercial vehicle finance	2 651 924	(103 338)	2 548 586	-	2 548 586	-	2 548 586
RMB Corporate and Investment banking	7 030 368	(53 563)	6 976 805	179 306	6 797 499	967 368	5 830 131
Total advances	39 416 240	(1 671 511)	37 744 729	211 090	37 533 639	6 903 274	30 630 365
Investment securities	8 463 322	(3 887)	8 459 435	-	8 459 435	8 459 435	-
Derivatives	349 809	-	349 809	-	349 809	339 500	10 309
Other assets	262 428	-	262 428	-	262 428	262 428	-
Off balance sheet exposures							
Guarantees	1 569 910	-	1 569 910	160 597	1 409 313	979 451	429 862
Letters of credit	18 512	-	18 512	-	18 512	18 512	-
Irrevocable commitments	2 112 493	-	2 112 493	-	2 112 493	2 112 493	-

Notes to the annual financial statements continued

for the year ended 30 June 2025

32. Risk management continued

Credit assets continued

N\$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Company – 2025							
Total exposure (items where credit exposure exists)							
Cash and cash equivalents							
Balances with central bank	2 486 115	–	2 486 115	–	2 486 115	2 486 115	–
Total cash and cash equivalents	2 486 115	–	2 486 115	–	2 486 115	2 486 115	–
Due from banks and other financial institutions	2 194 327	–	2 194 327	–	2 194 327	2 194 327	–
Advances							
Residential mortgages	16 551 231	(414 812)	16 136 419	–	16 136 419	–	16 136 419
Vehicle and asset finance	2 168 406	(53 108)	2 115 298	–	2 115 298	–	2 115 298
Credit card	540 833	(54 265)	486 568	–	486 568	486 568	–
Personal loans	3 635 390	(351 330)	3 284 060	–	3 284 060	3 284 060	–
Other Retail	623 362	(111 225)	512 137	3 397	508 740	508 740	–
FNB Commercial	6 392 049	(416 970)	5 975 079	46 184	5 928 895	4 241 849	1 687 046
Commercial vehicle finance	2 655 279	(133 389)	2 521 890	–	2 521 890	–	2 521 890
RMB Corporate and Investment banking	8 170 275	(56 466)	8 113 809	770 139	7 343 670	1 640 713	5 702 957
Total advances	40 736 825	(1 591 565)	39 145 260	819 720	38 325 540	10 161 930	28 163 610
Investment securities	9 321 793	(4 428)	9 317 365	–	9 317 365	9 317 365	–
Derivatives	943 324	–	943 324	–	943 324	943 324	–
Other assets	327 165	–	327 165	–	327 165	327 165	–
Off balance sheet exposures							
Guarantees	1 604 163	–	1 604 163	127 526	1 476 637	1 024 569	452 068
Letters of credit	57 094	–	57 094	–	57 094	57 094	–
Irrevocable commitments	2 506 109	–	2 506 109	–	2 506 109	2 506 109	–

Notes to the annual financial statements continued

for the year ended 30 June 2025

32. Risk management continued

Credit assets continued

N\$'000	Carrying amount	Loss allowance	Maximum exposure to credit risk	Netting and financial collateral	Net exposure to credit risk	Unsecured	Secured
Company – 2024							
Total exposure (items where credit exposure exists)							
Cash and cash equivalents							
Balances with central bank	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Total cash and cash equivalents	2 500 153	-	2 500 153	-	2 500 153	2 500 153	-
Due from banks and other financial institutions	9 591 662	-	9 591 662	-	9 591 662	9 591 662	-
Advances							
Residential mortgages	16 676 391	(541 939)	16 134 452	-	16 134 452	-	16 134 452
Vehicle and asset finance	1 904 655	(59 628)	1 845 027	-	1 845 027	-	1 845 027
Credit card	548 070	(67 655)	480 415	4 974	475 441	475 441	-
Personal loans	3 426 686	(309 554)	3 117 132	-	3 117 132	3 117 132	-
Other Retail	553 305	(102 593)	450 712	2 682	448 030	448 030	-
FNB Commercial	6 513 002	(422 931)	6 090 071	24 128	6 065 943	1 895 780	4 170 163
Commercial vehicle finance	2 651 924	(103 338)	2 548 586	-	2 548 586	-	2 548 586
RMB Corporate and Investment banking	7 030 368	(53 563)	6 976 805	179 306	6 797 499	967 368	5 830 131
Total advances	39 304 401	(1 661 201)	37 643 200	211 090	37 432 110	6 903 751	30 528 359
Investment securities	8 463 322	(3 887)	8 459 435	-	8 459 435	8 459 435	-
Derivatives	349 809	-	349 809	-	349 809	339 500	10 309
Other assets	181 521	-	181 521	-	181 521	181 521	-
Off balance sheet exposures							
Guarantees	1 569 910	-	1 569 910	160 597	1 409 313	979 451	429 862
Letters of credit	18 512	-	18 512	-	18 512	18 512	-
Irrevocable commitments	2 112 493	-	2 112 493	-	2 112 493	2 112 493	-

Notes to the annual financial statements continued

for the year ended 30 June 2025

32. Risk management continued

Quality of credit assets

The following table shows the gross carrying amount of advances carried at amortised cost and the fair value of advances measured at fair value through profit or loss, as well as the exposure to credit risk of loan commitments and financial guarantee per class of advances and per internal credit rating.

The amount in stage 3 that do not have a rating of FR 91 – 100 relates to technical cures (performing accounts that have previously defaulted but don't meet the 12-month curing definition remains in stage 3) and paying debt-review customers as the PD's on these customers are lower than operational stage 3 advances and the PD drives the FR rating. In addition, where the group holds a guarantee against a stage 3 advance, the FR rating would reflect same.

