FirstRand

NAMIBIA

2022

FirstRand Namibia Integrated Report

Building a
Globally Competitive
Namibia

Reporting suite

We are committed to reporting transparently to our broad range of stakeholders. For our 2022 financial year (1 July 2021 to 30 June 2022), our reporting suite, which is available at www.firstrandnamibia.com.na and www.fnbnamibia.com.na consists of our:

- Integrated Report
  Our integrated report is the primary report to our stakeholders. It is designed to show the connection between the inter-reliant elements involved in our value creation story.
- Consolidated annual financial statements of FirstRand Namibia Limited group for 30 June 2022.
- FirstRand Namibia Limited Annual Financial statements for 30 June 2022.

NAVIGATION ICONS:

Our capitals: Manufacturing, Financial, Human, Social, Natural, Intellectual

Our stakeholders: Customers, Regulators, Employees, Society, Investors, Suppliers

Other icons: Refer to, Download, Annual financial statements, Integrated annual report

Contents

1.

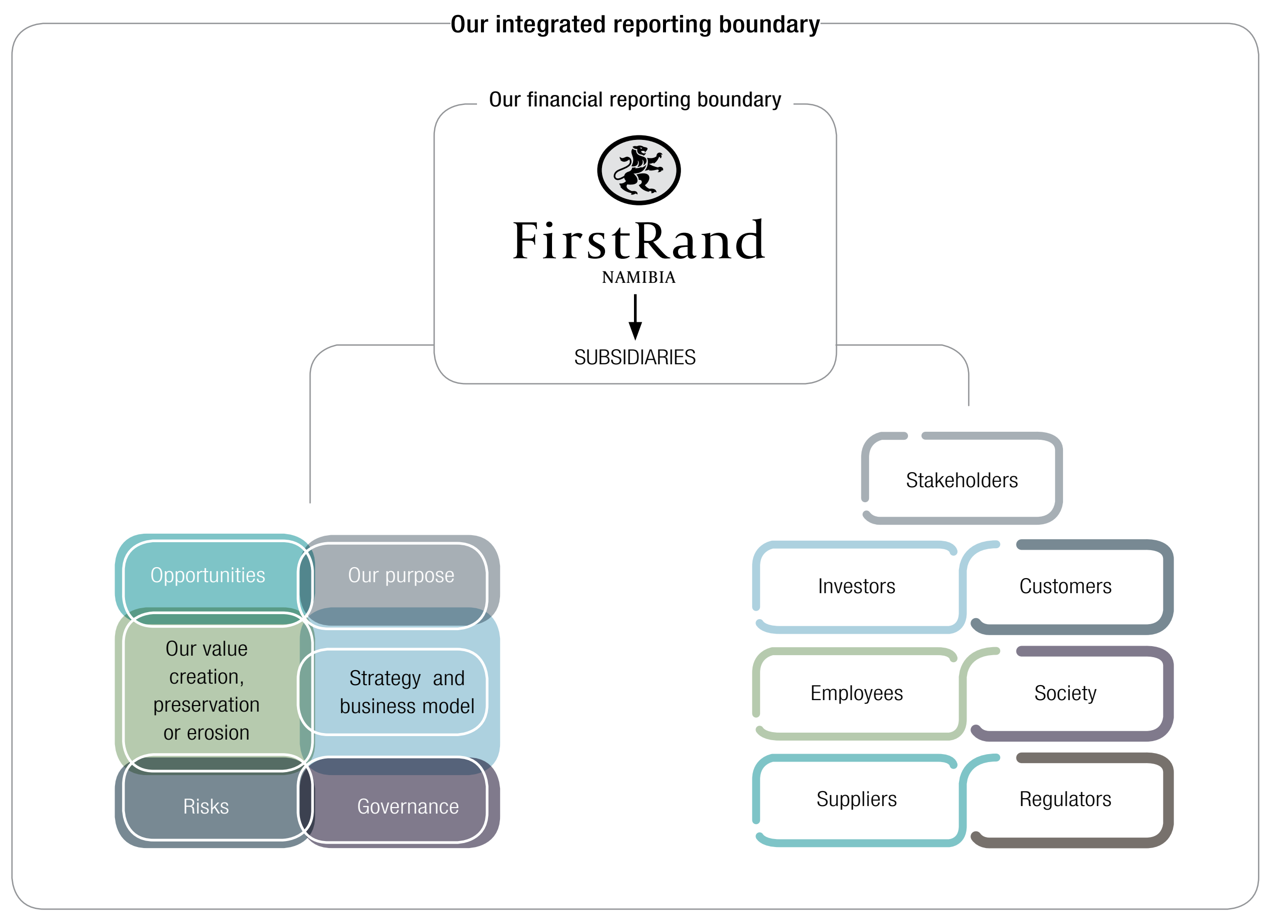
About this integrated report

About this integrated report

FirstRand Namibia endeavors to include the principle of integrated thinking into our business and into our reporting. The objective of this integrated report is to represent the effects of the reciprocal relationships between FirstRand Namibia's strategy, governance, performance, and prospects within the economic, social, and environmental context in which it operates and will illustrate our impact and sustainable value creation. This integrated annual report is our primary report to stakeholders. It is mainly aimed at providers of financial capital, being our shareholders and debt providers; however, it reflects the information requirements of all our stakeholders.

SCOPE, BOUNDARY AND REPORTING CYCLE

This Integrated Annual Report covers the integrated financial and non-financial performance of FirstRand Namibia Limited, its subsidiaries (the Group) for the period 1 July 2021 to 30 June 2022. It contains relevant comparisons to previous periods and is consistent with information and performance indicators included in internal management.



About this integrated report continued

FORWARD LOOKING STATEMENTS

Statements relating to future operations and the performance of the group are not assurances of future operating, financial or other results and involve uncertainty as they are based on assumptions of future developments, some of which are beyond our control. Therefore, the results and outcomes may differ.

REPORTING PRINCIPLES

A review of the group's strategy, material issues, risks and opportunities and our operational and financial performance for the period. This report includes our audit, risk and compliance committee reports.

The audited group and company annual financial statements for the FY22 financial year. The report includes our directors' reports.

Our report complies with the following reporting standards and frameworks:

	IAR	AFS
Namibia Code of Governance Principles for Namibia 2014 (NamCode)	√	
International Integrated Reporting Council's (IIRC) International <IR> Framework.	√	
International Financial Reporting Standards (IFRS)		√
The Banking Institution Act, No 2 of 1998 as amended (Banking Act)		√
Companies Act of Namibia, of 2004 (Companies Act)		√
Namibia Stock Exchange (NSX) Listing Requirements	√	√

ASSURANCE

We apply a combined assurance model to assess and assure aspects of the group's operations, including the internal controls associated with elements of external reporting. We incorporate and optimise all assurance services and risk functions to enable an effective control environment that 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 defense), relevant functions (second line) and reviews performed by internal audit (third line).

While this report is not audited, it contains certain information that has been extracted from the group's audited consolidated annual financial statements, on which an unqualified audit opinion has been expressed by the group's external auditors, Deloitte.

Reporting element	Assurance status and provider
IAR	Reviewed by the directors and management but has not been externally assured.
Financial information	AFS were audited by Deloitte who expressed an unqualified audit opinion thereon.
Employee satisfaction	Engagement survey.
All other non-financial performance information	Management has verified the processes for measuring all other non-financial information.

PROCESS DISCLOSURES

The following processes were employed in the preparation and approval of our reports:

The group leadership (executive committee) is accountable to the board for preparing the integrated report. It reviews the reporting suite prior to the submission of various reports to respective board sub-committees for review and discussion. The board subcommittees recommend the reports to the board for approval.

Information included in this report is sourced from various leadership and members of the board, internal and external sources of trusted information used for decision-making, purposes and from other reports in the reporting suite.

The enterprise risk identification process enables the determination of material matters which are foundational to the preparation of the integrated report. Issues that are material are reviewed, finalised and approved by the executive committee in a separate process.

Oversight and guidance of the processes, particularly in the reporting approach and content planning, is provided by executives and senior management across the group. The group's executive members oversee the respective process and controls are applied in the information gathering and drafting process.

About this integrated report continued

MATERIALITY

The objective of this integrated annual report is to provide an accurate, accessible, and balanced overview of the FirstRand Namibia group strategy, performance, and outlook in relation to material economic, financial, social, environmental and governance issues. It concentrates on items of both a qualitative and quantitative nature that are material to the FirstRand Namibia group's ability to deliver on its strategy. The FirstRand Namibia group defines material issues as those which have the potential to substantially impact our ability to create and sustain value for our stakeholders.

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APPROVAL BY THE BOARD

The Board acknowledges its responsibility of ensuring the integrity of this integrated report, which in the board's opinion addresses all the issues that are material to the group's ability to create value and fairly presents the integrated performance of FirstRand Namibia group. This report was prepared under the supervision of the Chief Financial Officer, Oscar Capelao CA (NAM) (SA). The board has applied its collective mind to the preparation and presentation of this report and is confident that it has been prepared in accordance with the Integrated Reporting Framework and approved for publication on 18 August 2022.

II Zaamwani-Kamwi

R Makanjee

C Dempsey

OLP Capelao

J Coetzee

P Grüttemeyer

IN Nashandi

E van Zyl

CLR Haikali

2.

At a glance

Who we are and what we do?

Established in 1907, FirstRand Namibia group is the largest financial services group in Namibia with an established presence across the country.

OUR PURPOSE AND VISION

To build a future of shared prosperity through enriching the lives of its customers. Building a globally competitive Namibia; providing access to opportunities.

OUR MISSION

Be the best employer in Namibia to the best people, who are passionate about stakeholder relations and innovative, client-centric value propositions delivered through efficient channels and processes in a sorted-out and sustainable manner.

OUR BRAND PROMISE

FNB - #Bank of the changeables
RMB - Traditional values. Innovative ideas

FirstRand Namibia's promises

- Make a promise
- Build trust, not territory
- Be deeply invested
- Have courage
- Value our differences
- Always do the right thing
- Stay curious

Overview of performance

FirstRand Namibia Limited is home to some of the most successful financial brands in the country. The FirstRand Namibia group is home to First National Bank of Namibia Limited that is hosting the brands FNB Namibia, WesBank, RMB, Ashburton Investments, FNB Insurance Brokers and OUTsurance to name a few. FNB offers banking and investment services to individuals and businesses across our vast country whilst RMB offers the corporate and investment banking associated with a growing economy. WesBank is the vehicle and asset financing arm of the group to individuals and businesses alike. Short term insurance through OUTsurance and FNB Insurance Brokers ensures assets are well covered.

Deposits

N$ 37 billion

(2021: N$36 billion) ▲
Client savings entrusted to us

Advances

N$ 32 billion

(2021: N$30 billion) ▲
The credit we have extended to our clients.

Market capitalisation

N$ 8 billion

(2021: N$7 billion) ▲
The value of FirstRand Namibia as a company on the NSX

Return on equity

21.4 %

(2021: 19.4%)
The return on capital that shareholders have invested into FirstRand Namibia

Dividends declared

472.84 (cents)

(2021: 212 cents)
The distributions made from profits to shareholders

Headline earnings

N$ 1 269 million

(2021: N$1 023 million)
The profits we make for local and international shareholders

Employees

2 054

(2021: 2 085)
Our human capital

Tier 1

20.2 %

(2021: 17.7%)
The strength of our balance sheet

Overview of performance continued

What differentiates us?

PURPOSE LED BUSINESS

FirstRand Namibia's purpose is to help build a globally competitive Namibia where a future of prosperity is created through enriching the lives of its customers, employees and the societies it serves.

EXPERIENCED FINANCIAL SERVICES MANAGEMENT

An effective leadership team that creates an enabling and conducive working environment in which our employees can maximise their full potential is non-negotiable and hence leadership development constitutes a key part of our talent curatorship strategy.

ENVIRONMENTAL GUARDIAN

WORLD-CLASS TECHNOLOGY AND LEADING DIGITAL INNOVATIONS

TOP-TIER CLIENT SATISFACTION METRICS

NPS Retail - 44%
(2021: Retail - 36%)

Commercial - 0%
(2021: Commercial - 13%)

LARGEST BANKING NETWORK

Branches - **45** (2021: 45)

Point of sale devices **6 972** (2021: 6 668)

ATMs – **231** (2021: 239)

ADTs – **102** (2021: 80)

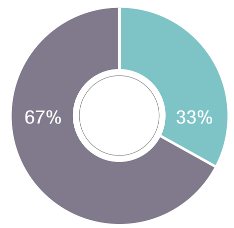
Cash@Till merchants – **177** (2021: 107)

FirstRand Namibia's group, a systematic economic contributor

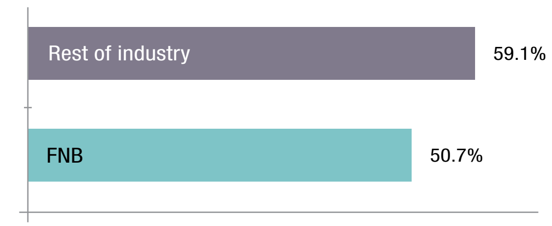
FirstRand Namibia group is the largest financial services group in Namibia. FNB Namibia is the largest bank in Namibia as measured by assets and capital.

The Namibian banking sector has N$107 billion in advances, of which FirstRand Namibia has a 31% share. We also have a 33% share of the N$116 billion Namibian deposit market, an important indicator of our franchise strength. Our N$13 billion total Assets under management (AUM) makes FirstRand Namibia one of the key asset managers in Namibia.

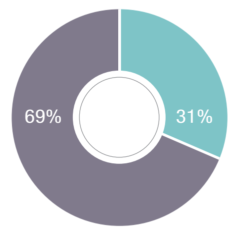
Total Assets



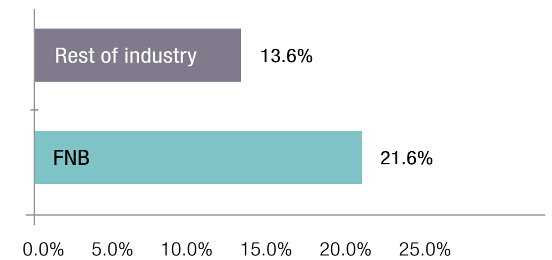
Cost-to-Income (CTI %)



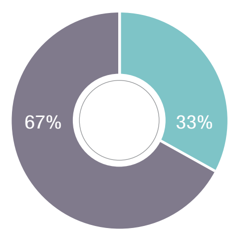
Total Advances



Return on Equity (ROE %)



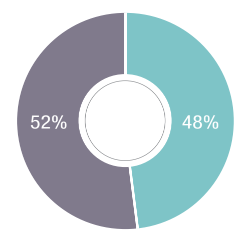
Total Deposits



FNB* Rest of industry

* Banking Operations

Profit after tax



FNB* Rest of industry

Source: Bank of Namibia Consolidated Returns, March 2022

Our organisational structure, products and services

FNB First National Bank

CLIENTS

Individuals; micro, small and medium enterprises; with revenues < N$7.5 million; financial institutions; non-governmental organisations and public sector institutions.

PRODUCTS AND SERVICES

Comprehensive suite of banking and insurance offerings, including transactional banking, card solutions, lending solutions, deposit-taking, risk management, investment products, and card-acquiring services.

AREAS OF STRENGTH AND DIFFERENTIATION

- One of the largest distribution networks in Namibia
- Full bank offering with integrated insurance products and a clear focus on customer value management
- Strong brand recognition
- Enhanced digital capabilities
- A stable and growing customer base with improving retention and cross-selling capabilities
- Robust credit and collections capability
- Strong secure lending capabilities
- An engaged and energised workforce

RMB

CLIENTS

Over 200 corporate relationships across a diversified mix of sectors including mining, energy, retail, manufacturing, business and financial services, public sector and telecoms.

PRODUCTS AND SERVICES

Full suite of wholesale banking solutions, including investment banking and corporate lending, global markets and treasury, deposit-taking, and transactional banking.

AREAS OF STRENGTH AND DIFFERENTIATION

- Market leader with strong expertise in corporate advances, advisory and renewable energy financing
- Market-leading trading franchise with excellent trading and structuring capabilities across all asset classes
- Leading industry expertise in public sector, mining and resources, infrastructure, retail and telecoms
- Integrated model, delivering high levels of client service and better coverage
- Capability to preserve high-quality intellectual capital
- Resourceful franchise with excellent service and operational efficiencies

Our business model for value creation

INPUTS

Financial Capital

Our resilient capital base, varied sources of deposits and funding from investors and clients are used to fund our clients, by the extension of credit and enabling payments and transactions, and to provide a return to shareholders for the capital invested.

Manufacture Capital

Aimed at enhanced service delivery through:

- Easy access to 45 retail branches and 7 305 self-service terminals
- Streamlining operational processes for greater efficiency through automation and digitalisation
- Strong internet and mobile banking platforms

Human Capital

Empowered by our PROMISES:

- Comprising a diversified workforce of over 2000 employees across the country
- A distinguishable culture that is client- and people-focused, innovative, and strong in compliance and governance
- Spent N$10 million on training and skills development to support our strategy (2021: N$8.4million)

Social Capital

Our commitment to the communities we serve is underlined by:

- Channeling at least 1% of net profit towards our CSR.
- Constructive relationships and on-going dialogue with regulators, governments and other stakeholders

Intellectual Capital

Our intangible assets, including brand, value, innovation capacity, knowledge and expertise, as well as strategic partnerships that help us develop our business.

Natural Capital

The direct usage and effect we have on natural resources through our own operations, including energy, water and climate, and our influence through our business undertakings.

BUSINESS ACTIVITIES

OUTPUTS | OUTPUTS

Our full suite of conventional financial services includes:

Credit Extension New loan payouts to N$5 830 million (2021: N$5 056 million)	**Deposit Taking** N$1 123 million in interest paid to clients (2021: N$1 154 million)
Asset Management AUM (13%) to N$13 billion (2021: N$15 billion)	**Treasury and Trading** Trading revenue 9% to N$111 million (2021: N$102 million)
Insurance N$71 million insurance benefits paid (2021: N$71 million)	**Investment Banking** IB Fee Income N$7 million (2021: N$17 million)

OUTPUTS | OUTPUTS

BUSINESS ACTIVITIES

OUTCOMES

Financial Capital

- \+ Equity: N$6.3 billion (2021: N$5.6 billion)
- \+ Return On Equity: 21.4% (2021: 19.4%)
- \+ Share price: N$30.50 (2021: N$27.30)
- \+ Dividends declared: 472.84 cents (2021: 212.00 cents)

Manufacture Capital

- \+ Renegotiated lower branch rentals; shorter tenures
- \+ Omni-channel technology with multiple customer touchpoints on secure, convenient and resilient systems
- \+ Digital logins by retail customers up 45% year-on-year
- \+ Overall digital penetration up 20.6% year-on-year

Human Capital

- \+ N$1 252 million paid in salaries and benefits
- \+ N$10 million paid out in training levies
- \+ 51% women in senior management
- \+ 47% black senior management
- – 55 employees accepted voluntary separation package
- \+ Hybrid work arrangement and an established Wellness Policy

Social Capital

- \+ N$636 million direct and indirect tax paid
- \+ N$10 million CSI contributions
- \+ 89% localised procurement in Namibia
- – Number of customer complaints: 15 562 (2021: 14 736)
- • Compliance with regulatory requirements

Intellectual Capital

- \+ Availability of internet and mobile banking
- \+ Innovative Global account product with linked debit card

Natural Capital

- \+ N$353 million funding raised for green loans
- – Electricity spend: N$6.4 million.

\+ Value creation • Value preservation – Value erosion

Our stakeholders - their needs and expectations

MANAGING RISK, DELIVERING GROWTH

FirstRand Namibia's purpose is to build a future of shared prosperity through enriching the lives of its customers, employees and the societies it serves. We will do this through helping to build a globally competitive Namibia that creates access to opportunities for growth for all.

This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior returns for its shareholders.

In the execution of its governance role and responsibilities, the group adopts a stakeholder inclusive approach that incorporates the legitimate needs, interests and expectations of material stakeholders.

OUR ROLE IN NATIONAL SUSTAINABILITY

FirstRand Namibia believes that the purpose of any financial system is to serve the real economy. Financial institutions provide many different services that create economic value and contribute to social development. They act as intermediaries in financial transactions, facilitating the flow of funds between participants in the economy. They are also the custodians of financial assets.

These institutions also transfer risk between market participants, either directly by means of trading and market making activities, or indirectly through the shifting of risk between several market participants, as with insurance activities. This creates stability in the financial system and in society, as risk events are ultimately mitigated through broader distribution, and not concentrated in a single individual or entity.

Banks, in particular, have a further function: ensuring that capital is allocated efficiently throughout the economy between providers of funds (savers) and users of funds (borrowers).

Access to credit increases the supply of money in the system and has a multiplier effect on economic growth. Effectively, borrowers utilise their future income capacity to access current funding available in the financial system, which then enables individuals and businesses to make investments and purchases and build infrastructure much faster than if they had to build up cash reserves. A bank, through appropriate internal risk management, together with regulators, also ensures that both individuals and entities in these saving and borrowing interactions are protected and are not exposing themselves to excessive risk, thus ensuring the safety and stability of the financial system.

FIRSTRAND NAMIBIA'S SHARED VALUE CONTRACT WITH SOCIETY

The nature, size and scale of FirstRand Namibia's business activities means that it inevitably impacts society in its broadest sense, as a:

- provider of credit,
- custodian of the country's savings,
- provider of transactional platforms for people to access and spend their funds,
- material taxpayer, and
- large employer.

Given this position, FirstRand Namibia recognises that it has a responsibility to deliver both financial value and positive social outcomes for multiple stakeholders. Embedding the principles of shared value into strategy and operations was introduced as a strategic priority for the group already in 2019.

These principles underpin the group's view that it must intentionally use core business activities, including its role in allocating capital to the economy, to add value to society – profitably and at scale.

The group views this as a transformative and sustainable business strategy, albeit a long-term journey. It requires the group to commit to extracting economic and social value from its activities and operations, and to deliberately measure this value. Integral to this objective is assessing whether the group's products and services, and the way they are delivered to customers, address key social imperatives or only drive profitability.

Namibia faces a broad range of social challenges, and whilst FirstRand Namibia cannot solve all of these challenges as a systemic financial services business, it has the capacity to be a force for good. Using its core business resources and activities, the group can achieve positive, scalable and high-impact financial and social outcomes.

SUSTAINABILITY REQUIRES PARTNERSHIPS

The FirstRand Namibia group is cognizant of the significant role its stakeholders – employees, shareholders, customers, partners, suppliers, governments, civil society and communities – play in its continued success.

The executive team aims to understand the requirements of its stakeholders and duly considers their legitimate needs and interests in the performance of its duties. The management of stakeholders is proactive and allocated to the appropriate central functions or business units. The group's governance structures ensure that material stakeholder concerns are escalated to appropriate management or board committees to be addressed.

STAKEHOLDER CHANNELS USED TO MANAGE RELATIONSHIP KEY FOCUS AREAS

	Channels	Key focus areas
Government and regulators	- interviews and meetings; - reports and presentations; - conferences and round-table discussions; - website, media and Stock Exchange News Services (SENS); and - electronic correspondence.	- impact of Covid-19 on economy and FirstRand's response; - transformation, - regulatory compliance; - economic development; - IT risk and governance; and - regulatory announcements as required.
Investors and analysts	- investor presentations; - integrated reporting; - roadshows, shareholder and analyst meetings; and - website, media and SENS.	- Governance roadshow with key shareholders, covering climate change and executive remuneration; - impact of Covid-19 on business performance and continuity; - dividend payments, current and future; - strategy and growth opportunities; - sustainable finance opportunities; and - transformation and economic development.
Employees	- webinars; - internal newsletters and interactive videos; - information sessions; - training and development; - website and intranet; - performance reviews; - functions and awards; and - employee wellness.	- impact of Covid-19 on working arrangements, job security and well-being; - group performance and business news; - industry trends and strategy implementation; - training; - compliance and ethics matters; - professional development programmes; and - awards and recognition initiatives.
Customers	- service level agreements; - digital channels, website, advertising; - customer surveys; - branches/front office, call centres; and - relationship managers.	- impact of Covid-19 and unrest on customers and assistance provided; - customer service; - innovation and new products; - climate change risks and opportunities; - small business development; and - customer education.

Our stakeholders - their needs and expectations continued

STAKEHOLDER CHANNELS USED TO MANAGE RELATIONSHIP KEY FOCUS AREAS continued

	Channels	Key focus areas
Suppliers	- service level agreements; - relationship with applicable business unit; - meetings and service deliverables; and - website.	- code of conduct; - business continuity and opportunity; - technology trends and requirements; and - innovation.
Communities	- sponsorships; - social responsibility investments; - FirstRand Namibia Foundation; - FirstRand Namibia volunteers; and - website and advertising.	- job opportunities; - resource allocation; - FirstRand's response to Covid-19 impacts on broader society; - corporate social investment opportunities; - sponsorship and donations; and - education and skills development
Civil society	- webinars, meetings – ad hoc engagement; - collaborations; - FirstRand Foundation; - FirstRand Volunteers; and - website and advertising.	- impact of Covid-19 and assistance provided by FirstRand Namibia through the Health Optimisation in a Pandemic Emergency (HOPE) and it's Foundations; - climate change roadshow with NGOs; - sponsorship; - fundraising; and - corporate social responsibility

MEASURED SUSTAINABILITY IMPACT

Our sustainability activities aim to deliver:

- Improved quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital;
- A more cohesive and efficient approach to corporate reporting that draws on different reporting standards and communicates the full range of factors that materially affect the ability of an organisation to create value over time;
- Enhanced accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural) and promote understanding of their interdependencies; and
- Support integrated thinking, decision-making and actions that focus on the creation of shared value over the short, medium and long term.

MEASURED SUSTAINABILITY IMPACT continued

During the period under review, the group's sustainability initiatives included the following:

1. Driving strategic change through systemic social investing:
   a. CSI spend – FirstRand Namibia Foundation; and
   b. CSI spend – FNB Staff Assistance Trust.
2. Providing capital for inclusive economic development:
   a. Lending to affordable housing;
   b. Spend on consumer financial education;
   c. Deepening access to financial services through alternative channels;
   d. Transformational infrastructure;
   e. Lending to SMEs;
   f. Spending on enterprise development; and
   g. BEE procurement.
3. Creating an environment that maximises the potential of the group's employees:
   a. Workforce diversity engagement across all levels of work and roles; Diversity survey, and skills development spend across role bands.
4. Doing business ethically, responsibly and sustainably:
   a. Direct carbon footprint measures and climate change assessment protocols were established to provide insight into activities required over the next 3-5 years.

RESPONSIBLE CORPORATE CITIZENSHIP

The group's ability to create value for itself depends on its ability to create value for others. Robust governance processes exist to balance this relationship and to oversee the sustainability of this value creation. During the year, the board oversaw the creation of N$4 147 million in economic value for the group's stakeholders.

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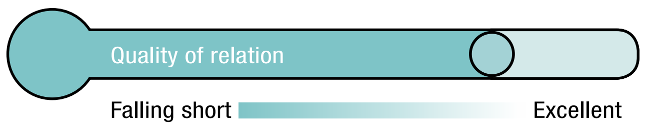
Specific sustainability and nation-building activities for the period can be accessed at www.firstrandnamibia.com.na and www.fnbnamibia.com.na. Highlights for the period under review include the introduction of the FirstJob Intern programme to offer work experience to unemployed graduates, cashflow relief to businesses, credit guarantee partnerships with the Bank of Namibia and Development Bank of Namibia assisting SME's, the launch of the biggest green bond in Namibia and continued investment into affordable and entry-level housing to help address the national housing crisis, while strengthening financially inclusive platforms and financial education for customers through 24/7 access to financial services nationally.

Our stakeholders - their needs and expectations continued

As a financial services provider, we are integrally linked to the environment we function in and the communities we serve. Our capability to generate and safeguard value is reliant on our relations, our actions and the offerings we make to our stakeholders. By providing for their requests and delivering on their expectations, we create and protect value for our stakeholders and for FirstRand Namibia, while finding ways to eliminate value destruction.

EMPLOYEES



The quality of the relationship with our employees was assessed by considering, among other things, an employee inclusion score of 70%. To understand and cater to our employees' diverse needs, we engage with them via:

- Dialogue sessions with Group EXCO and other engagement initiatives;
- Regular electronic communication as well as virtual and social media channels; and
- Feedback platforms.

Their needs and expectations

- 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; and
- An investing and supporting environment that embraces diversity and inclusivity.

Key objectives and metrics we track

- A culture that is people- and client-focused and innovative;
- Employee attrition;
- Employee satisfaction metrics; and
- A diverse and inclusive employee profile.

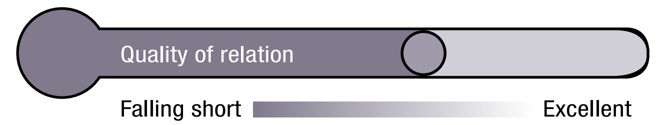
Relevant material matters

- Evolving ways of work;
- Health and safety; and
- Mental health and wellbeing.

Capitals impacted

Human Intellectual Social

CUSTOMERS



To provide solutions that suit their needs, we engage with customers via:

- Digital touchpoints, e.g. FNB App, FNB website, Mobile devices, branches, business centers, self-service terminals;
- Customer service centers, sales representatives, e.g. Client advisors, relationship managers, personal advisors and client coverage teams;
- Social media platforms; and
- Customer satisfaction surveys.

Their needs and expectations

- Quality products that provide value;
- Convenient access to products and services through their channel of choice;
- Better than expected service;
- A risk-free environment in which to transact;
- Simple and transparent banking;
- Useful information, financial education and advice that leads to financial wellness and peace of mind;
- Responsible and innovative banking services and solutions;
- Ethical and fair treatment; and
- Trusted retail banking relationship.

Key objectives and metrics we track

- Net promoter score (NPS) and client satisfaction ratings;
- Client complaints; and
- Impactful solutions that make a difference.

Relevant material matters

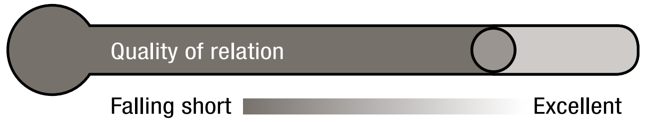
- Macroeconomic challenges;
- Financial stability; and
- Product and service evolution.

Capitals impacted

Intellectual Social Financial Manufacturing Natural

Our stakeholders - their needs and expectations continued

REGULATORS



The value of the relationship with our regulators was assessed by taking into account, among other things, our compliance with regulatory requirements and corrective actions where required.

Their needs and expectations

Local regulators:

- Compliance with all legal and regulatory requirements;
- Effective governance;
- Financial and operational stability;
- A responsible taxpayer;
- Transparent reporting and disclosure; and
- Active participation and contribution to industry and regulatory working groups.

International agencies and standard-setters:

- Sustainable and responsible banking practices.

Key objectives and metrics we track

- Financial and non-financial targets met;
- Timeous, regular and transparent reporting; and
- CAR 21.2% (FY21: 20.0%).

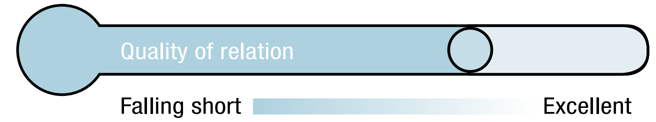
Relevant material matters

- Legal and regulatory requirements;
- Regulatory constraints related to digital transformation; and
- Financial crime prevention.

Capitals impacted

Financial Intellectual Social

SOCIETY



During 2022 we sustained good relationships with the communities that we operate. The quality of our relationship is measured by our contributions to a flourishing society and strong environment.

