FNB

2022

Unaudited condensed consolidated financial results

for the interim reporting period ended 31 December

Contents

1. Group results in a brief

2. Financial performance analysis

3. Other information

4. Capital management

5. Corporate information

1. Group results in a brief

Highlights 02
Overview of performance 03
Condensed consolidated statement of comprehensive income 07
Condensed consolidated statement of financial position 08
Condensed consolidated statement of changes in equity 09
Condensed consolidated statement of cash flows 10

Highlights

Cost to income ratio (%)

44.9 (%)

2021: 50.1 (%)

Return on average shareholders' equity (%)

27.8 (%)

2021: 21.6 (%)

Profit for the period (N$ million)

813 (N$ 'm)

2021: 590 (N$ 'm)

Return on average assets (%)

3.3 (%)

2021: 2.7 (%)

Overview of performance

Sustaining our performance amidst an uneven economic recovery

Namibia's economic performance post-COVID-19 has been volatile, but generally more robust than expected. The economy appears to have exceeded its pre-pandemic level of economic activity, even with far higher unemployment and public debt levels.

The Namibian economy expanded by 4.3% during the third quarter of 2022, slow growth, when compared to a growth of 5.6% posted in quarter three of the preceding year. The economy continued to remain in the positive trajectory for six consecutive quarters. With inflation continuing to increase, the Monetary Policy Committee (MPC) began a rate hiking cycle in February 2022, initially increasing policy rates by 25 basis points (bps) at each following meeting, however accelerating increases bringing total rate hikes to 300 bps.

Operating environment

FNB Namibia's earnings for the six months ended 31 December 2022 increased by 38% to N$813 million, a performance that is testament to the quality of its operating businesses, driven by FNB and RMB. Pre-provision profits grew 33% to N$1 271 million from N$957 million, income from operations increased by 22% to N$2 265 million and the group produced N$348 million of economic profit, or net income after cost of capital (NIACC), which is one of the group's key performance indicators.

FNB Namibia's earnings remain tilted towards its banking activity and are mainly generated by its large lending and transactional franchises, which have deep and loyal customer bases. Against the prevailing backdrop of improved macroeconomic growth, given the group's size, any aspiration to outperform requires strategic distinction combined with sound execution. The key growth imperatives in the franchises is to grow customer numbers, do more for customers, and do this more efficiently. The group is also investing in building capital-light revenues in adjacent activities such as insurance and asset management.

We delivered strong revenue growth of 22%. The credit loss ratio decreased year on year to 26 bps and continued cost containment resulting in our headline earnings increasing by 37% to N$813 million. The group's return on equity (ROE) increased to 27.8% (2021: 21.6%).

Financial performance

The six months to December 2022 saw more relief from the COVID19 related restrictions. Thus the prior year still had increased impairments and reduced volumes and hence the opening up to the increased performance for 2022. As a result of that base effect, the group's profit before tax increased with 38%. FNB Namibia has delivered a 8.2% compound annual growth rate (CAGR) in profit before tax since December 2019.

Interest income

A compelling definition of an interest rate is "the price of money", and it is surely the basis of the entire financial system. Central bankers across the world hiked rates to manage inflationary pressure outside sustainable target ranges. Domestically we have seen the repo rate increase by 300 bps.

Net interest income increased by 26% to N$1 322 million from N$1 047 million. Average interest-bearing assets increased by 7%, driven by average advances being up 6% vs PSCE for 4.2% in December 2022. Interest earned on advances grew with 33% whereas interest on investments also increased by 28%.

Deposits grew by 31% and totaled N$46 701 million (2021: N$35 619 million). Deposit holders earned N$953 million (2021: N$477 million) in interest across all deposit accounts for the period;

Overview of performance continued

Impairments

After the COVID-19 related spike in non-performing loans during the prior years, we experienced a 14% reduction in the credit impairment charge to N$89 million (2021: N$103 million). This credit loss ratio reduced to 26 bps (2021: 32 bps) and was attributable to improved credit management over the loan portfolio, better-than-expected collection outcomes and a reduction in stage three loan impairments. The impairments included stage one and two impairments of N$1 million and specific impairment charges of N$101 million and recoveries of N$12 million. All provisions raised reflect the group's forward looking best estimates against available data and scenario analysis and are measured prudently given the prevailing risks in the economy.

Non-interest revenue

Non-interest revenue (NIR) increased with 13%, to N$1 033 million from N$913 million and accounted for 45% (2021: 60%) of total revenue because net interest income grows faster with the hike in interest rates. Net fee and commission income grew 11% to N$918 million, representing 89% of total NIR. Net fee and commission income increase is primarily a result of an increase in volumes while the average price increase was only 4.7%, well below the inflation average of 6.9%.

FNB rewards to customers amounted to N$15 million, an increase of 24% on prior year.

Although there was a strong increase in digital transactions, the lower fees associated with digital transactions slowed fee income growth. Transaction volumes increased by 13%. Digital volumes grew 16%, whilst branches volumes declined 4%, reflecting the successful migration of clients to more convenient, safe and accessible banking.

With additional enablers, our alternative channels Cash@Till, eWallet@Till and Cash Plus, clients can withdraw, deposit or pay conveniently at selected merchants and not only transact at branches and ATMs. Overall active customers stood at 700 847 for December 2022. FNB has 1 361 911 active eWallet customers, a solution that supports the national drive for financial inclusion.

Non-interest revenue for RMB overall increased with 22% for the period. This growth is driven by excellent performance in our Markets business on the back of client flows.

Operating expenses overview

The Namibian consumer price inflation remains elevated, which was 6.9% in December. Operating expenses grew 8% to N$1 058 million from N$982 million. The group's cost-to-income ratio improved to 44.9% from 50.1%.

Staff costs rose 9% to N$590 million, accounting for 55.7% of total operating expenses. Salaries and other staff costs, the largest component, settlement reached at 5.8%. Variable remuneration (Bonuses and long-term incentives) grew 28%, given improved performance.

Other operating costs grew 8%. IT spend decreased year-on-year which is reflective of the focused investment in digital platforms in the prior year which included the NAMPAY project. Total IT spend, including IT staff costs, amortisation and depreciation stood at to N$84 million making up 8% of group expenses. Investment in digital, data and automation processes remains a FNB Namibia group priority.