N\$'000	Group						Company					
	FR 1 – 25		FR 26 – 90		FR 91 – 100		FR 1 – 25		FR 26 – 90		FR 91 – 100	
	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
2025												
FNB Retail												
Stage 1	-	-	18 331 859	1 892 621	2 051 384	-	-	-	18 269 493	1 892 621	2 051 384	-
Stage 2	-	-	873 547	-	899 625	-	-	-	865 111	-	899 625	-
Stage 3	-	-	11 671	-	1 433 610	-	-	-	-	-	1 433 610	-
Total Retail	-	-	19 217 077	1 892 621	4 384 619	-	-	-	19 134 604	1 892 621	4 384 619	-
FNB Commercial												
Stage 1	-	-	5 197 523	1 152 658	2 134 157	-	-	-	5 197 523	1 152 658	2 134 157	-
Stage 2	-	-	452 292	-	584 418	-	-	-	452 292	-	584 418	-
Stage 3	-	-	-	-	678 938	-	-	-	-	-	678 938	-
Total Commercial	-	-	5 649 815	1 152 658	3 397 513	-	-	-	5 649 815	1 152 658	3 397 513	-
RMB Corporate banking												
Stage 1	387 799	152 251	947 117	589 854	59	15 941	387 799	152 251	945 117	589 854	59	15 941
Stage 2	26	1 269	249 297	12 687	35	4 318	26	1 269	249 297	12 687	35	4 318
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Total RMB Corporate banking	387 825	153 520	1 196 414	602 541	94	20 259	387 825	153 520	1 196 414	602 541	94	20 259
RMB Investment banking												
Stage 1	269 092	84 623	6 213 665	255 990	-	-	269 092	84 623	6 213 665	255 990	-	-
Stage 2	-	-	103 185	5 154	-	-	-	-	103 185	5 154	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Total RMB Investment banking	269 092	84 623	6 316 850	261 144	-	-	269 092	84 623	6 316 850	261 144	-	-

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Quality of credit assets *continued*

	Group						Company					
	FR 1 – 25		FR 26 – 90		FR 91 – 100		FR 1 – 25		FR 26 – 90		FR 91 – 100	
N\$'000	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
2024												
FNB Retail												
Stage 1	-	-	19 426 064	1 655 122	12 334	-	-	-	19 342 965	1 655 122	12 334	-
Stage 2	-	-	782 835	-	1 345 057	-	-	-	754 095	-	1 345 057	-
Stage 3	-	-	-	-	1 654 523	-	-	-	-	-	1 654 523	-
Total Retail	-	-	20 208 899	1 655 122	3 011 914	-	-	-	20 097 060	1 655 122	3 011 914	-
FNB Commercial												
Stage 1	-	-	7 635 132	2 921 325	38 516	-	-	-	7 635 132	2 921 325	38 516	-
Stage 2	-	-	501 946	-	250 203	-	-	-	501 946	-	250 203	-
Stage 3	-	-	-	-	739 129	-	-	-	-	-	739 129	-
FNB Commercial	-	-	8 137 078	2 921 325	1 027 848	-	-	-	8 137 078	2 921 325	1 027 848	-
RMB Corporate banking												
Stage 1	37 069	675 057	919 440	2 531 542	24	15 623	37 069	675 057	919 440	2 531 542	24	15 623
Stage 2	-	-	149 736	573 484	-	18 256	-	-	149 736	573 484	-	18 256
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-
Total RMB Corporate banking	37 069	675 057	1 069 176	3 105 026	24	33 879	37 069	675 057	1 069 176	3 105 026	24	33 879
RMB Investment banking												
Stage 1	395 826	127 452	5 245 945	256 563	-	-	395 826	127 452	5 245 945	256 563	-	-
Stage 2	-	-	282 329	4 217	-	-	-	-	282 329	4 217	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Total RMB Investment banking	395 826	127 452	5 528 274	260 780	-	-	395 826	127 452	5 528 274	260 780	-	-

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Analysis of impaired advances (stage 3)

The table below represents an analysis of impaired advances for financial assets measured at amortised cost, and debt instruments measured both at fair value through other comprehensive income and fair value through profit or loss, in line with the manner the group manager credit risk.

N\$'000	2025			2024		
	Gross carrying amount	Expected recovery from collateral	Loss allowance	Gross carrying amount	Expected recovery from collateral	Loss allowance
Group						
Total retail secured	1 013 727	697 624	316 103	1 257 513	856 699	400 814
– Residential mortgages	980 354	690 670	289 684	1 213 918	847 812	366 106
– Vehicle asset finance	33 373	6 954	26 419	43 595	8 887	34 708
Total retail unsecured	431 554	84 568	346 986	397 013	89 753	307 260
– Credit card	38 475	8 312	30 163	47 653	2 177	45 476
– Personal loans	348 456	76 256	272 200	296 867	77 169	219 698
– Other retail	44 623	–	44 623	52 493	10 407	42 086
Total corporate and commercial	678 938	310 526	368 412	739 126	383 791	355 335
– FNB commercial	562 962	279 145	283 817	645 583	347 127	298 456
– Commercial vehicle finance	115 976	31 381	84 595	93 543	36 664	56 879
– RMB corporate banking	–	–	–	–	–	–
Total stage 3	2 124 219	1 092 718	1 031 501	2 393 652	1 330 243	1 063 409
Stage 3 by category						
Overdraft and cash management	284 073	73 079	210 994	293 661	116 373	177 288
Term loans	214 178	122 697	91 481	241 498	139 532	101 966
Card loans	38 475	6 686	31 789	49 741	3 979	45 762
Instalment sales and hire purchase agreements	148 941	38 335	110 606	133 840	45 551	88 289
Lease payments receivable	408	–	408	3 297	311	2 986
Property finance	1 087 575	768 537	319 038	1 374 749	947 329	427 420
Personal loans	350 569	83 384	267 185	296 866	77 168	219 698
Total stage 3	2 124 219	1 092 718	1 031 501	2 393 652	1 330 243	1 063 409

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Analysis of impaired advances (stage 3) *continued*