Their needs and expectations

- Providing access to expert financial advice, products and solutions that help to create positive impacts for individuals, their families, their businesses and their communities; and
- Using our resources to promote social and environmental issues as well as other common agendas to build a thriving society.

Key objectives and metrics we track

- Supporting inclusive growth by supporting national development objectives and policies; and
- CSI contributions aimed at alleviating the impact of COVID 19.

Relevant material matters

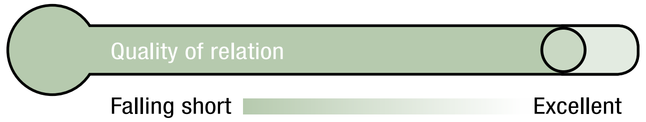
- Macroeconomic challenges;
- Competitiveness of our customer value proposition;
- Customer fair treatment;
- Covid-19 protocols; and
- Responsible and ethical banking practices.

Capitals impacted

Human Intellectual Social Natural

Our stakeholders - their needs and expectations continued

INVESTORS



The quality of the relationship with our investor community was assessed by considering, the total shareholders return. We engage with our financial capital providers via:

- Roadshows, deal and non deal;
- Biannual analyst briefings;
- Meetings with group CEO, CFO and other exco members;
- AGM; and
- Annual integrated reports.

Their needs and expectations

- Share price increases and a lucrative dividend stream;
- Maintainable growth in earnings and NAV, and ROE above COE;
- Strong balance sheet to guard against downside risk;
- Strong and experienced management, providing sound risk management; and
- Transparent reporting and disclosure.

Key objectives and metrics we track

- NAV per share;
- ROE and cost-to-income ratios;
- Price-to-book ratios;
- Dividends paid and dividend cover;
- Relative share price performance; and
- NIACC

Relevant material matters

- Resourcing for ESG risk management;
- Operational and financial resilience/ Fitness to execute our strategy;
- Partnerships and acquisitions for future growth;
- Product and service evolution; and
- Digital transformation.

Capitals impacted

Financial Human Intellectual Social

3.

Value created and preserved through strong governance

Message from our Chairperson

During the period under review, the FirstRand Namibia group continued its shared value activities into the country's third year of pandemic. An extremely difficult operating environment prevailed as a backdrop to the resilient optimism that typically drives the Namibian nation. Key macro indicators remained sluggish, while rising inflation and decreasing employment figures negatively impacted business growth and individual living standards alike.

Equitable access to opportunities requires a common vision and shared goals, and our clear purpose as a group, speaks to how every FirstRand Namibia employee shows up daily to personally contribute to our group's local vision of building a globally competitive Namibia. Building a globally competitive Namibia is our meaningful route to providing access to opportunities for Namibians and remains aligned to the vision of a shared future of prosperity for all stakeholders.

To ensure we remain future fit as an organisation with such an ambitious goal, the Board made various structural changes over the past year to establish a stronger, supportive Governance framework, including a new Board appointment to add key skills to the Board's IT Governance Sub-committee. At the same time, the group's Talent Development Framework remained a top priority, and investment in Namibian talent has meant actual localisation of core skills to create growth enablement and local capacity.

With an actionable ESG Framework and dashboard in progress, and ongoing internal assessments conducted regarding evidencing of shared value activities across the group's Franchises, I am optimistic about the future.

As an enabling business in Namibia, there seems to be renewed energy and confidence around what is possible – and we are forging ahead with our high performing, digitally focused, and future ready vision. All of this on a bedrock of strong internal teams, and an optimistic business culture.

The FNB Namibia franchise did not disappoint, holding true to its strategy of customer-led digitalisation, and platform optimisation for Retail and Commercial asset growth and service delivery across all channels. While RMB and Ashburton Investment's collaboration to form a consolidated C&I business is showing great promise as the corporate and institutional side of the business. The focus on growing clients and delivering above expectations is bearing fruit as RMB and Ashburton Investment's experts drive for clear market leadership in CIB.

We continue to invest in areas of the business that are well-positioned for growth, the technologies that enable them, and the people who deliver our market-leading advice, and we understand that the legacy we leave for future generations is determined by how we operate today.

The pandemic has clearly illustrated why public-private partnership must be at the core of Namibia's national policy responses to the many socio-economic challenges of our time. Government cannot deliver in isolation. The role of Government is to create a conducive business environment while the business community must conduct business and create shared-value. For a systemic financial services group like FirstRand Namibia, an economic recovery is vital to our ability to grow earnings and deliver returns to our shareholders and stakeholders alike. Elsewhere in this report and throughout all our engagements, we evidence our understanding that to be a successful corporate citizen, an organisation needs to be grounded in being a credible community citizen.

For the last 19 years, I have been proud to be associated with FirstRand Namibia, the corporate entity, the community citizen, and this year, with each employee that worked to build our competitiveness as a country over the past year. I pay tribute also to our customers, clients, partners, vendors, and institutions who loyally continue to choose us as their financial services partner, helping us deliver a better living environment for all.

I commend the executive team for outperforming the strategic targets set for the year, and specifically note the introduction of the FirstJob initiative, taking on Namibian graduates for 12 months, and providing them with work experience, income, and possibilities in a constrained market environment. I am encouraged by the partnerships built with the Ministry of Finance and the Bank of Namibia with regard to credit guarantee support to SME's, delighted at the customer satisfaction and respect and recognition awards received through independent research and panels globally. I therefore commend also the efforts by our teams in introducing the largest green bond offer into the market. Beyond the HOPE corporate social responsibility initiative with our Foundation and other local corporates, we have gone above and beyond throughout the pandemic, adapting our way of work to support our customers and our people.

My optimism extends into the year ahead. The group has committed to further opening up affordable housing opportunities to customers, increasing FNBApp functionality for even more convenience, and in July 2022, prepared to deliver the country's first fully digital account - DigiPlus - a USSD-based transactional account with no monthly fees, and no branch engagement, incorporating all basic transactions for customers to bank from anywhere across the country on a basic mobile phone.

Financial inclusion is the cornerstone of sustainability. I am particularly proud of how the group has assisted our communities and local business with business recovery strategies, focusing specifically on SMEs. Through deliberate interventions we are helping business customers regain momentum and make real financial progress.

Economic activity in Namibia starting to rebound from the pandemic, signalling the start of a recovery. We believe that private sector capability and skills can be added to government's capacity. The group is committed to playing its part in facilitating this recovery. Looking beyond the fallout from the pandemic, we believe that our unique investment proposition is intact and ready for collaboration across most sectors.

We expect FirstRand Namibia to continue building a portfolio of multi-branded businesses providing a broad range of market leading financial services. We have to put all our energy into maintaining our market leadership in Namibia - differentiated by a long-standing culture of innovative thinking.

Going forward, the Board expects to see a disciplined approach to the allocation of scarce financial resources. As well as a continued focus on SME management education providing plans to help small business owners meet the challenges brought by COVID-19. And most importantly, across the group, we encourage the commitment to continue providing our customers with outstanding service, putting the customer first, and building trust and loyalty.

Inge Zaamwani-Kamwi
Chairperson

Board profiles, responsibilities and oversight areas

INGE ZAAMWANI-KAMWI
(Chairperson)

Appointed: April 2003
Qualifications: LLB (Honours); LLM
Age: 63

CONRAD DEMPSEY
(Chief Executive Officer)

Appointed: October 2020
Qualifications: CA (NAM) (SA), CGMA (UK), AMCT (UK), M.Phil (future studies)
Age:46

OSCAR CAPELAO
(Chief Financial Officer)

Appointed: March 2016
Qualifications: BCom Hons (Accounting); CA (NAM) (SA), Global MBA in Digital Business
Age: 43

I-BEN NASHANDI
(Non-Executive Director)

Appointed: January 2019
Qualifications: Bachelor of Commerce; Master of Science in Financial Economics; Master's in development Finance
Age: 51

JUSTUS HAUSIKU
(Independent Non-Executive Director)

Appointed: April 2017
Qualifications: Hons (Accounting)/ CTA; B.Acc.
Age: 43
Resigned: 30 June 2022

CHRISTIAAN RANGA HAIKALI
(Independent Non-Executive Director)

Appointed: February 2006
Qualifications: BBA (Entrepreneurship)
Age: 53

PETER GRÜTTEMEYER
(Independent Non-Executive Director)

Appointed: April 2020
Qualifications: BCom (Hons), CA (NAM) (SA)
Age: 68

JAN COETZEE
(Independent Non-Executive Director)

Appointed: October 2021
Qualifications: Certificate in Concepts of Data Processing, Diploma in Computer Literacy, Microsoft Certified Systems Engineer, COBIT®5 Implementation Approved Trainer, ITIL® Foundation Approved Trainer, Resilia Cyber Security Foundation, Service Desk Institute (SDI)
Age: 47

EMILE VAN ZYL
(Independent Non-Executive Director)

Appointed: March 2022
Qualifications: B.Comm, B.Comm (Hons), M.Comm
Age: 60

JANTJE DAUN
(Independent Non-Executive Director)

Appointed: March 2017
Qualifications: B.Comm (Hons), CA (SA)
Age: 55
Resigned: 31 December 2021

JABULANI KHETHE
(Independent Non-Executive Director)

Appointed: August 2006
Qualifications: B.Comm (Banking), MBA
Age: 59
Resigned: 31 December 2021

RAJENDRA MAKANJEE
(Non-Executive Director)

Appointed: August 2022
Qualifications: BCom (Hons), CA (SA)
Age: 58

Board profiles, responsibilities and oversight areas continued

DECLARATIONS OF INTEREST(S)

1

INGE ZAAMWANI-KAMWI
Namibian
(Chairperson)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Ltd, First National Bank of Namibia Limited, FNB Share Incentive Trust, Directors Governance Committee

Other significant directorships, trusteeships and memberships: Swakop Uranium (Pty) Ltd, Tungeni Africa Investments (Pty) Ltd, Zantang Investments (Pty) Ltd, Farm Rimini, Feist Investments CC, Namdeb Holdings (Pty) Ltd, Debmarine Namibia

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CONRAD DEMPSEY
South African with
Namibian Permanent Residence
(Chief Executive Officer)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Ltd Limited, First National Bank of Namibia Ltd, Swabou Investments (Pty) Ltd, Talas Properties (Windhoek) (Pty) Ltd, RMB Investments (Pty) Ltd, FNB Nominees Namibia (Pty) Ltd, FNB Insurance Brokers (Namibia) (Pty) Ltd, FNB Staff Assistance Trust

External directorships, trusteeship and membership: Erf Four Nil Nine One Vogelstrand CC, Phillips, Robinson and Associates CC, African Wanderer Tours and Safaris

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OSCAR CAPELAO
Namibian
(Chief Financial Officer)

FirstRand Namibia group directorships and trusteeships: FirstRand Namibia Ltd, FirstRand Namibia Ltd Limited, First National Bank of Namibia Ltd, Swabou Investments (Pty) Ltd, Talas Properties (Windhoek) (Pty) Ltd, RMB Investments (Pty) Ltd, FNB Nominees Namibia (Pty) Ltd, FNB Insurance Brokers (Namibia) (Pty) Ltd, FNB Staff Assistance Trust

Other significant directorships, trusteeships and memberships: National Housing Enterprise, Namibian Stock Exchange, Member of the Public Office Bearers (Remuneration and Benefits) Commission (POBC)

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I-BEN NASHANDI
Namibian
(Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Ltd, First National Bank of Namibia Limited, FNB Fiduciary (Namibia) (Pty) Ltd

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JUSTUS HAUSIKU
Namibian
(Independent Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Ltd, First National Bank of Namibia Limited, Risk, Capital and Compliance Committee

External Directorships, Trusteeship and membership: Quanta Holdings, Arch Group of Companies, MMI Short Term Insurance Ltd, InoHarith Capital (Pty) Ltd, Namibia Desert Diamonds (Pty) Ltd, Momentum Insurance Ltd

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CHRISTIAAN RANGA HAIKALI
Namibian
(Independent Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Ltd, First National Bank of Namibia Ltd, FNB Insurance Brokers Namibia (Pty) Ltd, Talent and Remuneration Committee, Audit Committee, Directors Governance Committee, Senior Credit Risk Committee

External Directorships, Trusteeship and membership: Inexma Electrical Namibia (Pty) Ltd, Africa Personnel Services, Namibia Stevedoring Services, Hanu Investments, Tulongeni Family Trust, Gecko Holdings and Mining, Namibia Drum and Cladding, Okahandja Sink & Staal (Pty) Ltd, Chappa Ai Investments, Petronam Investments, Namibia Liquid Fuel New Frontiers Investments / Safland Property Services, Mertens Mining and Trading, Ndalonga Investments CC, Morgan Cargo Namibia, Tulonga Investments (Pty) Ltd, Oryx Investments (Pty) Ltd, Frontier Property Trust, PC Centre through Duiker Investments 175 (Pty) Ltd, Tulongeni Strategic Investments (Pty) Ltd, Tulongeni Mining (Pty) Ltd, Tualonga Investments (Pty) Ltd

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PETER GRÜTTEMEYER
Namibian
(Independent Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Limited, First National Bank of Namibia Limited, Audit Committee, Risk, Capital and Compliance Committee, Talent and Remuneration Committee

Other significant directorships, trusteeships and memberships: Ohlthaver & List Group of Companies, Namibia Breweries Limited, Goreangab Trust, Namibian Lloyds representative

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JAN COETZEE
Namibian
(Independent Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: First National Bank of Namibia Ltd, FirstRand Namibia Ltd, Information Technology Risk and Governance Committee, Risk, Capital and Compliance Committee

Other significant directorships, trusteeships and memberships: Headway Business Consultants CC, Headway Business Systems CC, Headway Corporate Training CC, Headway Consulting (Pty) Ltd, ISACA Windhoek Chapter

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EMILE VAN ZYL
Namibian
(Independent Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: First National Bank of Namibia Ltd, FirstRand Namibia Ltd, Talent and Remuneration Committee, Audit Committee

Other significant directorships, trusteeships and memberships: Emla Trust, Nammed Investment Committee, SMM Strauss family, LI Roans Farming CC

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JANTJE DAUN
Namibian
(Independent Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Ltd, First National Bank of Namibia Ltd, FNB Insurance Brokers (Namibia) (Pty) Ltd, FNB Easy Loans Ltd, Ashburton Investment Managers (Pty) Ltd, Audit Committee, Asset, Liability & Capital Committee, Senior Credit Risk Committee

Other significant directorships, trusteeships and memberships: Motor Vehicle Accident Fund of Namibia

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JABULANI KHETHE
South African
(Independent Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: FirstRand Namibia Ltd, First National Bank of Namibia Ltd, FirstRand Namibia group committee membership: Directors' Affairs and Governance Committee, Remuneration Committee

FirstRand group directorships: First National Bank of Botswana Ltd, FNB Moçambique S.A.

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RAJENDRA MAKANJEE
South African
(Non-Executive Director)

FirstRand Namibia group directorships, trusteeships and memberships: First National Bank of Namibia Ltd, FirstRand Namibia Ltd

Other significant directorships, trusteeships and memberships: Visa Cemea Business Council

Corporate governance report

CORPORATE GOVERNANCE REPORT

FirstRand Namibia's overarching governance objective is to ensure that an adequate and effective process of corporate governance is established and maintained, one that is consistent with the nature, size, complexity, and risk inherent to the group and responds to changes in the group's environment and conditions. In addition hereto, the Directors and management of FirstRand Namibia regard excellence in governance, transparency, fairness, responsibility, and accountability as essential for its long-term sustainability, helping to protect and enhance the interests of its stakeholders. FirstRand Namibia is committed to and accepts responsibility for applying these principles and objectives to ensure that the FirstRand Namibia group is managed ethically within prudent risk parameters.

Corporate governance can be defined as an ethically driven business process that is committed to values aimed at enhancing an organisations wealth generating capacity. This concept further means that companies are no longer only profit driven but that they take the Triple P bottom line into action (Profit, Planet and People). In conducting business FirstRand Namibia ensures that good corporate governance is at the forefront, by taking ethical business decisions and conducting our business with a firm commitment to our values, while meeting stakeholders' expectations and by ensuring that our company affairs are always managed in a fair and transparent manner. This is imperative in ensuring that we gain and retain the trust of our stakeholders.

The FirstRand Namibia group is subject to and endorses the on-going disclosure, corporate governance, and other conditions required by the Namibia Stock Exchange ("NSX"). In response to the notice by the NSX contained in Government Gazette No. 139, the FirstRand Namibia group supported and continues to apply the principles of The Corporate Governance Code of Namibia ("NamCode"); and, further replaced all references made to King III in the NSX Listings Requirements with that of the NamCode.

The FirstRand Namibia group's main business is diversified into banking and non-banking financial services. FirstRand Namibia is duly registered controlling company of First National Bank of Namibia Limited pursuant to the Banking Institutions Act No. 2 of 1998 as amended. Additionally, FirstRand Namibia is listed on the NSX, and complies with the Stock Exchanges Control Act No. 1 of 1985, the NamCode, and the NSX Listings Requirements. As a response to protect value and as the custodian of corporate governance, the group has developed and complies with programmes, frameworks, policies, and standards which allow the company to maintain its value across the board and in the society, including responsibility towards our stakeholders.

The short-term insurance, insurance brokerage, unit trusts, fund management, and asset management businesses are regulated by the Namibia Financial Institutions Supervisory Authority ("NAMFISA") according to the existing applicable legislative instruments. These legislative instruments will be affected by the commencement of the Financial Institutions and Markets Act No. 2 of 2021. This is expected to come into operation and will consolidate and harmonise the laws regulating financial institutions, financial intermediaries, and financial markets in Namibia; and provide for incidental matters. The Directors of the FirstRand Namibia Limited ensure compliance with all applicable legislation and other industry best practices.

The three key aspects of the NamCode are highlighted as good governance being essentially about good leadership; the concept of corporate citizenship which flows from the fact that a company is a person and should operate in a sustainable manner and; that sustainability is the primary moral and economic imperative of the 21st century. FirstRand Namibia in subscribing to the NamCode, ensures that all its decisions are influenced by on-going evolvement of corporate governance standards.

We believe that an active, well-informed, and independent board is necessary in ensuring the highest standards of corporate governance. It is well-recognised that an effective Board is a pre-requisite for strong and effective corporate governance. At FirstRand Namibia, the Board of Directors is at the core of our corporate governance practices and oversees how Management serves and protects the long-term interests of all our stakeholders. The Board is regularly trained on topical issues relating to the business, corporate governance, as well as on relevant legislation affecting the financial services industry. During the year the following training topics were covered:

- The Healthy Company, which focused on Integrated Thinking in a connected world and how it applies to strategy, risks, performance and reporting;
- Financial Institutions and Markets Act;
- Cyber Security;
- Financial Resource Management Principles.
- Environmental, Social and Governance (ESG) and Climate Risk; and
- Public Policy and Regulatory Engagements.

During the financial year, and in line with the business strategy, the Company adopted and renewed several frameworks, policies, standards, and charters relating to capital management, corporate governance, climate risk, information technology, various sub-committee charters, anti-bribery and corruption and all related matters.

CHIEF EXECUTIVE OFFICER

Conrad Dempsey was appointed as the Chief Executive Officer of FirstRand Namibia Limited and First National Bank of Namibia Limited by the respective boards on 01 October 2020 and 20 October 2020 respectively, where he also serves on the two boards as an Executive Director. He is responsible for leading the implementation and execution of approved strategy, policies, and operational planning and is the direct link between management and the Board. The Board has exempted the CEO in terms of section 41(9) of the Banking Institutions Act, 1998 as amended, insofar as it relates to disclosed commercial activity falling outside the scope of banking.

GROUP COMPANY SECRETARY

Nelago Makemba was appointed as the Group Company Secretary of FirstRand Namibia Limited in May 2015. She is ultimately responsible for the FirstRand Namibia Limited Company and the subsidiaries. The company secretary plays a critical role as the gatekeeper of corporate governance and is ultimately responsible for ensuring that the Board and Management have access to professional services and advice on corporate governance principles and practices. The appointment and removal of the company secretary is a matter of the board. The Board is satisfied with the services provided by the Company Secretary in ensuring that the needs of the Boards are met.

COMPOSITION OF BOARD AND DEMOGRAPHICS

As at 30 June 2022, FirstRand Namibia Limited had a unitary board of 9 directors with majority being independent non-executive directors. In complying with good corporate governance principles, FirstRand Namibia ensures that the Chairperson of the Board is an independent non-executive director and that the role of the Chief Executive Officer is separate from the role of the Chairperson as required by the NamCode and the relevant Banking Determination. The Board further conforms to the board composition as laid out therein, which requires that the board comprise of a balance of power, with majority directors being non-executive directors and further that majority of those non-executive directors be independent.

Director name	Independence status	Employed by group	Resident in Namibia	Previously disadvantaged
II Zaamwani-Kamwi	Independent non-executive	No	Yes	Yes
J Coetzee	Independent non-executive	No	Yes	Yes
CLR Haikali	Independent non-executive	No	Yes	Yes
E van Zyl	Independent non-executive	No	Yes	No
JH Hausiku	Independent non-executive	No	Yes	Yes
P Grüttemeyer	Independent non-executive	No	Yes	No
R Makanjee	Non-executive	Yes	No	Yes
IN Nashandi*	Non-executive	No	Yes	Yes
C Dempsey	Executive	Yes	Yes	No
OLP Capelao	Executive	Yes	Yes	Yes

* IN Nashandi was nominated and represents the Government Institutions Pension Fund and as such has a direct or indirect interest in the Company which exceeds 5% of the group's total number of shares in the issue.

Corporate governance report continued

FirstRand Namibia Ltd Board

Record of Attendance

Director Name	FirstRand Namibia Ltd Board		Board Strategy session		Directors training		Director induction	
Number of Meetings/ Training Sessions	5	%	1	%	5	%	1	%
Independent Non-Executive Directors								
Il Zaamwani-Kamwi	5/5	100%	1/1	100%	5/5	75%	N/A	N/A
CLR Haikali	5/5	100%	1/1	100%	5/5	100%	N/A	N/A
P Grüttemeyer	5/5	100%	1/1	100%	5/5	100%	N/A	N/A
JH Hausiku [1]	4/5	80%	0/1	0%	0/5	0%	N/A	N/A
J Coetzee [2]	4/4	100%	1/1	100%	5/5	100%	1/1	100%
E van Zyl [3]	1/1	100%	1/1	100%	5/5	100%	1/1	100%
JG Daun [4]	2/2	100%	1/1	100%	N/A	N/A	N/A	N/A
JR Khethe [5]	2/2	100%	1/1	100%	N/A	N/A	N/A	N/A
Non-executive directors								
IN Nashandi	4/5	80%	1/1	100%	5/5	100%	N/A	N/A
Executive directors								
C Dempsey	5/5	100%	1/1	100%	5/5	100%	N/A	N/A
OLP Capelao	5/5	100%	1/1	100%	5/5	100%	N/A	N/A

[1] Resigned 30 June 2022
[2] Appointed 1 October 2021
[3] Appointed 1 March 2022
[4] Resigned 31 December 2021
[5] Resigned 31 December 2021

Board discussion areas

Besides the regular agenda items, such as detailed feedback from the Chief Executive, from the Chairs of board committee on the committee deliberations, comprehensive submissions were received from the segment heads, the items listed notes and overview of the board discussions. In addition, the Chief Financial Officer presented the financial results at regular intervals.

August 2021	October 2021	November 2021	February 2022	April 2022

- **Approved** the Integrated Annual Report 2021.
- **Approved** the Annual Financial Statements 30 June 2021.
- **Approved** the Consolidated Financial Results for Interim Period 31 December 2021.
- **Resolved** to declare a final and interim dividend.
- **Approved** the release of the Stock Exchange News Service announcements relating to the availability of the interim and annual financial results.
- **Considered** and **approved** the release of Trading Statements in compliance with the Namibian Stock Exchange Listing Requirements.
- **Noted** the quarterly Intragroup Return in terms of Consolidated Supervision BCR 009.
- **Approved** Board Sub-Committee Charters.
- **Reviewed** the proposed amendment of articles of Association for approval by shareholders.
- **Noted** the results of the annual Independence Assessment of non-executive directors.
- **Approved** Board Sub-Committee Charter(s).
- **Noted** the retirement and resignation of Directors.
- **Discussed** the Annual FirstRand Namibia Foundation Corporate Social Investment Report.
- **Approved** the suitability of Deloitte and the audit partner having due regard to, amongst others the outcome of the external quality assurance assessment(s).
- **Noted** the director recruitment and Board succession update.
- **Approved** the Internal Capital Adequacy Assessment (ICAAP).
- **Interrogated** and **discussed** the Bank of Namibia Examination overview.
- **Noted** various frameworks, policies, standards, and related documents, which were approved at the relevant governance forums.
- **Approved** the re-election of the Board Chairperson for the 2022 calendar year.
- **Approved** the appointment of Directors.
- **Approved** the Macroeconomic Scenarios.
- **Interrogated** and **approved** the Budget and Strategy.

Audit committee report

The Audit Committee assists the Board in fulfilling its oversight responsibilities in areas such as financial reporting, internal control systems, internal and external audit functions. The Committee works closely with the Risk, Capital, and Compliance Committee to identify common risks, control themes and achieve synergy between combined assurance processes. This ensures that these functions can leverage off each other to the extent necessary. The Committee is constituted as a statutory committee of the Board in respect of its duties. The objectives and functions of the Committee are detailed in its Charter.

The independence of the Audit Committee is paramount and thus is comprised of independent directors. The committee is satisfied that the individual members of the committee possess appropriate qualifications and a balance of skills and experience to discharge their responsibilities. The committee composition and the period for which the respective members have served is as follows:

Member	Meeting attendance		Appointment / resignation date
Number of meetings (% attendance)	4	%	
P Grüttemeyer (Chair)	4/4	100%	Appointed 19 August 2020
CLR Haikali	3/4	75%	Appointed 13 April 2016
E van Zyl	1/1	100%	Appointed 01 March 2022
J Daun	2/2	100%	Resigned 31 December 2021

Expertise and Adequacy of Finance Function

The Committee received and deliberated on the expertise, resources, and experience of the group's finance function. The Committee confirmed satisfaction with the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function. The finance function follows the group structure in that each segment / brand has its own finance team reporting to the respective Executive Officers of the segment or support unit head.

Further, the Committee opined and confirmed that they are satisfied that OLP Capelao, the Group Chief Financial Officer and Executive Director, possesses the appropriate expertise and experience to perform his duties as the Chief Financial Officer.

Expertise and Adequacy of the Internal Audit Function

The group has an independent in-house internal audit function which operates in terms of an approved Charter that spans across FirstRand Namibia Limited and its subsidiaries. Group Internal Audit's purpose is to be a proactive business partner, providing integrated, risk-based, objective assurance, insight and related advisory services. The Internal Audit scope includes providing independent assurance over the internal control systems and the bank's regulatory and economic capital models, regulatory reporting, capital management, stress testing and the internal capital adequacy assessment process (ICAAP).

Group Internal Audit provides risk-based and objective assurance, advice, and insight to enhance and protect organisational value with a mandate that spans across FirstRand Namibia Ltd and its subsidiaries. Group Internal Audit's approach to audit engagements requires agile risk assessments to ensure focus on key risks. Involvement in key projects and entity-wide areas of risk exposure are incorporated into the audit plans, together with ad hoc requests for independent assurance.

Group Internal Audit continually engages with combined assurance role players to obtain insights into business strategies and to ensure integration, coordination and alignment of assurance activities to maintain sufficient coverage of high-risk areas over the three lines of defence.

Group Internal Audit is headed by the Chief Audit Executive C Simasiku who reports administratively to the Chief Executive Officer and has unrestricted access to the Audit Committee Chairperson. The Committee has assessed and is satisfied with the arrangements of the internal audit function and are further satisfied that the internal audit function is independent and appropriately resourced, and that the audit executive has fulfilled the obligations of that position. The internal audit function continues to provide assurance to the Board on the adequacy and effectiveness of the Group's internal control and risk management practices, and the integrity of financial reporting systems. Internal audit duly assisted management by making recommendations for improvements to the control and risk management environment during the year. The Committee received regular reports from Group Internal Audit on weaknesses in controls that were identified, including financial controls, and considered corrective actions to be implemented by management.

External Audit Function

The Audit Committee has satisfied itself as to the performance and quality of the external audit and that the external auditors and lead partners were independent from the group. The Audit Committee is satisfied with the efficacy and independence of the independent auditor, Deloitte & Touche, who performed the audit for the year and further confirms that the appointment of Deloitte & Touche, together with that of the designated individual audit partner, was assessed in accordance with the NSX Listings Requirement, the Banking Institutions Act, 1998 as amended and the Companies Act, 2004. The application in terms of the Banking Institutions Determination-10 (BID-10) has been made and approved by the Bank of Namibia. This approval is valid until the 2022 Annual General Meeting. The audit firm Deloitte & Touche will be proposed to the shareholders at the upcoming Annual General Meeting for approval to be the group's auditor for the 2023 financial year.

Following the review of the Annual Financial Statements, the Audit Committee is of the opinion that, in all material respects they comply with the relevant provisions of the Companies Act, 2004, International Financial Reporting Standards (IFRS), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and that they fairly present in all material respects the results of operations, cash flows and financial position of the company and the group for the year ended.

The Committee has reviewed a documented assessment including key assumptions, prepared by management about the going concern status of the company and accordingly confirmed to the Board that the company and group are is expected to be a going concern for the foreseeable future. The Audit Committee has recommended the entire Integrated Report to the Board for approval. The Audit Committee is of the opinion that it has discharged its functions in terms of its Charter and as ascribed to it by the Companies Act, 2004 and the Banking Institutions Act, 1998, as amended. The Audit Committee confirms that the company has established appropriate financial reporting procedures and that those procedures are operating.

Audit committee report continued

The Audit Committee discharged its duties by, inter alia, complying with its legal and regulatory responsibilities, as well as:

August 2021	October 2021	February 2022	April 2022

- Overseeing the internal and external audits, including reviewing and approving of the internal and external audit plans, reviewing of significant audit findings, monitoring progress reports on corrective actions required to rectify any reported internal control shortcomings;
- Reviewing legal and compliance matters that could have a significant impact on the Annual Financial Statements;
- Confirming and monitoring the internal audit process and assessing the effectiveness of the internal audit function;
- Reviewing the quality, independence and cost-effectiveness of the statutory audit and non-audit engagements;
- Monitoring internal control frameworks and procedures, including accounting policies, legislative compliance, regulatory matters and governance;
- Reviewing the effectiveness of the systems of internal control, including IT internal controls and risk management, based on written reports from the Chief Audit Executive;
- Recommending the appointment of external auditors, who in the opinion of the Committee are independent of the Company, for approval by shareholders at the Annual General Meeting;
- Approving the remuneration of the external auditors and assessment of their performance;
- Performing an annual assessment of the independence of the external auditors;
- Setting the principles for recommending the use of external auditors for non-audit services;
- Advising and updating the board on issues ranging from accounting standards to published financial information;
- Providing independent oversight of the integrity of the Annual Financial Statements and other external reports issued and recommending the Annual Integrated Report to the Board for approval;
- Assessing combined assurance from the external auditors, internal auditors and management ensuring that the combined assurance received is adequate to address all material risks;
- Reviewing the appointment of the external auditors for recommendation to the Board; and
- Assessing the expertise, resources and experience of the Chief Financial Officer and finance function.

The Audit Committee confirms that it was able to carry out its work to fulfil its mandate under normal and unrestricted conditions. The Committee is satisfied that the assurance obtained during the meetings, corroborated by the review of the documentation deemed necessary and its analyses, sustains its conclusion reached for the 2022 financial year end.