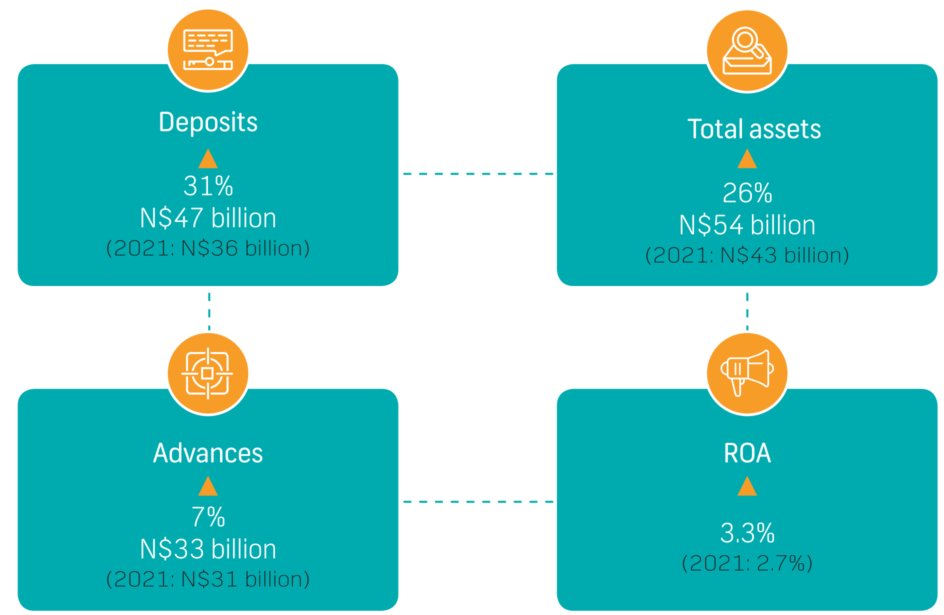
Marketing costs grew 11%, due to increased campaign spend for the FNB brand refresh, DigiPlus accounts activations, Gold cards and sponsorships for the Classic Clashes. Depreciation decreased by 3% mostly due to continual effective use of property and physical IT infrastructure. Property costs is flat at 1%, reflecting ongoing property optimisation.

Operating expenses overview continued

The increase in donations is attributed to the higher contribution to the activities of the FirstRand Namibia Foundation, being a fixed one percent of the group's headline earnings.

THE BALANCE SHEET

We grew our funding base and kept our lending book stable despite challenging operating conditions.



Retail advances increased 6.2% year-on-year, driven by residential mortgages (+6.1%). The unsecured lending portfolio also grew new business volumes, with the card and personal loans portfolios increasing 10.2% and 12.8%, respectively.

Commercial advances grew strongly by 7.7%, driven by asset finance growth of 23%.

Corporate advances grew by 6%, with average advances performing 16% ahead of prior year.

Overall advances grew by 6.9% to N$33 billion, compared to private sector credit extension of 4.2%. Credit extension in Namibia increased by N$3.9 billion, FNB and RMB extended N$1.8 billion thereof into the economy.

Overall deposit growth of 31.1% was supported by FNB's innovative product offerings across all segments, i.e. Savings pocket, Global accounts and Money Maximizer.

RMB Corporate deposits are up by 12.1%, with average deposits performing 11% ahead of prior year.

Overview of performance continued

CAPITAL OPTIMISATION

The group has remained well capitalised throughout the period, with levels above the minimum regulatory requirements. Capital adequacy ratio was 18.1% (2021: 20.0%) and Tier 1 capital 15.9% for December 2022, (2021: 16.7%).

The group remains capital generative and has the necessary financial capacity to increase momentum in risk-weighted asset (RWA) growth in the 2023 financial year and remain committed to be an agent for economic growth.

Board and leadership changes during the period

During the period under review the following changes took place in respect of First National Bank of Namibia Ltd. The changes were necessitated by tenure principles and the need for refreshing the board as part of succession planning.

I. JH Hausiku resigned as an independent non-executive director effective 30 June 2022;
II. R Makanjee was appointed as a non-executive director effective 01 August 2022;
III. CLR Haikali resigned as an independent non-executive director effective 20 October 2022;
IV. II Zaamwani resigned as an independent non-executive director and Board Chairperson effective 30 November 2022;
V. LD Kapere was appointed as an independent non-executive director effective 01 December 2022;
VI. P Grüttemeyer was appointed as Board Chairperson effective 01 December 2022;
VII. MJ Lubbe was appointed as an independent non-executive director effective 01 February 2023; and
VIII. ON Shikongo was appointed as an independent non-executive director effective 01 February 2023.

Events subsequent to the reporting date

The directors are not aware of any material events, as defined in IAS 10, occurring between 31 December 2022 and the date of authorisation of the results announcement.

Prospects

The outlook for the global economy is particularly ambiguous. Global geopolitical events are concerning and sharp moves in commodity prices and potential supply interruptions are difficult to assess. Furthermore, dramatic increases in inflation are being felt across most economies, prompting the most rapid monetary policy tightening in decades.

Against this global backdrop, we expect Namibia's economy to grow 4.1% in 2023. Growth over the forecast horizon will be supported by tourism recovery, investments in renewable energy infrastructure projects, mining investments and higher SACU revenues. Sectoral differences are likely to remain significant, with high commodity prices boosting parts of the mining sector, while households face steep increases in fuel, food and other important necessities.

Based on these assumptions, and excluding further major unforeseen political, macroeconomic, or regulatory developments, our expectation for FY 2023 is as follows:

- We expect healthy revenue growth, with net-interest income growing with double digits.
- Given rising policy rates and inflationary pressures, our credit loss ratio is likely to increase, to the upper half of our through-the-cycle target range.
- We expect above inflationary operating expense growth, still resulting in positive operating JAWS (ratio of growth income vs growth in expenses) and growth in pre-provision profits. Our cost-to-income ratio is expected to improve further in the financial year 2023.

