Namibia Holdings

UNAUDITED INTERIM GROUP RESULTS AND CASH DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Headline earnings

N$590.5

million

Return on average equity

30.3%

Interim dividend

91 cents

per share

Contents

Dividend declaration

Notice is hereby given that an interim dividend (number 47) for the six months ended 31 December 2016 of 91 cents per ordinary share was declared on 31 January 2017.

The last day to trade shares on a cum dividend basis will be on 24 February 2017 and the first day to trade ex dividend will be 27 February 2017. The record date will be 3 March 2017 and the payment date 15 March 2017.

By order of the board

Nelago Ashipala, Company Secretary, 16 February 2017

> Overview of performance

The performance of the Namibian economy has been widely reported on during the past six months. Following the last few years of flourishing growth, stimulated by pro-cyclical fiscal spending and foreign investment in new mines and infrastructure, several headwinds have brought a chill to the economy. The economic growth forecast for 2016 has been revised downwards by government and most research houses.

For the period under review, the economy is challenged by lower commodity prices, severe drought conditions, weaker global and regional growth and a sudden slump in the construction and manufacturing sector.

FNB Namibia Holding's performance for the six months ended 31 December 2016 reflects the impact of the macroeconomic environment.

Profit for the period is N$599.2million (2015: N$597.4 million). Earnings per share are flat at 226.3 cents (2015: 226.5 cents).

Core operations have performed well:

- Active accounts are up 9%
- Electronic channels: eWallets growth of 44% and point of sale transactions grew 12%
- Advances growth of 8.4%

However performance is dragged by the increased cost of funding in the current tighter liquidity environment and investment in risk management.

Normalised earnings for the period increased by 7% compared to the prior period, after adjusting for kwanza trade in the base, @Parkside building depreciation and fair value income volatility.

Other key ratios reflect a similar trend. Return on average equity was 30.3% (2015: 35.4%), return on average assets at 3.5% (2015: 3.9%) and cost to income ratio at 46.3% (2015: 42.4%). The return on average equity at 30.3% is closer to the five year long term average of 29%.

> Statement of comprehensive income

Interest

The repo rate in Namibia was unchanged at 7% during the period. Net interest income increased by 8.7% to N$886.7 million (2015: N$815.5million). Margins have not expanded to the degree previously experienced when interest rates increased. This is mostly due to an increase in the average cost of deposits, thus the banks have been experiencing this margin squeeze. Interest expense increased by 26.6% compared to interest income growth of 16.0%.

Impairment losses

The quality of the advances book remains healthy. The total impairment charge was N$13.4 million (2015: N$31.7 million), amounting to a 0.05% (2015: 0.13%) charge of average advances for the first six months of the financial year.

All non-performing loans have been fully provided for after consideration of the value of security held.

Non-interest revenue

Non-interest revenue increased by 4.7% to N$778.9 million (2015: N$744.2 million). Net fee and commission income have increased by 10.9%.

Our continuous focus remains on growing our customer base to grow transactional revenue. The year on year customer numbers have increased by 5%. The success of our strategy of migrating customers to electronic channels is evidenced by the electronic transactions that have increased at 21%, while traditional branch volumes decreased by 8%. Although this erodes our revenue to a certain extent, it is aligned to provide efficient, sustainable and affordable banking.

Cheque value limits were reduced in February 2016 to N$100 000 resulting in a reduction of cheques processed in the group network by 39%, impacting non-interest revenue.

Fair value income decreased to N$77.0 million (2015: N$108.3 million), because of the discontinued foreign exchange trade in Kwanza with Angola in the first half of the prior period. Positive contribution was gained by instruments carried at fair value. The increase in the fair value adjustment was mainly due to changes in the interest rate curve which supports these instruments

Net insurance premium income and net claims and benefits paid

OUTsurance Namibia had strong growth in headline earnings of 29.6% from the comparative six month period. This result was achieved despite the lower premium income growth of 11.8% and the increased claims ratio of 57.1%.

Operating expenses

In recent months, the headline inflation rate kept close to 7% year on year and we expect price pressures to remain elevated in 2017.

Total operating expenses growth of 16.9% to N$791.9 million (2015: N$677.5million) is reflective of continued local investment, including systems, infrastructure and regulatory support requirements.

The main cost contributors were:

- Staff associated costs making up more than 50% of total costs grew 22% to N$437.8 million (2015: N$358.1million) comprising:
  - Growth in staff numbers at 9.2%, mainly driven by our focus on capacity building in the risk and compliance team.
  - The minimum non managerial annual salary increase that was agreed with the union resulted in an average salary increase of 8.6%.
  - The KYC project head count number growth including temporary staff.
- During the second half of the prior financial year the group changed the long term share incentive scheme arrangement from FNB Namibia Share Incentive Scheme to a group Conditional Incentive Plan (CIP). Share based performance related expense is a contributor to the increase in staff cost y-o-y.
- Regulatory and compliance projects such as KYC contributed to the cost growth with its related premises, IT and professional fees.
- IT costs increased by 14.5% to N$110.9 million showing our ongoing investment in systems and delivery channels.
- The considerable rental costs attributable to ATMs are in line with the continuous drive to expand our self-service footprint. We have installed 32 additional ADT devices, the new generation deposit taking ATMs since December 2015. Associated data line and guarding costs were also incurred. The group also rents the Windhoek branch, which was an owner-occupied building in the prior period.
- Depreciation has increased 17.4% to N$33.9 million (2015: N$28.9 million) owing to the new @Parkside building and related furnishing which the group occupied for only 3 months in the prior period vs 6 months in the current period.