N\$'000	2025			2024		
	Gross carrying amount	Expected recoveries from collateral	Loss allowance	Gross carrying amount	Expected recoveries from collateral	Loss allowance
Company						
Total retail secured	1 002 056	690 502	311 554	1 242 004	850 387	391 617
– Residential mortgages	968 683	683 548	285 135	1 198 409	841 500	356 909
– Vehicle asset finance	33 373	6 954	26 419	43 595	8 887	34 708
Total retail unsecured	431 554	84 568	346 986	397 013	89 753	307 260
– Credit card	38 475	8 312	30 163	47 653	2 177	45 476
– Personal loans	348 456	76 256	272 200	296 867	77 169	219 698
– Other retail	44 623	–	44 623	52 493	10 407	42 086
Total corporate and commercial	678 938	310 526	368 412	739 126	383 791	355 335
– FNB commercial	562 962	279 145	283 817	645 583	347 127	298 456
– Commercial vehicle finance	115 976	31 381	84 595	93 543	36 664	56 879
– RMB corporate banking	–	–	–	–	–	–
Total stage 3	2 112 548	1 085 596	1 026 952	2 378 143	1 323 931	1 054 212
Stage 3 by category						
Overdraft and cash management	284 073	73 079	210 994	293 661	116 373	177 288
Term loans	214 178	122 697	91 481	241 498	139 532	101 966
Card loans	38 475	6 686	31 789	49 741	3 979	45 762
Instalment sales and hire purchase agreements	148 941	38 335	110 606	133 840	45 551	88 289
Lease payments receivable	408	–	408	3 297	311	2 986
Property finance	1 075 904	761 415	314 489	1 359 240	941 016	418 224
Personal loans	350 569	83 384	267 185	296 866	77 169	219 697
Total stage 3	2 112 548	1 085 596	1 026 952	2 378 143	1 323 931	1 054 212

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

32. Risk management *continued*

Quality of credit assets – non-advances

The following table shows the gross carrying amount of non-advances carried at amortised cost and the fair value of non-advances measured at fair value through profit or loss or through other comprehensive income per external credit rating.

N\$'000	Group and company	
	BB+ to B- 2025	BB+ to B- 2024
Investment securities		
Investment securities at amortised cost		
Stage 1	8 249 420	7 845 752
Investment securities at fair value through profit or loss		
Stage 1	1 067 156	612 894
Investment securities at fair value through other comprehensive income		
Stage 1	789	789
Total investment securities	9 317 365	8 459 435
Other financial assets		
Stage 1	223 826	145 979
Total other financial assets	223 826	145 979
Cash and cash equivalents		
Stage 1	3 069 530	3 149 125
Total cash and cash equivalents	3 069 530	3 149 125
Derivative assets		
Stage 1	943 324	349 809
Total derivative assets	943 324	349 809
Due from banks and other financial institutions		
Stage 1	2 194 327	9 591 662
Total due from banks and other financial institutions	2 194 327	9 591 662

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Sector analysis concentration of advances

Advances expose the group to concentration risk in various industry sectors. The table below set out the groups exposure to the various industry sectors for total advance and credit impaired advances.

N\$'000	Group				
	Total gross advances	Credit impaired advances	Security held and expected recoveries	Specific impairment	Off-balance sheet
2025					
Sector analysis					
Agriculture	1 666 350	51 965	31 500	20 465	106 032
Banks and financial institutions	1 727 445	14 153	3 553	10 601	262 267
Building and property development	4 777 999	264 327	150 775	113 552	243 169
Individuals	23 750 319	1 445 281	786 078	659 203	1 601 007
Manufacturing and commerce	3 574 821	123 296	44 843	78 453	734 964
Mining	261 878	66 176	30 334	35 842	281 292
Transportation and communication	1 170 620	42 151	8 324	33 827	259 302
Other services	2 251 472	116 870	37 311	79 558	641 867
Government and public authorities	1 638 395	-	-	-	37 466
Total	40 819 299	2 124 219	1 092 718	1 031 501	4 167 366
2024					
Sector analysis					
Agriculture	1 588 307	118 836	63 328	55 509	126 387
Banks and financial institutions	1 499 404	8 433	3 847	4 585	215 580
Building and property development	4 810 796	229 848	123 904	105 943	432 281
Individuals	23 419 061	1 654 522	948 678	705 844	1 291 742
Manufacturing and commerce	3 089 884	162 112	78 270	83 842	657 191
Mining	266 034	60 942	32 305	28 637	295 715
Transportation and communication	962 942	70 949	31 145	39 804	106 930
Other services	1 754 466	88 010	48 765	39 245	430 958
Government and public authorities	2 025 346	-	-	-	144 131
Total	39 416 240	2 393 652	1 330 242	1 063 409	3 700 915

Notes to the annual financial statements continued for the year ended 30 June 2025

32. Risk management continued

Sector analysis concentration of advances continued

N\$'000	Company				
	Total gross advances	Credit impaired advances	Security held and expected recoveries	Specific impairment	Off-balance sheet
2025					
Sector analysis					
Agriculture	1 666 350	51 965	31 500	20 465	106 032
Banks and Financial institutions	1 727 445	14 153	3 553	10 601	262 267
Building and property development	4 777 999	264 327	150 775	113 552	243 169
Individuals	23 667 846	1 433 610	778 956	654 654	1 601 007
Manufacturing and commerce	3 574 821	123 296	44 843	78 453	734 964
Mining	261 878	66 176	30 334	35 842	281 292
Transportation and communication	1 170 620	42 151	8 324	33 827	259 302
Other services	2 251 472	116 870	37 311	79 558	641 867
Government and public authorities	1 638 395	-	-	-	37 466
Total	40 736 825	2 112 548	1 085 596	1 026 952	4 167 366
2024					
Sector analysis					
Agriculture	1 588 307	118 836	63 328	55 509	126 387
Banks and Financial institutions	1 499 404	8 433	3 847	4 585	215 580
Building and property development	4 810 796	229 848	123 904	105 943	432 281
Individuals	23 307 222	1 639 013	948 678	696 647	1 291 742
Manufacturing and commerce	3 089 884	162 112	78 270	83 842	657 191
Mining	266 034	60 942	32 305	28 637	295 715
Transportation and communication	962 942	70 949	31 145	39 804	106 930
Other services	1 754 466	88 010	48 765	39 245	430 958
Government and public authorities	2 025 346	-	-	-	144 131
Total	39 304 401	2 378 143	1 330 242	1 054 212	3 700 915