Condensed consolidated statement of comprehensive income

N$'000	Notes	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
Interest and similar income		2 274 828	1 523 721	3 318 502
Interest expense and similar charges		(953 145)	(477 110)	(1 124 137)
Net interest income before impairment of advances	2	1 321 683	1 046 611	2 194 365
Impairment and fair value of credit on advances	6.1	(89 053)	(102 814)	(94 983)
Net interest income after impairment of advances		1 232 630	943 797	2 099 382
Non-interest revenue	3	1 032 801	912 602	1 795 647
Income from operations		2 265 431	1 856 399	3 895 029
Operating expenses	4	(1 057 712)	(981 527)	(2 060 858)
Income before indirect tax		1 207 719	874 872	1 834 171
Indirect tax		(25 568)	(20 798)	(39 488)
Profit before income tax		1 182 151	854 074	1 794 683
Income tax expense		(368 915)	(264 201)	(572 023)
Profit for the period		813 236	589 873	1 222 660
Other comprehensive income				
Items that may not subsequently be reclassified to profit or loss				
Remeasurements on defined benefit post-employment plans		-	-	(2 120)
Gains arising during the period		-	-	-
Deferred income tax		-	-	679
Other comprehensive income for the period		-	-	(1 441)
Total comprehensive income for the period		813 236	589 873	1 221 219
Profit for the period attributable to:				
Ordinary shareholders		813 236	589 873	1 221 219
Total comprehensive income for the period attributable to:				
Ordinary shareholders		813 236	589 873	1 221 219

Condensed consolidated statement of financial position

N$'000	Notes	Unaudited as at 31 December 2022	Unaudited as at 31 December 2021	Audited as at 30 June 2022
Assets				
Cash and cash equivalents		2 699 127	1 864 581	2 317 619
Due by banks and other financial institutions		9 736 536	1 970 498	9 231 508
Derivative financial instruments		130 432	117 251	93 610
Investment securities	5	7 233 918	6 859 282	7 302 955
Advances	6	33 276 196	31 122 604	31 989 299
Other assets		248 739	341 646	315 195
Property, equipment and right of use assets		875 187	886 614	888 830
Intangible assets		70 131	74 527	67 455
Total assets		54 270 266	43 237 003	52 206 471
Equity and liabilities				
Liabilities				
Short trading positions		39 234	22 224	31 864
Derivative financial instruments		146 181	116 828	227 448
Creditors, accruals and provisions		510 192	766 180	840 132
Current tax liability		431 069	123 606	62 154
Deposits		46 701 369	35 619 282	44 530 451
- Deposits from customers	7.1	33 889 369	30 497 303	31 825 765
- Debt securities	7.2	5 457 630	4 818 912	5 476 351
- Due to banks and other financial institutions	7.3	7 354 370	303 067	7 228 335
Employee liabilities		186 039	164 993	229 081
Other liabilities		183 007	214 342	195 979
Tier 2 liabilities		-	402 825	-
Deferred income tax liability		120 683	76 142	120 683
Total liabilities		48 317 774	37 506 422	46 237 792
Capital and reserves attributable to ordinary equity holders of parent		5 952 492	5 730 581	5 968 679
Total equity		5 952 492	5 730 581	5 968 679
Total equity and liabilities		54 270 266	43 237 003	52 206 471

Condensed consolidated statement of changes in equity

N$'000	Notes	Total share capital	Total reserves	Retained earnings	Total equity
Balance at 1 July 2021		1 142 792	101 757	4 175 579	5 420 128
Total comprehensive income for the period		-	-	589 873	589 873
Transfer between reserves		-	(95 423)	95 423	-
Ordinary dividends		-	-	(279 420)	(279 420)
Unaudited balance at 31 December 2021		1 142 792	6 334	4 581 455	5 730 581
Balance at 1 July 2021		1 142 792	101 757	4 175 579	5 420 128
Total comprehensive income for the period		-	(1 441)	1 222 660	1 221 219
Transfer between reserves		-	(95 423)	95 423	-
Ordinary dividends		-	-	(672 668)	(672 668)
Audited balance at 30 June 2022		1 142 792	4 893	4 820 994	5 968 679
Balance at 1 July 2022		1 142 792	4 893	4 820 994	5 968 679
Total comprehensive income for the period		-	-	813 236	813 236
Ordinary dividends		-	-	(829 423)	(829 423)
Unaudited balance at 31 December 2022		1 142 792	4 893	4 804 807	5 952 492

Condensed consolidated statement of cash flows

N$'000	Notes	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
Net cash generated from operations		1 327 003	1 191 950	2 854 226
Tax paid		(25 568)	(272 603)	(614 514)
Net cash flow from operating activities		1 301 435	919 347	2 239 712
Acquisition of property and equipment		(61 736)	(15 310)	(87 617)
Acquisition of intangible assets		(4 422)	1	-
Proceeds from the disposal of property and equipment		2 209	4 294	20 777
Net cash flow from investing activities		**(63 949)**	**(11 015)**	**(66 840)**
Dividends paid		(829 423)	(279 420)	(672 668)
Principal payments of lease liabilities		(10 912)	(12 489)	(23 041)
Principal payments of other liabilities		(15 643)	(15 363)	(23 065)
Redemption of Tier 2 liabilities		-	-	(400 000)
Net cash flow from financing activities		(855 978)	(307 272)	(1 118 774)
Net increase in cash and cash equivalents		381 508	601 060	1 054 098
Cash and cash equivalents at beginning of the period [1]		2 317 619	1 263 521	1 263 521
Cash and cash equivalents at end of the period		2 699 127	1 864 581	2 317 619

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

2. Financial performance analysis

Notes to the condensed consolidated financial results for the reporting period ended

1. Basis of preparation

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

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

The condensed consolidated interim results for the six months ended 31 December 2022 have not been audited or independently reviewed by the group's external auditors.

1.1 Accounting Policies

The accounting policies and methods of computation applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied for the year ended 30 June 2022.

The condensed consolidated interim financial report is prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

Improvements to the Conceptual Framework, as well as amendments to IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRS 9 Financial Instruments become effective in the current year. None of these amendments to IFRS impacted the group's reported earnings, financial position or reserves, or the accounting policies.