> Statement of financial position

Advances

Encouraging growth trends in advances continued into the 2017 financial year. Gross advances for the period grew 8.4% to N$27.2 billion. The growth trend is in line with private credit extension, which in November grew by 9.4%.

Term loans have increased by 16.5% to N$7.4 billion, reflecting excellent growth in facilitating business transactions. Overdrafts increased by 5.6% to N$2.8 billion reflecting moderate exposure across the market.

FNB's home loan book has surpassed the N$12 billion mark, growing at 6.3%. Home loans credit extension for individuals accelerated to 11% in November. This represents 44.9% (2015: 45.9%) of FNB's advances book. This is not regarded as a concentration risk because of the established and active Namibian property market. On average the loan to value ratio is close to 70%, which is reflective of the good quality of the book.

WesBank achieved asset growth of 5.7%, evidencing the slow-down in vehicle sales and aggressive competition; and growth in vehicle asset financing was also impacted by the amendment of the credit agreement act which came into effect in August 2016. WesBank does however remain the market leader in vehicle financing.

The percentage of non-performing loans to gross advances increased to 1.00% (2015: 0.92%). Non-performing loans increased to N$272.4 million (2015: N$231.9 million). Balance sheet provision of advances has increased by a lesser degree from N$184.2 million to N$190.4 million signifying that the non-performing book is appropriately secured.

Deposits and funding

Reduced liquidity in the industry is reflected in the growth of our deposits, with deposits only increasing by 7.9% to N$27.7 billion and the loan-to-deposit ratio moving to 93.7%. The slower growth in customer deposits, particularly influenced by large corporate clients, was augmented by the issuance of additional NCD's in the professional market.

Diversification of both source and term funding remain focus areas in order to reduce liquidity pressure and concentration risk.

> Capital management

FNB remains well-capitalised with a total capital adequacy of 17.2% - comparable to the December 2015 figure. This is well above the regulatory requirement of 10% and internal board approved target of 14.2%. Economic risk is still backed by a strong Tier 1 capital level of 13.4% (2015: 13.1%).

The group seeks to hold limited excess capital, unless required to support business growth plans and future regulatory changes.

The target solvency ratio for OUTsurance is between 27.5% and 50.0% compared to the regulatory minimum of 15.0%. At 31 December 2016 the actual solvency ratio is 37.4% which is within our target range.

All subsidiaries remain well capitalised.

> Dividend strategy

Following the review of the annual Internal Capital Adequacy Assessment Process (ICAAP), the dividend cover remains unchanged by board. The dividend cover range for FNB Namibia is between 1.8x to 3.0x and the cover for 2016 was 2.0x (2015: 2.0x). The board considered this to be both appropriate and prudent as all of the group's buffers will remain intact.

The appropriateness of the level of dividend payout is re-evaluated on an annual basis, considering actual performance, demand for capital, macroeconomic conditions and regulatory changes.

The interim dividend is in line with earnings. The group expects growth in dividend for the full year to track normalised earnings more closely.

> Events subsequent to the reporting date

The directors are not aware of any material events, as defined in IAS 10, occurring between 31 December 2016 and the date of authorisation of the results announcement.

> Pointbreak and Ebank acquisition update

Further to the cautionary announcements dated 17 August 2016, 29 September 2016, 18 October 2016, 2 December 2016 and 5 January 2017 shareholders are advised that the current cautionary remains in place until regulatory approvals are received.

The previous cautionary announcements noted that FNB Namibia had successfully concluded negotiations to acquire 100% of Pointbreak and EBank, subject to all necessary regulatory approvals.

> Board changes

During the period under review Mr. MN Ndilula, resigned from the Board of FNB Namibia Holdings Ltd on 27 October 2016 to pursue personal interests in a research project.

> Group prospects

We anticipate operating conditions to become more demanding - in both the economic and regulatory environment. However, we believe our strong balance sheet, diversified earnings base and innovative proposals in presenting cost effective and efficient banking to consumer, business and corporate clients will ensure a sustainable performance.