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

32. Risk management *continued*

Sector analysis concentration of advances *continued*

N\$'000	Group		Company	
	2025	2024	2025	2024
Sector analysis				
Deposit current accounts and other loans				
Sovereigns, including central banks	1 875 438	1 899 944	1 875 438	1 899 944
Public sector entities	3 923 215	4 633 826	3 923 215	4 633 826
Local authorities	1 256 140	843 110	1 256 140	843 110
Banks	70 089	7 344 657	68 875	7 344 657
Corporate customers	22 322 506	22 893 732	22 322 506	22 892 224
Retail customers	16 772 716	14 898 295	16 772 716	14 898 295
Total deposits	46 220 104	52 513 564	46 218 890	52 512 056
Geographical analysis				
Namibia	46 220 104	52 513 564	46 218 890	52 512 056

Concentration risk

Credit concentration risk is the risk of loss to the group arising from an excessive concentration of exposure to a single counterparty industry market product financial instrument or type of security country or region or maturity. This concentration typically exists when a number of counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Concentration risk is managed based on the nature of the credit concentration in each portfolio. The group's credit portfolio is well diversified which is achieved through setting maximum exposure guidelines to individual counterparties. The group constantly reviews its concentration levels and sets maximum exposure guidelines for these.

The group seeks to establish a balanced portfolio profile and closely monitors credit concentrations.

Geographical risk is all Namibian counter parties.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Credit risk mitigation and collateral held

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

Although in principle credit assessment focuses on the counterparty's ability to repay the debt credit mitigation instruments are used where appropriate to reduced the group's lending risk resulting in security against the majority of exposures. These include financial or other collateral netting agreements guarantees or credit derivatives. The collateral types are driven by portfolio product and counterparty type.

Credit risk mitigation instruments:

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

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

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

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

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

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

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Offsetting of financial assets and financial liabilities

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

In accordance with IAS 32 the group offsets financial assets and financial liabilities and presents the net amount in the statement of financial position only if there is both a legally enforceable right to offset and there is an intention to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously.

The group uses the International Swaps and Derivatives Association (ISA) and International Securities Market Association agreements for the purpose of netting derivative transactions and repurchase transactions respectively. These master agreements as well as associated credit support annexes (CSA) set out internationally accepted valuation and default covenants, which are evaluated and applied daily, including daily margin calls based on the approved CSA thresholds. Due to the fact that ISDA agreements under which derivatives are traded are not legally enforceable within Namibia, in the normal course of business or on bankruptcy, the IAS 32 set-off requirements of legal enforceability is not met thus no financial assets and financial liabilities have been presented on the net amount in the statement of financial position.

Liquidity risk

Objective

The group strives to fund its activities in a sustainable diversified efficient and flexible manner underpinned by strong counterparty relationships within prudential limits and minimum requirements. The objective is to maintain natural market share but also to outperform at the margin which will provide the group with a natural liquidity buffer.

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

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

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

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

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

Assessment and management

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

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

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

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

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

Notes to the annual financial statements continued

for the year ended 30 June 2025

32. Risk management continued

Liquidity risk continued

Undiscounted cash flows

The following table presents the group's undiscounted cash flows of financial liabilities and off-balance sheet amounts and includes all cash outflows related to principal amounts, as well as future payments. These balances will not reconcile to the statement of financial position for the following reasons:

- Balances are undiscounted amounts whereas the statement of financial position is prepared using discounted amounts;
- The table includes cash flows not recognised on the statement of financial position;
- All instruments held for trading purposes are included in the call to three-month bucket and not by maturity, as trading instruments are typically held for short periods of time; and
- Cash flows relating to principal and associated future coupon payments have been included on an undiscounted basis.

N\$'000	2025				2024			
	Term to maturity				Term to maturity			
	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Group								
On-balance sheet exposures								
Deposits and current accounts	46 555 668	39 188 720	3 741 663	3 625 285	45 223 573	37 438 139	5 088 102	2 697 332
Due to bank and other financial institutions	888 187	93 709	264 570	529 908	7 605 401	7 461 066	7 002	137 333
Derivative financial instruments	984 517	57 203	366 821	560 493	430 715	208 152	29 380	193 183
Short trading position	16 682	16 682	-	-	34 085	34 085	-	-
Creditors, accruals and provisions	930 123	815 229	-	114 894	692 118	586 005	12 685	93 428
Other liabilities	69 280	1 352	34 629	33 299	110 154	2 972	37 197	69 985
Lease liabilities	45 467	253	4 335	40 879	34 730	751	3 249	30 730
Tier 2 liabilities	708 624	11 689	34 686	662 249	-	-	-	-
Financial liabilities	50 198 548	40 184 837	4 446 704	5 567 007	54 130 776	45 731 170	5 177 615	3 221 991
Off-balance sheet exposures								
Financial and other guarantees	1 661 257	1 661 257	-	-	1 588 422	1 574 969	13 453	-
Other contingencies and commitments	2 506 109	2 506 109	-	-	2 112 493	2 112 493	-	-

