

Corporate Governance Statement

Introduction

Many schools of thought on corporate governance at least proceed from the premise it is about the general governance of a company in accordance with general principles of integrity, responsibility, transparency, and accountability. If one were to juxtapose this governance ethos to the Group's values, vision, and mission statements, it becomes transparent that the FNB Namibia Group is serious about being a good corporate citizen and a world class Group in the financial services industry.

Where practical, Corporate Governance is standardised across the Group to ensure that the high standards that the Group has set itself are implemented and monitored consistently in all its operations.

The Group believes that the implementation of its strategies is best managed at subsidiary and divisional level. While the non-executive directors acknowledge the need for their independence, they recognise the importance of good communication and close cooperation with executive directors. Teamwork between directors is an essential part of the Group's philosophy.

Application of King II

The Group fully subscribes to, and conducts its business in accordance with the best principles and practice of corporate governance as enshrined in the King Code of Corporate Governance (2002).

The directors are satisfied that the Group did not, or does not just aspire to abide by the King Code on Corporate Governance, but that it indeed lives by, and complies with this important Code in all material respects.

Code of ethics

The Group's code of ethics commits it to the highest standards of integrity, behaviour and ethics in dealing with all stakeholders. All staff are required to, at all times familiarise themselves with this code and to adhere to it, as it is regarded as a strategic business imperative and a source of competitive advantage.

The Board of directors

Functions of the Board

The directors are the captains of our business and are ultimately responsible for the company's perpetual growth

and existence by innovation and adherence to the King Code 2002 and all other governing legislation. The directors have a fiduciary duty to act in good faith, with the requisite care, skill and due diligence in the best interests of the company and all stakeholders. All directors subscribe to the code of ethics which forms part of the board charter, and their performance is now closely monitored by the Directors' Affairs and Governance Committee, which is composed of competent and independent personae.

In terms of its charter, the board is responsible for appointing the Chief Executive Officer's of the company's subsidiaries, adopting a corporate strategy, major plans of action, policies and procedures as well as monitoring operational performance. This includes identifying risks which impact on the Group's sustainability and monitoring risk management and internal controls, corporate governance, business plans, key performance indicators, including non-financial criteria and annual budgets.

The board is also responsible for managing successful and productive relationships with all stakeholders.

Composition

The company has a unitary board. Its chairman is non-executive and independent. The roles of the chairman and chief executive officer are separate and ensure a balance of authority and preclude any one director from exercising unfettered decision-making powers.

At 30 June 2007 the board of the company comprised of ten directors – one executive director and nine non-executive directors. Of the non-executive directors, seven are independent.

The boards of major subsidiaries are similarly constituted with an appropriate mix of skills, experience and diversity.

Appointment

Clear policies and detailed procedures for board appointments are in place. Such appointments are formal and a matter for the board as a whole. The board takes cognisance of its needs in terms of different skills, experience, diversity, size and demographics.

All non-executive directors are subject to retirement by rotation and re-election by shareholders periodically in accordance with the Articles of Association. A staggered rotation ensures continuity of experience and knowledge.

Corporate Governance Statement (continued)

A brief curriculum vitae of each director standing for election or re-election at the Annual General Meeting accompanies the notice of the meeting. The reappointment of non-executive directors is not automatic and is subject to performance and eligibility. The board does not believe it should limit the number of terms an individual may serve. Long-serving directors provide valuable insight into the operations and future of the company based on their experience of the Group's history, policies and objectives.

The board believes that 70 is an appropriate retirement age for directors. Directors generally will only be nominated for re-election after their 70th birthday at the discretion of the Board.

Board meetings

The board meets quarterly, with additional meetings convened as and when necessary. The board met four times during the year and the table below shows the attendance of directors:

Name of Director	Aug 2006	Nov 2006	Feb 2007	May 2007
H-D Voigts (Chairman)	P	P	P	P
VR Rukoro (CEO)	P	P	P	P
HWP Böttger	P	P	P	P
CLR Haikali	P	P	P	P
MT Lategan ^{SA}	P	P	P	P
JK Macaskill ^{SA}	P	P	P	P
SH Moir ^{SA}	P	P	P	P
MN Ndilula	P	P	P	P
PT Nevonga	P	P	P	P
Il Zaamwani-Kamwi (Ms)	P	A	P	P

SA= South African

P = Present

A = Apologies

Directors have full and unrestricted access to management and all Group information and properties. They are also entitled to seek independent professional advice and or training at the Group's expense in support of their duties. Directors may meet separately with management without the attendance of executive directors.

Directors training

In order to keep pace with international best business practice and important developments, all directors are

regularly subjected to compulsory training sessions. These sessions cover important topics such as recent developments on corporate governance, basic knowledge of accounting standards, and updates on legislative developments. Directors are also at liberty to suggest any area they may feel uncomfortable with for training.