For and on behalf of the board

II Zaamwani-Kamwi, Chairperson
SJ van Zyl, Chief Executive

31 January 2017

> Condensed consolidated statement of comprehensive income

N$'000	Notes	Unaudited Six months ended 31 December 2016	Unaudited Six months ended 31 December 2015	Audited Year ended 30 June 2016
Interest and similar income	2	1 598 765	1 377 743	2 869 473
Interest expense and similar charges	2	(712 067)	(562 275)	(1 215 842)
Net interest income before impairment of advances		886 698	815 468	1 653 631
Impairment of advances		(13 394)	(31 739)	(47 852)
Net interest income after impairment of advances		873 304	783 729	1 605 779
Non-interest revenue	3	778 877	744 167	1 506 656
Net insurance premium income		102 511	91 709	189 253
Net claims and benefits paid		(59 445)	(51 821)	(102 777)
Income from operations		1 695 247	1 567 784	3 198 911
Operating expenses	4	(791 861)	(677 595)	(1 417 647)
Net income from operations		903 386	890 189	1 781 264
Share of profit from associate after tax		1 380	524	1 328
Income before tax		904 766	890 713	1 782 592
Indirect tax		(19 104)	(15 948)	(31 974)
Profit before tax		885 662	874 765	1 750 618
Direct tax		(286 364)	(277 403)	(532 985)
Profit for the period		599 298	597 362	1 217 633
Other comprehensive income for the period				
Items that will not be reclassified to profit and loss				(3 259)
Remeasurements on net defined benefit liability/asset				(4 835)
Income tax relating to items that will not be reclassified				1 576
Items that may be reclassified subsequently to profit and loss		(31 326)	(31 873)	(10 343)
Available-for-sale financial assets adjustments		(40 081)	(55 150)	(15 428)
Income tax relating to items that will be reclassified		8 755	23 277	5 085
Total comprehensive income for the period		567 972	565 489	1 204 031
Profit for the period attributable to:				
Equity holders of the parent		590 518	590 143	1 198 209
Non-controlling interests		8 780	7 219	19 424
Profit for the period		599 298	597 362	1 217 633
Total comprehensive income for the period attributable to:				
Equity holders of the parent		559 192	558 270	1 184 607
Non-controlling interests		8 780	7 219	19 424
Total comprehensive income for the period		567 972	565 489	1 204 031
Earnings per share (cents)				
Basic and diluted earnings per share (cents)		226.3	226.5	459.7
		226.3	226.5	459.7

> Condensed consolidated statement of financial position

N$'000	Notes	Unaudited as at 31 December 2016	Unaudited as at 31 December 2015	Audited as at 30 June 2016
Assets				
Cash and cash equivalents		1 874 416	1 081 503	2 119 861
Due from banks and other financial institutions		720 329	1 964 969	1 772 267
Derivative financial instruments		144 647	322 047	209 497
Investment securities		3 825 900	3 003 391	3 236 883
Advances	6	26 994 793	24 912 020	25 776 087
Accounts receivable		146 916	278 817	136 592
Tax asset		661	664	695
Investments in associate		6 433	4 250	5 054
Property and equipment		951 706	906 295	924 997
Intangible assets		103	451	104
Deferred income tax asset		3 093	4 278	2 868
Reinsurance assets		1 025	1 066	598
Total assets		**34 670 022**	**32 479 750**	**34 185 503**
Equity and liabilities				
Liabilities				
Short trading positions		43 906	32 386	36 927
Derivative financial instruments		160 463	308 682	219 455
Creditors and accruals		258 664	295 716	396 958
Tax liability		337 540	105 975	54 920
Deposits	7.1	27 699 689	25 664 392	27 793 798
Due to banks and other financial institutions	7.2	1 117 884	1 748 608	800 973
Employee liabilities		162 628	136 769	191 350
Deferred income tax liability		186 487	85 901	190 209
Policyholders liabilities under insurance contracts		58 192	67 214	67 778
Tier two liabilities		392 723	392 706	392 654
Total liabilities		**30 418 176**	**28 838 347**	**30 145 022**
Capital and reserves attributable to ordinary equity holders of parent		4 201 104	3 602 826	3 989 699
Non-controlling interests		50 742	38 577	50 782
Total equity		**4 251 846**	**3 641 403**	**4 040 481**
Total equity and liabilities		**34 670 022**	**32 479 750**	**34 185 503**

> Condensed consolidated statement of changes in equity

N$'000	Attributable to equity holders of the parent[1]			Non-controlling interests		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 December		Year ended 30 June	Six months ended 31 December		Year ended 30 June
	2016	2015	2016	2016	2015	2016
Balance at beginning of the period	3 989 699	3 348 673	3 348 673	50 782	40 178	40 178
Total comprehensive income for the period	559 192	558 270	1 184 607	8 780	7 219	19 424
Share option costs	12 245	4 278	6 985			
Transfer between reserves						
Dividends paid	(318 815)	(291 769)	(528 731)	(8 820)	(8 820)	(8 820)
Consolidation of share trusts	(41 217)	(16 626)	(21 835)			
Balance at end of the period	4 201 104	3 602 826	3 989 699	50 742	38 577	50 782

[1] *includes general risk reserve*

> Condensed consolidated statement of cash flow

N$'000	Unaudited		Audited
	Six months ended 31 December		Year ended 30 June
	2016	2015	2016
Net cash generated from operations	195 304	925 120	2 415 871
Tax paid	(23 509)	(237 814)	(460 132)
Net cash flow from operating activities	171 795	687 306	1 955 739
Net cash flow from investing activities	(60 632)	(86 031)	(69 657)
Net cash flow from financing activities	(356 608)	(314 997)	(561 446)
Net increase in cash and cash equivalents	(245 445)	286 278	1 324 636
Cash and cash equivalents at beginning of the period [1]	2 119 861	795 225	795 225
Cash and cash equivalents at end of the period	1 874 416	1 081 503	2 119 861

[1] *includes mandatory reserve deposits with central bank*

> Condensed notes to the consolidated financial results

for the reporting period ended 31 December 2016

1. Basis of preparation

The group prepares its condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) and the Namibian Companies Act and these are presented in accordance with measurement and recognition prescribed by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the condensed interim consolidated financial statements are in term of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statement, except for the adoption of the following new and revised IFRS requirements effective for the current financial period:

The IASB issued the Annual Improvements 2012-2014 Cycle. The annual improvements project includes amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34. The annual improvement project's aim is to clarify and improve accounting standards.

The amendments have been assessed and do not have a significant impact on the group.

The adoption of the abovementioned standards and interpretations did not have any significant impact on the group.

The estimates and judgements made in applying the accounting accounting policies are consistent with those applied and disclosed in the annual financial statements for the year ended 30 June 2016.