The improvements to the Conceptual Framework included an amendment to IFRS 3 Business Combinations which adds an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendment is intended to update the reference to the Conceptual Framework without significantly changing requirements of IFRS 3, as well as promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.

IAS 16 was amended to prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

1.1 Accounting Policies continued

IAS 37 was amended to apply a 'directly related cost approach' which requires costs that relate directly to a contract to provide goods or services to include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The annual improvements to IFRS, clarifies fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability for derecognition of financial liabilities in terms of IFRS 9 Financial Instruments. These fees include only those paid or received between the borrower and the lender. For lease incentives, the annual improvement removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

No other new or amended IFRS became effective for the six months ended 31 December 2022 that impacted the group's reported earnings, financial position or reserves, or the accounting policies.

1.2 Significant estimates, judgements and assumptions

The table below provides an overview of the areas where additional judgement has been applied and includes references to the relevant sections in the notes to the annual financial statements, where additional information has been included:

Description	Additional information
Impairment provisions on advances	
Incorporating forward-looking information	
Forward-looking information, including a detailed explanation of the scenarios and related probabilities considered in determining the group's forward-looking assumptions for the purposes of its Expected Credit Loss (ECL), has been provided. Noting the wide range of possible scenarios and macroeconomic outcomes, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.	Refer to note 6.1
Significant increase in credit risk	
SICR triggers continue to be determined based on client behaviour and the internal client rating or risk score, as well as judgemental factors, which include triggers for industries in distress, potentially resulting in the client being added to the watch list through the group's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a SICR.	Refer to note 6.1

Notes to the condensed consolidated financial results for the reporting period ended continued

2. Analysis of interest income and interest expense

N$'000	Unaudited Six month ended December 2022	Unaudited Six month ended December 2021	Audited Year ended June 2022
Analysis of interest and similar income			
Instruments at amortised cost	2 274 828	1 523 721	3 318 502
Interest and similar income	2 274 828	1 523 721	3 318 502
Advances	1 696 906	1 272 190	2 631 641
Investment securities	289 396	226 429	478 908
Cash and cash equivalents	287 633	23 981	205 814
Acrrued on off-market advances	893	1 121	2 139
Interest and similar income	2 274 828	1 523 721	3 318 502
Analysis of interest expense and similar charges			
Instruments at amortised cost	953 145	477 110	1 124 137
Interest expense and similar changes	953 145	477 110	1 124 137
Deposits			
Deposits from customers	550 809	328 812	690 925
Debt securities	182 294	116 966	263 230
Deposits from banks and other financial institutions	213 436	9 893	136 876
Other liabilities	5 520	5 513	8 995
Lease liabilities	1 086	1 396	2 505
Tier 2 liabilities	-	14 530	21 606
Interest expense and similar charges	953 145	477 110	1 124 137
Net interest Income	1 321 683	1 046 611	2 194 365

3. Non-interest revenue

N$'000	Unaudited Six month ended December 2022	Unaudited Six month ended December 2021	Audited Year ended June 2022
Analysis of non-interest revenue			
Fee and commission income	1 050 904	934 654	1 864 567
Fee and commission expenses	(132 831)	(107 037)	(216 176)
Bank fees and commission income	918 073	827 617	1 648 391
Fair value income	88 015	69 471	136 940
Gross gains less losses from investing activities	(27)	2 983	967
Other non-interest revenue	26 740	12 531	9 349
Total non-interest revenue	1 032 801	912 602	1 795 647
3.1 Fee and commission income:			
- Card commissions	165 866	134 594	273 634
- Cash deposit fees	56 536	51 854	101 436
- Bank charges	828 502	748 206	1 489 497
- Banking fee and commission income	1 050 904	934 654	1 864 567

Notes to the condensed consolidated financial results for the reporting period ended continued

4. Operating expenses

N$'000	Unaudited Six month ended December 2022	Unaudited Six month ended December 2021	Audited Year ended June 2022
Auditors' remuneration			
- Audit fees	4 974	4 703	9 129
- Fees for other services	54	-	452
Auditors' remuneration	5 028	4 703	9 581
Operating lease charges			
- Short term	2 901	3 241	5 547
- Low value	1 603	2 654	5 272
Operating lease charges	4 504	5 895	10 819
Staff costs	589 576	541 738	1 139 425
Amortisation of intangible assets	7 097	7 072	14 144
Depreciation of property, equipment and right of use assets	48 093	49 597	98 904
Directors remuneration	8 674	5 167	16 006
Other operating costs	394 740	367 355	771 979
Total operating expenses	1 057 712	981 527	2 060 858

5. Investments securities

N$'000	Unaudited Six month ended December 2022	Unaudited Six month ended December 2021	Audited Year ended June 2022
Treasury bills	1 995 143	3 038 881	2 687 550
Other government and government guaranteed stock	5 243 326	3 822 909	4 619 929
Other undated securities	-	-	-
Total gross carrying amount of investment securities	7 238 469	6 861 790	7 307 479
Loss allowance on investment securities	(4 551)	(2 508)	(4 524)
Total investment securities	7 233 918	6 859 282	7 302 955

Information regarding other investments as required in terms of Schedule 4 of the Companies Act, 2004 is kept at the company's registered offices. This information is open for inspection in terms of the provisions of Section 120 of the Companies Act.

No financial instruments held for trading form part of the group's liquid asset portfolio in terms of the Banking Institutions Act, (No 2 of 1998 as amended) and other foreign banking regulators requirements. The total liquid asset portfolio is N$8.4 billion (2021: N$9.3 billion).

5.1 Reconciliation of the loss allowance - investment securities at amortised cost.

N$'000	December 2022	December 2021	June 2022
Opening balance	4 524	2 675	2 675
Impairment charge/(release) for the period			
- Stage 1	27	167	1 849
Closing balance	4 551	2 508	4 524
The impairment charge in the income statement can be broken down as follows:			
Provision created/(release) in the current period	27	167	1 849
- New business and changes in exposure	27	167	1 849

The loss allowance on investment securities measured at amortised cost is N$4.6 million (2021: N$2.5 million).