Peter Grüttemeyer
Chairperson

Risk, Capital & Compliance Committee (RCCC) report

The Risk, Capital, & Compliance Committee's overall functions are to assist the FirstRand Namibia group with discharging its responsibilities in terms of the management of risk, capital and compliance across FirstRand Namibia group and subsidiaries. The committee oversees compliance of existing applicable legislative instruments and the global best practice guidelines applicable to the industry in which it operates.

The composition and attendance of the Committee is as follows:

Member	Meeting attendance		Appointment / resignation date
Number of Meetings / % Attendance	4	%	
P Grüttemeyer (Chair)	4/4	100%	Appointed 19 August 2020
J Coetzee	2/2	100%	Appointed 9 February 2022
J Hausiku	3/4	75%	Resigned 30 June 2022

The committee discharged its duties during the financial year by:

August 2021	October 2021	February 2022	April 2022

- Approving group frameworks, policies and process documents;
- Continuously reviewing the risk management progress and maturity of the company, the effectiveness of risk management activities, the key risks facing the company, and the responses to address key risks this included monitoring the risk management process;
- Monitoring, on an ongoing basis, and approving the overall effectiveness of the processes relating to corporate governance, internal controls, risk management, capital management and capital adequacy, capital targets, market risk and trading limits, and thresholds;
- Ensuring that the various risk types are adequately addressed through the risk management, monitoring and assurance processes;
- Reviewing the environmental and social risks, potential impact thereof and ensuring the group aligns to on-going international best standards;
- Aligning the group's strategy to the risk appetite of the group to ensure adequate performance and sustainability of the group, the Committee ensures that business plans and the risks are thoroughly examined before decisions are made;
- Executing the requirements as provided in the Business Performance and Risk Management Framework, the Regulatory Risk Management Framework, the Internal Capital Adequacy Assessment Process (ICAAP), Liquidity Management and all related Frameworks by the Committee;
- Monitoring the implementation of Tax Framework and the management of tax risks across the group by monitoring the risk exposures and the effectiveness of Tax Risk Management;
- Discussing the Internal Financial Control Assessment which ensures that management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide assurance regarding the reliability of the financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act; and
- Approving, including monitoring the progress of the Regulatory and Conduct Risk Management Monitoring Plan and the Regulatory Risk Universe and Monitoring Plan.

Peter Grüttemeyer
Chairman

Talent and Remuneration Committee report

1. SCOPE

The Talent and Remuneration Committee is charged with overseeing group remuneration and ensuring that remuneration practices aligns employees and shareholders. The Talent and Remuneration Committee promotes fairness of remuneration by ensuring the principle of equal pay for work of equal value is applied, and that remuneration is market related and sustainable.

The Committee assists the board in ensuring that the group meets recommended remuneration guidelines and practices of the NamCode and King IV, where appropriate. The committee is overall accountable for providing governance oversight over all forms of remuneration and reward for non-executive directors, executive directors, senior management and all employees across all subsidiaries and businesses in the FirstRand Namibia group.

The overall intent of the remuneration is to achieve the following objectives:

- 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.

2. COMMITTEE MEMBERSHIP AND ATTENDANCE

The Talent and Remuneration Committee is chaired by an independent non executive director and committee members are all independent. The Chief Executive Officer, the Chief Financial Officer and the Chief Human Resources 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, and deliberation on an individual's performance occurs in the absence of the individual.

The committee met three times during the financial year. Attendance at the meetings held during the year is as follows:

Member	Meeting attendance		Appointment / resignation date
Number of meetings/ % attendance	3	%	
CLR Haikali (Chair)	3/3	100%	Appointed 22 March 2006
P Grüttemeyer	3/3	100%	Appointed 07 April 2021
JR Khethe	1/1	100%	Resigned 31 December 2021
E van Zyl	1/1	100%	Appointed 01 March 2022

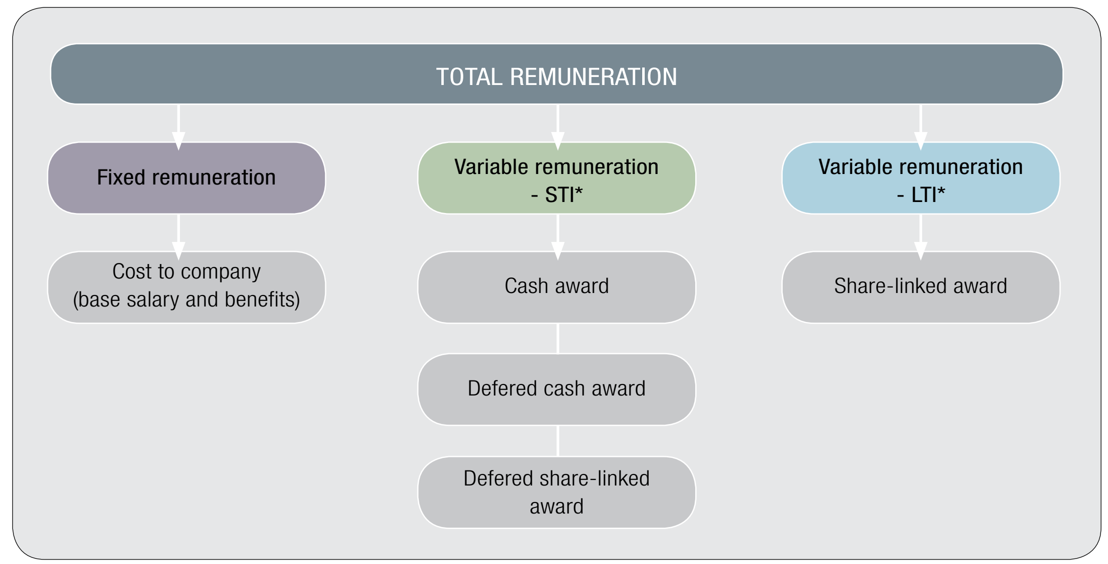
3. REMUNERATION PHILOSOPHY

The group's remuneration philosophy is based on FirstRand Namibia view that remuneration must align with shareholder value. This ethos has shaped the group's remuneration philosophy and is anchored in the performance management framework through which performance is managed at individual, team, business unit and group levels.

The group performance management process commences with an annual performance planning process whereby an annual operating business plan is developed informed by the group's long-term strategic blueprint. The Board of Directors sets strategic priority areas and targets for the particular financial year derived from the group's long-term strategy. Group targets are set within the group's overall risk appetite.

The group has adopted the principles of an outcomes-based remuneration philosophy, which it believes to be appropriate given the diverse nature of the businesses that make up its portfolio. The group's remuneration philosophy is founded on the following principles

- Attracting and retaining the best talent in the market is a critical enabler for FirstRand Namibia to execute on strategy and deliver on its promises to stakeholders;
- Management should not do better than shareholders. That is, the growth in management remuneration should not exceed the growth in accumulated net asset value and dividends. To this end, the group's key performance measure, net income after cost of capital (NIACC), ensures that employees only receive variable pay after all obligations are met, including "paying" shareholders first for their equity. Management is thus expected to produce positive net income after cost of capital (NIACC) before they can start sharing;
- Management also has a responsibility to other stakeholders: regulators, customers, deposit holders, investors, employees and society at large. These are all considered by the Committee when determining and assessing remuneration so that sustainable long-term growth for the benefit of all stakeholders is achieved; and
- The Talent and Remuneration Committee considers total remuneration across fixed salaries, STIs and LTIs as encapsulated in the table below:



* Variable remuneration is subject to malus and clawback provisions.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES

4.1. Guaranteed pay

Cash Package (Based on Cost to Company)

The group has a cost-to-company (CTC) remuneration approach designed to attract and retain talent in line with the scope, nature and skills requirement of the role. CTC is generally market-related and reflects the responsibilities of the role, expertise and skills of the individual employee. An individual's guaranteed pay is determined by:

- The appropriate salary range matched to the role using market benchmarks (pay for the role); and
- The value he/she adds to FirstRand Namibia Ltd (pay for the person) in relation to the expected outcomes for a specific position/role.

Guaranteed Pay Benchmarking

The remuneration policy promotes fairness of remuneration by ensuring that the principle of equal pay for work of equal value is applied. This principle encompasses two main aspects, namely: market-related pay and internal parity.

FirstRand Namibia engages independent service providers to benchmark market data pertaining to guaranteed remuneration. The PwC Remchannel® and Emergence salary surveys are currently used to benchmark against the market information. It also provides each industry with a comparator circle to ensure that benchmarking is done against peers at the correct level. This approach ensures that guaranteed pay packages are competitive allowing FirstRand Namibia Ltd to attract and retain the right caliber of employees.

In instances where it appears that pay for certain skills has fluctuated rapidly owing to factors such as scarcity of skills, a targeted customized survey may be commissioned. Such surveys are conducted using a reputable consultancy that is independent and does not have an ongoing contract with FirstRand Namibia. The results of these ad-hoc surveys serve to either validate existing data or provide intelligence for the business to make decisions.

As regard internal parity, the remuneration committee has taken deliberate steps to ensure that it understands internal pay gaps within the group. The group has robust processes aimed at identifying and correcting any arbitrary inequalities in pay. These processes compare like-for-like objective criteria across the employee base, such as performance, skills and experience. Where unjustified income differentials are identified, adjustments are made as part of the annual remuneration review exercise to the extent that these can be catered for within the staff cost budget.

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 settlement are generally informed by prevailing macro-economic factors as well as individual employees' performance

All remuneration increases are reviewed and approved by the Talent and Remuneration Committee in the context of individual and business unit performance, inflation and specific industry practices and trends as well as current economic environment.

Retirement contribution

All employees are contractually obliged to contribute to the FirstRand Namibia Retirement Fund. An independent Board of Trustees is in place constituted by employer and employee representatives. The Board of Trustees manage the Pension Fund to and has been tasked to improve retirement outcomes by maximizing investment returns and minimizing costs.

Medical Aid contribution

All employees are contractually obliged to belong to a medical aid. Employees who are not able to provide proof that they have membership with a medical aid, are obliged to become a member of Bankmed. An independent Board of Trustees is in place constituted by employer and employee representatives. The Board of Trustees manages the medical aid to ensure that relevant benefits are provided to the employees at reasonable cost.

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay

Short-Term Incentive (STI) Scheme

A short-term incentive scheme is in place to reward and incentivize achievement of annually agreed individual, business unit and group performance objectives and strategic priorities.

The STI pool for managerial employees of FirstRand Namibia is determined by FirstRand SA Remuneration Committee by using a combination of both financial and nonfinancial performance measures.

As regard financial measures, the STI pool is determined using such performance measures as return on equity (ROE), normalized earnings growth and NIACC for the year under review as well as over a cumulative six-year period as this reflects the length of a normal business cycle. For an STI pool to be established, the ROE hurdle rates need to be met i.e. ROE must at least exceed COE while NIACC must at minimum be positive.

The Talent and Remuneration Committee also uses certain qualitative and non-financial measures in the determination of the STI pool. These include but are not limited to risk management considerations, diversification, volatility and quality of earnings, performance within risk appetite, regulatory compliance and financial controls, sustainability, operational losses, progress against strategic objectives, progress on transformation, employee satisfaction and health of relationships with internal and external stakeholders, including regulators. The Committee applies judgement and may make deductions from a calculated STI pool for poor performance against these non-financial measures.

For example, a significant risk management failure/issue could result in the reduced pool, whilst an improvement in quality of earnings compared to the prior year could also result in a higher pool.

Individual performance against agreed targets is assessed annually and this assessment includes qualitative feedback from managers, peers and subordinates. Individual short-term incentive awards are not guaranteed as they are discretionary and are determined by a combination of company, business unit and individual performance based on agreed targets. As such, there are no guaranteed bonuses for senior positions and employees who fail to attain set minimum performance targets do not participate in the STI scheme.

The awards are paid in cash with the primary objective of rewarding superior performance. Worth noting is the fact that, short-term incentive awards reduces or disappears in the event of poor group, franchise, business unit or individual performance in line with the claw back principle.

Individual short-term incentive awards up to N$650 000 are paid in full in August while those in excess of N$650 000 up to N$2 million are paid out in three tranches, providing for a 6-months and 12-months deferral respectively. Interest, as determined by the group, accrues on the second and third tranches and is included in these payments. Awards above N$2 million is also paid in three tranches but a component of the bonus is deferred as a share-linked award which vest two years later (based on continued employment and good standing). Should an employee resign or leave the employ of the group for any reason before the date on which any tranche is payable, any outstanding tranches will no longer be payable and are forfeited.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Long-Term Incentive (LTI) Scheme

The group operates a Long-Term Incentive (LTI) Scheme which seek to ensure employees are aligned to shareholder requirements for sustainable earnings growth, sustainable and superior returns and the creation of long-term franchise value. LTIs also support the long-term retention of critical management level employees. The FirstRand Limited Conditional Incentive Plan (CIP) in South Africa is utilized to achieve these objectives.

The total LTI award pool for the group is approved annually by the FirstRand Remco in South Africa and considers overall headcount growth and salary inflation increases. The allocation of this pool is determined by the value created and the sustainability of the group's contribution to shareholder value.

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

Performance conditions should support motivation and retention, and as such the Talent and Remuneration Committee considers several factors, including:

- the outcomes of the three-year budget process as well as scenario analyses on the budgets with incorporation of 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 incentivizing earnings growth at the expense of returns.

Participants in the LTI CIP have exposure to fluctuations in the group's share price and the value of the award will either increase or decrease in line with the change in the share price over the vesting period, further supporting the alignment between shareholders and employees.

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay

FirstRand Conditional Incentive Plan (CIP)

The FirstRand CIP is structured as a conditional incentive plan which is denominated in South African Rands. To align with overall FirstRand group strategic intent, the CIP is linked to the performance of the FirstRand SA share price (applicable to qualifying employees). For all qualifying employees, 100% of the award has the FirstRand share price as the underlying.

Under the group CIP described earlier, the conditional awards vest three years from the award date if the performance and employment conditions have been met. At the date of vesting, the employee will receive the vesting value, based on the share price at the time. Settlement of the vesting value will either be in cash or by acquiring settlement shares if elected by the participant. Shares required for settlement are purchased in the open market, not issued, to avoid shareholder dilution. There is no accrual of dividends over the vesting period and the participating employees remain exposed to fluctuations in the group's share price over the vesting period.

The Talent and Remuneration Committee has changed the vesting conditions for the 2021 Share Scheme Structure. A distinction has been made between professionals, senior leadership and executives.

The award for professionals is 100% de-risk individual performance required to be rated a 3 or above. For senior leadership, 50% company and individual performance conditions. For executives (country chief executives), 100% of vesting subject on company and individual performance.

Other LTI considerations

Outstanding LTIs

The group has a "good leaver" policy covering remuneration already awarded that has not fully vested. The Talent and Remuneration Committee has discretion in certain circumstances. The categories of good leavers:

1. **Retirement**: 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 normal rules and performance conditions.

2. **Retrenchment and death**: LTI awards are pro-rated and deemed to be vested. From 2018, the awards are pro-rated for the remaining vesting period and a probability of vesting is applied based on performance to date measured against the roll-forward vesting conditions to date.

3. **Injury, disability or ill health**: LTI awards are pro-rated and deemed to be vested. From 2018, the awards are pro-rated for the remaining vesting period and a probability of vesting is applied based on performance to date measured against the roll-forward vesting conditions to date.

4. **Resignation**: Employees who resign before the vesting date of the outstanding LTIs will forfeit these awards. However, on rare occasions, depending on the circumstances, The Talent and Remuneration Committee may apply its discretion to allow some or all the outstanding awards to remain in force until the normal vesting date with specific conditions applicable to the employee's future role.

Employees who are dismissed are not deemed "good leavers" and as such, unvested awards are forfeited.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay

Expired schemes

2019 (Will not vest at the expected vesting date of September 2022) – The vesting conditions of the 2019 award are set out below, with the apportionment to vesting without conditions described below.

The awards for all top and certain senior management have performance conditions applied to 100% of the award. For all other participants, 50% of the award seeks to drive retention and will vest in three years without performance conditions, provided the participant remains in employment with the group and the remaining 50% of the award remains subject to performance conditions. For the awards subject to performance conditions, 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. If the minimum ROE and normalised earnings per share growth conditions are met, vesting will commence at 70% and if these are not met the award will lapse.

Vesting level*	Performance conditions		
	Vesting level should both conditions be met	ROE target (average over the 3-year performance period)	Normalised earnings per share growth requirement (3-year compound annual growth rate)
			FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real GDP growth on a cumulative basis over the performance period from the base year end, being 30 June 2019, as set out for each vesting level indicated below:
Minimum vesting, below which the award lapses	70%	≥ 20%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus >0% or CPI where real GDP growth is negative
On target performance	100%	≥ 20.5%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 1.5% to 3%
Stretch target	120%	≥ 21%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus >5% to 7%
Super stretch target	120.1 to 150% (maximum vesting)	≥ 22%	Cumulative normalised earnings per share growth rate over 3 years of real GDP growth plus CPI plus 7% to 10%

Linear vesting applies between each vesting level based on the achieved normalised earnings per share growth rate. The ROE calculation is based on net asset value (NAV) taking into consideration adjustments resulting from, for example, dividend policy changes, regulatory changes, IFRS changes or changes in volatile reserves. Under the new structure, Remco cannot apply upward vesting judgement if performance criteria are not met.

During the current year, it was determined that the group failed to achieve the minimum ROE requirement over the performance period, and Remco notified qualifying employees that the awards with market vesting conditions would consequently not vest. For employees with 50% of the award subject only to continued employment, that portion of the award would vest if the employee is still in the employment of the group.

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Currently open

2020 (Vesting date in 2023) – The awards for all top and certain senior management have performance conditions applied to 100% of the award. For all other participants, 50% of the award seeks to drive retention and will vest in three years without performance conditions, provided the participant remains in employment of the group. The remaining 50% of the award is subject to performance conditions. For the awards subject to performance conditions, 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 maximum target with linear grading correlated to normalised earnings per share growth between targets. If the minimum conditions are met, vesting will commence at 70% and if these are not met, the award will lapse. Remco has the right to adjust the vesting level down by up to 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 risk, capital management and compliance committee (RCCC); and concerns regarding adherence to the liquidity and capital management strategies in place.

The performance conditions for the 2020 award include prudential targets relating to liquidity and capital ratios, a normalised earnings per share growth target and an ROE target. The table below further stipulates the performance conditions to be fulfilled by the company and the corresponding vesting level for purposes of calculating the vesting value of the conditional award. To achieve minimum vesting of 70%, the group must exceed the liquidity and capital targets set by the board and measured at 31 March 2023. If the conditions set for 70% vesting are not met, the award lapses and none of the other conditions described below are assessed.

Vesting level*	Performance conditions	
	Minimum ROE requirement at 30 June 2023**	Normalised earnings per share growth requirement (3-year compound annual growth rate)
70.1% to 99.9%	For grading above 95%, ROE must be more than cost of equity as at issue date of award, i.e. net income after capital charge (NIACC) positive	Grading based on minimum compound annual growth rate of 4.3% up to <13.4%
100%	ROE must be more than cost of equity as at issue date of award, i.e. NIACC positive	Minimum compound annual growth rate of 13.4% up to <17.5% (100% vesting only for all growth outcomes in the range above)
100.1% and 119.9%	ROE of at least 18%	Minimum compound annual growth rate of 17.5% up to <22%
120%	ROE of at least 20%	Minimum compound annual growth rate of 22%
120.1% and 150% (maximum vesting of 150%)	ROE of at least 22%	Minimum compound annual growth rate above 22% and up to 28.2% to calculate linear grading up to 150% vesting

* Linear grading between these vesting levels based on the growth achieved.

** In the event that the ROE target is not met, the outcome will be constrained to the ROE target even if the growth measured could result in higher vesting outcomes.

Talent and Remuneration Committee report continued

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay continued

Currently open

2021 (Vesting date in 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 target with linear grading correlated to normalised earnings per share growth between targets. If the minimum conditions are met, vesting will commence at 50% and if these are not met, the award will lapse. Remco has the right to adjust the vesting level downwards by up to 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, as well as concerns regarding the adherence to the liquidity and capital management strategies in place. Lack of compliance with the group's climate roadmap over the three-year period was included as an additional potential downwards adjustment item relating to non-financial measures for the 2021 awards.

Vesting level*	Performance conditions		
	Vesting level should both conditions be met	ROE target (30 June 2024)*	Normalised earnings per share growth requirement (3-year compound annual growth rate)
			FirstRand Limited must achieve growth in normalised earnings per share relative to the South African CPI plus real 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 indicated below:
Minimum vesting, below which the award lapses	50%	≥ 17%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 1% or CPI where real GDP growth is negative
On target performance	100%	≥ 18%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 3%
Stretch	120%	≥ 20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 5%
Super stretch**	150%	≥ 20%	Cumulative normalised earnings per share growth rate over three years of real GDP growth plus CPI plus 8%

* 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, dividend policy changes, regulatory changes, IFRS changes or changes in volatile reserves. In the event that the ROE target is not met, the outcome will be constrained to the ROE target even if the earnings growth measured could result in higher vesting outcomes.

** For vesting at 120% or above, ROE ≥ 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.

4. REMUNERATION POLICY AND STRUCTURES continued

4.2. Variable pay

The group understands that CIPs are a valuable long-term incentive tool for retaining its best and most promising talent and acknowledges that the reason the performance conditions were not met is completely outside of the control of the group. Therefore, similar to the retention measures implemented in 2021, the remuneration committee has approved that discretionary payments for eligible employees will be considered during the annual salary review. Employees who are allocated a retention payment this will be confirmed and communicated in the 2022 annual salary review letter.

What retention measures are being considered?

The reduction in earnings impacted all outstanding LTIs (i.e. the 2018 and 2019 LTI awards) which presents a potential talent retention risk. Remco considered the risk of failed multiple year awards and therefore implemented a specific retention scheme (COVID-19 instrument) for certain senior and top management, as follows:

- For senior employees, including the FirstRand Namibia's executive directors and prescribed officers, the retention condition is for three years (rolling every 12 months) in the form of an LTI with only time-based vesting and no performance conditions.
- This retention instrument was awarded in September 2020. The value will be converted to a FirstRand LTI on the award date and will vest in equal proportions (tranches) over the next three years (September 2021, 2022 and 2023).
- Should an employee who receives this award resign within 12 months of a tranche of the award vesting, they will be required to repay the full amount of the vested tranche. Thereby the instrument represents a retention period of up to four years.
- The instrument will not additionally benefit an employee. In the event that the 2018 and 2019 LTI awards do vest, only the higher of the COVID-19 vesting tranche or the outstanding LTI awards will vest (not both).

Talent and Remuneration Committee report continued

DIRECTORS REMUNERATION

Executive Directors

Executive Directors are employed on fairly standard employment contracts as all other employees. Remuneration paid is based on the group's remuneration policy as set out above.

The committee took note of the recommendations of NamCode that companies disclose the remuneration of its three highest paid employees who are not directors. After due consideration of this provision the committee with concurrence of the Board resolved that the disclosure of the remuneration of the executives sufficiently illustrates the alignment between reward and shareholder return.

The Committee ensures an optimal balance between operational stability, superior value creation and sustaining 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.

All executive directors and prescribed officers have a notice period of one month. Executives have no guaranteed termination payments.

FirstRand Namibia's was able to deliver earnings growth of 25% and ROE of 21.4%, back within the target range of 16% to 26%, reflecting the underlying quality of the group's earnings. The group produced N$413 million of economic profit which we measure as net income after cost of capital (NIACC), which is our key performance measure.

We took an appropriate stance to meet the weaker economic environment and particular challenges presented by switching most of our employees to working from home, as well as in many cases the way we do business with our customers. We focused on financial resource management (FRM) principles as the anchor of our strategy, in particular:

- Carefully price for financial resources;
- Appropriately provide against lending portfolios;
- Apply strict cost management;
- Further strengthen and appropriately tilt the balance sheet for the macro outlook;
- Accrete capital and net asset value (NAV) – the deployment of capital to reflect the updated cost of equity; and
- Emerge from Covid-19 with limited vulnerabilities, with capital for growth.

For the most part, the group delivered on this strategy. Earnings recovered faster than expected, with ROE and NIACC improving strongly. The group's Tier 1 ratio increased to 20.2% (2021: 17.1%) and the group is in a position to pay a full-year dividend at the bottom end of its cover range.

A key focus for the group has been restoring the previous high watermark of earnings achieved in 2019. The progress in this period has taken us closer to it than we expected at the start. This reflects the quality of FirstRand's portfolio, the strength of its customer franchise and its ability to benefit from the economic rebound that is taking place.

DIRECTORS REMUNERATION continued

Executive Directors

Key financial performance metrics for the year ended 30 June 2022 and the executive directors' remuneration. The committee believes that this increase and the underlying remuneration mix detailed in this report, is consistent with the group's remuneration governance framework.

	Normalised earnings growth (%)	ROE (%)	NIACC (N$m)	NAV growth (%)	Dividends per share growth (%)	Headline earnings growth (%)
2022	28.3%	21.40%	N$413	10.30%	100%	24.01%
2021	(1.10%)	19.40%	N$191	13.10%	37.70%	17.90%

Remuneration Conrad Dempsey FirstRand Namibia's CEO

Growth in reward and awards for 2022

N$ 000	2022	2021*	% growth #
Cost to company	3 243	2 292	41%
STI	2 382	-	-
- Cash within 6 months	1 792	-	-
- Cash within 1 year	590	-	-
LTI award	864	-	-
Total reward including LTIs	6 489	2 292	41%
Total guaranteed and variable pay (excluding LTIs)	5 625	2 292	100%

* Pro rata 2021 remuneration disclosed to reflect the period of the year he was executive director.
# Actual increase granted for 2022 was at 6.12%.

Remuneration Oscar Capelao FirstRand Namibia's CFO

Growth in reward and awards for 2022

N$ 000	2022	2021	% growth
Cost to company	2 122	2 067	2.60%
STI	945	868	8.90%
- Cash within 6 months	845	794	6.40%
- Cash within 1 year	100	74	35.10%
LTI award	654	-	100%
Total reward	3 721	2 935	26.80%
Total guaranteed and variable pay (Excluding LTIs)	3 067	2 935	4.50%

1. 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 ending on 30 June, i.e. August, December and June.
2. Long-term incentive 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.

Talent and Remuneration Committee report continued

OTHER MATTERS

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 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 meet the remuneration philosophy of the group that advocates for fair and responsible remuneration. The fees are reviewed by the Remuneration Committee and are approved in advance by shareholders at the annual general meeting.

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

Actual remuneration paid to executive directors is detailed in the notes to the annual financial statements.

FirstRand Namibia's Staff Assistance Trust

The FNB Staff Assistance Trust's mandate is to assist non-managerial racially disadvantaged employees as well as their immediate families, with their tertiary education and healthcare needs. For the 2022 school cycle the trust assisted employees to the value of N$2 million.

Annual General Meeting (AGM)

In line with NamCode, King IV and the NSX Listings Requirements, the 2021 remuneration policy and implementation report were tabled at the AGM for separate non-binding advisory votes by shareholders. The group's remuneration policy and report received an endorsement of 86%.

The Committee is comfortable that it has rewarded FirstRand Namibia's employees appropriately in the year under review. The committee is thus satisfied that it has executed its duties during the past financial year in accordance with its charter, relevant legislation, regulation and governance practices. The effectiveness of the committee is assessed annually by the board. The Chairperson attends the annual general meeting.

Ranga Haikali
Chairperson

Directors Governance Committee report

DIRECTORS GOVERNANCE COMMITTEE

The purpose of the Directors Governance Committee (DGC) is to evaluate the adequacy, efficiency and appropriateness of the corporate governance practices of the group and assist the board in discharging its duties in respect of governance, Board continuity and Board succession planning.

Committee Composition and Attendance

Member	Meeting Attendance		Director Interviews		Appointment/ Resignation Date
Number of Meetings	4	%	3	%	
II Zaamwani-Kamwi (Chair)	4/4	100%	2/3	67%	Appointed April 2016
CLR Haikali	4/4	100%	3/3	100%	Appointed August 2007
JR Khethe	2/2	100%	N/A	N/A	Resigned 31 December 2021

Induction and ongoing board development programme

New directors were subject to an appropriate induction programme to assist the new directors to make the maximum contribution as quickly as possible. Other ongoing training and education courses allow directors to familiarise themselves with FirstRand Namibia's operations, its business environment, fiduciary duties and responsibilities, and the board's expectations in respect of a director's commitment, ethical behaviour and keeping abreast of regulatory changes and trends. The Directors Governance Committee oversaw directors' induction and ongoing training programmes, and will continue to make the professional development of its members a priority. Directors have full and unrestricted access to management, group information and property. They are entitled to seek independent professional advice in support of their duties at the group's expense.

Director Succession

The committee ensures that a formal process for the appointment of directors, including the identification of suitable board members is followed, taking cognizance of its need for appropriate skills and diversity, while maintaining a balance between non-executive and executive directors and independent non-executive directors.

Tenure principles and the need for refreshing the board have come to the fore as part of succession planning. The committee continued to identify a sufficiently broad population of candidates to be nominated as potential board members, focusing on targeted skills, diversity and gender inclusion.

Director Attendance

The Committee is satisfied that board members duly attended at least 75% of the board meetings of a banking institution or controlling company in any particular year. This is to ensure that they will discharge their duties and responsibilities effectively.

Board Evaluation Outcome

The committee conducted annual board evaluations which purpose was to measure the success of the board, identify any problems and highlight areas where performance can be enhanced. The evaluation assessed the effectiveness of the board charter, board meetings, board responsibilities, board composition, executive director, chairperson, and the company secretary, which results will be reviewed by the committee in due course.

Directors Governance Committee report continued

The Committee discharged its duties during the financial year by:

August 2021	October 2021	February 2022	April 2022

- Discussing and monitoring the progress in resolving any audit or compliance findings relating to governance.
- Advising the Board on the ongoing director succession planning and board continuity.
- Monitoring any adverse media in relation to any of the Directors.
- Overseeing and considering the outcome of the annual assessments of the group processes relating to Corporate Governance structures and practices.
- Overseeing the board induction training and development programme. Considering and opining on group nominations, group committee changes, including appointments and retirements.
- Considering and assessing the independence of the non-executive directors.
- Overseeing the establishment of new committees as required, and approving committee mandates and charters.
- Conducting annual board evaluations in order to review the effectiveness of the board and board committees; the performance and independence of the board chair, individual non-executive directors and the company secretary.
- Monitoring compliance with applicable laws relating to governance, including the Banking Institutions Determination 1 (BID-1), the NSX Listing Requirements and the NamCode.
- Monitoring the re-election of directors retiring by rotation in terms of the articles of association and the Companies Act.

The Directors Governance Committee will continue to focus on the following areas:

- Board effectiveness, continuity and succession planning.
- Ongoing Board training and induction.
- Review of the governance structures within the group.

Inge Zaamwani-Kamwi
Chairperson

4.

Our strategy to create value

Reflections from our Chief Executive Officer

FirstRand Namibia has a long history of enabling economic growth through up and down cycles in Namibia for well over 100 years. As the world gradually emerges from the Covid19 pandemic the FirstRand Namibia group will continue to meaningfully respond to our responsibility as an agent for change and development.

The post-pandemic era is turning out to be more challenging than initially anticipated; marked by the war in Ukraine, rapid global inflation, a rise in protectionist national economic agendas in the developed world, and the top of a debt cycle in Namibia. Local economic recovery will be a factor of how these challenges are managed, affecting the pace of structural reform and Namibia's ability to attract investment and skills. As a group we have committed to purposefully and intentionally drive an agenda to help the transition to a more globally competitive Namibia.

We believe that through solving for societal constraints within our mandate and improving the financial wellbeing of our customers, we will naturally also be successful and by extension achieve sustainable bottom-line growth as an outcome. Dedicated to delivering shared value to all stakeholders, FirstRand Namibia has intentionally enhanced its core business activities to deliver a blend of financial and social outcomes to its broad stakeholder groups.