The condensed consolidated interim results for the six months ended 31 December 2016 have not been audited nor independently reviewed by the group's external auditors.

2. Analysis of interest income and interest expense

N$'000	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Interest and similar income			
- Advances	1 412 466	1 213 364	2 537 801
- Cash and cash equivalents	40 583	37 688	95 550
- Investment securities	131 952	103 272	210 853
- Unwinding of discounted present value on non performing loans	9 413	13 637	6 782
- Unwinding of discounted present value on off-market advances	1 479	920	1 910
- On impaired advances	(8 122)	(4 944)	(12 326)
- Net release of deferred fee and expenses	10 345	12 421	25 789
- Other	649	1 385	3 114
	1 598 765	1 377 743	2 869 473
Interest expense and similar charges			
- Deposits from banks and financial institutions	(26 056)	(21 473)	(48 076)
- Current accounts	(50 147)	(52 494)	(106 720)
- Savings deposits	(6 886)	(5 869)	(12 131)
- Call deposits	(123 410)	(108 648)	(230 899)
- Term deposits	(191 799)	(122 740)	(272 440)
- Negotiable certificates of deposit	(286 677)	(234 430)	(511 346)
- Tier two liabilities	(17 582)	(16 009)	(32 913)
- Fixed and floating rate notes	(8 855)		
- Other	(655)	(611)	(1 317)
	(712 067)	(562 275)	(1 215 842)

3. Non-interest revenue

N$'000	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Fee and commission income:			
- Card commissions	78 675	65 399	131 261
- Cash deposit fees	58 130	59 808	110 408
- Commissions: bills, drafts and cheques	16 685	15 028	27 786
- Bank charges	547 227	492 059	962 133
- Fiduciary service fees	4 636	3 472	8 849
- Banking fee and commission income	705 354	635 766	1 240 437
- Brokerage income	30 093	23 994	53 284
- Unit trust and related fees	12 772	6 196	22 635
- Reinsurance commission received by insurance companies	1 296	2 281	3 565
- Non banking fee and commission income	44 161	32 471	79 484
Fee and commission income	749 515	668 236	1 319 921
Fee and commission expenses:			
- Transaction processing fees	(42 530)	(32 222)	(69 877)
- Cash sorting handling and transportation charges	(7 189)	(10 191)	(18 972)
- Card and cheque book related	(1 912)	(1 064)	
- Insurance operations	(6 103)	(2 669)	(4 541)
- ATM commissions paid	(4 130)	(2 426)	(5 888)
- Other	(2 117)	(1 392)	(3 131)
Fee and commission expenses	(63 981)	(49 964)	(102 409)
Net fee and commission income	685 534	618 272	1 217 512

Non banking fee and commission income earned relates to fees and commissions earned for rendering services to clients other than those related to the banking operations. This includes commission earned on the sale of insurance products.

> Condensed notes to the consolidated financial results

for the reporting period ended 31 December 2016 continued

3. Non-interest revenue continued

N$'000	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Fair value gains or losses:			
- Foreign exchange trading	45 326	71 044	114 631
- Treasury trading operations	1 384	28 394	3 215
- Designated at fair value through profit or loss	27 789	8 859	52 887
Fair value gains or losses	74 499	108 297	173 233
Gains less losses from investing activities			
- Gains on investment securities designated at fair value through profit or loss	3 587	4 024	8 753
- Dividends received (unlisted investments)	8 923	10 214	18 431
- Share of profit from associate after tax	1 380	524	1 328
Gross gains less losses from investing activities	13 890	14 762	28 512
Less: Share of profit from associate after tax (disclosed separately on face of the statement of comprehensive income)	(1 380)	(524)	(1 328)
Gains less losses from investing activities	9 966	14 238	27 184
Other non-interest revenue			
- Gains and losses on sale of property and equipment	(28)	(154)	67 322
- Rental income	2 760	867	6 869
- Other income	3 602	2 647	14 536
Other non-interest revenue	6 334	3 360	88 727
Total non-interest revenue	778 877	744 167	1 506 656

> Condensed notes to the consolidated financial results

for the reporting period ended 31 December 2016 continued

4. Operating expenses

N$'000	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Auditors' remuneration			
- Audit fees	3 798	3 373	6 967
- Fees for other services			555
Auditors' remuneration	3 798	3 373	7 522
Operating lease charges			
- Property	21 138	14 027	36 971
- Equipment	10 537	6 615	14 418
Operating lease charges	31 675	20 642	51 389
Staff costs			
- Salaries, wages and allowances	342 236	284 717	589 420
- Off-market staff loans amortisation	1 479	920	1 910
- Defined contribution schemes: pension	34 164	27 588	55 966
- Defined contribution schemes: medical	40 283	33 336	70 579
- Post retirement medical expense	1 857	2 355	3 170
- Severance pay: death in service	110	354	722
- Social security levies	1 083	967	1 986
- Skills development levies	4 362	3 575	6 726
- Share-based payments	12 245	4 278	13 324
Total staff costs	437 819	358 090	743 803
Other operating costs			
- Amortisation of intangible assets		2 083	2 431
- Depreciation	33 923	28 907	61 153
- Insurance	3 934	3 720	8 076
- Advertising and marketing	30 786	28 319	60 301
- Property and maintenance related expenses	35 985	35 708	72 424
- Legal and other related expenses	5 186	4 145	8 684
- Postage	1 949	2 144	4 228
- Stationery and printing	8 063	6 792	15 970
- Telecommunications	11 869	11 210	21 846
- Travel and accommodation	10 824	7 114	16 841
- Computer and processing related costs	110 868	96 841	197 125
- Other operating expenditure	55 514	61 021	126 450
- Total directors' remuneration	3 479	2 353	6 195
- Professional fees	6 189	5 133	13 209
Other operating costs	318 569	295 490	614 933
Total operating expenses	791 861	677 595	1 417 647

5. Earnings per share

5.1 Headline earnings per share

Headline earnings per share is calculated by dividing the group's attributable earnings to ordinary equity holders after excluding identifiable remeasurements, net of tax and non-controlling interest, by the weighted average number of ordinary shares in issue during the period.