Subsidiary boards and board committees

The company has four major subsidiaries. These are:

- First National Bank of Namibia Limited;
- Swabou Life Assurance Company Limited;
- Swabou Insurance Limited; and
- FNB Namibia Unit Trusts Ltd.

These subsidiary boards are subject to oversight by regulatory authorities including the Bank of Namibia, South African Reserve Bank and the Namibia Financial Institutions Supervisory Authority.

Board committees assist the directors in the discharge of their duties and responsibilities. At Company level, in addition to the Executive Committee (Exco), committees exist to deal with Remuneration, Audit and Credit Risk. These committees have formal terms of reference and report to the board. With the exception of Exco they are chaired by independent non-executive directors and have a majority of independent non-executive directors. Independent professional advice may be obtained at the Group's expense in support of their duties.

Audit committee

The Group's audit committee reviews the findings and reports of the subsidiary companies and addresses matters of a Group nature. The Group audit committee has adopted terms of reference dealing with membership, structure, authority and duties. The Group's audit committee has complied with its terms of reference. The responsibility of the Group audit committee is to:

- ensure the integrity, reliability and accuracy of accounting and financial reporting systems;
- ensure that appropriate systems are in place to identify and monitor risk, controls and compliance with the law and codes of conduct;
- evaluate the adequacy and effectiveness of internal audit, risk and compliance;

Corporate Governance Statement (continued)

- maintain transparent and appropriate relationships with the external auditors; and
- review the scope, quality and cost of the statutory audit and the independence and objectivity of the auditors.

The committee consists of non-executive directors. The Group Chief Executive Officer, the Group Chief Financial Officer and the Head of Internal Audit attend ex-officio. The external auditors attend all meetings.

The committee met four times during the year and the table below shows the attendance of directors:

Name of Director	Aug 2006	Oct 2006	Feb 2007	Apr 2007
HWP Böttger (Chairman)	P	P	P	P
JK Macaskill ^{SA}	P	P	P	P
SH Moir ^{SA}	P	P	P	P
Il Zaamwani-Kamwi (Ms)	P	P	A	P

SA = South African

P = Present

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Remuneration committee

The committee consists of non-executive directors with the Group's Chief Executive Officer in an ex-officio capacity. Its primary objective is to develop the reward strategy for the Group. It is responsible for:

- the remuneration, bonus and share incentive schemes policies and practices in the Group;
- all forms of remuneration and reward to directors (including a preview of executive directors' remuneration proposals, whose remuneration is approved by the Directors' Affairs and Governance Committee) and senior management including, but not limited to, fees, basic pay, perks and other benefits, bonus and incentive payments, restraint of trade, issuing of shares and share options; and
- reviewing of proposals to the Board and shareholders on non-executive director remuneration, and
- reviewing annual salary increases.

Non-executive directors' fees are based on market comparisons.

The committee met four times during the year and the table following shows the attendance of directors:

Name of Director	July 2006	Nov 2006	March 2007	May 2007
Il Zaamwani-Kamwi (Mrs) (Chairlady)	A	P	P	A
CLR Haikali	P	P	P	A
JK Macaskill ^{SA}	P	A	P	P
SH Moir ^{SA} (Acting Chairman)	P	*	*	P
H-D Voigts	P	P	P	P

SA = South African

** = In attendance – only in other meetings as acting chairman for Ms Zaamwani-Kamwi.*

P = Present

A = Apologies

Directors' affairs and governance committee

This is a new committee of the board of FNB Namibia Holdings Limited and those companies within the Group and is appointed in terms of its Articles of Association. Its prime objectives are to assist the board in discharging its responsibilities relative to:

- its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structures of the Group;
- board and board committee structures;
- the maintenance of a board directorship continuity programmes including:
 - the continuity of non-executive directors;
 - the regular review of the competence of the board of directors, including the skills, experience and other qualities required to enhance the effectiveness of the board;
 - the selection and appointment of new directors;
- the remuneration, other benefits and employment conditions of the CEO and executive directors;
- the self-assessment of the effectiveness of the board as a whole and the contribution of each director, which self-assessment shall be co-ordinated by the chairperson of the board; and
- ensuring that succession plans are in place for key posts (as determined by the Committee from time to time) in the Group.

The Committee reviews the structure and composition of the boards of significant operating companies within the Group. The Committee is composed of three non-executive directors, two of which are independent.

Corporate Governance Statement (continued)

Being new, this committee will commence work in the ensuing financial year.

Strategic Committee ("Stratco")

This Committee assists the Board in the formulation of strategies. Membership consists of the Group CEO, the Bank CEO and the Group CFO and meets on a monthly basis.