Notes to the condensed consolidated financial results for the reporting period ended continued

6. Advances

N$'000	Unaudited Six month ended December 2022	Unaudited Six month ended December 2021	Audited Year ended June 2022
Category analysis			
Overdrafts and cash management accounts	3 434 322	3 178 981	3 249 743
Card loans	518 630	470 553	503 033
Instalment sales	3 234 663	2 996 665	3 030 232
Lease payments receivable	101 381	96 000	104 716
Term loans	2 727 865	2 467 601	2 635 221
Home loans	16 147 345	15 216 621	15 586 088
Commercial property finance	4 023 587	3 998 994	3 998 572
Assets under agreement to resell	39 143	26 541	41 764
Investment bank term loans	-	38 439	29 080
Personal loans	3 012 213	2 695 836	2 818 282
Preference share agreements	906 295	966 464	937 611
Invoice financing	341 652	248 857	248 652
Other	224 752	192 622	181 523
Gross carrying amount of advances	34 711 848	32 594 175	33 364 517
Impairment and fair value of credit of advances	(1 435 652)	(1 471 571)	(1 375 218)
Net advances	33 276 196	31 122 604	31 989 299
Portfolio Analysis			
Designated at fair value through profit or loss	39 143	64 980	70 844
Amortised cost	33 237 053	31 057 624	31 918 455
	33 276 196	31 122 604	31 989 299

6. Advances continued

Analysis of total gross advances per impairment stage

December 2022 N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	16 150 883	-	(424 721)	15 726 162
Wesbank VAF	1 770 948	-	(73 869)	1 697 079
Total retail secured	17 921 831	-	(498 590)	17 423 241
Credit card	504 440	-	(39 424)	465 016
Personal loans	3 059 726	-	(287 170)	2 772 556
Other retail	528 467	-	(73 844)	454 623
Total retail unsecured	4 092 633	-	(400 438)	3 692 195
FNB Commercial	6 108 885	-	(405 889)	5 702 996
Wesbank commercial VAF	1 762 627	-	(77 478)	1 685 149
RMB corporate and investment banking	4 786 729	39 143	(53 257)	4 772 615
Total corporate and commercial	12 658 241	39 143	(536 624)	12 160 760
Treasury	-	-	-	-
Total advances	34 672 704	39 143	(1 435 652)	33 276 196

Notes to the condensed consolidated financial results
for the reporting period ended continued

6. Advances continued

December 2021 N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	15 221 907	-	(251 525)	14 970 382
Wesbank VAF	1 789 658	-	(79 450)	1 710 208
Total retail secured	17 011 565	-	(330 975)	16 680 590
Credit card	457 808	-	(12 071)	445 737
Personal loans	2 713 227	-	(193 114)	2 520 113
Other retail	517 481	-	(291 904)	225 577
Total retail unsecured	3 688 516	-	(497 089)	3 191 427
FNB Commercial	5 937 774	-	(486 830)	5 450 944
Wesbank commercial VAF	1 425 316	-	(103 005)	1 322 311
RMB corporate and investment banking	4 461 746	64 980	(53 672)	4 473 054
Total corporate and commercial	11 824 837	64 980	(643 507)	11 246 310
Treasury	4 278	-	-	4 278
Total advances	32 529 195	64 980	(1 471 571)	31 122 604

6. Advances continued

June 2022 N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	15 591 269	-	(371 981)	15 219 288
Wesbank VAF	1 741 921	-	(56 182)	1 685 739
Total retail secured	17 333 190	-	(428 163)	16 905 027
Credit card	483 267	-	(64 685)	418 582
Personal loans	2 812 672	-	(263 520)	2 549 152
Other retail	513 212	-	(67 588)	445 624
Total retail unsecured	3 809 151	-	(395 793)	3 413 358
FNB Commercial	6 005 726	-	(393 087)	5 612 639
Wesbank commercial VAF	1 545 688	-	(105 833)	1 439 855
RMB corporate and investment banking	4 599 918	70 844	(52 342)	4 618 420
Total corporate and commercial	12 151 332	70 844	(551 262)	11 670 914
Total	33 293 673	70 844	(1 375 218)	31 989 299

Notes to the condensed consolidated financial results
for the reporting period ended continued

6. Advances continued

6.1 Impairment of advances

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2022

N$'000	Gross advances Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2022	28 815 906	2 760 686	1 787 925	33 364 517
Transfer between stages	(87 750)	(40 706)	128 456	-
Transfer from Stage 1 to Stage 2	(326 919)	326 919	-	-
Transfer from Stage 1 to Stage 3	(47 545)	-	47 545	-
Transfer from Stage 2 to Stage 3	-	(92 271)	92 271	-
Transfer from Stage 2 to Stage 1	286 277	(286 277)	-	-
Transfer from Stage 3 to Stage 2	-	10 923	(10 923)	-
Transfer from Stage 3 to Stage 1	437	-	(437)	-
Opening balances of back book after transfer	28 728 156	2 719 980	1 916 381	33 364 517
Current period movement	1 886 386	(447 881)	(26 042)	1 412 463
Changes in exposure of back book in the current period				
– Attributed to change in measurement basis	(1 045 281)	(2 911)	-	(1 048 192)
– Attributed to change in risk parameters	-	(629 997)	(53 764)	(683 761)
Total new book exposure				
– Change in exposure due to new business in the current year	2 931 667	185 027	27 722	3 144 416
Overlays	-	-	-	-
Bad debts written off	-	-	(65 132)	(65 132)
Amount as at 31 December 2022	30 614 542	2 272 099	1 825 207	34 711 848
Amortised cost	30 575 399	2 272 099	1 825 207	34 672 705
Fair value	39 143	-	-	39 143
	30 614 542	2 272 099	1 825 207	34 711 848