Notes to the annual financial statements continued

for the year ended 30 June 2025

32. Risk management continued

Liquidity risk continued

Undiscounted cash flows continued

N\$'000	2025				2024			
	Term to maturity				Term to maturity			
	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Total	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Company								
On-balance sheet exposures								
Deposits and current accounts	46 554 454	39 187 506	3 741 663	3 625 285	45 222 065	37 436 631	5 088 102	2 697 332
Due to banks and other financial institutions	888 187	93 709	264 570	529 908	7 605 401	7 461 066	7 002	137 333
Derivative financial instruments	984 517	57 203	366 821	560 493	430 715	208 152	29 380	193 183
Short trading position	16 682	16 682	-	-	34 085	34 085	-	-
Creditors, accruals and provisions	930 123	815 229	-	114 894	692 118	586 005	12 685	93 428
Other liabilities	69 280	1 352	34 629	33 299	110 154	2 972	37 197	69 985
Lease liabilities	45 467	253	4 335	40 879	34 730	751	3 249	30 730
Tier 2 liabilities	708 624	11 689	34 686	662 249	-	-	-	-
Financial liabilities	50 197 334	40 183 623	4 446 704	5 567 007	54 129 268	45 729 662	5 177 615	3 221 991
Off-balance sheet exposures								
Financial and other guarantees	1 661 257	1 661 257	-	-	1 588 422	1 574 969	13 453	-
Other contingencies and commitments	2 506 109	2 506 109	-	-	2 119 493	2 119 493	-	-

Discounted cash flows

The following table represents the group's contractual discounted cash flows of total assets, liabilities and equity for the group and company. Relying solely on the liquidity mismatch when assessing a bank's maturity analysis would overstate risk, since this represents an absolute worst case assessment of cash flows at maturity.

Due to Namibia's structural liquidity position, banks tend to have a particularly pronounced negative gap in the shorter term due to short-term institutional funds which represent a significant proportion of banks' liabilities. These are used to fund long-term assets, e.g. mortgages.

Discounted cash flow analysis – maturity analysis of total assets, liabilities and equity based on the present value of the expected payment.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Liquidity risk *continued*

Discounted cash flows *continued*

N\$'000	2025				2024			
	Term to maturity				Term to maturity			
	Carrying amount	Call - 3 months	4 - 12 months	> 12 months and non-contractual	Carrying amount	Call - 3 months	4 - 12 months	> 12 months and non-contractual
Group								
Total financial assets	54 970 718	13 870 162	6 752 100	34 348 456	59 440 746	12 993 518	7 895 539	38 551 689
Total financial liabilities	48 716 501	40 088 227	4 163 097	4 465 177	53 866 470	45 735 672	5 292 380	2 838 418
Net liquidity gap	-	(26 218 065)	2 589 003	29 883 279	-	(32 742 154)	2 603 159	35 713 271
Cumulative liquidity gap	-	(26 218 065)	(23 629 062)	6 254 217	-	(32 742 154)	(30 138 995)	5 574 276

As illustrated in the table above, the negative liquidity short-term gap increased slightly in the short end on a cumulative basis. This is aligned to the funding strategy to grow the deposit franchise via transactional deposit accounts. Management continues to align stress-funding buffers, taking into account prevailing economic and market conditions.

Company								
Total financial assets	54 892 614	13 786 713	6 752 100	34 353 801	59 339 139	12 993 518	7 895 539	38 450 082
Total financial liabilities	48 716 044	40 087 770	4 163 097	4 465 177	53 868 474	45 735 672	5 292 380	2 840 422
Net liquidity gap	-	(26 301 057)	2 589 003	29 888 624	-	(32 742 154)	2 603 159	35 609 660
Cumulative liquidity gap	-	(26 301 057)	(23 712 054)	6 176 570	-	(32 742 154)	(30 138 995)	5 470 665

As illustrated in the table above, the negative liquidity short-term gap increased slightly in the short end on a cumulative basis. This is aligned to the funding strategy to grow the deposit franchise via transactional deposit accounts. Management continues to align stress-funding buffers taking into account prevailing economic and market conditions.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

32. Risk management *continued*

Market risk

Non-traded market risk

Interest rate risk in the banking book

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

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

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

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

Structural ALM strategies

Various ALM strategies are executed by Treasury to protect and enhance the earnings of the bank without adding to the natural risk position of the balance sheet. The ALM strategy to manage the endowment effect is implemented to reduce interest margin volatility arising from the structural balances i.e., rate insensitive deposits and equity capital endowment. The effectiveness of the ALM strategies must be considered on a through the cycle basis.

Sensitivity analysis

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

Earnings sensitivity

Earnings models are run on a monthly basis to provide a measure of the NII sensitivity of the existing banking book balance sheet to shocks in interest rates. Underlying transactions are modelled on a contractual basis and behavioural adjustments are applied where relevant. The calculation assumes a constant balance sheet size and product mix over the forecast horizon. Behavioural assumption is applied in relation to non-maturing deposits, which reprice on a discretionary basis. This assumption is based on historical product behaviour.

Most of the NII sensitivity relates to the inability to cut interest rates on certain funding and capital components to the same extent as the cut of the MPC rate. The size of this portfolio is approximately N\$12.1 million. (2024 N\$10.1 million).

Assuming no change in the balance sheet and no management action in response to interest rate movements, an instantaneous, sustained parallel 200 bps decrease in interest rates would result in a reduction in projected 12-month NII of N\$323 million (2024: N\$250 million). A similar increase in interest rates would result in an increase in projected 12-month NII of N\$263 million (2024: N\$233 million).