The group's results for the 2021/22 financial year comes on the back of a clear and focused national engagement strategy and disciplined financial resource management. Through tilting the group's balance sheet to manage earnings volatility, we have been able to present an investment case to our investors that provides more than merely geared exposure to the broader economy, while delivering a sound risk–return profile for all our shareholders.

Rebuilding the Namibian economy requires us to take a broader scope view than the solutions in traditional banking models. Within FNB we established focused business-rescue capacity to assist businesses under financial strain and have seen sustainable outcomes where viable businesses could be assisted. Through partnership with early-stage business incubation and angel investment initiatives FNB is also able to indirectly support business formation from the idea stage through to bankable stage, creating both a customer pipeline and broad economic entry for smaller businesses.

Financial inclusion has always been entrenched in the bank's approach through truly inclusive solutions such as the FNB e-wallet. The FNB DigiPlus account, launching in July 2022, will further increase ease of access to the group's enabling digital platforms. Digital transition in banking, as with other financial services, should enhance financial inclusion and not leave anyone behind in the journey. It is important for us that all customers across all our businesses continued to be served in a cost effective and efficient manner that's secure and comfortable for them. The investment in our platforms will continue to improve the client experience as market leaders in the years to come.

Increasing emphasis on demonstrating visible and sustainable ESG activities, allowed for a group-wide review to harvest activities and processes already in place, and enabled robust discussion about where to next, in the market and beyond. While ESG is very topical globally, we take a pragmatic locally relevant approach to 'do what matters' for Namibia. The construct of broader integrated thinking is embedded in our group for more than a decade with a deliberate approach to consider all six capitals, while keeping our Planet, Partnerships, People and Profit emphasis, equally important in our debates. Within our ESG frameworks we do not only look internally at our activity but recognise we have a role to play to enhance governance, across private and public institutions for better shared value outcomes on the capital and time invested across our economy. In partnership with institutions like the young, but vibrant Namibia Institute for Corporate Governance, I'm convinced that Namibia can set the benchmark for good governance in the region.

We are particularly proud of the RMB partnership with FNB Namibia that launched a N$353 million green bond making it the first for FirstRand Namibia group and the largest publicly traded green bond in Namibia. The proceeds of the green bond will be dedicated to eligible green loans applied towards Namibian green buildings, renewable energy-generation projects, and other sustainability investments. Sustainability is key to the group's vision of a globally competitive Namibia, and green bonds issuance marks a major milestone for the country and the bank. Through the issuance, FNB Namibia will ensure appropriate financial resource allocation to support the "greening" of the Namibian economy and drive stronger issuance volumes while enabling the growth of the local green bond market. The market response was very encouraging with the bond six times oversubscribed; signally strong institutional appetite for more such paper in future.

Leveraging the new RMB positioning of 'Talent is how we do both', I am excited regarding the potential of our people philosophy across the group. Talent, job creation, localisation of jobs, internships, and leadership development featured regularly over the past year as the group assessed talent requirements to ensure future-of-work readiness. Building a stronger, diversified talent pool, promoting and equipping employees professionally for growth, as well as noting the aspirational pull of our businesses for top talent in the market, is an ongoing driver of the depth of our employee value proposition.

The group's earnings this year continues to be generated by its large lending and transactional franchises, resulting in continued deep and loyal customer bases. These domestic banking operations are mature and systemically important. Notwithstanding a backdrop of weak macroeconomic growth, the key growth imperative in our franchises is to grow customers, do more business with customers, and to do this more efficiently and conveniently. Sector competition is fierce, so customer value propositions need to resonate deeply, particularly as we intend to partner businesses and individuals towards a globally competitive Namibia. The group is also heavily invested in building capital-light revenues in adjacent activities such as insurance, and wealth and asset management.

The level of improvement in the group's performance demonstrates the quality of FirstRand Namibia's portfolio of businesses and their ability to capitalise on its end-to-end value offering in the market. The group's diversification strategy received a strong vote of confidence with the realignment of our asset manager, Ashburton Investments, and the appointing of its new CEO Taimi Shejavali. We also progressed the full acquisition of OUTsurance to bring the group's holding to 100% of the direct insurance business and look forward to building this business out once the transaction is completed.

Our ongoing CSI investment and the pandemic HOPE coalition with industry partners, evidences our commitment to the health and growth in capability of the nation. At the same time, our employee investment and support, and talent retention programs, continue to empower and drive innovation. However, it is where our customers are daily that matters. With so many businesses and individuals at the distress point of the debt cycle over the reported period and going forward, we are acutely aware of our professional duty to create shared value at all the points of the cycle. In all of our pillars of support to the nation, transact, lend, invest, and insure, the sustainability of our relationships, their potential and their value creation outputs matter. If we are to be true to ensuring a future of shared prosperity for all in Namibia, FNB's mantra over the past year – 'we are the bank of the #changeables', specifically inspires us to embrace change for good. Finding the right way to grow is a feature of the innovation we celebrate.

As I write, the slow demand for credit, in a rising interest and inflation environment, poses challenges for accelerated economic growth. However, we are clear on our role and responsibility to Namibians, experienced in our expertise; and we not only remain ready to facilitate economic growth, but we also continue to actively seek it out. Irrespective of the point in the business cycle, there's always opportunity for our clients and business to grow through deeply understanding the nuances of the current business environment.

To be successful throughout the cycle we remain focused on a very clear people and talent philosophy. Our competitive position in the market is a factor of investment in our people, an environment of continuous learning and a culture of staying curious about the world around us. We celebrate high performance, and our brands remain aspirational for top talent in the market. This is a clear indicator of our culture being recognised positively, and for this and so much more, I'd like to thank each and every member of the FirstRand Namibia family for their tireless efforts to help our customers, partners, business, and the broader economy, through this challenging time.

For this owner-manager mindset, and values-based application, I extend my thanks to the FirstRand Namibia Board of Directors for their guidance, to all of FirstRand Namibia's Executives and their teams for their strong contribution and teamwork, and to our customers, without whom we would not exist.

Conrad Dempsey
CEO: FirstRand Namibia

Material matters

OUR MATERIALITY THEMES AND TOP RISKS

In determining our materiality themes for the reporting period, our Executive Committee evaluated the top risks and opportunities and material matters in relation to our strategy. Our materiality themes and top risks and opportunities are reassessed on a regular basis to take account of an ever-evolving external environment. Our materiality themes, the detailed materiality determination approach and our risk and opportunity management process are outlined in this report. We also explain how the materiality themes influenced our group strategy review process, informed adjustments to our business model and our short- and medium-term targets.

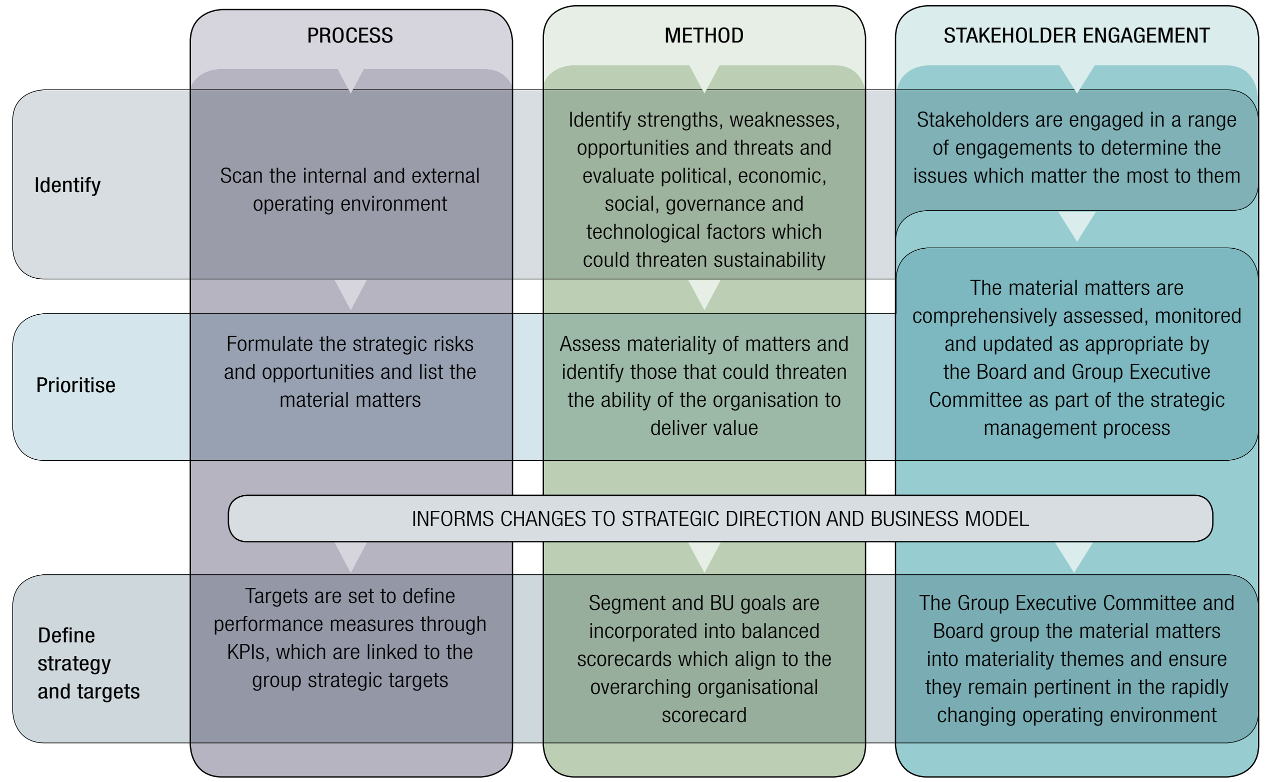
OUR MATERIALITY DETERMINATION PROCESS

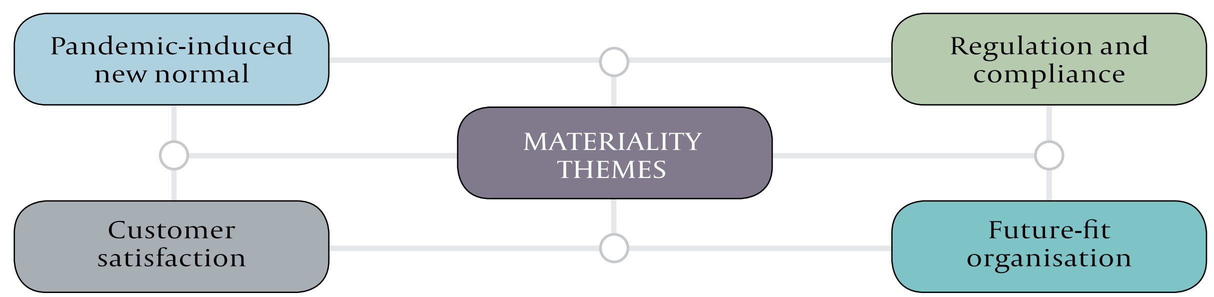
Our materiality determination process is undertaken on a regular basis as part of a multi-functional review, which evaluates those risks, opportunities and challenges, which could significantly affect our ability to achieve our organisational purpose and strategy and hamper our ability to create and/or preserve value over the short, medium and long term.

Our material matters are shaped by our internal and external context, the expectations and concerns of our stakeholders, as well as the social, economic, governance and environmental conditions in which we operate.

Our material matters are then categorised into materiality themes. Our Group Executive Committee assesses the material matters and the proposed materiality themes and recommends these to our Board for approval.

Our materiality determination process is summarised in this infographic:





Material matters continued

Pandemic-induced new normal

WHY IS THIS MATERIALITY THEME IMPORTANT FOR US?

The Covid-19 pandemic has affected how business is steered, what customers and employees anticipate and where and how personnel work, calling for business operations and people practices to be adaptive.

Material matters related to this theme

- Macroeconomic challenges
- Financial stability
- Evolving ways of work
- Health and safety
- Mental health and wellbeing

Our responses

- Introduced health and safety standards to ensure appropriate protection;
- Continued to be customer-centred by ensuring uninterrupted and efficient banking services;
- Redeployed skills and capabilities where needed in the organisation;
- Supported customers with retail banking products, support services and financial wellbeing advice;
- Enhanced our extensive digital capability;
- Enabled our people to work remotely;
- Maximised the use of digital platforms to deliver training for our people;
- Continued engagement with our people through our extensive range of communication media including social media and other platforms;
- Supplemented our employee well-being initiatives to ensure ongoing care and support; and
- Retained strong capital and liquidity levels - enabling us to proactively pursue synergistic acquisition opportunities and partnerships.

Key performance indicators

- Increase of interactions fulfilled via digital channels
- Staff engagement score
- Retention, talent management, succession
- CSI spent
- Successfully maintain work-from-home capability and productivity

Medium to longer-term actions

- Enhancing business continuity management
- Developing training related to new skills, including managing remote teams and improving work-from-home productivity levels
- Embracing digital ways of working
- Prioritising wellbeing to ensure high levels of engagement of staff
- Being ready to adapt if required by further waves of the pandemic
- Renegotiating lease terms for branch network
- Aligning CSI initiatives to address societal needs as these evolve

Regulation and compliance

WHY IS THIS MATERIALITY THEME IMPORTANT FOR US?

The importance of vigorous governance, compliance and risk management processes are at a historic high, together with the need to respond to emergency regulations and protocols to contain further outbreaks of Covid-19.

Material matters related to this theme

- Legal and regulatory requirements
- Covid-19 protocols
- Regulatory constraints related to digital transformation
- Privacy
- Financial crime prevention
- Responsible and ethical banking practices
- Customer fair treatment
- Reputation management

Our responses

- Supported government, regulators to mitigate the risks of Covid-19 and the associated lockdowns on the economy, contributing to the safety and soundness of the Namibian banking system through good liquidity management, payment relief for qualifying customers and a focus on capital management
- Implemented measures in compliance with the Disaster Management Act and related Covid-19 protocols
- Reinforced cybersecurity protocols
- Enhanced protection of personal information with changes to systems and policies
- Ensured responsible banking practices
- Addressed conduct standards relating to treating customers fairly
- Implemented additional measures to combat financial crime
- Interacted regularly with our regulators to assess and comment on emerging legislation
- Contributed through industry bodies during regulation formulation
- Conducted regulatory impact assessments and surveys

Key performance indicators

- Ensuring there are no sanctions or fines applied or any incarcerations
- Implementing regulated business processes to meet regulatory effective dates and deadlines
- Ensuring that all compliance reports to regulators continue to be satisfactory
- Implementing ongoing compliance training and awareness programmes
- Improving early identification management processes around compliance risks
- Further enhancing relationships with regulators

Medium to longer-term actions

- Managing the regulatory cost of doing business with adequate specialist resources and fit-for-purpose processes
- Ensuring ongoing compliance with improved systems and training
- Mitigating possible breaches of information security and identity theft through technology and early warning mechanisms
- Driving anti-money laundering training and processes

Material matters continued

Customer satisfaction

WHY IS THIS MATERIALITY THEME IMPORTANT FOR US?

With greater than before competition in the banking sector, customers are better educated and have a wide-ranging choices requiring us to successfully adapt to moving market trends and evolving customer needs.

Material matters related to this theme

- Customer experience
- Digital transformation
- Data as a differentiator
- Product and service evolution
- Security and fraud awareness
- Competitiveness of our customer value proposition
- Customer complaints' resolution

Our responses

- Operationalised a hybrid of at work and work-from home capabilities;
- Leveraged data scientists as a key strategic differentiator for real-time insights and analytics to inform decision-making, process efficiencies, customer retention and enhanced customer credit-risk differentiation;
- Improved customer interactions;
- Used robust data metrics;
- Evolved product and services (overdraft facility, credit card relaunch, digitised loan applications and security features);
- Launched ongoing security, cybersecurity and fraud awareness campaigns;
- Implemented process optimisation projects to remove pain-points and reduce customer friction across the digital channel including document management system enhancements; and
- Achieved stability of systems

Key performance indicators

- NPS score: continuous improvement;
- Progress individualised digital interactions;
- Fulfil real-time interactions;
- Consumer financial education programmes;
- Develop a small, medium and micro enterprise (SMME) customer base;
- 30% growth in customers by FY25; and
- Minimise customer fraud.

Medium to longer-term actions

- Keeping pace with the accelerated digital revolution to remain competitive;
- Enhancing new digital ways of working;
- Working with product designers to remove friction points for better customer experience;
- Integrating effectively with fintechs and other partners;
- Addressing cybersecurity concerns; and
- Expanding range of distribution points to maximise customer convenience.

Future-fit organisation

WHY IS THIS MATERIALITY THEME IMPORTANT FOR US?

Given the faster and exceptional change to the way we live, work and interact fundamentally brought about by the effects of the Covid-19 pandemic, we re-evaluated our strategy, strategic objectives and business model, taking account of the evolving requirements of our current and prospect customers and the capitals, skills and abilities vital to be resilient and effective within the banking sector.

Material matters related to this theme

- Operational and financial resilience;
- Skills development and competencies required in the future;
- Partnerships and acquisitions for future growth;
- Improved customer insights through enhanced data science and data analytics;
- Integrated strategy, which is people-led and digitally enabled; and
- Transformation imperatives.

Our responses

- Reassessed our strategy through extensive engagement;
- Ensuring organisation-wide buy-in and alignment as to what a future-fit Bank entails and how we are to work together to achieve it;
- Ensured organisational and financial sustainability and building resilience post-Covid-19; exploring acquisition and partnership opportunities to serve as a springboard for future growth, aligned to our strategy;
- Adopted our sustainability levers as part of our organisational strategy, which balances financial and non-financial targets;
- Continued to place our customers at the center of everything we do;
- Using data analytics to better understand their needs and wants, looking to 2025 and beyond;
- Defined future skills and capabilities required to continue to excel; and
- Continued to prioritise transformation imperatives. (within the organisation and the board)

Key performance indicators

- NIACC
- ROE range 16% - 26%
- Cost to income ratio of below 50%

Medium to longer-term actions

- Driving growth and ensuring competitive advantage;
- Promoting adaptability to achieve scale and to expand;
- Embedding digital ways of working;
- Ongoing evaluation of our strategy, purpose and vision;
- Leveraging opportunities;
- Mitigating macroeconomic threats; and
- Aligning the new operating model to deliver the FY25 strategy

Our operating environment: FNB

INTRODUCTION

FirstRand Namibia's activities in the retail and commercial market segments ranging from unbanked individuals through to midsize corporates, are represented by the FNB, WesBank, OUTsurance and PointBreak Wealth brands. The diverse range of solutions across transactional banking, lending, investment and insurance pillars, as well as wealth advisory allow for the delivery of value propositions for retail and commercial customers across all income and turnover levels, that are designed to meet their needs and exceed expectations, which is at the core of our strategy.

During the year under review, we continued our focus on making a meaningful difference in our customers' lives and businesses against a landscape that remained challenging. In addition to pressures from prolonged COVID-19 impacts, the environment was marked by macro and microeconomic factors such as increasing inflation and rising interest rates.

Increasing pressures on disposable income of customers as well uncertainty in the operating environment resulted in lower customer demand for credit, whilst regulatory pressure on non-interest revenue as well as rising costs associated with regulatory compliance remained a priority for us to manage. These factors have required the business to continuously find innovative ways to ensure delivery of value to our various stakeholders in particular, our customers, staff, shareholders and the broader society.

Despite the challenges, the retail and commercial business remained resilient and has continued to focus on progressing on its strategic focus areas of delighting customers, providing contextual solutions and platform, cultivating a high-performance culture and managing the business with a sustainability mindset.

The excellent set of results could not have been achieved without our people. They too have been as affected by the environment as anyone in Namibia and beyond. We remain highly appreciative of their endless commitment and contribution to the 2022 results.

FINANCIAL PERFORMANCE

When interpreting the results for the year ended 30 June 2022, the comparative period still represents a portion with a low base given the prevailing impact of the Covid-19 pandemic. FNB's profit before tax (which represent 77% of FirstRand Namibia Group profit) grew by 19.0%, delivered a robust pre-provision operating profit growth of 6% year on year and pleasingly, normalized ROE increased to 33.7% up from 29.5% in the previous year. Net interest income increased by 21.6% off higher average balances and improved margins on prime linked products which benefited from a combination of principled pricing and rate hikes in the second half of the financial year.

Impairment losses were lower than prior year due to the unwinding of credit provisions on the back of emerging economy recovery. The increase in non-interest revenue by 6.8% (up from flat growth in prior year) was mainly driven by an increase in volumes as there continued to be regulatory pressures on fees. Normalised operating expenses increased by 5.9% year on year, however cost to income remained flat year on year signifying adequate cost efficiency. The increase in costs was attributed to investment in staff and increased spend in IT as the group continued to invest in platform and regulatory projects.

FNB's credit performance continues to reflect positive underlying trends supported by the improving macroeconomic forward-looking outlook, compared to 30 June 2021. Advances grew by 4.2% for the year ended 30 June 2022. This growth was driven by the residential mortgage, personal loans and commercial vehicle and asset finance portfolios. Retail vehicle asset finance, commercial term loans and overdraft's growth, however, remained subdued.

Deposit growth of 8.5% was bolstered by ongoing momentum in savings and investment products, with particularly good growth from the commercial segment observed.

STRATEGY AND RESOURCE ALLOCATION

Delighted customers

Our total customer base grew by 2.8% to 670 590 as at June 2022 from 652 580 at 30 June 2021. The active transaction base grew by 2.0% to 608 848 as at 30 June 2022 from 597 156 at 30 June 2021. Our mobile wallet, eWallet users have grown by 5% from 1.2 million at the end of June 2021 users to 1.3 million users as at 30 June 2022, signifying the reach and popularity of eWallet.

Governed by formally mandated structures, the business continuously evolved customer value propositions based on customer feedback, informing which touchpoints in the customer journey were prioritised to remove friction from and where further solutions enhancements took place.

Encouraging continuous customer feedback through market research, ongoing customer satisfaction surveys, as well as compliments and complaints, positive or negative alike, has allowed for the business to continuously improve on strategic intent to delight customers. As a result, customer complaint volumes increased by 6.4%, representing 0.24% of our customer base. The main contributor to complaints related to ATM and ADT disputes, for which process improvements have been identified and are being addressed. Our concerted efforts have however resulted in positive customer sentiment, reflected in the Net Promoter Score which grew by 8.8% from 34% to 37%, as well

STRATEGY AND RESOURCE ALLOCATION continued

Delighted customers continued

as customer compliments, which increased by 26.4%. Efficiencies around complaints management have also improved our complaints turnaround times.

Queues remain part of the prominent customer friction points identified that cause great angst in the customer experience. As a result, FNB introduced a queuing ticket system called Q-Man that enabled the tracking of average queuing time, average waiting times on transactions, as well as interaction minutes per transaction buckets at a branch and individual level. The goal is to improve the time spent in a queue by a customer before they are serviced, improve efficiencies on processes to reduce waiting time, increase frontline staff productivity and overall create a delightful customer experience at a branch level. FNB ran a pilot across two (2) branches between December 2021 and April 2022 and are now able to roll-out this service to an additional 14 branches in the new financial year. The system will also assist in identifying the branch activities that can still be migrated to self-service channels or call center to ensure more convenience for customers.

In addition to value proposition improvement, significant focus was placed on increasing alternative points of presence beyond traditional branches. We also improved contact centre skills and capacity to support the increased usage of unassisted channels by customers.

We continued to provide real help to our customers through the extension of contextual lending solutions. The commercial segment extended new credit to the value of N$1.3 billion to our business customers. In addition to medium-to-large company value-adds, SME guarantee schemes and a free business toolkits were rolled out during the current financial year. The guarantee schemes enables the bank to provide credit to SME's that would not have qualified for affordable credit without the guarantee whilst the business toolkits contains important business resources to assist business owners.

We worked to support our clients within parameters to weather the adverse trading conditions through covid relief loans, moratoriums, debt restructures and business rescue initiatives, which have supported in abating cashflow constraints for businesses that have not seen their cashflows rebound after the pandemic. These support initiatives have been rolled out through various instruments both internally designed and through external partnerships. A dedicated business rescue unit was created to assist businesses that are in financial distress.

Contextual solutions and platform

The journey towards platform continued, largely evident in the continued customer migration towards alternative and more digitally enabled self-service channels. In addition to accessing the FNB network of 6 927 POS devices and 318 ATM/ADTs, customers have significantly increased their usage of the various cash in store solutions offered across the country. Volumes of CashPlus deposits and withdrawals increased by 313% and 271% respectively, whilst Cash@till and Ewallet@till volumes grew by 96% and 95% year on year. Digital penetration for our retail base grew a phenomenal 20.6% year on year (from 66.9% to 80.7%), and similarly our business segment digital penetration grew by 3.6% (from 79.1% to 82.0%). Customer Incentive rewards paid to customers increased year on year by 19.8%, from N$22 million in 2021 to N$27 million in 2022.

Decisions to close certain branches or reduce others in physical size have been made in line with the growth in alternative channels' footprint and customer usage. These considerations continue to be based on scientific insights into dynamic customer needs and behaviour and have also informed the locations we select for ATM and ATM lobby placement.

Considerable contextual solutions and platform development took place during the year in order to enhance and improve our value proposition to our clients, with a few notable highlights:

- DigiPlus, launching in July 2022, a disruptive and market-leading fully digital bank account that attracts zero monthly fees, and is aimed at significantly increasing financial inclusion;
- Self-service Credit card maintenance on App;
- FX on App, which removes significant friction for customers conducting forex transactions;
- Compliance of platform, a solution that allows for customers to upload their compliance-related documents at their convenience, at any time and from anywhere; and
- The pilot phase for credit scoring for SME was successfully completed during the year and it will now go live in the new financial year. This credit scoring is aimed at enabling quick and more accurate credit decisions which in turn will improve client experience.

Our operating environment: FNB continued

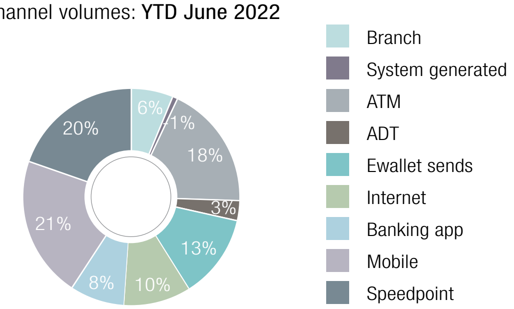
STRATEGY AND RESOURCE ALLOCATION continued

Contextual solutions and platform continued

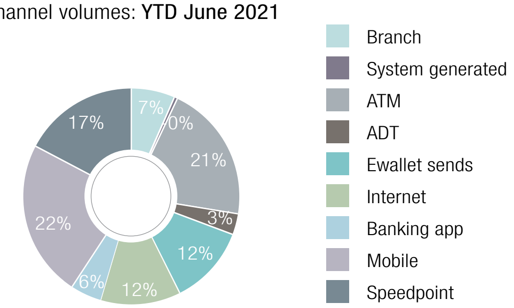
Despite some initial customer pain, the move to a new state of the art national payments system, NAMPAY was completed and rapidly stabilised.

Strides were made in our efforts to enhance the insurance offering with the conclusion of a transaction that will see the OUTsurance Namibia business evolving to a fully locally owned entity that offers a broadened product offering. The integration of PointBreak Wealth into the retail value proposition has allowed us to further increase the breadth of the solutions we offer to our affluent customers.

Channel volumes: YTD June 2022



Channel volumes: YTD June 2021



High performance culture

People are the cornerstone of our business and we continued to invest significant resources in a number of initiatives. The business reviewed its talent management framework and succession planning, with a particular focus on capabilities for the future being considered in various leadership and staff development interventions such as individual and team coaching, formal leadership development programmes and ongoing reskilling. The First Job initiative was also rolled out, comprising a graduate development programme, internship programme and experiential learning programme.

Similar to the approach we take with actionable customer insights, employee feedback is continuously sought and informs how improvements or changes are prioritised and executed upon. Such feedback has also been used to shape the extent and nature of employee engagement activities, large or small. Two major surveys – the FirstRand Organisational Assessment (FOA) and Diversity and Inclusion (DEI) – were concluded, with subsequent management actions being identified and tracked accordingly.

We continued to remain agile and responsive as far as pandemic responses required, maintaining our hybrid work location model which allows for work hour and physical location flexibility within a set of agreed parameters. The wellness initiatives available to staff were expanded upon – in particular, COVID-19 related interventions included Covid Care hamper deliveries and provision of oxygen concentrators when required, as well as emotional support and counselling.

The FirstRand Namibia's Promises remain the primary lever of the organisation's culture and good progress has been made in aligning and enhancing the organisation culture.

Sustainability mindset

Aligned to our intention of being a good ancestor and delivering meaningful value to our stakeholders, our business strategy at its core incorporated shared value principles and ESG measures.

We have progressed our digital transformation agenda, continuously modernizing the business to ensure that it remains relevant to customers, shareholders, society and other stakeholders, not only in present times but also in future.

The bank's total impact on society extends from the CSI spend by its foundations to how it manages its operations and, most importantly, how it deploys its balance sheet and core business activities.

The business has strong Financial Resource Management principles the outcomes of which are evident in the financial and non-financial results for the year. These include:

- Sound margin management through appropriate pricing
- Appropriate credit risk appetite that supports assets growth
- Revenue diversification and enhancement
- Reduction of legacy costs through customer migration, process optimisation and automation
- Investment in platform to create efficiencies.

The FNB segment further contributes to economic development and employment creation through providing innovative funding solutions for small to medium sized enterprises (SMEs) - the growth engines of the economy. We believe that financial inclusion for individuals and small and medium-sized enterprises is vital to transform and scale the informal economy. Through our innovative electronic channels and platforms, the bank is able to reach previously unbanked and under-banked segments of the population.

In line with our commitment to increasing financial inclusion, we finalised development of a disruptive, fully digital bank account, DigiPlus, which is aimed at increasing financial inclusion. The cardless bank account is self-acquired and serviced, attracts zero monthly fees, enhancing options for relevant, affordable and accessible banking. DigiPlus addresses unmet needs of our unbanked population, allowing for deposits, withdrawals and payments.

OUTLOOK

The operating environment remains fragile but we are cautiously optimistic with expectations for emerging economic recovery, opportunities to add further value to our various customer segments, and the pipeline to expand our platform-based offerings that we have in place.

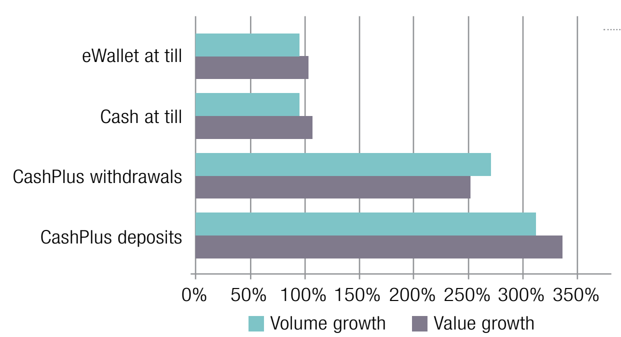
Although costs associated with meeting continually evolving compliance requirements are a factor that the business needs to manage, our focus on efficiencies and keen cost discipline remains, to ensure we continue to bring affordable and value-adding solutions to our customers.

We remain steadfast in our commitment to our customers, employees, shareholders, regulators and broader Namibian society. Providing #realhelp for impactful change and playing a meaningful role in the country's economic recovery will remain paramount. Our robust approach to sustainably growing the business with the resources allocated to it, places the retail and commercial business in a sound position to keep delivering strong value to all stakeholders.