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2022 continued

N$'000	Loss allowance Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2022	269 901	332 249	773 068	1 375 218
Transfer between stages	7 376	(15 562)	8 186	-
Transfer from Stage 1 to Stage 2	(3 914)	3 914	-	-
Transfer from Stage 1 to Stage 3	(909)	-	909	-
Transfer from Stage 2 to Stage 3	-	(15 413)	15 413	-
Transfer from Stage 2 to Stage 1	11 832	(11 832)	-	-
Transfer from Stage 3 to Stage 2	-	7 769	(7 769)	-
Transfer from Stage 3 to Stage 1	367	-	(367)	-
Opening balances of back book after transfer	277 277	316 687	781 254	1 375 218
Current period movement	23 777	(14 674)	116 463	125 566
Changes in exposure of back book in the current period				
– Attributed to change in measurement basis	1 942	25 191	-	27 133
– Attributed to change in risk parameters	-	(26 239)	99 148	72 909
Total new book exposure				
– Change in exposure due to new business in the current year	21 868	14 868	17 315	54 051
Overlays	(33)	(28 494)	-	(28 527)
Bad debts written off	-	-	(65 132)	(65 132)
Amount as at 31 December 2022	301 054	302 013	832 585	1 435 652
Amortised cost	299 468	302 013	832 585	1 434 066
Fair value	1 586	-	-	1 586
	301 054	302 013	832 585	1 435 652

Notes to the condensed consolidated financial results for the reporting period ended continued

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2021

	Gross advances			
N$'000	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	26 076 428	3 926 081	313 808	30 316 317
Transfer between stages	(267 492)	191 069	76 423	-
Transfer from Stage 1 to Stage 2	(479 067)	479 067	-	-
Transfer from Stage 1 to Stage 3	(73 845)	-	73 845	-
Transfer from Stage 2 to Stage 3	-	(62 053)	62 053	-
Transfer from Stage 2 to Stage 1	278 185	(278 185)	-	-
Transfer from Stage 3 to Stage 2	-	52 240	(52 240)	-
Transfer from Stage 3 to Stage 1	7 235	-	(7 235)	-
Opening balances of back book after transfer	25 808 936	4 117 150	390 231	30 316 317
Current period movement	-	-	-	-
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	(1 461 047)	(16 864)	-	(1 477 911)
- Attributed to change in risk parameters	-	(879 572)	127 054	(752 518)
Total new book exposure				
- Change in exposure due to new business in the current year	4 358 610	176 190	4 069	4 538 869
Overlays	-	-	-	-
Bad debts written off	-	-	(30 582)	(30 582)
Amount as at 31 December 2021	27 375 213	3 396 904	490 771	32 594 175
Amortised cost	27 310 233	3 396 904	1 822 058	32 529 195
Fair value	64 980	-	-	64 980
	27 375 213	3 396 904	1 822 058	32 594 175

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 31 December 2021 continued

	Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	347 730	344 515	672 095	1 364 340
Transfer between stages	18 492	(24 295)	5 803	-
Transfer from Stage 1 to Stage 2	(5 590)	5 590	-	-
Transfer from Stage 1 to Stage 3	(1 240)	-	1 240	-
Transfer from Stage 2 to Stage 3	-	(13 809)	13 809	-
Transfer from Stage 2 to Stage 1	24 221	(24 221)	-	-
Transfer from Stage 3 to Stage 2	-	8 145	(8 145)	-
Transfer from Stage 3 to Stage 1	1 101	-	(1 101)	-
Opening balances of back book after transfer	366 222	320 220	677 898	1 364 340
Current period movement	(15 735)	22 584	130 964	137 813
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	(44 024)	9 811	-	(34 213)
- Attributed to change in risk parameters	-	(62 202)	144 376	82 174
Total new book exposure				
- Change in exposure due to new business in the current year	20 287	19 032	238	39 557
Overlays	8 002	55 943	(13 650)	50 295
Bad debts written off	-	-	(30 582)	(30 582)
Amount as at 31 December 2021	350 487	342 804	778 280	1 471 571
Amortised cost	348 901	342 804	778 280	1 469 985
Fair value	1 586	-	-	1 586
	350 487	342 804	778 280	1 471 571

Notes to the condensed consolidated financial results for the reporting period ended continued

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 30 June 2022

	Gross advances			
N$'000	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	26 076 428	3 926 081	1 645 094	31 647 603
Transfer between stages	393 223	(556 911)	163 688	-
Transfer from Stage 1 to Stage 2	(499 637)	499 637	-	
Transfer from Stage 1 to Stage 3	(141 748)	-	141 748	-
Transfer from Stage 2 to Stage 3	-	(75 901)	75 901	-
Transfer from Stage 2 to Stage 1	1 008 138	(1 008 138)	-	-
Transfer from Stage 3 to Stage 2	-	27 491	(27 491)	-
Transfer from Stage 3 to Stage 1	26 470	-	(26 470)	-
Opening balances of back book after transfer	26 469 651	3 369 170	1 808 782	31 647 603
Current period movement	2 346 255	(608 484)	152 520	1 890 291
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	(3 178 584)	8 305	-	(3 170 279)
- Attributed to change in risk parameters	-	(1 123 112)	127 194	(995 918)
Total new book exposure				
- Change in exposure due to new business in the current year	5 524 839	506 323	25 326	6 056 488
Overlays	-	-	-	-
Bad debts written off	-	-	(173 377)	(173 377)
Amount as at 30 June 2022	28 815 906	2 760 686	1 787 925	33 364 517
Amortised cost	28 745 062	2 760 686	1 787 925	33 293 673
Fair value	70 844	-	-	70 844
	28 815 906	2 760 686	1 787 925	33 364 517

6. Advances continued

6.1 Impairment of advances continued

Reconciliation of the gross advances and loss allowance on total advances as at 30 June 2022

	Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total
Amount as at 1 July 2021	347 730	344 515	672 095	1 364 340
Transfer between stages	29 464	(37 598)	8 134	-
Transfer from Stage 1 to Stage 2	(5 300)	5 300	-	-
Transfer from Stage 1 to Stage 3	(2 494)	-	2 494	-
Transfer from Stage 2 to Stage 3	-	(14 706)	14 706	-
Transfer from Stage 2 to Stage 1	33 883	(33 883)	-	-
Transfer from Stage 3 to Stage 2	-	5 691	(5 691)	-
Transfer from Stage 3 to Stage 1	3 375	-	(3 375)	-
Opening balances of back book after transfer	377 194	306 917	680 229	1 364 340
Current period movement	38 069	26 949	17 744	82 761
Changes in exposure of back book in the current period				
- Attributed to change in measurement basis	-	14 643	-	14 643
- Attributed to change in risk parameters	(145 362)	(16 260)	248 472	86 850
Total new book exposure				
- Change in exposure due to new business in the current year	38 069	26 949	17 744	82 762
Overlays	-	-	-	-
Bad debts written off	-	-	(173 377)	(173 377)
Amount as at 30 June 2022	269 901	332 249	773 068	1 375 218
Amortised cost	269 857	332 249	773 068	1 375 174
Fair value	44	-	-	44
	269 901	332 249	773 068	1 375 218

Notes to the condensed consolidated financial results for the reporting period ended continued

6. Advances continued

6.1 Impairment of advances continued

N$'000	December 2022	December 2021	June 2022
Provision created/(released) for the current reporting period (total ECL)	101 842	111 150	128 838
Recoveries of bad debts	(12 789)	(8 337)	(33 855)
Impairment of advances recognised during the period	89 053	102 814	94 983
Specfic / stage 3 impairments	100 927	110 015	215 982
Portfolio / stage 1 and stage 2 impairments	(11 874)	(7 202)	(120 999)
	89 053	102 814	94 983

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

	Gross advances			
N$'000	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Total retail	17 475 862	1 612 336	1 229 436	20 317 634
FNB Commercial	5 038 500	578 746	491 639	6 108 885
Wesbank commercial VAF	3 284 421	70 902	104 132	3 459 455
RMB Corporate and Investment banking	4 815 759	10 115	-	4 825 874
	30 614 542	2 272 099	1 825 207	34 711 848
31 December 2021				
Total retail	17 713 426	1 898 244	1 194 258	20 805 928
FNB Commercial	4 810 049	548 788	578 937	5 937 774
Wesbank commercial VAF	1 173 275	128 151	48 863	1 350 289
RMB Corporate and Investment banking	3 678 460	821 724	-	4 500 184
	27 375 210	3 396 907	1 822 058	32 594 175
30 June 2022				
Total retail	17 868 393	2 036 853	1 237 095	21 142 341
FNB Commercial	4 918 476	589 346	497 904	6 005 726
Wesbank commercial VAF	1 376 050	116 712	52 926	1 545 688
RMB Corporate and Investment banking	4 652 987	17 775	-	4 670 762
	28 815 906	2 760 686	1 787 925	33 364 517

6. Advances continued

6.1 Impairment of advances continued

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

	Loss allowance			
N$'000	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Total retail	155 991	164 730	522 078	842 799
FNB Commercial	51 749	119 770	234 371	405 890
Wesbank commercial VAF	40 692	16 876	76 136	133 704
RMB Corporate and Investment banking	52 622	637	-	53 259
	301 054	302 013	832 585	1 435 652
31 December 2021				
Total retail	201 102	146 717	501 178	848 997
FNB Commercial	101 429	146 585	244 050	492 064
Wesbank commercial VAF	31 283	12 414	33 141	76 838
RMB Corporate and Investment banking	16 494	37 178	-	53 672
	350 308	342 894	778 369	1 471 571
30 June 2022				
Total retail	158 504	160 611	504 843	823 958
FNB Commercial	45 307	126 211	221 568	393 086
Wesbank commercial VAF	31 202	27 973	46 657	105 832
RMB Corporate and Investment banking	34 887	17 455	-	52 342
	269 900	332 250	773 068	1 375 218

Notes to the condensed consolidated financial results
for the reporting period ended continued

7. Deposits

N$'000	Unaudited Six month ended December 2022	Unaudited Six month ended December 2021	Audited Year ended June 2022
7.1 Deposits from customers			
- Current accounts	13 076 949	12 203 430	13 097 993
- Savings accounts	696 642	578 118	586 327
- Call deposits	10 451 263	8 283 708	8 431 048
- Fixed and notice deposits	9 664 515	9 432 047	9 710 397
	33 889 369	30 497 303	31 825 765
7.2 Debt securities			
- Negotiable certificates of deposit	5 103 865	4 441 856	5 080 383
- Fixed and floating rate notes	353 765	377 056	395 968
	5 457 630	4 818 912	5 476 351
7.3 Due to banks and other financial institutions			
Due to banks and financial institutions			
- In the normal course of business	7 354 370	303 067	7 228 335
Total deposits	46 701 369	35 619 282	44 530 451

4. Other information

Notes to the condensed consolidated financial results for the reporting period ended continued

8. Related parties

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

First National Bank of Namibia Limited is 100% (2021: 100%) owned by FirstRand Namibia Limited.

FirstRand Namibia Limited is listed on the Namibian Stock Exchange and is 58.4% (2021: 58.4%) owned by FirstRand EMA Holdings Proprietary Limited, its ultimate holding company being FirstRand Limited, which is incorporated in South Africa and is listed on the JSE Limited and the NSX.

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

8. Related parties continued

	Unaudited Six month ended December		Audited Year ended June
N$'000	2022	2021	2022
Related party balances:			
Advances			
Entities that have significant influence over the group and its subsidiary	1 927 070	409 066	1 504 547
Fellow subsidiaries to banking group	38 891	70 172	32 923
Key management personel	17 700	13 879	20 186
Balances due from bank and other financial institutions			
Entities that have significant influence over the group and its subsidiary	7 291 695	4 241	7 131 534
Other assets			
Entities that have significant influence over the group and its subsidiary	334	3 266	334
Derivative instruments: assets			
Entities that have significant influence over the group and its subsidiary	44 964	29 708	60 118
Deposits			
Entities that have significant influence over the group and its subsidiary	72 335	156 152	138 254
Fellow subsidiaries to banking group	196 929	152 026	406 448
Key management personel	10 419	15 563	8 695
Balances due to bank and other financial institutions			
Entities that have significant influence over the group and its subsidiary	7 263 685	4 241	7 080 435
Derivative instruments: liabilities			
Entities that have significant influence over the group and its subsidiary	98 511	90 828	52 994
Related party transactions:			
Interest received from (paid to) related parties			
Entities that have significant influence over the group and its subsidiary	46 326	16 171	69 320
Fellow subsidiaries to banking group	(2 052)	(2 041)	(10 704)
Non-interest revenue			
Fellow subsidiaries to banking group	1 704	1 999	5 278
Operating expenses (Information, platform and other support services)			
Entities that have significant influence over the group and its subsidiary	221 603	186 077	386 707
Dividends paid			
FirstRand Namibia Limited	829 423	279 420	672 668