	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Headline earnings (N$'000)	590 537	590 248	1 136 134
Weighted average number of ordinary shares in issue	260 941 749	260 529 954	260 636 675
Headline earnings per share (cents)	**226.3**	**226.6**	**435.9**
Earnings attributable to equity holders of the parent	590 518	590 143	1 198 209
Gains and losses on sale of property and equipment *	19	105	(62 075)
Headline earnings	**590 537**	**590 248**	**1 136 134**

* *Net of tax and non controlling interests*

5.2 Earnings per share

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

	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Earnings attributable to ordinary shareholders (N$'000)	590 518	590 143	1 198 209
Weighted average number of ordinary shares in issue	260 941 749	260 529 954	260 636 675
Basic earnings per share (cents)	**226.3**	**226.5**	**459.7**

Basic earnings per share equals diluted earnings per share as there are no potential dilutive ordinary shares in issue.

> Condensed notes to the consolidated financial results

for the reporting period ended 31 December 2016 continued

6. Advances

N$'000	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Notional value of advances	27 223 500	25 123 012	26 001 358
Contractual interest suspended	(38 262)	(26 832)	(32 157)
Gross advances	27 185 238	25 096 180	25 969 201
Category analysis			
Overdrafts and cash management accounts	2 875 644	2 722 291	2 632 861
Card loans	266 319	195 122	233 240
Instalment sales and hire purchase agreements	3 358 320	3 215 203	3 289 151
Lease payments receivable	351 223	295 378	281 707
Home loans	12 232 989	11 506 648	11 815 279
Term loans	7 368 004	6 324 813	6 972 654
Investment bank term loans	478 732	489 031	517 934
Preference share advance		24 000	
Assets under agreement to resell	43 796	32 933	36 230
Other	210 211	290 761	190 145
Gross advances	27 185 238	25 096 180	25 969 201
Impairment of advances	(190 445)	(184 160)	(193 114)
Net advances	26 994 793	24 912 020	25 776 087

7. Deposits

7.1 Deposits and current accounts

N$'000	Six month ended December 2016	Six month ended December 2015	Year ended June 2016
Category analysis			
- Current accounts	9 367 179	9 624 738	9 808 289
- Call deposits	4 542 742	4 766 092	5 175 061
- Savings accounts	606 634	603 106	607 448
- Fixed and notice deposits	5 955 831	4 217 886	5 000 144
- Fixed and floating rate notes	548 853		
- Negotiable certificates of deposit	6 678 450	6 452 570	7 202 856
Total deposits and current accounts	27 699 689	25 664 392	27 793 798

7.2 Due to banks and other financial institutions

To banks and financial institutions			
- In the normal course of business	1 117 884	1 748 608	800 973

> Condensed notes to the consolidated financial results
for the reporting period ended 31 December 2016 continued

8. Related parties

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

The principal shareholder of the FNB Namibia Holdings Limited is FirstRand EMA Holding Proprietary Limited, with its ultimate holding company FirstRand Limited, incorporated in South Africa.

Key management personnel of the group are the FNB Namibia Holdings Limited board of directors and the FNB Namibia Holdings 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.

FNB Namibia Holdings Limited is listed on the Namibian Stock Exchange and is 58.4% (2014: 58.4%) owned by FirstRand EMA Holding Proprietary Limited.

Detailed balances with relevant related parties appears below:

	December 2016	December 2015	June 2016
Deposits			
FirstRand group companies	(1 766 452)	(652 003)	(795 915)
Associate	(18 699)	(10 162)	(12 856)
Advances			
FirstRand group companies	732 880	901 945	917 612
Associate	20 472	21 586	19 578
Derivative assets			
FirstRand group companies	21 043	46 861	26 580
Derivative liabilities			
FirstRand group companies	(120 460)	(283 614)	(194 727)
Related party transactions:			
(Interest paid to) received from related parties:			
FirstRand group companies	(19 850)	25 375	(58 789)
Associate	669	740	1 903
FirstRand group companies	19 928	(18 965)	41 706
Non-interest revenue			
FirstRand group companies	1 971	46	2 748
Non-interest expenditure			
FirstRand group companies	(109 569)	(85 554)	(176 742)
Associate	(6 554)	(5 321)	(11 908)

9. Fair value measurements

9.1 Valuation methodology

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

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

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

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

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

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

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

Non-recurring fair value measurements
Non-recurring fair value measurements are those triggered by particular circumstances and include the classification of assets and liabilities as non-current assets or disposal groups held for sale under IFRS 5 where fair value less costs to sell is the recoverable amount, IFRS 3 business combinations where assets and liabilities are measured at fair value at acquisition date, and IAS 36 impairments of assets where fair value less costs to sell is the recoverable amount. These fair value measurements are determined on a case by case basis as they occur within each reporting period.