Our operating environment: FNB continued

	June 2022	June 2021	YOY
eWallet users	1.25 million	1.19 million	5.0%
Points of presence (Branch, ATM / ADT, POS)	7 334	7 033	4.3%
CashPlus agents	177	107	65.4%
Retail Digital penetration	80.7%	66.9%	20.6%
Business Digital penetration	82.0%	79.1%	3.6%

Alternative channels



N$'millions	June 2022	June 2021*	YOY
Income statement			
Net Interest after impairments	1 584	1 304	21.6%
Non Interest revenue	1 813	1 698	6.8%
Operating expenses	1 933	1 767	9.4%
Profit before tax	1 434	1 205	19.0%
Balance sheet			
Advances	27 342	26 250	4.2%
Deposits	21 404	19 717	8.5%

* The group has made structural changes to better serve clients and as of this year, Ashburton has been segmented into FNB and RMB. Comparative information have not been restated with the change.

Erwin Tjipuka
CEO: FNB Namibia

Our operating environment: RMB

RMB OPERATIONAL REVIEW

The year under review has seen new green shoots emerge in the broader economy and within RMB Namibia. The green shoots did however come with an elevation in inflation and a resultant increase in interest rates both locally and globally. During these turbulent times the role of banks is again emphasised and in line with that RMB Namibia continues to take up its rightful role as a distinguished corporate and investment bank in Namibia.

It is of strategic importance for RMB to continue building a business of scale and relevance in the Namibian market, as it allows us to realize our ambitious goals and help build a long-term sustainable Namibia. In line with this, RMB made significant investments to change the bank, to remain resilient and future-fit and continue delivering innovative solution for our clients. RMB has been at the forefront of embracing the group's platform journey. More so, this financial year also witnessed the evolution to become more client-centric, delivering into our clients' expectations. The premise of such a construct is to create value for all stakeholders (shareholders, employees, and clients). This evolution allows us to fully entrench ourselves into client ecosystem to better provide them with innovative solutions that meet their needs. At the same time, these innovative solutions also facilitate the investments, that Namibia requires for its economic development.

RMB attained the top net promotor score, amongst banks surveyed, and ranked high on indices, including being a market leader, being innovative, solutionist thinkers, complex problem solving and talented teams. RMB Namibia was awarded the Global Finance Best Trade Finance providers three times in a row, Best Cash Management and Treasury Solutions twice times in a row, and a country first was the Best FX provider. These have been great endorsements and accolades, truly echoing our leadership in the Namibian market.

We are committed and are intentionally building out a sustainable business, minimising key business risks while simultaneously building a future-fit business, meaning that we are continuously building out capabilities and embracing market trends and we remain convicted the pay-off for our efforts will come into fruition. RMB continues to drive delivery on its purpose statement of liberating diverse talent to partner and innovate for a sustainable Namibia. We believe that profitability remains an outcome of this and a measure of how successful we are in delivering on our purpose. Our unique talent and skills are what provides us a competitive advantage in the market, and we continuously invest in our people and culture to ensure we have a globally competitive workforce. Our key wins are a testament to our focus areas in terms of providing bespoke solutions, increasing share of wallet, and becoming trusted advisor, all underpinned by our client-centric approach. This is supported by deep sector expertise, strong partnerships as well as effective cross-sell and up-sell strategies. These wins prove our delivery on our purpose of creating a sustainable Namibia.

The team set out to protect and balance a portfolio of strong businesses. Since the pandemic, profitability has been under pressure as result of gradual rate cuts. This was compensated for by growing the portfolio across the various product houses as well as the roll-out of alternative channels.

The lending business has done exceptionally well on deal origination in a rather tight economic cycle, with the team working tirelessly with our clients to solve for their needs in this process. The team has also been intentionally building the bank's track record in ancillary advisory and debt capital markets. Most notably as well is the ESG credential, having arranged the FNB Green Bond, the largest and second issuance in Namibia to date.

The Markets business has embraced another year of volatility. The team has focused on building annuity income streams and building out solution capabilities that truly position us as first to market and market leading in the Namibian economy.

The success of RMB is further entrenched in the ability to leverage off the wider FirstRand ecosystem, both locally and internationally, and to partner with FNB. Through this, RMB can meaningfully solve for our clients through value-added and enhanced solutions, while creating internal synergies. In addition, our success remains a factor of our talent and skills, as our teams were able to prove resilience and fully embrace the Solutionist Thinking ethos to solve for our clients and Namibia, to rebuild our economy.

Philip Chapman
CEO: RMB Namibia

Human capital strategy

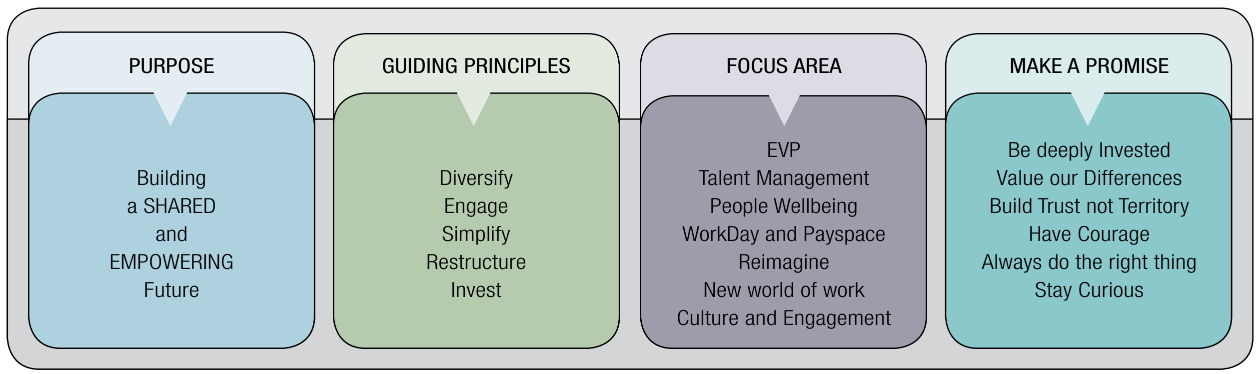
The global impact of the COVID-19 pandemic was not only felt economically, but significantly at a social and emotional level as well. Employee burnout, isolation and lack of connection has escalated and incidents of mental and physical wellbeing have been reported. To ensure we keep putting the health, wellbeing, and wealth of our employees at the forefront, the group launched an Organizational Assessment Survey in September 2021 to fully understand the well-being of its employees and the effect the pandemic had on them. The survey measured workplace climate and energy to perform. The results provided us with valuable information and guide the development of focused initiatives to address concerns identified.

To concretise our intent, Human Capital verbalise its purpose, principles, and key focus areas with our Promises as the building block.

1. CULTURE AND ENGAGEMENT

Mission: As Namibia's Best Employer to the Best People, FirstRand Namibia continuously strives to create an inclusive workplace where everyone feels valued and respected – a place where everyone of our people are treated as individuals and inspired to achieve personal potential and business objectives. As an Employer of choice to the Best People, through our Employee Value Proposition we can "create an emotional response to the set of attributes that people perceive as the value they gain in their life of employment at the Organisation" (Gartner). The group unpacked our culture through launching a second survey during February 2022 to gain an in-depth understanding of our current state of Diversity, Equity, and Inclusion. The overall participation rate for this survey was 75%, with an overall Diversity score of 73% and an inclusion score of 70%.

Survey findings have been assessed and are being addressed by conducting workshops with the respective teams throughout the organisation to identify actions or initiatives to resolve challenges identified. The progress is being tracked with the implementation of an action tracker within all segments.



Campaigns aligned to the outcomes of these survey were rolled out throughout the year to create awareness and instill behaviors linked to our Promises in an effort to create the culture FirstRand Namibia strives to build. The Promises campaigns conducted in this financial year focuses on the following:

#ISEEYOU
The purpose of this campaign was to promote inclusion by creating awareness around our hidden biases. This campaign was aligned to the VALUING OUR DIFFERENCES promises. Teams across the organisation engaged in conversations around the topic.

UNCONSCIOUS BIAS
The campaign focused on creating further awareness around the promise of VALUING OUR DIFFERENCES. This campaign aimed to spark the curiosity one needs to really see another person for their worth, unique contributions, and value they bring to the organisation to create a more inclusive environment. Daily publications were shared via the Newsflash channel for the duration of 2 months. Employees had the opportunity to recognize colleagues via the Promises Recognition platform for their efforts in creating an inclusive environment. All employees were also enrolled for unconscious bias training.

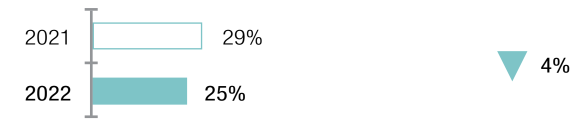
RECOGNITION PLATFORM
Our philosophy is the core foundation for building an Owner-Manager, High Performance and Values-driven Culture and therefore the aim of the promises nomination platform is to reward and recognize employees who actively live and embed the promises through their behaviors. It is also focused at embedding and driving the desired behaviour expected from all employees within FirstRand Namibia and in so doing achieving our mission of being the BEST EMPLOYER TO THE BEST PEOPLE.

ATTITUDE CHANGES EVERYTHING! MY DESTINY JOURNEY
This campaign was aimed to encourage staff to believe in themselves and their abilities, as well as the abilities of others they work with and to invest in lifelong learning. The initiative took employees on a journey of personal discovery and mastery through activities, tools, assessments, and practical advice that that can apply in your everyday life and work, to achieve their personal goals and aspirations. Daily publications shared with the organisation to create awareness around the future of work, and how employees need to prepare themselves by ultimately managing their own careers.

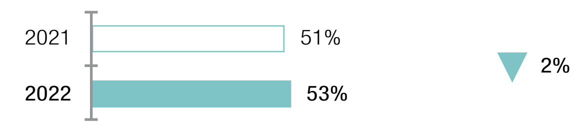
We are committed to employment equity and transformation as depicted through the approval of our three year further affirmative action plan and consistently achieve employment equity certification status year-on-year. Our focus remains to increase representation of disabled persons as well as women and previously disadvantaged person at executive and senior management levels.

Gender Equity: Representation of Women

Women as a percentage of the Executive Team:

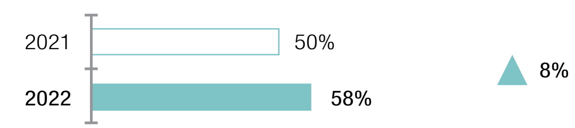


Women as a percentage of the Senior Management Team

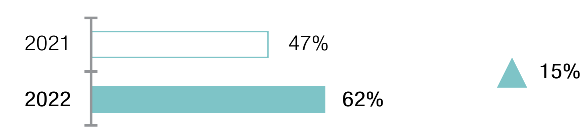


Racial Equity:
Representation of Previously Disadvantaged Employees

Previously Disadvantaged Employees
as a percentage of the Executive team

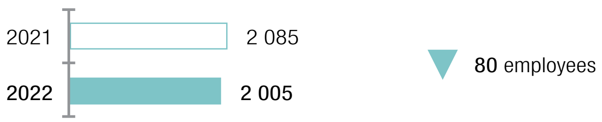


Previously Disadvantaged Employees
as a percentage of the Senior Management team

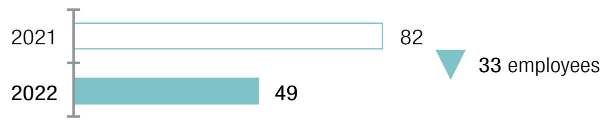


Human capital strategy continued

Employee Permanent Headcount



Number of Non-Permanent Employees



2. TALENT MANAGEMENT

Our group's success is significantly dependent upon people. Thus, the objective of the talent curatorship pillar is identification, development and retention of a diverse talent pool that is appropriately capacitated and fit to execute the group strategy.

In this regard, a Talent and Succession Management Programme is in place, aimed at ensuring that the group is not unnecessarily exposed to people risks, associated with the planned and unplanned loss of knowledge, critical to the group's business continuity. This programme guarantees a sustainable supply of the right talent in the right positions, at the right time and at the right level of excellence, to enable the group to deliver on its vision and strategic objectives now and in the future.

Successors have been identified for various leadership, critical and specialized roles within the group. The talent and succession management plans also reflect the group's commitment to affirmative action and diversity in the profile of the business. As such, the group's Transformation and Employment Equity plan will always be considered to ensure that equal development opportunities are being afforded to deserving employees, and that the Employment Equity policy is being upheld and the targets are being achieved.

2.1 Management, executive and leadership development

Having an effective leadership team that creates an enabling and conducive working environment in which our employees can maximise their full potential is non-negotiable and hence leadership development constitutes a key part of our talent curatorship strategy. We therefore continued to roll-out our in-house foundational Leadership Development programme which is mandatory for all our managers and supervisors across the group. The programme is designed to equip our leaders with hands-on people management skills to be able to lead and inspire our people towards high performance. A total of 467 middle managers and supervisors have completed the programme to date. In addition to this programme, we also introduced a Senior Leadership Development Programme as well as an Executive Leadership Development Programme. The objective of these programmes is to ensure that our leadership teams are appropriately capacitated to not only function effectively as leaders for their own teams but that they are also able to groom and mentor future leaders for our group. During this past financial year, 17 Senior Leaders and 9 Executive Leaders attended the above 2 programmes with a total investment of N$565 429.

2.2 Targeted development pipeline interventions

To ensure a sustainable supply and availability of talent to the group as and when required, the group has targeted development interventions in place. The programme is underpinned by several schemes, namely; the Graduate Development Programme, FirstJob, the Bursary schemes, Staff Study Loans, and the Staff Assistance Trust. We invested a total of N$1 million on last mentioned Trust.

The group made a significant investment in the development and implementation of various in-house Learning interventions focusing on the development of role-based competencies to ensure our employees are appropriately skilled for their respective roles thereby enhancing individual performance. Amongst others, one of these interventions included the introduction of two online learning platforms called Intuition and Skill Soft. These two platforms focused on the development of behavioral and technical skills. A total investment of N$790 000 over three years was made towards these two platforms.

In addition to the N$2 million training budget spent this past year, the group also contributed N$9 million to the skills development fund of the National Training Authority during this financial year.

FirstJob is another Talent Development initiative we introduced in 2022. FirstJob aims to assist unemployed youth by providing them with the skills, mentoring and experience they will need to thrive in the workplace and prepare them for entry into the job market and world of work. This initiative consists of 3 pillars:

2.2.1. Graduate development programme

Purpose: To source talented highly qualified Namibian Graduates for the purpose of developing them in critical and scarce skills required to drive the business strategy.

2.2.2. Internships

Purpose: To onboard and develop graduates in order to gain experience within their general fields of study to be released back into the Namibian Labour Market upon completion of the development programme

2.2.3. Experiential learning

Purpose: To onboard and develop students from tertiary learning institutions in need of Work Integrated Learning for graduation purposes.

The targeted Graduate Development Programme has been active since 2016 and has delivered exceptional talent that are now occupying critical roles within the business. The aim of the FirstJob initiative is to expand our programme by adding Internships and Experiential Learning to our offering.

During the 2021/2022 financial year we onboarded 2 Graduates, 15 Interns and 4 Experiential Learners.

During the past financial year we had to create a redeployment register consisting of redundant manpower as a result of Transformation, Digitisation, Automation and changes in operating models. This redeployment register started off with 191 employees and has decreased to an exceptional number of 28 employees as a result of retooling, upskilling and repurpose of skills. In addition to this, we also designed and implemented a Redeployment Development Programme assisting employees on this register to development themselves towards future critical skills to improve their chances of permanent uptake within the group and/or to improve their employability in the Namibian Labour Market.

3. EMPLOYEE WELLBEING

The physical and emotional wellbeing of our employees remains a priority for the group and the pandemic once again highlighted the importance of a healthy and happy workforce. A decision was made to enlarge our Wellness department, to further ensure the delivery of a variety of programmes and initiatives to sustain employee wellness and work-life balance. LifeAssist, our external EWP service provider, continued to offer 24/7 wellness services to staff and their next of kin. Staff have the choice between telephonic, electronic, and face-to-face assistance, through self-referrals or management referrals. The programme also provides debriefing sessions to assist our employees in copying with traumatic events.

Our on-site clinic @Parkside is manned by a qualified occupational health and medical practitioner and continued to be available to our employees. A total of 293 employees made use of the clinic since July 2021.

To combat Covid-19 and assist our employees with safe recovery we purchased ten (10) oxygen concentrators and distributed to employees in need across our areas of presence. Various trauma debriefing sessions were held at a number of branches after a loss of an employee and live online Covid-19 sessions were held to assist employees with various Covid related topics. Seven (7) vaccination clinics were arranged to date @Parkside with a total of 318 employees receiving their Covid vaccinations.

A total of 21 live online team sessions were conducted on a variety of topics, for example navigating grief and loss, navigating through trauma, mental health awareness month, etc. to name a few in order to create awareness amongst our employees. We also invested in eight (8) employee wellbeing managers training to equip our management to effectively assist their employees with wellbeing concerns.

FirstRand Namibia has as a key strategic focus area to give back to society at large. We have therefore arranged and successfully implemented four blood donation clinics @Parkside with a total of 241 employees donating blood. This resulted in NAMBTS awarding the group with a Gold Award for the Top Corporate Clinic as well as the Top Clinic Contact.

In addition to the above we concluded our Health Lifestyle campaign and launched our Rise Up Campaign during May 2022 which will focus on various topics to assist employees with burnout, sleep patterns, and other wellness concerns identified in the Organisational Assessment Survey.

Executive health

The health and wellbeing of the executive leadership team is of cardinal importance. To this effect, group has initiated a voluntary medical surveillance for executive and senior managers. The initiative is well received and a total of 16 executives have enlisted themselves for medical assessments to date.

Managing risk strategically

Our risks and opportunities

Managing risk and opportunities in a dynamic operating context

RISK MANAGEMENT APPROACH

The group believes a strong balance sheet and resilient earnings streams are key to growth, particularly during periods of uncertainty. The group's businesses have consistently executed on a set of strategies which are aligned to certain group financial strategies and frameworks designed to ensure earnings resilience and growth, balance sheet strength, an appropriate risk/return profile and an acceptable level of earnings volatility under adverse conditions. These deliverables are underpinned by frameworks set at the centre to ensure financial discipline.

These frameworks include:

Risk management framework	Performance management framework	Risk/return and financial resource management frameworks
Key principles: - ensure material risks are identified, measured, monitored, mitigated and reported; - assess impact of the cycle on the group's portfolio; - understand and price appropriately for risk; and originate within cycle-appropriate risk appetite and volatility parameters	Key principles: - AA allocate capital appropriately; - AA ensure an efficient capital structure with appropriate/conservative gearing; and - ensure economic value creation, which is measured as NIACC.	Key principles: - execute sustainable funding and liquidity strategies; - protect credit ratings; - preserve a "fortress" balance sheet that can sustain shocks through the cycle; and - ensure the group remains appropriately capitalised.

The group defines risk widely —- as any factor that, if not adequately assessed, monitored and managed, may prevent it from achieving its business objectives or result in adverse outcomes, including reputational damage.

Effective risk management is key to the successful execution of strategy and is based on: • risk-focused culture with multiple points of control applied consistently throughout the group; • combined assurance process to integrate, coordinate and align the risk management and assurance processes within the group to optimise the level of risk, governance and control oversight; • strong risk governance through the application of financial and risk management disciplines through frameworks; and • Risk taking is an essential part of the group's business and the group explicitly recognises core competencies as necessary and important differentiators in the competitive environment in which it operates.	These core risk competencies are integrated in all management functions, business areas and at risk-type level across the group to support business by providing the checks and balances to ensure sustainability, performance, achievement of desired objectives, and avoidance of adverse outcomes and reputational damage. A business profits from taking risks, but will only generate an acceptable profit commensurate with the risk from its activities if the risks are properly managed and controlled. The group's aim is not to eliminate risk, but to achieve an appropriate balance between risk and reward. This balance is achieved by controlling risk at the level of individual exposures, at portfolio level and in aggregate across all risk types and businesses through the application of its risk appetite framework. The group's risk appetite framework enables organizational decision making and is aligned with the group's strategic objectives.

RISK MANAGEMENT APPROACH continued

These challenges and associated risks are continuously identified, potential impacts determined, reported and debated by appropriate risk committees and management.

Developments in key markets are monitored with appropriate responses, strategic adjustments and proactive financial resource management actions implemented where required.

Credit origination and funding strategies are assessed and adjusted in light of macroeconomic conditions and market liquidity. Actions are in place to ensure a resilient funding model. Significant investment in people, systems, processes and data projects are made 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.

The group's robust and transparent risk-reporting process enables key stakeholders (including the board and strategic executive committee) to:

- obtain an accurate, complete and reliable view of the group's financial and non-financial risk profile;
- make appropriate strategic and business decisions;
- evaluate and understand the level and trend of material risk exposures and the impact on the group's capital position; and
- make timely adjustments to the group's future capital requirements and strategic plans.

RISK APPETITE

Risk appetite is the aggregate level and type of risks the group is willing and able to accept within its overall risk capacity, and is captured by a number of qualitative principles and quantitative measures.

The group's risk appetite enables organisational decision making and is integrated with the strategic objectives. Business and strategic decisions are aligned to the risk appetite measures to ensure these are met during a normal cyclical downturn. At a business unit level, therefore, strategy and execution are managed through the availability and price of financial resources, earnings volatility limits and required hurdle rates.

RISK CULTURE

The Social, Ethics and Transformation committee endorses a risk philosophy which takes cognisance of the importance of ethical conduct. Organisational culture is an important component of ensuring the robustness of the group's internal control environment.

Culture, the net result of how the organisation lives its values, is a strong driver of behaviour. Understanding and managing cultural attitudes towards risk and cultural attitudes that create risk, receive significant attention in the group.

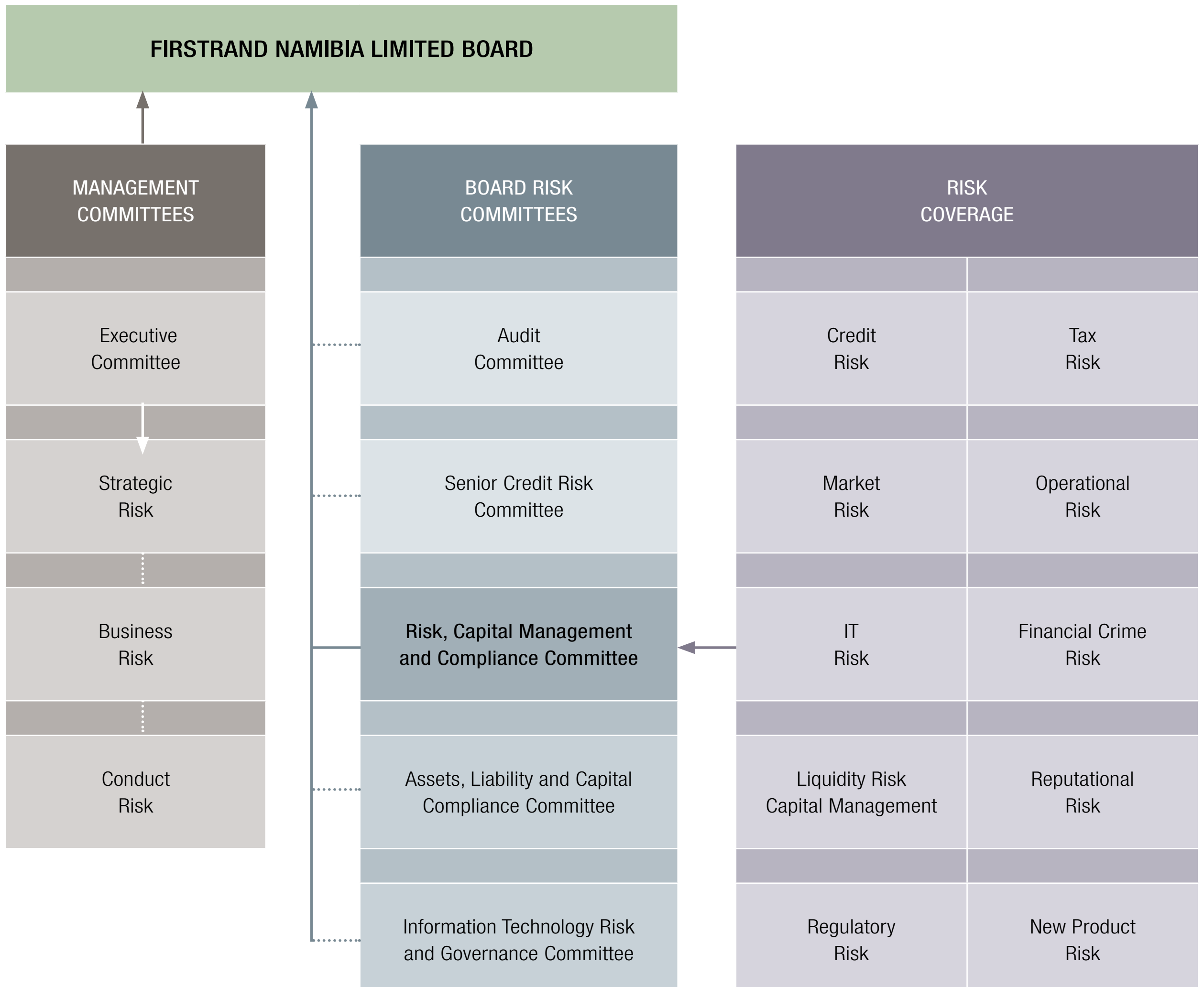
Leadership	Flow of information	Customers
Active promotion of the FirstRand Namibia's philosophy	Legitimising candor especially across hierarchies	Increased customer centricity embedded in strategy
Leadership development/ impact through others	Safe and effective reporting mechanisms	Strong customer centric goal setting in management
Stronger distinctions between strategic and operational layers	Better platform and inbuilt controls	Client service and conduct measurements and rewards

Managing risk strategically continued

RISK MANAGEMENT STRUCTURE continued

The risk management structure is set out in the group's business performance and risk management framework (BPRMF). As a policy of both the board and EXCO, it delineates the roles and responsibilities of key stakeholders in business, support and control functions across the various business units and the group.

Responsibilities of the board risk committees

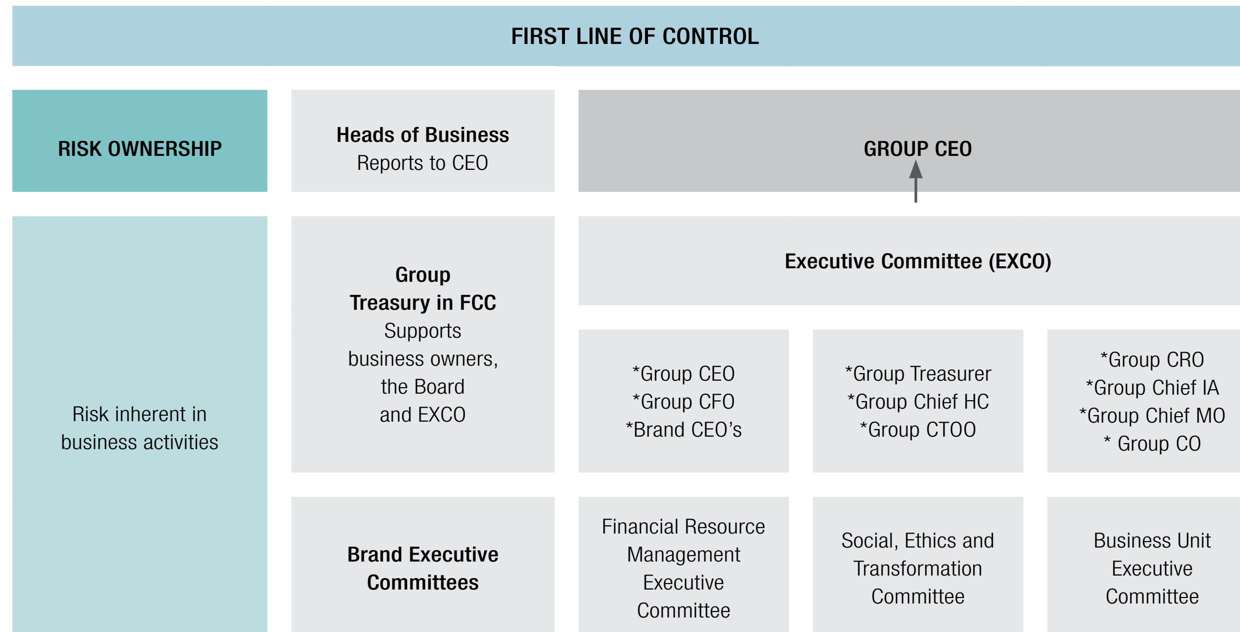


THREE LINES OF CONTROL continued

The group obtains assurance that the principles and standards in the risk frameworks are being adhered to by the three lines of control model. In this model, business units own the risk profile as the first line of control.

In the second line of control, ERM is responsible for consolidated risk reporting, policy ownership and facilitation and coordination of risk management and governance processes.

GIA as the third line of control, provides independent assurance of the adequacy and effectiveness of risk management processes and practices.



Managing risk strategically continued

THREE LINES OF CONTROL continued

SECOND LINE OF CONTROL

RISK CONTROL	**Enterprise Risk Management (ERM)** Headed by Group CRO, Specialised Risk Managers for: IT Risk, Market Risk, People Risk, Legal Risk and Conduct Risk.	**BOARD**
Risk identification, measurement, control and independent oversight and monitoring	**Regulatory Risk Management (RRM)** RRM head represented on platform and Executive Committees	**RCC Committee**
	Insurance Control Functions Heads report to FNB Namibia CEO, ERM and RRM	**Specialised Risk Committees**
	Deployed Business unit risk managers *Involved in all business decisions *Represented at Business Unit Committees	**Deployed Risk Managers** Report to franchise CEOs and group CRO

THIRD LINE OF CONTROL

INDEPENDENT ASSURANCE	**Group Internal Audit (GIA)** Headed by chief audit executive with direct, unrestricted access to audit committee chairman, group CEO, business units, records, property and personnel	**Audit Committee**
Adequacy and effectiveness of internal control, governance and risk management	**External Auditors**	**Combined Assurance Forum**

RISK PROFILE MANAGEMENT

The group believes a strong balance sheet and resilient earnings are key to growth, particularly when entering periods of uncertainty. The group's focus areas to manage its risk profile and optimise its portfolio are:

- Strong earnings resilience through diversification, growth in client franchise, appropriate risk appetite and positive operating margins.
- Quality of returns with a focus on ROA (not gearing) and discipline in deployment of capital.
- Maintain balance sheet strength through:
  - managing non-performing loans and coverage ratios;
  - growing the deposit franchise and improving liquidity profile; and
  - maintaining a strong capital position.

The group is exposed to a number of risks that are inherent in its operations. Managing these risks appropriately is the core competency of the individual business areas

RISK UNIVERSE

The group recognised that the following major risk categories and build risk frameworks to monitor and report on the impact of these risks within the group.

RISK UNIVERSE

Capital Risk	Liquidity Risk	Market Risk	Information Technology Risk
Operational Risk	Compliance Risk	People Risk	Reputation Risk
Credit Risk	New Business Risk	Strategic Risk	Accounting and Taxation Risk

Managing risk strategically continued

COMBINED ASSURANCE

Formal enterprise-wide governance structures for enhancing the practice of combined assurance at group are overseen by the audit committee. The primary objective of the group and assurance forums is for the assurance providers to work together with management to deliver appropriate assurance cost effectively. The assurance providers in this model include GIA, senior management, ERM, RRM and external auditors. The combined outcome of independent oversight, validation and audit tasks performed by the assurance providers ensure a high standard across methodological, operational and process components of the group's risk and capital management.

Combined assurance results in a more efficient assurance process through the elimination of duplication, more focused risk-based assurance against key control areas and heightened awareness of emerging issues resulting in the implementation of appropriate preventative and corrective action plans.