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

32. Risk management *continued*

Market risk *continued*

Non-traded market risk *continued*

Earnings sensitivity *continued*

	2025			2024		
	Average balance N\$'000	Interest income/expense %	Interest income/expense N\$'000	Average balance N\$'000	Interest income/expense %	Interest income/expense N\$'000
Group						
Assets						
Cash and cash equivalents, including balance with banks	9 712 926	5.3	512 106	14 243 695	5.8	831 677
Advances	38 683 279	11.8	4 561 676	36 130 907	12.4	4 487 708
Investment securities	9 467 526	8.2	776 838	8 481 935	8.5	723 089
Interest-earning assets	57 863 731	10.1	5 850 620	58 856 537	10.3	6 042 474
Non-interest-earning assets	1 689 495			1 495 060		
Total assets	59 553 226	9.8	5 850 620	60 351 597	10.0	6 042 474
Liabilities						
Deposits and current accounts, balances due to banks	51 030 649	4.9	2 479 537	52 831 470	5.6	2 953 360
Tier 2 liabilities	310 145	8.9	27 543	–	–	–
Interest-earning liabilities	51 340 794	4.9	2 507 080	52 831 470	5.6	2 953 360
Non-interest-earning liabilities	2 154 199			2 084 952		
Total liabilities	53 494 993	4.7	2 507 080	54 916 422	5.4	2 953 360
Total equity	6 083 436			5 435 175		
Total equity and liabilities	59 578 429	4.2	2 507 080	60 351 597	4.9	2 953 360

Notes to the annual financial statements continued

for the year ended 30 June 2025

32. Risk management continued

Market risk continued

Non-traded market risk continued

Earnings sensitivity continued

	2025			2024		
	Average balance N\$'000	Interest income/expense %	Interest income/expense N\$'000	Average balance N\$'000	Interest income/expense %	Interest income/expense N\$'000
Company						
Assets						
Cash and cash equivalents	9 712 961	5.3	512 106	14 243 695	5.8	831 677
Advances	38 593 682	11.8	4 551 111	36 020 552	12.4	4 474 016
Investment securities	9 467 526	8.2	776 838	8 481 935	8.5	723 089
Interest-earning assets	57 774 169	-	5 840 055	58 746 182	10.3	6 028 782
Non-interest-earning assets	1 756 190			1 578 519		
Total assets	59 530 359	9.8	5 840 055	60 324 701	10.0	6 028 782
Liabilities						
Deposits and current accounts, balances due to banks	51 029 232	4.8	2 470 526	52 829 669	5.6	2 941 846
Tier 2 liabilities	310 145	8.9	27 543	-	-	-
Interest-earning liabilities	51 339 377	4.9	2 498 068	52 829 669	5.6	2 941 846
Non-interest-earning liabilities	2 148 673			2 082 772		
Total liabilities	53 488 050	4.7	2 498 068	54 912 441	4.5	2 941 846
Total equity	6 067 511			5 412 260		
Total equity and liabilities	59 555 561	4.2	2 498 068	60 324 701	4.9	2 941 846

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

	Group and company	
	2025 Change in period 12-month NII	2024 Change in period 12-month NII
%		
Downward 200 bps	(18.49%)	(16.14%)
Upward 200 bps	15.06%	15.01%

Notes to the annual financial statements *continued*

for the year ended 30 June 2025

32. Risk management *continued*

Effect of reference rate reform

The South African Reserve Bank (SARB) has formally endorsed the South African Rand Overnight Index Average Rate (ZARONIA) as the successor to the Johannesburg Interbank Average Rate (JIBAR), with cessation of JIBAR expected by end-2026. The final confirmation of the cessation date is scheduled for December 2025. The transition is guided by the SARB and supported by industry-wide working groups to ensure minimal disruption to financial contracts and risk frameworks.

To preserve the economic equivalence of legacy contracts transitioning from JIBAR to ZARONIA, a Credit Adjustment Spread (CAS) will be applied. Legacy contracts will transition to: ZARONIA plus CAS plus a Margin. The CAS aims to keep both parties to the contract in more or less the same economic position pre and post the transition. This spread accounts for the structural differences between JIBAR and ZARONIA. The CAS methodology, recommended by SARB in March 2025, is aligned with the International Swaps and Derivatives Association (ISDA) framework using a 5-year historical median spread approach. New contracts are expected to reference ZARONIA directly, without CAS, and will be bilaterally negotiated.

Financial instruments that are impacted by the reference rate reform:

N\$'000	Group and company	
	2025	2024
Assets recognised on the balance sheet		
Derivative financial instruments (assets)*	2 202 609	2 599 065
Advances	1 353 156	1 397 073
Total asset exposure subject to reference rate reform	3 555 765	3 996 138
Liabilities recognised on the balance sheet		
Derivative financial instruments (liabilities)*	2 127 609	2 124 065
Deposits	4 659 032	5 878 031
Other liabilities	63 012	94 588
Tier 2 liabilities	503 558	-
Total liabilities recognised subject to reference rate reform	7 353 211	8 096 684

* These balances represent the notional amount directly impacted by the reference rate reform.

Notes to the annual financial statements *continued* for the year ended 30 June 2025

33. Segment information

33.1 Reportable segments

Segment reporting		
Group's chief operating decision maker	Chief Executive Officer (CEO)	
Identification and measurement of operating segments	Aligned with the internal reporting provided to the CEO and reflects the risks and rewards related to the segments' specific products and services offered in their specific markets. Operating segments with revenue, absolute profit or loss for the period or total assets that constitutes 10% or more of all the segments' revenue, profit or loss or total assets, are reported separately.	
Major customers	FNB Namibia has no major customer as defined (i.e. revenue from the customer exceeds 10% of total revenue) and is, therefore, not reliant on revenue from one or more major customers.	
Reportable segments		
Retail and commercial		
	Products and services	Footprint
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 retail (personal and private), SMEs, business, agricultural, medium corporate, and public sector entities. FNB's products cover the entire spectrum of financial services – transactional, lending, investment management and savings. Products include mortgage loans and commercial property finance; credit and debit cards (card issuing); personal loans, debtor and leveraged finance; securities-based lending; foreign exchange and savings and investment products. Services include transactional and deposit taking, card-acquiring, credit facilities, trust and fiduciary services rewards programme, merchant services (card acquiring) and cash management solutions. FNB's distribution channels include the branch network and other physical representation points, ATMs, call centres, an app, cellphone banking (USSD) and online banking.	FNB Namibia only operates in Namibia.
Corporate and institutional		
RMB	RMB represents the group's activities in the corporate and investment banking in Namibia. RMB offers corporate finance, leveraged finance, resource sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate banking, loan syndications, coverage, advisory, corporate transactional banking and principal investing solutions. 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.	RMB Namibia only operates in Namibia.
Other (including Group Treasury and FCC)		
Centre (including Group Treasury)	The Centre represents group-wide functions, including Group Treasury, Group Finance, Group Tax, Enterprise Risk Management (ERM), Group Compliance and Group Internal Audit. The reportable segment includes all management accounting and consolidated entries.	