Other fair value measurements
Other fair value measurements include assets and liabilities not measured at fair value but for which fair value disclosures are required under another IFRS e.g. financial instruments at amortised cost. The fair value for these items is determined by using observable quoted market prices where these are available, such as market prices quoted on JSE debt market, or in accordance with generally acceptable pricing models such as a discounted cash flow analysis. Except for the amounts included under point 9.4 below, for all other financial instruments at amortised cost the carrying value is equal to or a reasonable approximation of the fair value.

9. Fair value measurements

9.2 Fair value hierarchy and measurements

When determining the fair value of a nonfinancial asset, a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use, is taken into account. This includes the use of the asset that is physically possible, legally permissible and financially feasible. In determining the fair value of the group's investment properties and commodities, the highest and best use of the assets was their current use.

The group classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The valuation techniques employed by the group include, inter alia, quoted prices for similar assets or liabilities in an active market, quoted prices for the same asset or liability in an inactive market, adjusted prices from recent arm's length transactions, option-pricing models, and discounted cash flow techniques.

Where a valuation model is applied and the group cannot mark-to-market, it applies a mark-to-model approach, subject to prudent valuation adjustments. Mark-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. When applying mark-to-model, an extra degree of conservatism is applied. The group will consider the following in assessing whether a mark-to-model valuation is appropriate:

- As far as possible, market inputs are sourced in line with market prices;
- Generally accepted valuation methodologies are consistently used for particular products unless deemed inappropriate by the relevant governance forums;
- Where a model has been developed in-house, it is based on appropriate assumptions, which have been assessed and challenged by suitably qualified parties independent of the development process;
- Formal change control procedures are in place;
- Awareness of the weaknesses of the models used and appropriate reflection in the valuation output;
- The model is subject to periodic review to determine the accuracy of its performance; and
- Valuation adjustments are only made when appropriate, for example, to cover the uncertainty of the model valuation.

The table below sets out the valuation techniques applied by the group for recurring fair value measurements of assets and liabilities categorised as Level 2 and Level 3 in the fair value hierarchy:

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of Level 3 items
			Loans and advances to customers		
- Investment banking book*	Level 3	Discounted cash flows	'The future cash flows are discounted using a market related interest rate. To calculate the fair value of credit the group uses a valuation methodology based on the credit spread matrix, which considers loss given default, tenor and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance. Similarly an increase in credit rating would result in a decrease in the spread below the base rate and an increase of the fair value of the advance.	Market interest rates and curves	Credit inputs
- Other loans and advances	Level 2 and Level 3	Discounted cash flows	'The future cash flows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs

> Condensed notes to the consolidated financial results

for the reporting period ended 31 December 2016 continued

9.2 Fair value hierarchy and measurements continued

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of Level 3 items
			Investment securities and other investments		
- Equities/ bonds listed in an inactive market	Level 2	Discounted cash flows	'For listed equities and bonds, the listed price is used where the market is active (i.e. Level 1). However if the market is not active and the listed price is not representative of fair value, these are classified as Level 2 and a valuation technique is used, for example the discounted cash flow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
- Unlisted bonds	Level 2 and Level 3	Discounted cash flows	'Unlisted bonds are valued similarly to advances measured at fair value. The future cash flows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs
- Unlisted equities	Level 2 and Level 3	Price earnings ("P/E") model	'For unlisted equities, the earnings included in the model are derived from a combination of historical and budgeted earnings depending on the specific circumstances of the entity whose equity is being valued. The P/E multiple is derived from current market observations taking into account an appropriate discount for unlisted companies. The valuation of these instruments may be corroborated by a discounted cash flow valuation or by the observation of other market transactions that have taken place.	Market transactions	Growth rates and P/E ratios
- Negotiable certificates of deposit	Level 2	Discounted cash flows	'The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
- Treasury Bills	Level 2	JSE debt market	'The JSE debt market pricing model uses the JSE debt market mark to market bond yield	Market interest rates and curves	Not applicable
			Derivative financial instruments		
- Option contracts	Level 2 and Level 3	Option pricing model	The Black Scholes model is used.	Strike price of the option; market related discount rate; forward rate and cap and floor volatility.	Volatilities
- Swaps	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The reset date of each swaplet is determined in terms of legal documents pertaining to the swap.	Market interest rates and curves	Not applicable
- Forward rate agreements	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates and curves	Not applicable
- Forward contracts	Level 2	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Market interest rates and curves	Not applicable

9.2 Fair value hierarchy and measurements continued

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

** The group has elected to designate certain investment banking book advances at fair value through profit or loss. The designation is on a deal basis. Credit risk is not observable and has a significant impact on the fair value measurement of these advances and as such, these advances are classified as Level 3 on the fair value hierarchy.*

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

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

9.3 Fair value hierarchy and measurements

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

December 2016

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities		3 248 490	9 576	3 258 066
Advances			478 732	478 732
Derivative financial instruments		107 263		107 263
Total financial assets		3 355 753	488 308	3 844 061
Liabilities				
Recurring fair value measurements				
Derivative financial instruments		123 079		123 079
Short trading position	43 906			43 906
Total financial liabilities	43 906	123 079		166 984

December 2015

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities		2 991 862	11 530	3 003 392
Advances			489 031	489 031
Derivative financial instruments		322 047		322 047
Total financial assets		3 313 909	500 561	3 814 470
Liabilities				
Recurring fair value measurements				
Derivative financial instruments		308 682		308 682
Short trading position	32 386			32 386
Total financial liabilities	32 386	308 682		341 068