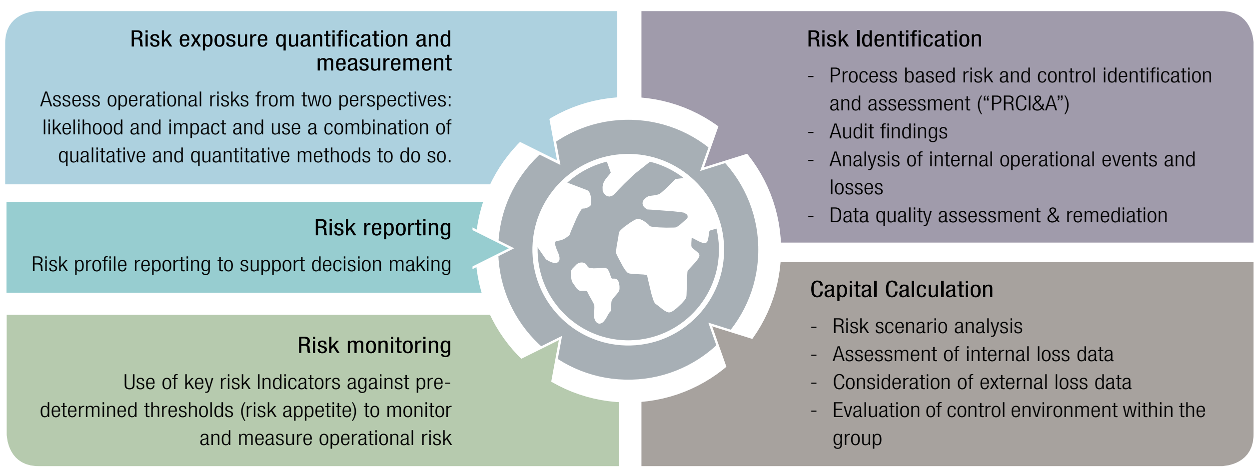
As part of the reporting, challenge, debate and control process, ERM drives the implementation of more sophisticated risk assessment methodologies through the design of appropriate policies and processes, including the deployment of skilled risk management personnel in each of the franchises.

ERM, together with GIA, ensures that all pertinent risk information is accurately captured, evaluated and escalated appropriately and timeously. This enables the board and its designated committees to retain effective control over the group's risk position at all times.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external factors. Operational Risk includes any event that disrupts the normal flow of business processes, and which generates financial loss or damage to the image of the group. This includes:

- fraud and criminal activity (internal and external),
- project risk,
- legal risk,
- business continuity,
- information and IT risk,
- process and human resources risk; and
- Strategic, business, and reputational risks are excluded from the definition.



OPERATIONAL RISK continued

Operational risk management framework

Key Risk Management principles and practices fundamental to the effective management of operational risk are outlined in the Group Operational Risk Management Framework (ORMF).

The key principles provided in this framework specifically focus on what must be implemented with respect to the risk management philosophy, methodology and strategic objectives of operational risk. It specifically focuses on the following:

Risk appetite and tolerance thresholds

Establishing a risk appetite that has an adequate balance between risk and reward is a dynamic process that is built on a blend of qualitative and quantitative principles, processes and guidelines. The aim is not to eliminate all operational risk exposure, but to set a framework for effectively managing and mitigating operational risk within the group and the approved group operational risk appetite levels.

The Operational Risk Appetite Policy governs the group's approach to Risk Appetite. All exceptions and breaches of thresholds are reported per the escalation process, to the ERM Committee, EXCO and the RCCC, as appropriate.

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

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal and IT risk but excludes reputational and strategic risk. Strategic and reputational risks are covered in the "Hard to quantify" section of this document.

Unlike other major risk types, operational risk is inherent in the pursuit of a commensurate return. It exists, to a varying degree, in all organisational activities.

The scope and coverage of operational risk are defined by Basel event types. These event types are:

- Internal fraud
- External fraud
- Employment practices and workplace safety
- Clients, products and business practices
- Damage to physical assets
- Business disruption and system failure
- Execution, delivery and process management

The definition and scope of operational risk includes Information Technology (IT) risk, as demonstrated by the inclusion of "Business disruption and system failure" as a separate event type. More specifically, IT risk can be defined as the risk of losses as a result of a compromise of confidentiality, integrity or availability of IT systems due to inadequate and failed internal processes, people, and systems or from external events.

Operational risk is governed in terms of the Operational Risk Management Framework (ORMF), which is a sub-framework of the Group Risk Framework. IT risk is governed by the IT Risk Management Framework (ITRMF), which is a sub-framework of the ORMF.

Managing risk strategically continued

OPERATIONAL RISK continued

Risk management and measurement

Scope for the approach

First National Bank of Namibia Limited (FNBN) follows the Standardised Approach (TSA) for operational risk and received approval from BON to apply TSA.

Methodology

Under TSA there are various regulatory requirements regarding risk measurement, management and governance. Minimum regulatory requirements are detailed in BON regulations. FNBN implementation of these minimum standards is described in the ORMF, with supporting policies for individual risk measurement tools.

TSA capital is calculated as specified by BON in Regulation BID5. All business activities are mapped to Basel business lines and a three-year average gross income is calculated per business line. Each business line's average gross income is multiplied by a predefined beta factor to arrive at a capital requirement for a specific business line.

Regulatory and economic capital

There are currently no economic capital models for Operational Risk. Capital is calculated as a function of gross income, and economic capital is set equal to regulatory capital. Capital calculated as per BON regulations is assumed to be 10% of RWA (Basel Pillar 1 minimum capital requirement).

Further supplementary risk measures

Risk measurement tools that are implemented for FNBN include:

Risk Tool	Tool purpose
Loss data collection and Loss Threshold reporting	• Centralised data base recording all Loss Event and Loss Impacts (OpenPages); • Designated as trusted source of risk reporting data (BCBS 239 controls implemented); • Enables risk reporting of actual losses verses loss appetite for tracking purposes; and • Root cause and corrective action are captured which also serves as learning points for improving the control environment.
Key Risk Indicators (KRI)	• Centralised data base enabling recording of KRI values, and measurement against pre-determined thresholds.
Risk Register (PRCIA)	• Enable transparency of risk and control universe by documenting risk registers.
Business Continuity Planning (ContinuityFirst)	• Centralised recording system of business continuity plans; • Minimum requirements of BCP to be captured on system generated templates; and • Tracking of compliance against renew / update deadlines.
Business Continuity Planning (ContinuityFirst)	• Results from control monitoring (from GIA, Operational Risk, External Audit and/or regulators) - to feed back into PRCIA to enhance risk and control universe.

A process and product-based approach to risk assessment is implemented, whereby risks and controls are identified and assessed per process, product and business unit. This process-based risk and control identification and assessment (PRCIA) is further used as basis for risk assessments. Scenario analysis for capital calculations is not currently performed for FNBN.

Further supplementary risk measures continued

Loss data, KRI and PRCIA are exclusively used for risk measurement, management and reporting. These measures are not used for capital calculations, stress testing or risk appetite setting.

All operational risk exposures in FNBN are monitored by these measurement tools and processes, including IT risk.

Conservatism applied in the approach

TSA capital calculation is formula based, using gross income as sole data source. As these calculations are specified by the regulator, limited opportunity for the application of additional elements of conservatism is available. However, the following principles are always applied:

- Business activities are mapped to business lines on the lowest level in the organisational structure; and
- Where there's uncertainty about the business line mapping of an activity, it is mapped to the business line with the highest beta factor.

From a general risk measurement and management perspective, conservatism is implied by the implementation of various risk measurement and management structures and tools. The following contributes to a conservative approach to risk management in TSA entities:

- Risk measures are implemented on a process level, particularly the risk register and KRI;
- Policies require prudent quantification of risk measures, particularly the reporting of realised and potential losses;
- A low reporting threshold for losses has been implemented. All losses above N$5 000 have to be recorded on the operational risk system; and
- Proactive reporting of risks and losses to various stakeholders.

Operational risk measurement and management policies are more conservative than required by regulation and, in many cases, Basel guidelines and best practices

Operational losses

	% Change Year on Year	FY 2022	FY 2021
Total Operational Losses as a % of Gross Income	(0.86%)	0.34%	1.2%

Summarised commentary on operational risk events

As per the BCBS 239 Risk Data Aggregation Reporting project, operational losses are reported from a centralised internal operational loss data base in line with our approved methodology.

INFORMATION GOVERNANCE

Information, whether the groups own or that entrusted into its care by customers, staff or business partners, is a valuable and strategic asset and essential to its business.

The board is ultimately responsible for the effective governance of information within the group. The Information Governance Framework is a policy of the board and prescribes the governance and monitoring structures, key roles, responsibilities and principles which must be implemented and adhered to in order for the board to discharge its obligations in this regard.

Managing risk strategically continued

INFORMATION GOVERNANCE continued

Information Governance is the group's co-ordinated, inter-disciplinary approach to satisfying information compliance requirements and managing information risks while optimising information value. Information governance is a corporate governance responsibility, focusing on and directing the management of information by helping to ensure that:

- Information principles, policy and standards are set;
- Information ownership and accountability are clearly defined and allocated;
- Governance structures are in place to set information strategy, information management maturity levels and to monitor key information risks and root causes specific to the data itself;
- Legal and regulatory requirements are identified and met;
- Sufficient independence from any particular segment / brand / department is maintained and that proactive and co-ordinated decisions about information are made for the benefit of the group;
- Data literacy and an information management aware culture is promoted to support effective and ethical use of information;
- Material data sources are identified and managed as information assets;
- Key metrics and key data elements (KDE) are defined clearly and consistently throughout the group;
- Data flows for material risk data processes are documented, maintained and authoritative and trusted data sources identified;
- Information is appropriately classified;
- Fit-for-purpose information controls are identified and embedded in business and IT processes;
- Vital records are identified and retained in line with regulatory and business requirements;
- Material data quality issues are identified, root causes assessed and remediated timeously and sustainably;
- Master and reference data are appropriately managed to support effective consolidation, aggregation and integration of shared data across the group; and
- Information security, data privacy and records management requirements are embedded in all processes.

As data and analytics become a core part of digital business and data is more and more recognised as an asset, new roles are required and executives and employees' ability to communicate and understand conversations about data, in short, the ability to "speak data", is becoming an integral aspect of most day-to-day jobs. The successful implementation of information governance is therefore underpinned by data literacy, executive commitment, and directed and enabled by data strategy, sustainable governance structures and supporting processes, information management roles, principles, policies and supporting standards.

Deliberate competency development in the field of data literacy is required in support of digital dexterity strategies to improve business outcomes and employee engagement. This, together with the requirement that boards of directors be held accountable for the governance of information, the use of information as a strategic enabler by competitors and the increased focus on information from a regulatory perspective, necessitates the need to further formalise and embed the governance and management of information.

KEY OUTCOMES:

The outcomes of the governance and management of information must ultimately be in line with the business and data strategies of the group and cannot be achieved in isolation. These outcomes must be aligned and driven in conjunction with other important business imperatives. Outcomes are not limited to what is mentioned in the Information Governance Framework, but key expected outcomes include optimised information value, accountability for information, managed information related risks and the ethical use of information. Once implemented, a successful information governance and data management approach, which builds trust and meets legal requirements, must also lead to improved decision-making, operational efficiency, understanding of data and regulatory compliance.

However, implementing information governance and information management requirements is a journey and executive management in all entities must oversee senior management's accountability in respect of assessing and implementing the prioritised information management principles within an agreed timeframe.

CREDIT RISK

RISK DESCRIPTION AND CONTEXT

Credit risk is the group's most material risk and as such, receives sufficient attention from all levels of management. This is evident in the credit risk information provided to the credit committees and the health of the provisions created. The senior credit risk committee is responsible for managing credit risk. This committee operates under the group board's approved discretionary limits, policies and procedures, and at least two group board members in addition to the CEO participate in these meetings. The goal of credit risk management is to maximise the group's measure of economic profit, NIACC, within acceptable levels of earnings volatility by maintaining credit risk exposure within acceptable parameters.

HOW WE ADDRESS THIS RISK

- 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 portfolio.
- 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 ratings (FR)1 is the lowest PD and 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.

Credit risk arises primarily from advances and certain debt investment securities. Other sources of credit risk include cash and cash equivalents, accounts receivable, off-balance sheet exposures and derivative balances. FNB Namibia's lending and trading businesses are subject to inherent risks relating to the credit quality of its counterparties and the recoverability of loans and advances due from these counterparties. Changes in the credit quality of the lending and trading counterparties or arising from systemic risk in the financial sector could reduce the value of the assets of FNB Namibia, resulting in increased credit impairments. Many factors affect the ability of FNB Namibia's clients to repay their loans, including adverse changes in consumer confidence levels due to local, national and global factors, levels of consumer spending, bankruptcy rates, and increased market volatility. These factors might be difficult to predict and are completely outside of the control of FNB Namibia. The group performs regular reviews on its credit portfolios to identify the key factors impacting the credit risk profile, to anticipate possible future outcomes, and to implement necessary actions to constrain risk.

Managing risk strategically continued

CREDIT RISK continued

FNB Namibia continues to apply origination strategies which are aligned to its broader financial resource management processes and macroeconomic outlook. Based on the approved credit risk appetite, as measured on 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. 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 appetite measures are set in line with overall risk appetite. The aim is to deliver an earnings profile that will perform within acceptable levels of volatility determined by the issuer's overall risk appetite.

Persistent political and policy uncertainty, ongoing governance issues at state-owned enterprises and continued erosion of confidence in institutional strength and independence all continue to have a negative impact on confidence, which in turn constrains private sector investment, places pressure on employment and ultimately undermines gross domestic product (GDP) growth. Such a macroeconomic environment will be characterised by low domestic demand growth (consumption, investment and government spending), downward pressure on personal income and further rating downgrades. This could result in increased levels of impairment for FNB Namibia and have an adverse impact on the ability to grow revenues as well as credit impairments and, therefore, on its financial condition.

Credit risk is the most significant risk type in terms of regulatory and economic capital requirements. Credit risk is managed through comprehensive policies and processes, which ensure adequate identification, measurement, monitoring and control as well as reporting of credit risk exposure. The objectives of the policies and processes are to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement and monitoring through the implementation of adequate risk management controls.

For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in ratings and LGD's. Credit exposures are classified as direct, contingent, pre-settlement or settlement risk while the definition of credit risk also includes concentration risk.

CREDIT RISK continued

Differences between regulatory and economic capital measurement (All historic numbers are based on Basel as applicable on 30 June 2021):

	Basel requirement	Economic capital (models for FSR NAMIBIA maintained at FirstRand SA)
Credit parameters	Basel II Standardised approach rules	Similar, e.g. through-the-cycle probability-of-default (PD); downturn loss given default (LGD) and Exposure at Default (EAD) as per IRB approach.
Retail maturity	Not relevant	Downturn effective maturity, as per AIRB of Basel RWA formula.
Estimate horizon	Capital as at certain date	1 year
Credit correlation	None, only standard risk weights per exposure as prescribed	No correlations between assets classes, therefore no diversification benefit under pillar 1.
Credit concentration	Considered under Pillar 2	Refer to annexure F – Aggregation and diversification.
Retail, Commercial and Corporate inter-risk correlation	None, only standard risk weights per exposure as prescribed	No correlations and no diversification benefit aside from what was explained above.
Loss distribution	None, only standard risk weights per exposure as prescribed	Not applicable
Confidence level	None, only standard risk weights per exposure as prescribed	Not applicable

(Although the economic models are maintained by the expert team in SA, Namibia owns the full process including the data extraction, data submission, data analytics, approval of the models, approval of the output from the models, etc.)

Credit risk appetite and limits

The group's credit portfolio needs to deliver an appropriate earnings profile that will contribute towards achievement of the overall FirstRand Namibia group targeted earnings profile.

To achieve this objective, the group leverages off existing credit portfolio analysis to enable consistent measurement of the financial performance of the different credit business units of the group at a segment, portfolio and ultimately on a diversified group wide basis.

Managing risk strategically continued

CREDIT RISK continued

2.3.1 Principles and process for setting risk appetite and risk limits

A credit risk appetite statement is articulated which describes acceptable downside risk, i.e. definition of acceptable performance outcomes under different economic cycles. The key performance measures are NPL ratios, impairments and loss appetite per client or sector. These measures are forward-looking and stressed assessments corresponds to macroeconomic scenarios (and severities) applied in FirstRand Namibia's stress testing exercise.

To achieve outcomes within these constraints, risk limits are articulated. This is done to manage concentrations in credit segments contributing to high and/or volatile credit losses.

FNB Namibia Credit Risk Appetite Statement

Risk appetite statement	Measure/limits
• Maintain a credit health ratio in line with the NPL ratio approved per business unit; and • No expected loss to a single customer greater 10% of the single counterparty limit.	• NPL ratio and overdue reviews conversion rate of NPL's too bad debts; and • Credit ratings by external agencies.

The approved Risk Appetite statement for FNB Namibia summarises the acceptable losses per the following segments and applicable products within the segments:

- Consumer
- Business
- Corporate
- WesBank
- Home Loans

The risk limits set by business units need to represent an adequate level of coverage in terms of the 4 C's of credit risk appetite, namely counterparty, collateral, concentration and capacity.

Credit Risk Appetite Limits

The principles for coverage of the 4 C's in risk limit setting are described in the following table:

Coverage	Principles
Counterparty	Maximum credit loss appetite per client.
Collateral	Secured lending risk limits are set based on the collateral profile of new originations, i.e. LTV bands.
Concentration	All credit units need to assess concentrations that it may be exposed to as well as industry and geographical concentrations that may exist in the business.
Capacity	Credit business units are required, as part of the annual review of risk limits, to perform credit capacity calculations based on expected risk limit utilisation for a forward-looking 12-month period for each of their credit products and the highest risk segments.

CREDIT RISK continued

Risk limits

In setting risk limits, cognisance is taken of the volatility of credit losses associated with the risk segment, product pricing strategy, the product cost structure, and capital (including all risk types) requirements. A risk limit therefore includes a description of the risk segment to be constrained and the associated thresholds/limits related to the risk segment. These limits form the maximum credit risk profile to be taken by the business unit.

The risk limits set for each of the major credit risk segments considers concentration factors including counterparty based on FR ratings, collateral loan-to-value (LTV) bands, gearing, industry and geography. Limits are set of existing and new business.

The Credit risk control monitoring strategy is to adopt the combine assurance approach where risk managers will be conducting the control monitoring in the business units and credit risk manager will perform the analysis to determine the compliance to credit policies.

Credit risk profiles and credit performance are monitored monthly and assessed against stated risk limits and the risk appetite statement respectively.

Limits are monitored and managed on a proactive basis by business units and relevant policy committees are approached when increased risk taking ability is required before the annual renewal of its credit risk limits. Monitoring is included in the business unit and portfolio level Credit Committee reports as standing agenda item. Reporting include at a minimum:

- Historical performance against approved in-cycle risk appetite limits (including all four macro cycles), given the business units view of the state of its credit market, inclusive a motivation for believing to be in that particular cycle. This will be revised at the portfolio committee on an ongoing basis and risk appetite limits adjusted;
- Explanation of the reasons behind any breaches that may have occurred;
- A description of how the breach will be rectified; and
- A commitment of when the breach will be rectified by.

Breaches are reported to:

Committee	Head	Frequency of reporting
Business Unit Credit and Executive Committee	Business unit head of credit	As breaches occur
Credit Portfolio Committee (CCIB)	Credit portfolio head	Quarterly
Senior Credit Risk Committee	Credit portfolio head and ERM	Quarterly
Risk, Capital and Compliance Committee	CRO and ERM	Quarterly

Amendments to limits

Based on the performance of the portfolio, changes to the portfolio risk limits may be proposed by the credit head from time to time. These changes are tabled at the FirstRand credit policy, risk appetite and mandate committee. The motivation for any limit expansion is generally driven by improved portfolio performance that arises from improved collections actions, improved credit rating model or general improvements in the macro-economy.

No significant changes were made to the credit limits during the year under review.

Managing risk strategically continued

CREDIT RISK continued

Credit value chain

Credit origination strategy

The outcome of defining business unit specific risk limits is the formulation of the business unit's credit origination strategy to ensure credit profiles are maintained within the stated risk limits. Credit strategies can be refined on an ongoing basis to optimise performance, considering market trends, changes to economic outlook and Group strategic objectives.

Origination strategies are refined on on-going basis to ensure credit profiles are maintained within these risk limits.

These are articulated below:

Business unit specific risk appetite statements	Business unit risk limits	Credit origination strategy

Accountability for assuming credit risk starts with the origination (sales) function, but the decision to grant credit facilities or not, ultimately vests with the independent credit function.

A quality credit decision is based on the principle that counterparty passes a four-tiered test before a credit facility is granted.

Counter party Credit Risk

Counterparty credit risk ("CCR") is taken from the Bank's trading businesses emanating predominantly from RMB Global Markets business. CCR arises mainly from over the counter ("OTC") derivatives i.e. swaps, options, forwards transacted by the RMB Global Markets business.

Counter party Credit risk measures a counterpart's ability to satisfy its obligations under a contract that has positive economic value to a Bank at any point during the life of the contract. It differs from normal credit risk in that the economic value of the transaction is uncertain and dependent on market factors that are typically not under the control of the Group or the client.

FNB applies the Basel II formulae under the Current Exposure Method (CEM) for calculating economic capital:

$$EAD = (RC + add\_on) - CA$$

where

RC = the current replacement cost (mark-to-market or variation margin that has to be paid by CM)

add_on = the amount for potential future exposure ("PFE"). This term will include netting if it is allowed

CA = the volatility adjusted collateral amount

CREDIT RISK continued

Counter party Credit Risk continued

In terms of the Current Exposure Method ("CEM") the Exposure at Default ("EAD") for a portfolio of instruments is determined using the replacement cost of all marked to market contracts currently in the money, plus the credit exposure risk of potential changes in future prices or volatility of the underlying asset. The EAD is then used in determining the hypothetical capital.

The current replacement cost is calculated by marking contracts to market, thus capturing the current exposure without any need for estimation, and then adding a factor (the "add-on") to reflect the potential future exposure over the remaining life of the contract. the Current Exposure ("CE") which is the current mark-to-market ("MTM") value and a Potential Future Exposure ("PFE") that is the maximum amount of exposure expected to occur on a future date, with a high degree of statistical confidence. The PFE is derived by multiplying the notional value of each contract with its Credit Conversion Factor ("CCF"), which are fixed and specified in the Basel II Accord. The CCF is dependent on the asset class and on the remaining maturity of the contract, and collateral.

FNB Namibia is currently not taking any cash or non-cash collateral (subjected to a type-dependent haircut) into consideration for the CEM calculation. CCR is calculated on a monthly basis using the open trades from the BaNCS trading system and weighted as per above using respective client credit ratings on a gross basis (no netting of exposures is currently applied).

The CCR management process align with the credit risk management practices and involves amongst others, the setting of credit risk limits, quantifying the potential credit exposure over the life of the product, monitoring of limit utilisation, collateral management and ongoing portfolio risk management. CCR limits are managed within the wholesale prudential limit framework. Portfolio limits, single name limits (nominal and Loss in Event of Default [LIED]) and sub-portfolio limits are approved by the RMB FRM Board and the FirstRand Wholesale Credit Committee. Absolute maximum single name Board limits are also approved by the Large Exposure Committee (LEC).

CCR limits are subject to an annual review and approval process. The review considers growth in earnings, change in portfolio size and mix as well as actual and expected portfolio earnings volatility

COVID-19 RELIEF

The group has offered financial relief through various mechanisms in response to COVID-19. These relief measures were granted to eligible customers whose accounts were up-to-date as of 29 February 2020. Financial relief mechanisms employed by the group included customers being offered a three-to-24-month payment holiday, during which interest accrued at the contractual rate for relief period less than 6 months and at a reduced rate for relief periods from 6 to 24 months (in line with BID 33) and at the end of the relief period, the instalment was adjusted accordingly. These debt relief measures resulted in the group not suffering a modification loss as the present value of the original cash flows and the present value of the revised cash flows were equivalent. The demand for relief has decreased substantially and has now formed part of business as usual. Total relief given since the start of the relief program is approximately N$2.4 billion in capital (5 132 accounts).

STAKEHOLDERS IMPACTED

Customers Suppliers Investors

CAPITALS IMPACTED

Financial Intellectual Social

Managing risk strategically continued

MARKET RISK

RISK DESCRIPTION AND CONTEXT

Market risk in the banking book mainly consists of interest rate risk (IRRBB), that is the effect that movements in interest rate will have on our financial position and earnings. Market risk in the banking book also includes currency risk in the banking book which is the net sum of all foreign currency assets and liabilities of the bank. This risk is expressed in the form of Net Open Foreign Exchange Position (NOFP). The latter is however insignificant for the group.

HOW WE ADDRESS THIS RISK

Causes of Interest rate risk in the banking book (IRRBB):

- **Repricing Risk** - Repricing Risk is presented by assets and liabilities that, reprices or reset at different dates
- **Yield Curve Risk** - Yield curve risk is the risk that unanticipated shifts in the yield curve will have adverse effects on a bank's income or underlying value.
- **Basis Risk** - This risk arises when different benchmark rates/yield curves are used for the pricing of different customer products.
- **Optionality** - The risk emanates from the difference in the actual client behaviour in terms of prepayments and withdrawal and the contractual profile of the product.

To reduce the volatility in interest rate margin and to produce a stable stream of interest income IRRBB is managed dynamically within approved board limits.

The measurement techniques used to monitor interest rate risk in the banking book include NII sensitivity and PV01 sensitivity analysis which is monitored regularly and reported quarterly to ALCCO. This measures the 12-month impact on future net interest income arising from various economic stress scenarios. It includes instantaneous 100, 200 and 300 basis points parallel shifts in the yield curve.

Interest income sensitivities incorporate additional behavioural assumptions as to the timing and how individual products would reprice in response to changing interest rates. Reported sensitivities are however not necessarily predictive of future performance as they do not capture additional management actions that would be taken in response to an immediate and large movement in interest rates.

Management of the ALM risk position is achieved by balance sheet optimisation or through the use of derivative transactions. Derivative instruments used are mainly interest rate swaps, for which a liquid market exists. Where possible, hedge accounting is used to minimise any accounting mismatches that may arise. Interest rate risk from the fixed-rate book is managed to low levels with remaining risk stemming from timing and basis risk. FNB Namibia entered in a series of fully collateralized repo/reverse trade to protect and enhance earnings on a through the cycle basis whilst strengthening the Balance Sheet.

Interest rate risk in the Banking Book (IRRBB) is the sensitivity of the banks' financial position (Balance Sheet) and earnings (Income Statement) to unexpected, adverse movements in interest rates. IRRBB originates from the differing re-pricing characteristics of balance sheet transactions, yield curve risk, basis risk and client optionality embedded in banking book products.

MARKET RISK continued

In market risk the group distinguishes between traded and non-traded market risk. The following diagram describes the risk associated with traded and non-traded risks, the risk measure and governance bodies responsible for management of these risks. This also indicates that the IRRBB (remaining banking book) is described in this section.

Trading book	Non-trading book
Quantified and managed using stress loss Methodology	Non-interest rate items, prime linked products and non-rate sensitive portfolios
Refer to Market Risk Section of this Report	Managed by treasury, oversight by ERM and RCCC

Risk appetite

Treasury manages IRRBB on behalf of FNBN. Treasury monitors the effect of changes in market rates on the net interest margin of the Bank and enters into appropriate agreement to mitigate the effect of such risk, if above certain threshold. A change in interest rates impacts both the earnings potential of the banking book as well as the economic/net asset value of the Bank. The role of Treasury's management of IRRBB is to protect both the financial performance as a result of a change in earnings and the long-term economic value. The risk appetite is set based on the PV01 measure, which indicates the loss in balance sheet value for every 1bp change in the repo rate. Management of IRRBB appetite is dependent on the Bank's economic view, market rates and perceived volatility.

There are many factors which affect IRRBB. These include:

- Changes in the level of the nominal and real yield curve;
- Changes in the shape of the nominal yield curve;
- Changes in the spread between nominal curves with different bases, e.g. government and swap;
- Changes in interest rate volatility; and
- Changes in the structure of the balance sheet.

Within FNBN, IRRBB continues to be managed from an earnings approach, with the aim to protect and enhance the Bank's earnings and economic value within approved risk limit and appetite levels. With regards to economic capital, all open positions in Treasury have been included in the calculation for economic capital.

Methodology

Regulatory capital and economic capital methodology:

Regulatory requirement	FirstRand Namibia framework for economic capital
Measured as part of the BIR631 (BON) and the BA330 (SARB), though none of the measurements are used to calculate regulatory capital. For banking book portfolios, the following is calculated as part of the return: • a repricing gap; • an earnings sensitivity measure; and • an economic value of equity measure (EVE).	• Economic sensitivity measure. • All positions within Treasury are stressed using an instantaneous parallel shock of 200 bps. Change in the value is used as the economic capital measure.

Managing risk strategically continued

MARKET RISK continued

Methodology

The endowment impact acts both as a source of value to the Bank with increased margins in a hiking cycle, and also as a source of margin compression in a cutting cycle where margins are squeezed. Hedges transacted to manage this endowment risk introduces economic risk onto the balance sheet as these hedges result in an opportunity cost/ benefit to the group's margins in a hiking/ cutting cycle. The risk limit methodology for IRRBB is currently set using a stress scenario within accepted appetite. This is done in relation to the opportunity cost. The calculation of economic capital is therefore based on an EVE measurement.

Unlike in the trading book where a change in rates impact the fair value income and the reportable earnings of an entity, the realisation of a rate move in the banking book impacts the distributable and non-distributable reserves to varying degrees. This impact in the banking book is reflected in the NII margin more as an opportunity cost/benefit over the life of the underlying transactions. As a result, a purely forward-looking EVE measure is applied to the banking book, be it a 1 bps shock or a full stress shock. This is monitored relative to total risk limit and appetite levels.

The EVE shock is based on regulatory guidelines and is a sustained and instantaneous parallel 200 bps shock to interest rates applied to the banking book risk portfolios as managed by Treasury which captures open risk portfolios within the banking book.

Risk mitigation

The internal FTP process which is used to transfer interest rate risk from the business unit to Treasury allows for risk to be managed holistically in line with the Bank's macroeconomic outlook. This is achieved through balance sheet optimisation, or alternatively through the use of derivative transactions:

- derivative instruments used are mainly interest rate swaps and forward rate agreements, for which there are a liquid market;
- hedge accounting is used where possible to minimise accounting mismatches, thus ensuring that amounts deferred in equity are released to the income statement at the same time as movements attributable to the underlying hedged asset/liability; and
- economic capital provided is on the resultant open risk position run within Treasury to manage interest rate risk.

In the past, only the interest rate risk associated with fixed rates quoted on client products were transferred to Treasury. As from 1 July 2017, the risk of changes to liquidity premium has also been transferred to Treasury – called immunisation of liquidity premium to business units.

POTENTIAL OPPORTUNITY

- Updating operating model accelerating growth and diversification.

STAKEHOLDERS IMPACTED

Customers Suppliers Investors

CAPITALS IMPACTED

Financial Intellectual

LIQUIDITY RISK

RISK DESCRIPTION AND CONTEXT

Liquidity Risk is the risk that the bank, although solvent, will not be able to meet its contractual and contingent obligations as they arise or can only meet obligations under materially unfavorable terms. Liquidity risk is inherent in the operations of the bank and may arise as a result of unforeseen disruptions in asset markets which affects their liquidity or due to unexpected withdrawals by the providers of short-term funding.