Notes to the annual financial statements continued

for the year ended 30 June 2025

33. Segment information continued

33.1 Reportable segments continued

N\$'000	Group		FNB		RMB		Other	
	2025	2024	2025	2024	2025	2024	2025	2024
Net interest income before impairment of advances	3 332 451	3 061 518	2 568 993	2 459 110	503 753	528 738	259 705	73 670
Impairment and fair value of credit advances	(527 411)	(425 451)	(524 506)	(425 120)	(2 905)	(331)	-	-
Net impairment income after impairment of advances	2 805 040	2 636 067	2 044 487	2 033 990	500 848	528 407	259 705	73 670
Non-interest income	2 496 190	2 213 193	2 145 928	1 939 552	378 052	311 330	(27 790)	(37 689)
Income from operations	5 301 230	4 849 260	4 190 415	3 973 542	878 900	839 737	231 915	35 981
Operating expenses	(2 650 565)	(2 495 369)	(2 369 447)	(2 199 009)	(268 717)	(289 412)	(12 401)	(6 948)
Net income from operations	2 650 665	2 353 891	1 820 968	1 774 533	610 183	550 325	219 514	29 033
Indirect tax	(59 234)	(53 540)	(47 119)	(42 136)	(5 469)	(4 626)	(6 646)	(6 778)
Profit before tax	2 591 431	2 300 351	1 773 849	1 732 397	604 714	545 699	212 868	22 255
Income tax expense	(749 397)	(701 796)	(512 966)	(528 523)	(174 873)	(166 483)	(61 558)	(6 790)
Profit for the year	1 842 034	1 598 555	1 260 883	1 203 874	429 841	379 216	151 310	15 465
Depreciation	(121 288)	(109 722)	(119 671)	(108 248)	(1 453)	(1 327)	(164)	(147)
Amortisation	(8 039)	(7 599)	(8 039)	(7 599)	-	-	-	-
The statement of financial position includes:								
Investment securities	9 317 365	8 459 435	-	-	1 067 156	612 894	8 250 209	7 846 541
Advances	39 222 390	37 744 729	31 108 581	30 767 827	8 113 809	6 976 902	-	-
Non-current assets held for sale	55 040	53 000	55 040	53 000	-	-	-	-
Total assets	56 063 777	60 530 985	38 771 963	34 855 163	7 659 547	8 630 450	9 632 267	17 045 372
Deposits	46 220 104	52 513 564	31 920 753	28 281 078	8 731 796	10 164 615	5 567 555	14 067 871
Total liabilities	49 369 268	54 739 910	37 061 678	33 164 246	7 097 322	8 130 420	5 210 268	13 445 244

CAPITAL MANAGEMENT

How the risk is managed

The capital management framework sets out the objectives, policies and principles relating to capital management. The board approves the framework, and the assets, liabilities and capital committee ensures compliance with the framework.

Group Treasury is responsible for ensuring the group is adequately capitalised to generate returns while managing risk within the approved risk appetite. The primary objective of the group’s capital management strategy is to maintain sufficient capital to build and invest in its businesses through normal economic cycles and under stressed economic conditions.

The group addresses its capital objectives on a forward-looking basis, considering the internal capital adequacy assessment process (ICAAP) review and annual budget. The budget is prepared using a three-year forecast under stress scenarios.

The group’s long-term strategy is to increase balance sheet resilience, diversify advances exposures, improve market liquidity and ensure an optimal funding mix. The objectives when managing capital in all its forms are to:

- establish internal minimum capital requirement levels that consider the regulatory capital requirements set by the Bank of Namibia;
- maintain sound capital ratios and quality of capital during calm and turbulent periods of the economy and financial markets;
- safeguard the group’s ability to continue as a going concern so it can continue to provide returns to shareholders and benefits to other stakeholders;
- maintain a strong and leading capital base position in the market to support the growth of the group’s businesses, protect depositors and creditors, and promote and uphold public confidence; and
- maintain a strong credit rating.

The bank maintains a capital buffer above the regulatory minimum requirement. Capital stress testing is done annually as part of the ICAAP to assess the adequacy of the capital buffer. The stress test measures the impact on the balance sheet of macroeconomic and idiosyncratic stress scenarios and the consequent impact on earnings and capital adequacy levels.

The group endeavours to maintain sufficient capital that exceeds regulatory and economic capital requirements.



Internal capital adequacy assessment process

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

The risk, capital and compliance committee is responsible for the group's ICAAP. Capital planning is done as part of regular forecasting and scenario testing and aligns with dividend decisions and growth projections.

The Banking group remained well capitalised with a common equity tier 1 (CET 1) ratio of 16.9% for Bank. The capital adequacy ratio (CAR) for both the bank and the group exceeds the board's set targets.

	End state	FNB Namibia	Board target
Core equity	6.0%	14.4%	-
Capital conservation buffer	2.5%	2.5%	-
CET1 minimum	8.5%	16.9%	> 11.5%
Additional Tier 1	1.5%	0.0%	-
Tier 1	10.0%	16.9%	-
Tier 2	2.5%	2.3%	-
Total CAR minimum	12.5%	19.2%	> 14.0%

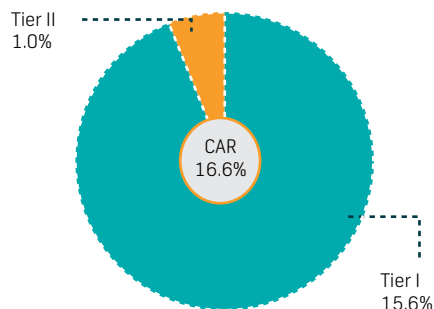
Regulatory developments

The Bank of Namibia's BID 5(a) draft determination indicates that a countercyclical buffer could be considered incremental to the CAR minimum of 12.5% for domestic systemically important banks. The draft determination was issued in November 2024, but the regulator has not yet issued a pronouncement on implementing the countercyclical buffer and the conditions under which it will apply.