Executive committee ("Exco")

The Group's Exco is required to implement strategies approved by the Board and manage the affairs of the Group. Meetings are held twice a month.

Exco is chaired by the Group Chief Executive Officer. Membership includes key members of senior management.

Exco has the following sub-committees:

- Asset and Liability Management Committee (ALCO);
- Procurement; and
- Investment Committee.

BEE Committee

This Committee was established in terms of the BEE agreement entered between FirstRand Bank Holdings Limited, FNB Namibia Holdings and the BEE consortia. The purpose of this Committee is to monitor the progress made by the consortia in meeting their targets for the vesting of their share options and to make recommendations to FirstRand Bank Holdings Limited regarding the vesting of the tranches. The Committees membership includes representation of FirstRand Bank Holdings Limited, the consortia and members of the Executive Management of FNB Namibia.

Share dealings

Directors, senior executives, participants in the various share option schemes, or persons who may have knowledge of price sensitive information may not trade in the company's shares for about two and a half months before the announcement of the interim and year end results. This prohibition also covers periods where the company is trading under cautionary announcements. Additional closed periods may be invoked by the board.

All dealings in shares by the directors require prior approval by the chairman, are disclosed on SENS, and the Group Company Secretary files all records of all such share

dealings and approvals. Details of trades in shares by staff members who may have access to price sensitive information is also disclosed to the Group Remuneration Committee.

Financial statements

The directors are responsible for monitoring and approving the financial statements to ensure that they fairly present the Group's affairs and the profit or loss at the end of the financial year. The independent auditors are responsible to audit these financial statements.

The financial statements in this report have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Namibian Companies' Act and the Namibian Stock Exchange. They are based on appropriate accounting policies that have been consistently applied, except as indicated, and which are supported by reasonable and prudent judgements and estimates.

Independence of external auditors

The Group financial statements have been audited by the independent auditors, Deloitte & Touche. The Company believes that the auditors have observed the highest level of business and professional ethics. It has no reason to believe that they have not at all times acted with unimpaired independence. Details of non-audit services provided by the external auditors are disclosed in the financial statements, together with fees paid in respect thereof.

Succession planning

The Group benefits from an extensive pool of people with diverse experience and competence at senior management level. A formal succession plan has been adopted during the year. The board is confident that it should be possible to identify suitable short-term and long-term replacements from within the Group should the need arise.

Employment equity

The Group has an affirmative action policy to achieve employment equity in the workplace and enhance business competitiveness. Developing all employees is critical to the success of the programme and emphasis is placed on training, monitoring and promotion of existing staff.

Corporate Governance Statement (continued)

The Group has received its Affirmative Action Compliance Certificate from the Employment Equity Commission annually since inception.

Group's compliance with regulatory authorities

As the Group's main business is diversified into bank and non-bank financial service provisions, the bank business is regulated by the Bank of Namibia in terms of the Banking Institutions Act 2 of 1998 and determinations passed thereunder; while the long-term and short-term insurance, unit trusts and asset management businesses are regulated by the Namibia Financial Institutions Supervisory Authority ("NAMFISA") in terms of different legislation. FNB Namibia Holdings Limited is also listed with the Namibia Stock Exchange ("NSX"), and therefore obliged to comply with the Stock Exchanges Control Act of 1985 and listing requirements.

The Board is satisfied that the Group fully complied with all these laws and regulations for the past year and none of the regulatory authorities, through their ongoing supervision mechanisms, expressed any material dissatisfaction with the manner in which the Group conducts its business.

Social responsibility

The Group advocates human capital development and provides bursaries to Namibians (not necessarily employed by the Group), a policy which is in line with its commitment to developing the skills of all Namibians and thus contributing to the country's general economy. These contributions form part of the Group's efforts to support the Government's Vision 2030 which is aimed at creating jobs, wealth and prosperity for all Namibians. The Group also meets its social responsibility through the FNB Foundation which on a yearly basis supports worthy community upliftment initiatives. This Foundation is funded by 1% of the annual post tax profits of the Group. The Board of Trustees oversee the work of the Foundation to ensure that the funds therein are properly managed and are used for their intended purpose.

Group Company Secretary

The Group Company Secretary, Mr Conville Britz, is suitably qualified and empowered and has access to the

Group's secretarial resources. He assists all boards of directors in the Group, in ensuring that all board proceedings and resolutions are in compliance with the relevant legislation and the company's internal policies and procedures. He is also responsible for the induction programs of new directors to ensure that they settle well in their new responsibilities and the Group's values, mission, vision, and corporate culture.

Communication with shareholders

The Group actively distributes information to shareholders through the Stock Exchange News Service (SENS), the print media and its website. Following the publication of its financial results it engages with investors and analysts both locally and internationally to present the results and answer questions in respect thereof.

Shareholders are encouraged to attend the annual general meeting.