HOW WE ADDRESS THIS RISK

The banks liquidity risk is managed as part of the ALM risk management function within Treasury whose primary objective is to:

- Provide an assessment, measurement and monitoring of liquidity risk for the bank. Define, Monitor and report on liquidity risk metrics;
- Establish and monitor liquidity risk limits and indicators, including Liquidity Risk Appetite in line with regulatory requirements and ALCCO approvals;
- Perform a review of liquidity risk management processes; and
- Facilitate the performance of Liquidity Stress testing for the bank and implement improvements recommended.

Liquidity risk is managed through a series of measures, stress test and reports that are primarily based on contractual maturities with behavioural adjustments as appropriate. Daily monitoring and forecasts of liquidity positions is performed and includes the following key liquidity risk indicators:

- Liquidity Coverage Ratio (LCR) – which measures the high-quality liquid assets against the net 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;
- Term and Source Diversification measures- which measures the diversification of funding by term and source against pre-determined limits; and
- Available Sources of Stress funding- This measure compares the stressed balance sheet to the available sources of stress funding and indicates whether the bank has sufficient sources of stress funding as per the Contingency Funding Plan to fund the bank in an idiosyncratic stress event.

Robust cashflow forecasting is an integral part of the bank's liquidity management process and aids in planning the banks immediate and future liquidity requirements. These risk management processes help to optimise the banks funding composition.

The Bank of Namibia is are also in ongoing consultations with the industry on the implementation of the Basel III liquidity ratios. In order to show market readiness, the bank already started tracking these liquidity requirements.

POTENTIAL OPPORTUNITY

- Improve balance sheet strength; and
- Grow deposit base.

STAKEHOLDERS IMPACTED

Regulators Investors

CAPITALS IMPACTED

Financial Intellectual

Managing risk strategically continued

COMPLIANCE AND REGULATORY RISK

RISK DESCRIPTION AND CONTEXT

Compliance refers to FirstRand Namibia group's adherence to applicable laws, regulations, regulatory requirements/ expectations, rules, directives, guidelines and other applicable specifications such as codes of conduct relevant to specific businesses. The FirstRand Namibia Group Board is ultimately responsible for overseeing the effective implementation of the FirstRand Namibia compliance risk management framework.

HOW WE ADDRESS THIS RISK

- Strengthening partnerships
  - Embed new Compliance Target Operating Model, revised compliance structure and updated job profiles (CBP); and
  - Execute on approved Combined Assurance Plan & Strengthen relationship with other assurance providers.

- Enhancing Regulatory Engagement
  - Manage regulatory inspections, progress reports, issue remediation and repository of regulatory correspondence, artifacts; and
  - Provide substantive inputs on emerging/draft legislation and new draft national policies.

- Risk Based Approach
  - Update and maintain FCRA;
  - Conduct Culture Risk Assessment and Anti Bribery and Corruption risk assessment; and
  - Refine Compliance Risk Register per legal entity within the FirstRand Namibia group.

- Digital Enablement
  - Digitise Compliance Risk Management Plans (CRMPs);
  - Move Financial Crime Operations onto Platform; and
  - Migrate all regulatory reporting onto platform.

POTENTIAL OPPORTUNITY

- Embed information management including data privacy and protection, data quality management, and data analytics within the group will be a key focus area;
- Automation of key regulatory reporting processes;
- Establishing a ESG reporting process and hub to provide all stakeholders with appropriate additional disclosures on the group's ESG related activities; and
- Enhance programmes to proactively mitigate any culture or ethical risks throughout the group.

STAKEHOLDERS IMPACTED

Customers | Employees | Regulators | Investors

CAPITALS IMPACTED

Financial | Intellectual

FRAUD RISK

RISK DESCRIPTION AND CONTEXT

The risk of loss arising from fraudulent activities emanating from an external or internal source. A Fraud Risk Management framework that governs key risk management principles and guidelines and by which the critical fraud risks areas, are identified, trends monitored, and preventative actions documented, is in place & being reviewed periodically. The focus remains to improve our ability to proactively identify all criminal activity, and syndicated/organised criminal activity targeting the group, by establishing & enhancing detection and prevention strategies that enable this.

HOW WE ADDRESS THIS RISK

Fraud Risk profile remains within appetite with a stable outlook.

Internal Fraud:

- The loss numbers suggest it is under control as no losses are recorded year-to-date; and
- Some of the largest losses experienced over the years have been because of internal fraud as such, it remains a key focus area and periodic control testing exercises are being deployed in detecting and preventing further losses and establishing if material gaps exist which could promote internal fraud risks.

External Fraud:

- The group continues to be on alert for account takeovers which is becoming a more predominant modus operandi. Year-to-date losses incurred are much lower that experienced in 2021; and
- We are seeing a tremendous increase in different scams with most of such fraudulent payments being done cross border as well as eWallet product being used as access mechanism to defraud customers.

Controls and Initiatives to Manage Fraud:

- Enhanced & ongoing training and awareness to both staff & clients to current trends and Modus Operandi's;
- Fraud Risk Assessment/s performed at all business units that suffer medium to high fraud incidents;
- Several Data Analytics tools which aim to assist with proactive fraud detection and prevention have been developed to manage fraud proactively. The below provides a view of these projects:
  - Mule Account Fraud Model
  - Account Take Over Model
  - Procurement Fraud Model
  - Internal Office Accounts Fraud Model
- As well as other capabilities such as the Blacklisting of devices & OTP auto read to remedy the vishing fraud.

POTENTIAL OPPORTUNITY

- Improve staff and customer awareness of cybercrime
- Build an integrated cybercrime framework

STAKEHOLDERS IMPACTED

Customers | Employees | Society

CAPITALS IMPACTED

Financial | Human | Social

Managing risk strategically continued

INFORMATION TECHNOLOGY (IT) RISK

RISK DESCRIPTION AND CONTEXT

Financial loss, disruption or reputational damage caused by failure of people, processes or technology leading to cyberattack on critical systems and/ or unavailability of critical technology components. The information technology risk and governance committee (ITRGC) is a board-delegated committee responsible for information technology governance in accordance with Banking Institutions Determinations and NamCode. This committee reviews and receives assurance from management on the effectiveness and efficiency of the group's information technology systems.

HOW WE ADDRESS THIS RISK

The committee exercises ongoing oversight of IT management and, in particular:

- oversees the appropriateness and effectiveness of implementation and oversight of IT risk, and governance management across the group;
- reviews and approves the IT risk management framework (ITRMF) and information security policy;
- proposes to the board and approves, where appropriate, risk and governance policies, standards, procedures, and practices in respect of IT risk and security;
- receives and considers formal reports from the businesses on the effectiveness of IT operations and risk management across FirstRand Namibia for review prior to presentation to the board;
- receives and considers reports on significant incidents and process breakdowns in the execution of IT risk control policies and processes;
- reviews and approves the data privacy management initiatives; and
- monitors implementation of IT strategies and key IT projects across business units.

IT RISK AND SECURITY FUTURE ENHANCEMENTS

Continued focus on:

- the group's IT, cloud, data and digitisation strategies;
- the embedding of the BCBS 239 programme for IT risk;
- the group's cybersecurity incident management and breach readiness;
- proactive monitoring of intelligence to identify, avoid and respond to incidents (including cyber-attacks);
- implementing additional information security to controls to gear the group towards Payment Card Industry Data Security Standard (PCI DSS);
- enhancing and embedding the data privacy initiatives across the group; and
- enhancing risk and governance over the use of digital tools (e.g. robotics and artificial intelligence).

POTENTIAL OPPORTUNITY

- Offer better and more efficient services to our customers by investing in our IT infrastructure, thereby lowering the cost of services while maintaining quality; and
- Appropriate and effective IT infrastructure and systems are in place to support growth initiatives and performance expectations, allowing us the opportunity to be more competitive.

STAKEHOLDERS IMPACTED

Customers Employees Suppliers

CAPITALS IMPACTED

Financial Intellectual Manufacturing Natural

LEGAL RISK

RISK DESCRIPTION AND CONTEXT

Legal Risk is generally defined as the risk of harm which arises through:

- Agreements entered or to be entered into and the content of the resultant written documents embodying the arrangements captured in these agreements;
- Potential and actual disputes and or litigation, once such is manifest;
- The protection of assets, including intellectual property, through registration as permitted by law and enforcement of rights; and
- Non-compliance with the law or failure to account for the impact of the law or changes in the law brought about by legislation or judgments.

HOW WE ADDRESS THIS RISK

- Enabling business to continue operations with the implementation of a third-party service provider platform to conclude agreements and respective documents electronically;
- Effectively manage a group wide service level agreement sharepoint point repository for all the service level agreements within the group;
- Ensure that all the divisions within the group are kept abreast of all legislative developments that have or may potentially have an impact on business operations. To proactively assist business in interpreting and understanding the impact that new pieces of legislation (inclusive of amendments) may have on the business operations. The following are key pieces of legislation that are currently under review:
  - Rule 108 of the Rules of the High Court;
  - Amendments to the Deeds Registries Act of 1937; and
  - Amendments to the Administration of Estates Act of 1965.
- Defend the group in litigation, lawsuits and other proceedings against the group by ensuring adequate representation and effective management of these proceedings by the Group Legal Service;
- Reduce the group exposure to legal risks by managing potential risks and resolving existing risks amicably; and
- Maintaining valuable stakeholder relationships that play a key role within the industry and ensuring that the group is represented at the respective and applicable forums.

POTENTIAL OPPORTUNITY

- Use of technology to efficiently manage risk.

STAKEHOLDERS IMPACTED

Customers Employees Suppliers

CAPITALS IMPACTED

Financial Intellectual Manufacturing Natural

5.

Delivering promises and creating value

Reflections from our Chief Financial Officer

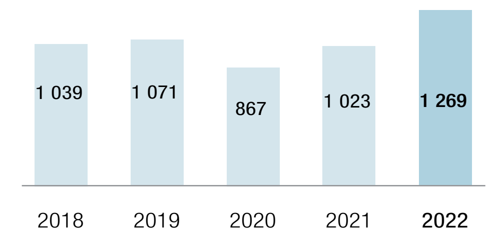
The 2022 financial year was another extraordinary year for our business. The Namibian economy started to emerge from the shadow of the pandemic as seen in the rest of the globe. The COVID-19 pandemic provided a rigorous test of our business model.

Highlighting the strength and potential of our franchises, FirstRand Namibia delivered a good set of financial results in 2022, with record revenue of N$4 147 million, net income after cost of capital of N$413 million and a return on equity of 21.4%.

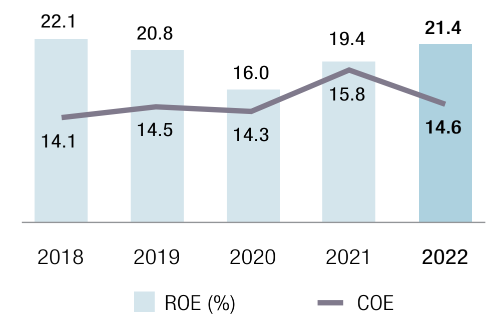
We earned N$1 963 million in pre-provision profits versus N$1 730 million in 2021, reflecting strong underlying performance across our businesses. Even though the impairment charges are lower in 2022 by 143 million Namibian dollars, impairments are volatile given compliance with the current expected credit loss accounting standard and further driven by probability-weighted scenarios.

We entered the 2022 financial year with careful confidence not knowing if the economic recovery would be constant and lasting across markets. The emergence of new variants, the lengthy third wave of Covid-19 infections, a spike in infections with the fourth wave, also bringing back movement restrictions and other containment measures, resulted in the early recovery momentum slowing down. Recognising the need to endure in our commitment to support our customers, we remained dedicated in providing financial backing and solutions to ensure they could withstand the stress of the continued pandemic and its resulting impact. While doing so, we continually prioritised capital and liquidity strength to keep funding available to customers whereas ensuring we had adequate provision buffers to address possible asset quality erosion that could place pressure on our capital levels and shareholder returns. With this sensible view, we managed to deliver a strong performance for June 2022.

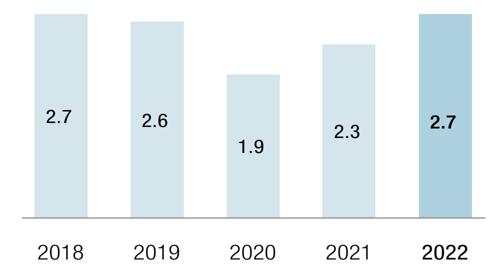
Headline earnings (N$million)



ROE and cost of equity



ROA (%)



Reflections from our Chief Financial Officer continued

The year also saw customer transactional activity returning and market unpredictability coming back to more normalised levels, while corporate activity remained subdued across all sectors. Long-term investor confidence is still lagging even though quite a few sectors saw their performance coming back to pre-Covid-19 growth levels. As at the end of our 2022 financial year with GDP recovering gradually, there is still considerable disparity in performance between sectors.

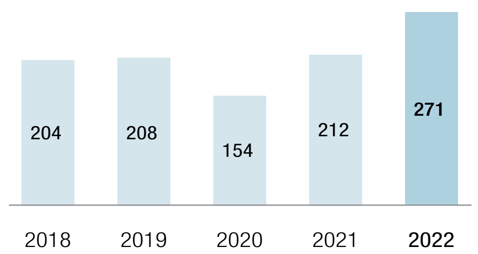
Our results for the period are mostly driven by the positive credit performance but the underlying franchise drive and positive client transactional activity uptake resulted in a resilient pre-provision profit growth of 13.5% year-on-year. Earnings per share increased to 483.0 cents (2021: 390.9 cents). Profit before tax increased by 25% to N$1 867 million (2021: N$1 492 million) for the period under review. Cost to income ratio decreased to 52.8% (2021: 54.6%).

Pre provisioning profit increase, was driven primarily by the following: net interest income up 17%, and cost marginally increasing with 5%. Headline earnings increased by 24% to N$1 269 million, this was impacted largely by a significant decrease in impairments mainly related to improvements in the customer risk profiles, collections as clients benefited from the rate cuts in the prior year and forward-looking assumptions.

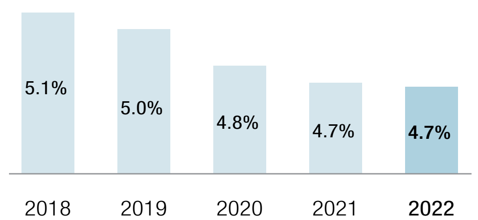
ROE and ROA improved to 21.4% and 2.7% respectively. NAV per share of 2 355 cents increased by 12%, compared to 2 136 cents in June 2021.

We remain well capitalised, with our Tier 1 ratio increasing to 20.2% from 17.7%, given strong capital creation and lower risk-weighted assets. This is still within our Board target of 14% and exceeds regulatory requirements. We remain capital generative, with current profits adding 2% to the Tier 1 ratio over the year. The strong Tier 1 ratio enabled the group to continue with dividend payments, generating a dividend yield ratio of 8.9% for the year.

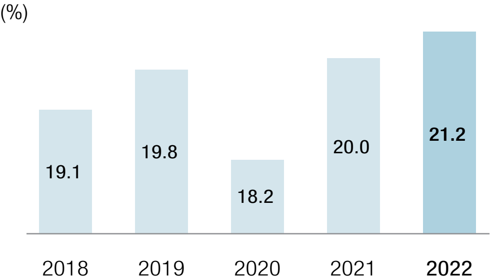
Dividend per ordinary share declared (cents)



Opex as to assets (%)



CAR (%)



Statement of comprehensive income

N$'million	2022	2021	%
Net interest income	2 203	1 877	17%
Impairment of advances	(95)	(238)	(60%)
Non-interest revenue	1 981	1 954	2%
Insurance	59	63	(5%)
Income from operations	4 147	3 656	14%
Operating expenses	(2 238)	(2 126)	5%
Income before tax	1 909	1 530	25%
Indirect tax	(41)	(38)	9%
Profit before tax	1 868	1 492	25%
Income tax expenses	(595)	(460)	29%
Profit for the year	1 273	1 032	23%

INTEREST INCOME

Net interest income (NII) grew by 17% off higher average balances and slightly higher margins driven by the three rate hikes for the second half of the financial year. Interest expense decreased by 3% while interest income increased by 10%.

This NII growth was driven by positive levels of capital, an improved liability mix and active balance sheet management. Interest income performance is mostly driven by the increase of, and are in line, with average advance growth of 6%. As Namibia entered a rising interest rate cycle for the first time in three years, we are expecting to gain an additional c. N$160 million NII (pre-tax) for each 100-bps increase in interest rates over a 12-month period. The movements on our interest expense is reflective of the low repo rate being in effect for the three quarters of the reporting period

IMPAIRMENT LOSSES

The total impairment charge was lower year-on-year at N$95 million (2021: N$238 million). The impairment charge is 0.29% (2021: 0.75%) of gross advances.

The economic outlook is more uncertain than it was six months ago, and risks are skewed to the downside, particularly for emerging-market economies. As required under IFRS 9, FirstRand Namibia revised its macroeconomic forward-looking outlook, with positive revisions to key economic variables compared to the prior year given the rebound in the economy.

With the outbreak of the coronavirus in March 2020, we raised an initial Covid-19-specific charge factoring in management's best estimate at that time of the expected short- to medium-term impact of the pandemic on our existing customer base.

Subsequently, as collections' data relating to the effects of the pandemic became available, we recalibrated our impairment models to take it into account.

The group remains prudently provided, with portfolio impairments as a percentage of the performing book at 261 bps, exceeding the annual credit charge.

The ratio of non-performing loans (NPLs) to gross advances as at period end was 0.2% up from the 5.2% in 2021 and in Namibian dollar terms deteriorated from N$1 645 million to N$1 788 million.

Reflections from our Chief Financial Officer continued

Statement of comprehensive income continued

NON-INTEREST REVENUE

Operational Non-interest revenue (NIR) benefited from the economic rebound. NIR is flat year-on-year at 1%, following pricing reviews of certain transactions in FNB Retail and FNB Commercial, the pricing review waived N$102 million of bank charges. Total transaction volumes amounted to 153 million (2021: 134 million), an increase of 12% from prior year. The continued growth in our active client base and the optimisation of existing clients were the primary drivers behind the increase. Total number of customers were 671 596 as at June 2022 up 2.7% from last year.

Consumer behaviour changed at the onset of the pandemic, largely driven by necessity. Thanks to our investments in technology and digital product capabilities, we were in a strong position to rapidly pivot our operating model to support our customers' needs.

In the course of our digitalisation journey and drive to make banking accessible to the greater Namibia, we continue to expand our digital offering, and preparing our FNB DigiPlus account offering for launch in July 2022. The robust digital take-up experienced during the prior years because of the lockdown measures carried on into the current year and brought about a digital transaction increase of 18% from 97 million to 114 million.

Branch, cash, and self-service transactions, which attract a higher fee from our clients, comprise 21% (2021: 24%) of the total transaction income.

Our leading rewards program continues to produce meaningful results for our clients, with cash rewards paid out to the customers savings pockets of N$27 million, a growth of 19.8% on 2021.

Net fee and commission income are up 2% to N$1.8 billion, this was largely impacted by fees waived due to the PSD 5 and 10 introduced in the second half of last year. Fee and commission income make up 87.5% (2021: 86.6%) of total NIR.

INSURANCE

The short term insurance premiums have declined to N$130 million (2021: N$134 million). Claims paid for the period remained flat at N$71 million (2021: N$71 million).

The renegotiated strategic agreement delivered N$34 million in dividends.

OPERATING EXPENSES

The group continued to maintain its cost discipline which resulted in controlled growth in expenses of 5% year-on-year. This was attributed to higher staff costs, IT expenses and marketing costs, in line with the pick-up in activity seen this year.

Staff expenditure accounts for 56% (2021:56%) of the group's total cost base and increased 3%, due to growth in variable remuneration as earnings recovered. Annual salary increases averaged 3.4%, with a 2.4% decrease in staff complement across the group mainly through natural attrition and the voluntary separation packages offered to staff. These packages were accepted by 55 employees.

Our executives, other senior management and board members received increases of 3% and 3.5% on average respectively in their guaranteed pay for 2021.

The 2018 long-term incentive (LTI) awards did not vest in the current year; however, the prior year release was lower due to the Covid-19 LTI award retention scheme issued for some of the 2017 LTI awards not vesting. No Covid-19 LTI awards were issued in the current period.

Total IT spend amounts to N$437 million which is an increase of 6%, including computer expenses growing by 7%, reflecting continued investment in technology and platform projects across the group and regulatory projects such as NamPay.We will continue to optimize our distribution network as customer needs evolve. Our goal is not to have the most branches - but to have the right points of presence, in more communities, serving the financial needs of our customers.

Included in operating expenses is the FirstRand Namibia Foundation's contribution for the year amounting to N$10.2 million (2021: N$8.7 million). The contribution to the foundation is calculated as 1% of headline earnings. Additional voluntary contribution was made to the FirstRand HOPE fund amounting to N$5 million. We believe this contribution continues to do greater good to the Namibian nation.

TAX

FirstRand Namibia's total current tax charge amounted to N$595 million (2021: N$460 million) and indirect taxes incurred at N$41 million. The increase is in line with the growth in taxable profits. Indirect taxes are made up of VAT and stamp duties on long term deposits. FirstRand Namibia remains as significant taxpayer in Namibia. We ensure that all taxes are paid in accordance with the legislative requirements.

Statement of financial position

ADVANCES

The group's total assets increased by 21% to N$52 billion (2021: N$43 billion). Net advances, making up 61% (2021: 70%) of the balance sheet, reflected a year-on-year increase of 6% to N$31 963 million. Growth in private sector credit extension is recorded at 3.4%.

When assessing the underlying risk in the balance sheet, the group's asset profile is dominated by a diversified advances portfolio. The composition of the gross advances' portfolio consists of FNB retail secured (52%), FNB retail unsecured (11%), FNB commercial (23%), and RMB Corporate (14%).

Mortgage loans increased year on year by 5% to N$16 billion and constitute 47% (2021: 47%) of net advances. Through providing credit to individuals, FNB Namibia continues to enable home ownership across all social spectrums. Our exposure to home loans is reflective of the Namibian banking industry where home loans tend to average 40% of credit extended in the local market.

The FNB Namibia residential property report for Q1 2022 indicated that the house price index grew by 4.7% at the end of the first quarter of this year, down from 7.1% at the end of 2021, but unchanged compared to Q1 2021.

The tough environment, which was characterised by low consumer confidence, declining vehicle sales, a lengthening replacement cycle and certain risk cutbacks resulted in muted advances growth at WesBank, ending the year at 3.5%. In the face of increasing competition, WesBank focused on protecting its origination franchise and return profile through disciplined risk appetite.

The 1.6% growth in FNB commercial's advances reflects the difficult macro-economic environment, characterised by low business confidence and stress in certain sectors.

RMB was able to lift the business by continuing to deliver landmark and innovatively structured deals, which translated into solid growth in advances and lending income.

DEPOSITS AND FUNDING

Deposit growth being more positive than prior year, growing by 4% to N$37 billion. The FNB franchise was a significant contributor to the deposit's growth as 8% increase was experienced, aided by the increased demand for savings and investment products as individuals tighten their purse-strings on continued product innovation, improved utilisation of channels and cross-sell to existing customers. Term deposits decreasing by 3% year on year whilst NCD's are up year on year by 25%.

CAPITAL AND REGULATION

The subordinated debt related to the FNB 27 bond, was redeemed early and settled on 29 March 2022. This instrument qualified as tier two capital at the Bank level and has not been replaced. Total group equity amounted to N$6.2 billion (2021: N$5.6 billion) and has increased by 12% due to the profits generated during the current period.

The group has remained well capitalised throughout the period, with industry leading levels well above the minimum regulatory requirements. Capital adequacy ratio was 21.2% (2021: 20%) and Tier 1 capital 20.2% (2021: 17.7%).

2023 OUTLOOK

Foremost, 2023 is expected to be a greater year for us all than what 2022 was, and in turn, was a better year than 2021 because we're settling in on how to live with Covid-19, undoubtedly in terms of circumventing the kind of restrictions we've seen the past two years. The economy should start returning to usual terms, with interest rates rising. We are gearing the whole group to deliver on our strategy and become a purpose driven organisation. FirstRand Namibia has the ability and the talent to do that. Over the next few years, we'll be showing how we're enhancing service for our clients, how we're managing costs and how we're rationalising our product offering.

CONCLUSION

The road ahead may continue to be shaky in the near future but thanks to our flexibility and strategic decision-making, FirstRand Namibia is now changing our focus resolutely to the outlook for the near-term and beyond. It is pertinent to highlight that the steady global and local GDP growth, if it continues as expected, will promote investor confidence for Namibia.

Oscar Capelao
CFO: FirstRand Namibia

Value for stakeholders

In fulfilling our promise to our stakeholders, FirstRand Namibia Group allocates the value created in appropriate and meaningful ways – and for some stakeholders, beyond financial means. Stakeholders receive intangible benefits extending from employee development programmes to various community initiatives, in our effort to support a more sustainable future in Namibia.

Net interest income
N$2 203 million

−

Impairment losses on loans and advances
N$95 million

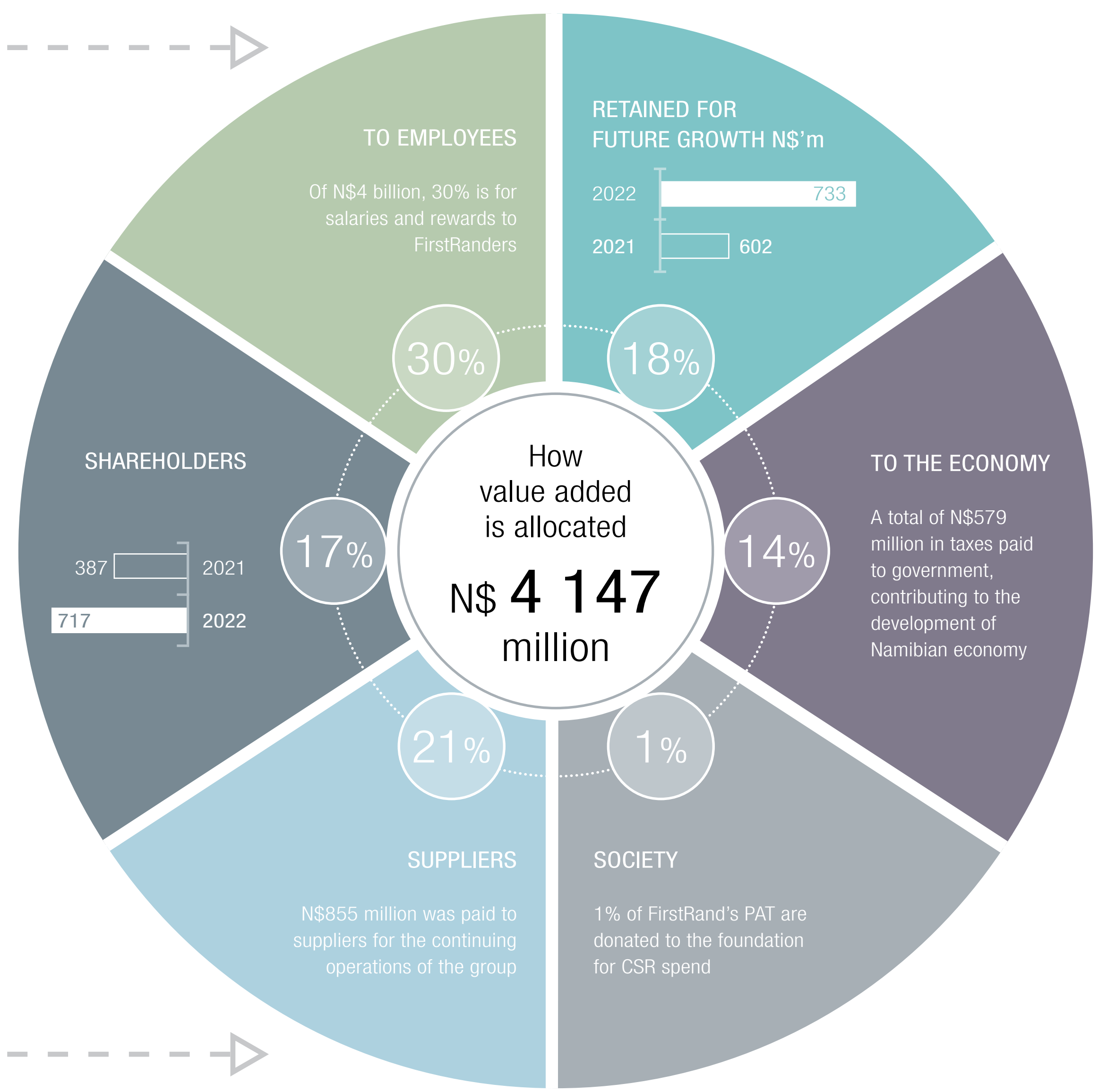
+

Other revenue
N$2 041 billion

=

Value added
N$ 4 147 billion

How value created for stakeholders is distributed



Capital management

FirstRand Namibia has maintained a sound capital position with the highest capital adequacy ratio (CAR) in the market, despite the current COVID19 epidemic and the impact that it had on the Namibian economy. The group continues to maintain sufficient capital that exceeds regulatory and economic capital requirements. The group's capital is managed on a forward-looking basis, considering the three-year forecast including budget and stress scenarios. The Group's long-term strategy is to increase balance sheet resilience, diversify advances exposures, improve market liquidity and increase non institutional funding. The core objective of Capital Management is to maintain sound capital ratios and strong credit rating which is in line with our risk profile and risk tolerance objectives.

The group's objectives when managing capital in all its forms are:

- To comply with the capital adequacy requirements (CAR) set by the Bank of Namibia as per BID 5A and BID 5 by maintaining sound capital ratios and quality of capital during calm and turbulent periods of the economy and financial markets;
- To safeguard the group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the growth of its business, protect its depositors and creditors and to promote and uphold public confidence; and
- To maintain strong credit rating.

Governance and oversight

The board-approved capital management framework sets the objectives, policies and principles relating to the capital management processes. This is based on the following three elements:

- Maintaining optimal capital levels to meet regulatory and economic capital requirements;
- Managing optimum levels of capital mix to ensure capital efficiency and deliver sustainable targeted rate of return for shareholders; and
- Ensure balance sheet strength over the long term, to support business strategy and investment opportunity.

Effective and successful capital planning and management is only achievable through well-defined roles and responsibilities. The capital management framework is updated and reviewed on an annual basis. The board is responsible for approving the capital management framework while Assets, Liability and Capital compliance committee (ALCCO) is answerable for ensuring compliance with the framework. The Group Treasurer is accountable for the timeous update of the framework.

Capital risk Management

The bank maintains a capital buffer above the regulatory minimum requirement. Capital stress testing is done annually as part of the internal capital adequacy assessment process ("ICAAP"). The stress test measures the impact on the balance sheet based on macro-economic and idiosyncratic stress scenarios and the consequent impact on earnings and capital adequacy levels.

The stress testing process amongst other factors determines the buffer.

The ICAAP as stipulated in Pillar III 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.

The Risk, Capital and Compliance Committee (RCCC), a board designated committee, is responsible for the group's ICAAP. Capital planning is part of regular forecasts and scenario testing, which aligns with dividend decisions and growth projections.