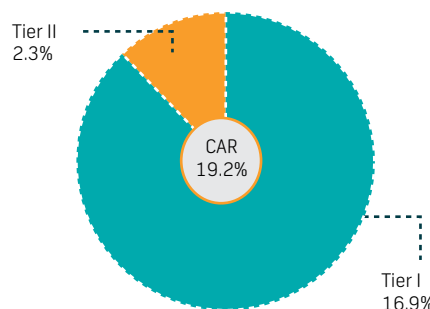
The phase-in of the capital conservation buffer, which was suspended in March 2020, was reinstated to end state of 2.5%, and the exclusion of unaudited profits in tier 2 was phased in effective September 2024. The single large exposure limit was reduced to 25% (previously 30%) of qualifying capital effective April 2024.

Banking

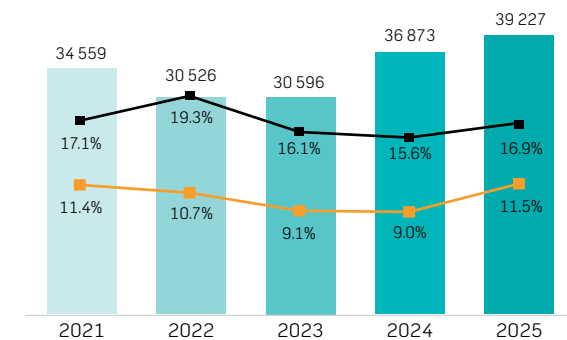
June 2024



June 2025



Key performance measures



■ Total risk weighted assets (N\$ million) — CET1 (%) — Leverage ratio (%)

N\$'000	Banking operations Year end 30 June	
	2025	2024
Risk weighted assets		
Credit risk	31 856 606	30 368 874
Market risk	78 182	109 471
Operational risk	7 292 241	6 394 567
Total risk weighted assets	39 227 029	36 872 912
Regulatory capital		
Share capital and share premium	1 142 792	1 142 792
Retained profits	5 548 802	4 643 681
Other disclosure reserves	2 915	4 603
Capital impairments*	(55 215)	(59 533)
Total tier 1	6 639 294	5 731 543
Eligible subordinated debt	500 000	-
General risk reserve, including portfolio impairment	398 208	379 611
Capital impairments*		
Total tier 2	898 208	379 611
Total tier 1 and tier 2 capital	7 537 502	6 111 154
Consolidated group		
Capital adequacy ratios		
Tier 1	16.9%	15.6%
Tier 2	2.3%	1.0%
Total	19.2%	16.6%
Tier 1 leverage ratio	11.5%	9.0%

* Includes intangible assets and investment in deconsolidated entities.

The Bank has complied with all externally imposed capital requirements for the year.



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SUPPLEMENTARY INFORMATION

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GLOSSARY OF TERMS

Capital adequacy ratio (CAR)	Total qualifying capital and reserves divided by risk-weighted assets.
Common Equity Tier 1 (CET1) capital	Share capital and premium, qualifying reserves and third-party capital, less specified regulatory deductions.
Cost of equity (CoE)	Refers to the return a company must offer to its equity investors (shareholders) to compensate for the risk they undertake by investing in the company.
Cost-to-income ratio	Operating expenses excluding indirect taxes expressed as a percentage of total income including share of profits from associates.
Credit loss ratio (CLR)	Total impairment charge per the income statement expressed as a percentage of average core lending advances (average between the opening and closing balance for the year).
Dividend cover	Basic earnings per share divided by dividend per share.
Expected credit loss	Is a financial metric used to estimate the potential loss a lender might incur if a borrower defaults on a loan.
Headline earnings per share (HEPS)	A financial metric that represents a company's earnings attributable to ordinary shareholders, adjusted to exclude certain irregular or non-recurring items.
Liquidity coverage ratio (LCR)	Is a regulatory standard requiring banks to hold a sufficient amount of high-quality liquid assets to cover their net cash outflows over a 30-day period.
Net asset value (NAV)	Represents the total value of an entity's assets minus its liabilities, divided by the number of outstanding shares.
Net income after cost of capital (NIACC)	Profit for the year less the cost of equity multiplied by the average ordinary shareholders' equity and reserves.

Net stable funding ratio (NSFR)	Is a regulatory standard requiring banks to hold enough stable funding to cover the duration of their long-term assets.
Non-performing loan (NPL)	Is a loan where the borrower has not made the scheduled payments for a specified period, typically 90 days or more.
Portfolio coverage ratio %	Measures how well the banks loan loss reserves can cover potential losses in its performing loan portfolio. It indicates the banks ability to absorb future loan defaults.
Return on assets (ROA)	Profit for the year divided by average assets.
Return on equity (ROE)	Total comprehensive income for the year divided by average ordinary shareholders' equity.
Risk-weighted assets	Prescribed risk weightings relative to the credit risk of counterparties, operational risk, market risk, equity investment risk and other risk multiplied by on- and off-balance sheet assets, where applicable and in line with the banking regulations.
Specific coverage ratio %	Measures how much of the non-performing loans are covered by provisions set aside specifically for those problem loans. It shows the bank's ability to absorb losses from identified bad loans.
Tier 1 ratio	Tier 1 capital divided by risk-weighted assets.
Tier 2 capital	Qualifying subordinated debt instruments, capital instruments issued out of fully consolidated subsidiaries to third parties, qualifying provisions less specified regulatory deductions.
Total coverage %	Total impairment provisions expressed as a percentage of core lending advances.



CORPORATE INFORMATION

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