9.3 Fair value hierarchy and measurements continued

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

June 2016

N$'000	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Recurring fair value measurements				
Investment securities		3 227 307	9 576	3 236 883
Advances			491 903	491 903
Derivative financial instruments		209 497		209 497
Total financial assets		**3 436 804**	**501 479**	**3 938 283**
Liabilities				
Recurring fair value measurements				
Derivative financial instruments		219 455		219 455
Short trading position	36 927			36 927
Total financial liabilities	**36 927**	**219 455**		**256 382**

During the reporting period ending 31 December 2016(31 December 2015), there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Changes in the group's best estimate of the non-observable inputs (Level 3) could affect the reported fair values recognised on statement of financial position and the movement in fair values recognised in the statement of comprehensive. However, changing these inputs to reasonably possible alternatives would change the fair value using more positive reasonable assumptions to N$526,605 (2015:N$550,617) and using more negative reasonable possible assumptions to N$430,859 (2015:N$450,505). These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

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

(i) the value given by application of a valuation model, based upon the group's best estimate of the most appropriate model inputs;

(ii) any fair value adjustments to account for market features not included within valuation model (for example, bid mid spreads, counterparty credit spreads and / or market data uncertainty); and

(iii) day one profit or loss, or an unamortised element thereof, not recognised immediately in the income statement in accordance with the group's accounting policy, and separately detailed within the derivative note above.

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

9.3 Fair value hierarchy and measurements continued

Changes in level 3 fair value instruments

	Fair value on June 2016	Gains or losses recognised in profit and loss	Gains or losses recognised in other comprehensive income	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2016
Assets					
Advances	491 903	27 789		(40 960)	478 732
Investment securities	9 576				9 576
Total financial assets at fair value	501 479	27 789		(40 960)	488 308

	Fair value on June 2015	Gains or losses recognised in profit and loss	Gains or losses recognised in other comprehensive income	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2015
Assets					
Advances	519 585	8 859		(39 413)	489 031
Investment securities	11 530				11 530
Total financial assets at fair value	531 115	8 859		(39 413)	500 561

	Fair value on June 2015	Gains or losses recognised in profit and loss	Gains or losses recognised in other comprehensive income	Purchases/ (sales)/ issues/ (settlements)	Fair value on June 2016
Assets					
Advances	519 585	52 887		(80 569)	491 903
Investment securities	11 530		(1 954)		9 576
Total financial assets at fair value	531 115	52 887	(1 954)	(80 569)	501 479

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

Assets	December 2016		December 2015		June 2016	
	Advances	Investment securities	Advances	Investment securities	Advances	Investment securities
Gains or losses recognised in profit and loss	27 789		8 859		52 887	
Total	27 789		8 859		52 887	

9.3 Fair value hierarchy and measurements continued

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position.
For all other instruments the carrying value is equal to or a reasonable approximation of the fair value.

	December 2016		December 2015		June 2016	
N$'000	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Assets						
Cash and cash equivalents	1 874 416	1 874 416	1 081 503	1 081 503	2 119 861	2 119 861
Due from banks and other financial institutions	720 329	720 329	1 964 969	1 964 969	1 772 267	1 772 267
Advances	26 994 793	24 902 196	24 912 020	24 191 601	25 281 184	25 137 560
Accounts receivable	31 342	31 342	128 939	128 939	47 533	47 533
Total	29 620 881	27 528 284	28 087 431	27 367 012	29 220 845	29 077 221
Liabilities						
Deposits	27 699 689	27 737 155	25 664 392	25 662 534	27 793 798	27 869 329
Due to banks and other financial institutions	1 117 884	1 117 884	1 748 608	1 748 608	800 973	800 973
Creditors and accruals	30 795	30 795	58 548	58 548	79 409	79 409
Tier two liabilities	392 723	392 405	392 706	391 062	392 654	391 047
Total	29 241 091	29 278 239	27 864 254	27 860 752	29 066 834	29 140 758

Day one profit or loss

Day 1 profit or loss arises on the initial recognition of a financial instrument when the fair value of an instrument is determined using a valuation technique that makes use of inputs that are not observable in an active market. In terms of IAS 39 if the fair value determined in accordance with such a valuation technique differs from the transaction price the initial recognition should take place at the transaction price as the transaction price is considered the best evidence of fair value at initial recognition. The day 1 profits or losses arising as a result of the difference between the two values should only be recognised over the life of the instrument as a result of changes that would also be considered by market participants. The balance is related to Advances designated at fair value through profit or loss.