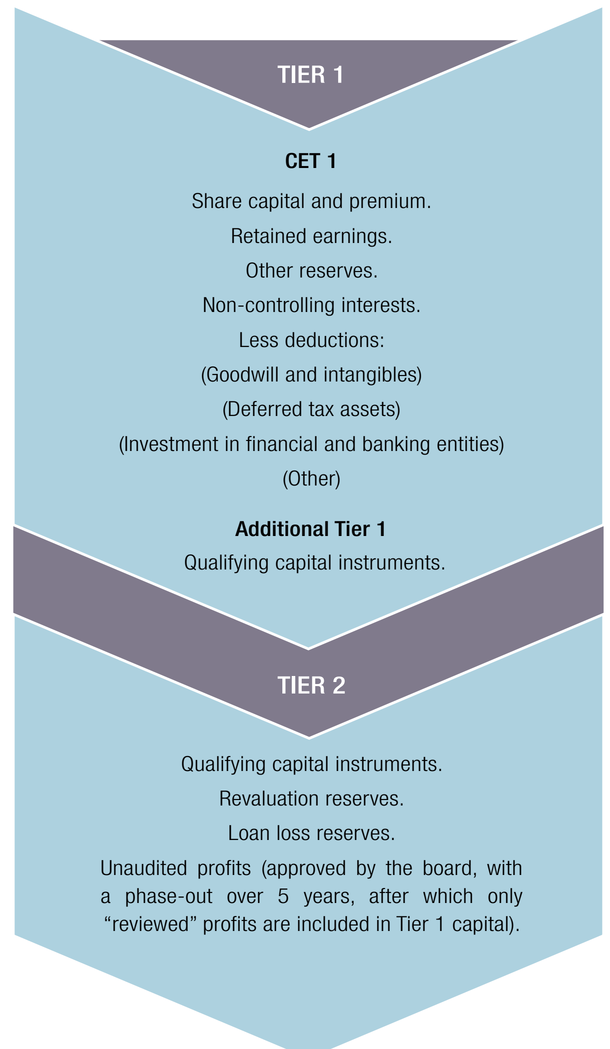
Dividend Policy

The dividend policy plays a pivotal role in the management of the group's CET1 position. The long-term dividend cover range changed to 1.5x - 3x. The interim and final dividends were 153 cents and 319.84 cents respectively.

Capital overview and compliance

The supply of capital consists of the sum of Tier 1 and Tier 2. The criteria of the instruments that qualifies as regulatory capital is stipulated in the BID 5A.

The following diagram illustrates the key components of the various capital instruments:

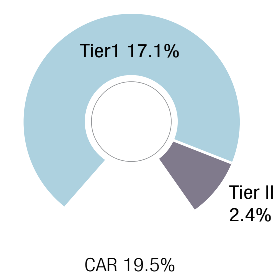


The group continues to maintain a position of strength and remained well capitalised with a CET1 ratio of 19.3%, above the end state requirement of 12.5% (excluding the temporary reduction of the Capital Conservation Buffer to 0% from 1.5%) The actual capital adequacy ratio for Bank and group exceeds the Board set targets.

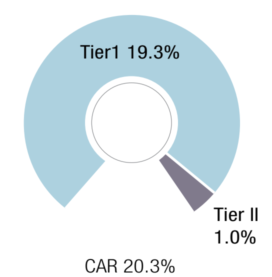
The group took the option to early redeem the Tier 2 capital comprising of FNBJ27 and FNBX27 on the 29th March 2022. The group also settled on maturity date 22 March 2022 the note FBJ22Z which was listed on the JSE.

The group replaced the above-mentioned notes with FNBJ25S and FNBJ27S using a new NSX MTN programme. The two senior debt notes (Green Bonds) which are N$241 million due 23 March 2025 and N$112 million due 23 March 2027. The notes attracted a subscription amount of N$1.9 billion and as a result were oversubscribed by 6 times over.

June 2021



June 2022



Capital management

Regulatory developments and proposals

With the adoption of Basel III in 2018, the applicable minimum ratios per year to the original end-state requirement 2022 would have been as per below. However, following the COVID-19 relief measures announced in the Directive BID33 issued on 26 March 2020, applicable for a two-year period the minimum requirement target for 2021 reduced to 10%. The Bank of Namibia extended the Covid-19 relief measures in the Directive BID 33A issued on 21 October 2021, applicable to 1 April 2023 whereby the minimum requirement target will remain at 10%.

	Phased-in 2020	Phased-in 2021	End-state 2022	Covid relief	Board limits
Core equity	6.0%	6.0%	6.0%	6.0%	0.0%
Capital conservation buffer	1.5%	2.0%	2.5%	0.0%	0.0%
CET1 minimum	7.5%	8.0%	8.5%	6.0%	>11.5%
Additional Tier 1	1.5%	1.5%	1.5%	1.5%	0.0%
Tier 1 (minimum)	9.0%	9.5%	10.0%	7.5%	0.0%
Tier 2 (maximum)	2.5%	2.5%	2.5%	2.5%	0.0%
Total CAR minimum	11.5%	12.0%	12.5%	10.0%	>14.0%

During 2018 BoN published BID-5A, an updated determination on the measurement and calculation of capital charges for credit risk, operational risk and market risk for domestic systemically important banks, that came into effect on 01 September 2018. The updated determination introduced major adjustments to capital components, measures, limits and new buffers. However, due to the COVID-19 global pandemic, BON issued policy directives to provide relief to the banking institutions and its customers for a period to 1 April 2023 or until revoked. The following measures were introduced:

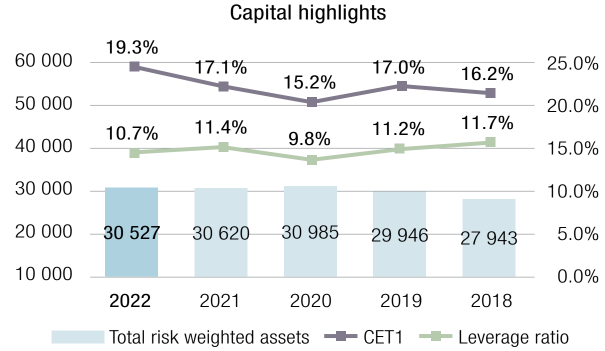
- Loan repayment moratorium/holiday ranging from 1 months, but not exceeding 24 months. This will allow clients who cannot not meet their payment obligations to remain as performing clients thus not increasing the non-performing ratio. Non-performing loans attracts a higher risk weight that could result in the decline in the capital adequacy ratio;
- Write offs under loss category for non-performing loans overdue for more than 360 days shall be written off within three years as opposed to 15 months to allow for ample time for possible recoveries provided that various haircuts will be applied to collateral;
- Capital conservation buffer reduced to zero percent, reducing the minimum capital requirement back to 10% from 11%; and
- To increase the Banks' lending capacity the Single Obligor Limit which set at 25% in December 2019 was revoked and reverted to 30% of the group's qualifying capital.

The group commends the Bank of Namibia for extending the Covid-19 relief measures to 1 April 2023 thereby supporting the economy during these challenging times.

Capital highlights

The minimum leverage ratio as per the implemented determination is 6% and is defined as Tier 1 capital divided by total on- and off-balance sheet exposures.

Capital highlights



N$'000	Banking operations year end 30 June 2022	Banking operations year end 30 June 2021	Regulated consolidated group year end 30 June 2022	Regulated consolidated group year end 30 June 2021
Risk weighted assets				
Credit risk	25 308 970	25 572 607	25 457 697	25 703 956
Market risk	61 931	51 134	61 931	51 134
Operational risk	5 155 755	4 972 202	5 307 437	5 093 106
Total risk weighted assets	30 526 656	30 595 943	30 827 065	30 848 196
Regulatory capital				
Share capital and share premium	1 142 792	1 142 792	282 148	282 148
Retained profits	4 821 003	4 175 579	6 033 954	5 291 707
Other disclosure reserves	4 893	6 334	-	-
Capital impairments*	(67 454)	(81 599)	(95 562)	(110 097)
Total tier 1	5 901 234	5 243 106	6 220 540	5 463 758
Eligible subordinated debt	-	400 000	-	400 000
General risk reserve, including portfolio impairment	316 362	320 059	316 384	319 958
Capital impairments*	-	-	(19 945)	(19 945)
Total tier 2	316 362	720 059	296 439	700 013
Total tier 1 and tier 2 capital	6 217 596	5 963 165	6 516 979	6 163 771
Consolidated group				
Capital adequacy ratios				
Tier 1	19.3%	17.1%	20.2%	17.7%
Tier 2	1.0%	2.4%	1.0%	2.3%
Total	20.3%	19.5%	21.2%	20.0%
Tier 1 leverage ratio	10.7%	11.4%	11.8%	12.5%

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

5 Year review

Statement of comprehensive income

N$ million	2022	2021	2020	2019	2018
Net interest income before impairment of advances	2 203	1 877	2 013	2 012	1 820
Impairment and fairvalue of credit on advances	(95)	(238)	(560)	(215)	(128)
Net interest income after impairment of advances	2 107	1 639	1 453	1 797	1 692
Non-interest revenue	1 981	1 954	1 905	1 820	1 796
Net insurance income	59	63	84	81	89
Income from operations	4 147	3 656	3 442	3 698	3 577
Operating expenses	(2 238)	(2 126)	(2 174)	(2 069)	(1 981)
Net income from operations	1 909	1 530	1 268	1 629	1 596
Share of (loss)/profit from associates	-	-	(14)	3	1
Income before tax	1 909	1 530	1 254	1 632	1 597
Indirect tax	(41)	(38)	(45)	(47)	(46)
Profit before tax	1 868	1 492	1 209	1 585	1 551
Direct tax	(595)	(460)	(376)	(499)	(490)
Profit for the year	1 273	1 032	833	1 086	1 061
Other comprehensive income for the year	-	-	-	-	(3)
Total comprehensive income for the year	1 273	1 032	833	1 085	1 058
Profit attributable to:					
Equity holders of the parent	1 265	1 022	819	1 071	1 040
Non-controlling interests	8	10	14	14	21
Total comprehensive income for the year attributable to:					
Equity holders of the parent	1 264	1 022	819	1 071	1 037
Non-controlling interests	8	10	14	14	21
	1 272	1 032	833	1 085	1 058
Reconciliation of earnings attributable to ordinary shareholders and headline earnings:					
Earnings attributable to ordinary shareholders	1 265	1 022	819	1 071	1 040
Headline earnings adjustments:	4	1	48	-	
Headline earnings	1 269	1 023	867	1 071	1 040

Statement of financial position

N$ million	2022	2021	2020	2019	2018
Assets					
Cash and cash equivalents	2 395	1 299	1 115	1 390	1 346
Due from banks and other financial institutions	9 231	2 958	4 442	2 804	2 782
Derivatives financial instruments	94	315	519	459	94
Advances	31 963	30 207	29 994	30 298	28 532
Investment securities	7 417	7 186	8 534	7 807	5 266
Other assets	1 342	1 477	1 263	1 382	1 390
Total assets	52 442	43 442	45 867	44 140	39 410
Equity and liabilities					
Liabilities					
Deposits	37 114	35 664	38 427	35 886	31 546
Due to banks and other financial institutions	7 230	133	118	428	897
Derivative financial instruments	227	317	534	481	110
Other liabilities	1 599	1 682	1 788	1 931	1 841
Total liabilities	46 170	37 796	40 867	38 726	34 394
Equity					
Equity attributable to equity holders of the parent	6 231	5 586	4 938	5 352	4 943
Non-controlling interests	41	59	62	62	73
Total equity	6 272	5 645	5 000	5 414	5 016
Total equity and liabilities	52 442	43 442	45 867	44 140	39 410

5 Year review continued

Ratios and selected financial information

	2022	2021	2020	2019	2018
Ratios:					
Return on assets (earnings on average assets) (%) - normalised	2.7	2.3	1.9	2.6	2.7
Return on equity (headline earnings on average equity)(%)	21.4	19.4	16.0	20.8	22.1
Cost to income ratio (%)	52.8	54.6	52.6	52.9	53.3
Share statistics:					
Closing share price - ordinary (cents)	3 050	2 730	3 178	3 500	4 498
Price / Earnings ratio	6.3	7.1	10.10	8.50	11.30
Earnings yield (%)	15.8	14.0	9.90	11.70	8.80
Price to Book	1.3	1.3	1.70	1.70	2.40
Basic earnings per share (cents)	483.0	390.9	313.4	409.8	397.4
Headline earnings per share (cents)	484.5	391.2	331.8	409.8	398.6
Net asset value per share (cents)	2 355	2 136	1 888	2 050	1 892
Market capitalisation	8 162	7 305	8 504	9 366	12 036
Dividend information:					
Dividends per share - ordinary dividend declared (cents) *	472.84	212	154	208	204
* based on current year profits					
Dividends per share - ordinary dividend paid (cents) **	271	144	221	204	204
** based on dividends paid within financial year					
Dividend per share - special dividend (cents)	-	-	-	250.00	-
Dividend yield - ordinary dividend (%)	8.9	7.8	4.8	5.8	4.5
Dividend cover (times) based on total dividends	1.0	2.0	2.0	2.0	2.0
Capital adequacy:					
Banking group (%)	20.3	19.5	17.60	19.40	18.70
Consolidated group (%)	21.2	20.0	18.20	19.90	19.10
Number of staff	2 054	2 085	2 287	2 316	2 399

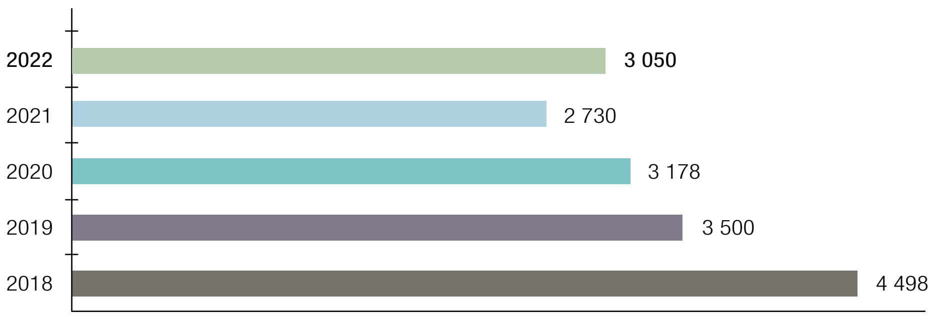
6.

Supplementary information

Shareholder's diary

Financial Year End	30 June 2022
Declaration Date	18 August 2022
SENS Announcement	15 September 2022
LDR/ Record Date	07 October 2022
Trade Cum Div	30 September 2022
Trade ex div	03 October 2022
Annual General Meeting	20 October 2022
Payment date	21 October 2022

Closing share price - Ordinary



Stock exchange performance

	2022	2021
Share price (cents)		
- high for the year	3 051	3 173
- low for the year	2 731	2 015
- closing price per share	3 050	2 730
Number of shares traded ('000)	6 979	3 747
Value of shares traded (N$'000)	208 256	85 178
Number of shares traded as % of issued shares	2.61	1.40
Average price (cents)	2 984	2 273

Shareholders are requested to register to receive electronic communications

FirstRand Namibia Limited recognises that electronic communications promote faster shareholder communications, achieve print and postage cost savings and reduce the impact it has on the environment. Shareholders are requested to register to receive documents electronically by completing the form on the website, which is accessible at:

https://www.fnbnamibia.com.na/downloads/namibia/finresults2018/shareholders-info/Electronic_Communication_Form_(PDF).pdf
alternatively scan the QR code to download the electronic communications form in pdf:

Please return the form to Transfer Secretaries (Proprietary) Limited at ts@nsx.com.na.

Simplified group structure

General public	FirstRand EMA Holdings (Pty) Ltd	GIPF
25.9%	58.4%	15.7%

FirstRand
NAMIBIA

Banking		Capital markets and investments		Other activities		Insurance	
100%	First National Bank of Namibia Ltd	100%	Ashburton Fund Managers Namibia (Pty) Ltd	100%	FNB Fiduciary Namibia (Pty) Ltd	51%	OUTsurance Insurance Company of Namibia Limited
100%	Swabou Investments (Pty) Ltd	100%	Ashburton Unit Trust Management Company Ltd	100%	FNB Nominees (Namibia) (Pty) Ltd		
		100%	Pointbreak Investment Management (Pty) Ltd	100%	FNB Insurance Brokers (Namibia) (Pty) Ltd		
		100%	Ashburton Investment Managers (Pty) Ltd	100%	Talas Properties (Windhoek) (Pty) Ltd		
		100%	RMB Investment (Pty) Ltd	100%	Pointbreak Trust and Estates (Pty) Ltd		
		100%	Pointbreak Wealth Management (Pty) Ltd	100%	FNB Easy Loans Ltd		

Analysis of ordinary shareholders

Share analysis - ordinary shares

Range of shareholders	Number of shareholders	%	Number of shares	%
1 - 999	1 219	45.0%	427 186	0.2%
1 000 - 1 999	406	15.0%	522 596	0.2%
2 000 - 2 999	197	7.3%	477 379	0.2%
3 000 - 3 999	106	3.9%	355 777	0.1%
4 000 - 4 999	65	2.4%	285 347	0.1%
5 000 - 9 999	217	8.0%	1 463 203	0.5%
over 10 000	501	18.5%	264 061 762	98.7%
	2 711	**100%**	**267 593 250**	**100.00%**
Shareholder type				
Corporate bodies	41	1.5%	163 817 462	61.2%
Nominee companies	104	3.8%	82 983 210	31.0%
Private individuals	2 529	93.3%	15 606 640	5.8%
Trusts	37	1.4%	5 185 938	1.9%
	2 711	**100%**	**267 593 250**	**100.00%**
Geographic ownership				
Namibian including unknown	2 528	93.2%	106 951 820	40.0%
Other Africa	165	6.1%	157 908 068	59.0%
International	18	0.7%	2 733 362	1.0%
Total	**2 711**	**100%**	**267 593 250**	**100.00%**
Major shareholders				
FIRSTRAND EMA HOLDINGS (PTY) LTD,			156 271 536	58.4%
GOVERNMENT INSTITUTIONS PENSION FUND			41 976 178	15.7%
OLD MUTUAL LIFE ASSURANCE COMPANY (NAMIBIA) LTD			6 139 086	2.3%
SOVEREIGN CAPITAL (PROPRIETARY) LIMITED,			3 788 490	1.4%
ALLAN GRAY NAMIBIA BALANCED FUND			3 584 444	1.3%
INVESTEC NAMIBIA TRUSTEE ACCOUNT (NAMAN)			3 545 171	1.3%
CHAPPA'AI INVESTMENTS FORTY TWO (PTY) LTD,			3 018 199	1.1%
THE BANK OF NEW YORK MELLON			2 683 000	1.0%
RETIREMENT FUND FOR LOCAL AUTHORITIES AND UTILITY SERVICES IN NAMIBIA			2 664 464	1.0%
FNB EMPLOYEE SHARE INCENTIVE TRUST			2 610 129	1.0%

FirstRand Bank Holdings Limited and Government Institutions Pension Fund are the only shareholders who beneficially hold more than 5% of the issued ordinary shares in the Company.

Corporate information

REGISTERED OFFICE	FirstRand Namibia Ltd Registration number: 88/024 @Parkside, 130 Independence Avenue, c/o Fidel Castro P O Box 195, Windhoek, Namibia Tel: +264 (61) 299 2111 www.firstrandnamibia.com.na
CHIEF EXECUTIVE OFFICER	Conrad Dempsey 5th Floor, @Parkside 130 Independence Avenue, c/o Fidel Castro P O Box 195, Windhoek, Namibia Tel: +264 (61) 299 2111
CHIEF FINANCIAL OFFICER	Oscar Capelao 5th Floor, @Parkside 130 Independence Avenue, c/o Fidel Castro P O Box 195, Windhoek, Namibia Tel: +264 (61) 299 2111
COMPANY SECRETARY	Nelago Makemba 2nd Floor, @Parkside 130 Independence Avenue, c/o Fidel Castro P O Box 195, Windhoek, Namibia Tel: +264 (61) 299 2111
EXTERNAL AUDITORS	Deloitte & Touche Namibia Jan Jonker Road, Maerua Mall Complex Windhoek, Namibia PO Box 47, Windhoek, Namibia Tel: +264 (61) 285 5000 www.deloitte.com/na
SPONSOR	Cirrus Securities (Pty) Ltd Member of the NSX 35 Schanzen Road, Windhoek, Namibia P O Box 27, Windhoek, Namibia Registration No: 98/463 E-mail: sponsor@cirrus.com.na Tel: +264 (61) 256 666
TRANSFER SECRETARIES	Transfer Secretaries (Pty) Ltd 4 Robert Mugabe Avenue P O Box 2401, Windhoek, Namibia Registration No: 93/0713 E-mail: ts@nsx.com.na Tel: +264 (61) 227 647

Notice of annual general meeting

FirstRand Namibia Ltd
(Incorporated in the Republic of Namibia)
(Registration number: 88/024)
ISIN: NA0003475176
Share Code (NSX): FNB
("FirstRand Namibia Ltd" or "the Company")

Notice is hereby given to all holders of ordinary shares in the company that the thirty fifth (35th) annual general meeting of the shareholders of FirstRand Namibia Ltd will be held via electronic media or in the Etosha Boardroom, FirstRand Namibia Ltd, 5th Floor, @Parkside, 130 Independence Avenue, c/o Fidel Castro, Windhoek, on 20 October 2022 at 14:30 to deal with the following business:

1. **Ordinary resolution number 1:**
   Resolved that the Annual Financial Statements for the year ended 30 June 2022 as approved by the Board of Directors on 18 August 2022, including the report of the external auditors, Audit Committee, and Directors' report be approved. The Annual Financial Statements were made available via the Securities Exchange News Service (SENS), have been distributed electronically, and are available on the Company's website: https://www.fnbnamibia.com.na/about-fnb/index.htm

2. **Ordinary resolution number 2: Confirmation of dividends**
   To confirm the ordinary dividends of the financial year 472.84 cents per share (2021: 212 cents per share).

3. **Ordinary resolution number 3: Re-election of Directors by way of separate resolutions**
   I-Ben Natangwe Nashandi and Christiaan Lilongeni Ranga Haikali retire as directors of the company in terms of the company's Articles of Association. Christiaan Lilongeni Ranga Haikali has tendered his resignation notice, which resignation is effective 20 October 2022. I-Ben Natangwe Nashandi who, being eligible, offers himself for re-election. Biographical information of the director to be re-elected is set out on pages 32 to 35 of the annual report.

   Ordinary resolution number 3.1
   Resolved that I-Ben Natangwe Nashandi be and is hereby re-elected as a non-executive director of the company.

4. **Ordinary resolution number 4: Vacancies filled by Directors**
   Vacancies on the board are filled by the appointment of directors during the year, upon the recommendation of the Directors Governance Committee and the board. The following directors were appointed by the board effective 01 October 2021 and 01 March 2022 respectively to fill vacancies in accordance with the Act and the company's Articles of Association and are now recommended by the board for election by shareholders by way of separate resolutions.

   Ordinary resolution number 4.1
   Resolved that Jan Coetzee, be and is hereby elected as an independent non-executive director of the company.

   The abridged curricula vitae of the director standing for election for ordinary resolution number 4.1 is set out on page 32 of the annual integrated report.

   Ordinary resolution number 4.2
   Resolved that Emile van Zyl, be and is hereby elected as an independent non-executive director of the company.

   The abridged curricula vitae of the director standing for election for ordinary resolution number 4.2 is set out on page 32 of the annual integrated report.

Notice of annual general meeting continued

5. **Ordinary resolution number 5: Audit Committee Member vacancy filled**
On the recommendation of the Directors Governance Committee, E van Zyl, was appointed to the Audit Committee to fill a vacancy in accordance with the Audit Committee Charter, Articles of Association, the Companies Act, and the Banking Institutions Act; and is now recommended by the Board for election by the Shareholders.

Resolved that Emile van Zyl be elected as a member of the audit committee.

6. **Ordinary resolution number 6: Re-appointment of Audit Committee Members**
That the following directors be re-appointed as members of the Audit Committee.

Ordinary resolution number 6.1
Resolved that Peter Grüttemeyer be and is hereby re-appointed as member of the Audit Committee.

Ordinary resolution number 6.2
Resolved that Christiaan Lilongeni Ranga Haikali be and is hereby re-appointed as member of the Audit Committee.

7. **Ordinary resolution number 7: Reappointment of Auditors**
The audit committee has evaluated the independence and performance of Deloitte & Touche and recommend their reappointment as auditors of the company.

Resolved that, as recommended by the audit committee of the company, Deloitte & Touche be and is hereby reappointed as auditors of the company and authorise the directors to determine the remuneration of the auditors.

8. **Ordinary resolution number 8:**
Resolved that the directors be and are hereby authorised, to allot or issue all or any of the authorised but unissued shares in the capital of the company on such terms and conditions as they deem fit, subject to the provisions of the Banking Institutions Act 2 of 1998, Companies Act 28 of 2004 (the Act), the Articles of Association of the company and the Listings Requirements of the Namibia Stock Exchange (NSX).

9. **Ordinary resolution number 9:**
Resolved that all the ordinary shares required for the purpose of carrying out the terms of the FNB Employee Share Incentive Scheme (the scheme) be and are hereby specifically placed under the control of the trustees of the scheme, who are hereby authorised and shall have the power to allot and issue those shares as they become required for the purposes of carrying out and giving effect to the terms of the scheme.

10. **Ordinary resolution number 10:**
Resolved that the annual fees of the non-executive directors or members, as reflected below be approved for the 2022/2023 financial year:

The proposed increase represents a 5.6% increase and have been rounded off (3.5%: 2021, 0%:2020, 0%:2019).

	No of meetings per annum	Proposed 2022/2023 annual fee	Calculated fee per meeting
FirstRand Namibia Ltd Board			
Member	4	16 998	67 993
Deputy Chair		25 497	101 990
Chair	4	29 747	118 988
Audit committee			
Member	4	21 855	87 420
Chair	4	59 494	237 976
Risk Capital and Compliance Committee			
Member	4	18 212	72 850
Chair	4	27 319	109 275
Talent and Remuneration Committee			
Member	2	15 298	30 597
Chair	2	22 948	45 895
Directors Governance Committee			
Member	3	14 570	43 710
Chair	3	25 497	76 492
Senior Credit Risk Committee			
Member	30	9 713	291 399
Chair	30	10 101	303 030
Information Technology Risk and Governance Committee			
Member	4	9 713	38 853
Chair	4	10 667	42 669
Asset Liability and Capital Committee			
Member	4	9 713	38 853
Chair	4	10 667	42 669
Social, Ethics & Sustainability Committee			
Member	4	10 101	40 404
Chair	4	9 713	38 853
First National Bank of Namibia Board			
Member	4	33 997	135 986
Deputy Chair	4	50 995	203 979
Chairperson	4	67 993	271 972
Ad-hoc work	Ad hoc		
Standard hourly rate for ad hoc work including attending director interviews, board training and board strategy sessions			2 428 hourly rate

Notice of annual general meeting continued

11. Ordinary resolution number 11:
    Resolved that the existing remuneration policy remain in force, no changes are proposed to the current policy and shareholders ratify the current Remuneration Policy which was approved by the Shareholders at the 21 October 2021 Annual General Meeting.

14. Ordinary resolution number 12:
    Resolved that each director and/ or the Group Company Secretary, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the resolutions passed at the annual general meeting of the company and set out in this notice.

VOTING:

All holders of FirstRand Namibia Ltd shares will be entitled to attend and vote at the annual general meeting. On a show of hands, every holder of FirstRand Namibia Ltd shares who is present in person, or in the case of a company, the representative appointed in terms of section 196 of the Companies Act, shall have one vote.

On a poll, the holders of ordinary shares present in person or by proxy will each be entitled to one vote for every ordinary share held.

PROOF OF IDENTIFICATION REQUIRED:

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents and passports.

PROXIES:

Each member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (none of whom need be a member of the company) to attend, speak and, on a poll, to vote in his/her stead. The form of proxy for the annual general meeting, which sets out the relevant instructions for its completion, accompanies this notice. In order to be effective, duly completed forms of proxy must be received at the office of the transfer secretaries of the company by no later than 15:00 on Monday, 17 October 2022.

By order of the board FirstRand Namibia Limited

Nelago Makemba
Group Company Secretary
15 September 2022

Registered office
Firstrand Namibia Ltd
@Parkside
130 Independence Avenue, c/o Fidel Castro
P O Box 195, Windhoek, Namibia

Transfer Secretaries
4 Robert Mugabe Avenue, Windhoek
P O Box 2401, Windhoek, Namibia

Form of proxy

FirstRand
NAMIBIA

FirstRand Namibia Limited
(Incorporated in the Republic of Namibia)
Registration number: 88/024
NSX Share Code: FNB
ISIN: NA 0003475176
(the Company)

For completion by the registered ordinary shareholders who hold ordinary shares of FirstRand Namibia Ltd and who are unable to attend the 2022 annual general meeting of the Company via electronic media or in person, on Thursday, 20 October 2022 at 14:30 (the annual general meeting).

I/We .... (name in full)

Holder number .... Contact number ....

being the holder(s) of .... ordinary shares in the Company do hereby appoint:

1. .... or failing him/her

2. .... or failing him/her

3. the chairperson of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting (as the case may be) which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote on such resolution in respect of the shares in the issued capital of FirstRand Namibia Ltd registered in my/our name/s in accordance with the following instructions (see note):

		Insert an X		
Ordinary Resolutions		For*	Against*	Abstain*
Ordinary Resolution 1	Approval of Annual Financial Statements for 30 June 2022			
Ordinary Resolution 2	Confirmation of dividends			
Ordinary Resolution 3	Re-election of directors by way of separate resolutions:			
	3.1 I-Ben Natangwe Nashandi (Non-Executive Director)			
Ordinary Resolution 4	Vacancies filled by Directors during the year by way of separate resolutions:			
	4.1 Jan Coetzee (Independent Non-Executive Director)			
	4.1 Emile van Zyl (Independent Non-Executive Director)			
Ordinary Resolution 5	Election of Audit Committee Members by way of separate resolution:			
	5.1 Emile van Zyl			
Ordinary Resolution 6	Re-appointment of Audit Committee members			
	6.1 Peter Grüttemeyer			
	6.1 Christiaan Lilongeni Ranga Haikali			
Ordinary Resolution 7	Re-appointment of external auditors and authority to determine their remuneration			
Ordinary Resolution 8	Control of unissued shares			
Ordinary Resolution 9	Control of FNB Employee Share Incentive Scheme ordinary shares			
Ordinary Resolution 10	Approval of Non-Executive Director remuneration			
Ordinary Resolution 11	Approval of the remuneration policy			
Ordinary Resolution 12	Authority to sign documents			

* Please indicate your voting instruction by way of inserting the number of Shares or by a cross in the voting box provided. A cross is deemed to represent all shares held by the holder.

Signed at .... this .... day of 2022

Signature ....

Assisted by me (where applicable) .... Signature

Each Shareholder is entitled to appoint one or more proxy(ies) (none of whom need be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

NOTES:

A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chair of the annual general meeting", but any such deletion must be initialed by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

A shareholder is entitled to one vote on a show of hands and on a poll one vote in respect of each Share held. A resolution put to the vote shall be decided by a show of hands unless before, or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the annual general meeting.

1. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of the member's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.

2. Forms of proxy must be received at the Company's transfer secretaries, Transfer Secretaries (Proprietary) Limited, 4 Robert Mugabe Avenue (entrance on Dr. Theo-Ben Gurirab Street), Windhoek (PO Box 2401) Windhoek, Namibia by no later than 15:00 on Monday, 17 October 2022. Alternatively, forms of proxy may be sent to the Company's transfer secretaries by way of telefax (+264 61 248531), provided that such telefaxes are received by the transfer secretaries by no later than 15:00pm on Monday, 17 October 2022.

3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chair of the annual general meeting.

5. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.

6. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.

7. The chair of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chair is satisfied as to the manner in which the member wishes to vote.

8. Where there are joint holders of ordinary shares:

    i. any one holder may sign the form of proxy;

    ii. the vote of the senior (for that purpose seniority will be determined by the order in which the names of the member appear in FirstRand Namibia Limited's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint shareholder/s.

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NAMIBIA

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