'The table below sets out the aggregate day one profits yet to be recognised in profit or loss at the beginning and end of the period with a reconciliation of changes in the balance during the period:

	Six months ended 31 December		Year ended 30 June
	2016	2015	2016
Unrecognised profit at the beginning of the period	1 202	4 873	4 873
Recognised in profit or loss during the period	(1 856)	(1 856)	(3 671)
Unrecognised profit at the end of the period	(654)	3 017	1 202

10. Contingent liabilities and capital commitments

	Six months ended 31 December		Year ended 30 June
N$'000	2016	2015	2016
Contingent liabilities	6 774 784	7 152 137	6 182 324
Capital commitments	14 373	45 885	22 305

> Condensed notes to the consolidated financial results

for the reporting period ended 31 December 2016 continued

11. Condensed consolidated segment information

N$'000	Six months ended 31 December 2016	Six months ended 31 December 2015	Year ended 30 June 2016
Income from operations:			
FNB [1]	1 612 129	1 486 916	2 952 548
OUTsurance	44 054	45 444	98 530
Other [2]	39 064	35 424	147 833
	1 695 247	1 567 784	3 198 911
Profit for the period:			
FNB [1]	572 867	575 475	1 098 310
OUTsurance	17 964	14 734	32 691
Other [2]	8 467	7 153	86 632
	599 298	597 362	1 217 633
Total assets:			
FNB [1]	34 645 420	32 476 835	34 170 064
OUTsurance	157 225	144 628	163 106
Other [2]	(132 623)	(141 713)	(147 667)
	34 670 022	32 479 750	34 185 503

[1] banking operations include FNB consumer, FNB business, RMB corporate and WesBank
[2] other segment includes FNB Insurance Brokers, FNB Trust services, FNB Unit Trusts, property and consolidation entries

> Salient features of the group results

	Six months ended 31 December 2016	Six months ended 31 December 2015	Year ended 30 June 2016
Financial statistics			
Headline and diluted headline earnings per share (cents)	226.3	226.6	435.9
Ordinary dividends per share (cents) - (declared for the period)	91.0	91.0	213.0
Number of shares in issue ('000) - ordinary*	261 124	260 785	260 723
Weighted number of shares in issue ('000) - ordinary*	260 942	259 530	260 637
* *after consolidation of share trusts*			
Net asset value per share (cents)	1 610	1 383	1 530
Closing share price (cents)	4 782	4 355	4 754
Market capitalisation (millions)	12 796	11 357	12 721
Price earnings ratio	10.6	9.6	10.9
Price to book ratio	3.0	3.1	3.1
Selected ratios			
Return on average shareholders' equity (%)	30.3	35.4	31.0
Return on average assets (%)	3.5	3.9	3.6
Cost to income ratio (%)	46.3	42.4	43.7

> Capital adequacy

Banking Operations

N$'000	31 December 2016	31 December 2015	30 June 2016
Risk weighted assets			
Credit risk	21 102 116	20 383 049	20 800 837
Market risk	99 638	39 093	57 036
Operational risk	3 679 131	3 121 013	3 400 827
Total risk weighted assets	24 880 885	23 543 155	24 258 700
Regulatory capital			
Share capital and share premium	1 142 791	1 142 791	1 142 792
Retained profits	2 326 197	2 069 261	2 643 363
Capital impairment: intangible assets	(121 413)	(133 205)	(127 135)
Total tier 1	3 347 576	3 078 847	3 659 020
Eligible subordinated debt	390 000	390 000	390 000
General risk reserve, including portfolio impairment	263 776	254 788	260 010
Current board approved profits	282 506	(8 138)	
Total tier 2	936 282	636 650	650 010
Total tier 1 and tier 2 capital	4 283 858	3 715 497	4 309 030
Banking group			
Capital adequacy ratios			
Tier 1	13.4%	13.1%	15.1%
Tier 2	3.8%	2.7%	2.7%
Total	17.2%	15.8%	17.8%
Tier 1 leverage ratio	9.6%	9.5%	10.7%

> Capital adequacy continued

Regulated consolidated group

N$'000	31 December 2016	31 December 2015	30 June 2016
Risk weighted assets			
Credit risk	21 269 271	20 468 624	20 861 459
Market risk	99 638	39 093	57 036
Operational risk	3 719 200	3 160 290	3 440 629
Total risk weighted assets	25 088 109	23 668 007	24 359 124
Regulatory capital			
Share capital and share premium	282 149	247 733	247 734
Retained profits	3 301 868	2 940 624	3 619 439
Capital impairments*	(20 049)	(3 189)	(2 840)
Total tier 1	3 563 968	3 185 168	3 864 333
Eligible subordinated debt	390 000	390 000	390 000
General risk reserve, including portfolio impairment	263 776	254 788	260 010
Current board approved profits	282 506	(8 138)	
Capital impairments*	(19 945)	(2 738)	(2 738)
Total tier 2	916 337	633 912	647 272
Total tier 1 and tier 2 capital	4 480 305	3 819 080	4 511 605
Consolidated group			
Capital adequacy ratios			
Tier 1	14.2%	13.5%	15.8%
Tier 2	3.7%	2.7%	2.7%
Total	17.9%	16.2%	18.5%
Tier 1 leverage ratio	10.2%	9.8%	11.2%

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

Directors:
I I Zaamwani-Kamwi (Chairperson), S H Moir[2] (Deputy chairperson), O L P Capelao, C L R Haikali, L J Haynes[1], Adv G S Hinda , J R Khethe[1], E S Motala[1], P T Nevonga, S J van Zyl (Chief executive). [1] *South African* [2] *South African with Namibian Permanent Residence*

Registered office:
@ Parkside, 130 Independence Avenue, P O Box 195, Windhoek, Namibia, Registration No. 88/024,
ISIN Code: NA0003475176, NSX Share Code: FNB

Transfer secretary:
Transfer Secretaries (Pty) Ltd, 4 Robert Mugabe Avenue, P O Box 2401, Windhoek, Namibia, Registration No. 93/713

Sponsor:
IJG Securities (Pty) Ltd, First Floor Heritage Square, 100 Robert Mugabe Avenue, P O Box 186, Windhoek, Namibia, Registration No. 95/505

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Namibia Holdings

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