Notes to the condensed consolidated financial results
for the reporting period ended continued

9 . Fair value measurements

9.1 Valuation methodology

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

9.2 Fair value hierarchy and measurements continued

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

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs level 2	Unobservable inputs level 3
		Loans and advances to customers		
Investment banking book *	Discounted cash flows	Certain of the group's investment banking advances do not meet the requirements to be carried at amortised cost and are measured at fair value through profit or loss. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. As such, these advances are classified as level 3 on the fair value hierarchy. Future cash flows are discounted using a market -related interest rate, adjusted for credit inputs.	Market interest rates and curves	Market interest rates and curves

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs level 2	Unobservable inputs level 3
		Investment securities and other investments		
Equities/bonds listed in an inactive market	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e. Level 1). However if the market is not active and the listed price is not representative of fair value, these are classified as Level 2 and a valuation technique is used, for example the discounted cash flow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Unlisted bonds	Price earnings ("P/E") model	Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate.	Market transactions	Not applicable
Negotiable certificates of deposit	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and curves	Not applicable
Treasury Bills	Discounted cash flows	The future cash flows are discounted using market related interest rates.	Market interest rates and curves	Not applicable

Notes to the condensed consolidated financial results
for the reporting period ended continued

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs level 2	Unobservable inputs level 3
		Derivative financial instruments		
Option and equity derivatives	Option pricing model and indutry standard models	The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option, market-related discount rate, spot or forward rate, the volatility of the underlying, dividends and listed share prices	Volatilities, dividends and unlisted share prices
Forward rate agreements. Forwards and swaps	Discounted cash flows	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, credit and currency basis curves and spot prices	Market interest rates, credit and currency basis curves
		Deposits		
Call and non-term deposits	None - the undiscounted amount is used	The undiscounted amount of the deposit is the fair value due to the short term nature of the instruments. These deposits are financial liabilities with a demand feature and the fair value is not less than the amount payable on demand i.e. the undiscounted amount of the deposit.	None - the undiscounted amount approximates fair value and no valuation is performed	Not applicable
Deposits that represent collateral on credit linked notes	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins is used. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs on related advance
Other deposits	Discounted cash flows	These deposits represent the collateral leg of credit linked notes. The forward curve adjusted for liquidity premiums and business unit margins is used. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates and curves	Credit inputs

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs level 2	Unobservable inputs level 3
		Deposits		
Other liabilities and Tier 2 liabilities	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates and curves	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs.	Market interest rates and curves	Credit inputs

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

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

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

Notes to the condensed consolidated financial results for the reporting period ended continued

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

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

December 2022

N$'000	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Advances	-	-	39 143	39 143
Derivative financial instrument	-	130 432	-	130 432
Total financial assets	-	130 432	39 143	169 575
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	146 181	-	146 181
Short trading position	39 234	-	-	39 234
Total financial liabilities	39 234	146 181	-	185 415

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

December 2021

N$'000	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Advances	-	-	64 980	64 980
Derivative financial instruments	-	117 251	-	117 251
Total financial assets	-	117 251	64 980	182 231
Liabilities				
Recurring fair value measurements				
Short trading position	22 224	-	-	22 224
Derivative financial instruments	-	116 828	-	116 828
Total financial liabilities	22 224	116 828	-	139 052

Notes to the condensed consolidated financial results for the reporting period ended continued

9 . Fair value measurements continued

9.2 Fair value hierarchy and measurements continued

June 2022

N$'000	Level 1	Level 2	Level 3	Total fair value
Assets				
Recurring fair value measurements				
Advances	-	-	70 844	70 844
Derivative financial instruments	-	93 610	-	93 610
Investment securities	-	191 149	-	191 149
Total financial assets	-	284 759	70 844	355 603
Liabilities				
Recurring fair value measurements				
Derivative financial instruments	-	227 448	-	227 448
Short trading position	31 864	-	-	31 864
Total financial liabilities	31 864	227 448	-	259 312

9 . Fair value measurements continued

9.3 Fair value of financial instruments continued

During the reporting period ending 31 December 2022 (31 December 2021), there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Effect of changes in significant unobservable assumptions of level 3 financial instruments to reasonably possible alternatives.

The table below illustrates the sensitivity of the significant inputs when changed to reasonably possible alternative inputs.

Asset / liability	Unobservable input to which reasonably possible changes are applied	Reasonably possible changes applied
Advances	Credit migration matrix	The probability of default is adjusted either upwards or downwards in relation to the base case
Investment securities	Credit, growth rates or P/E ratios of unlisted investments	Increased and decreased by between 7% and 10%, depending on the nature of the investment

Changes in the group's best estimate of the non-observable inputs (Level 3) could affect the reported fair values recognised on statement of financial position and the movement in fair values recognised in the statement of comprehensive. However, changing these inputs to reasonably possible alternatives would change the fair value using more positive reasonable assumptions to N$43 million (2021: N$71 million) and using more negative reasonable possible assumptions to N$35 million (2021: N$58 million). These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

Notes to the condensed consolidated financial results for the reporting period ended continued

9 . Fair value measurements continued

9.3 Fair value of financial instruments continued

Changes in level 3 fair value instruments

N$'000	Fair value on June 2022	Gains or losses recognised in profit and loss	Purchases / (sales) / issues / (settlements)	Fair value on December 2022
Assets				
Advances	70 844	551	(32 252)	39 143
Total financial assets at fair value	70 844	551	(32 252)	39 143

N$'000	Fair value on June 2021	Gains or losses recognised in profit and loss	Purchases / (sales) / issues / (settlements)	Fair value on December 2021
Assets				
Advances	241 294	5 800	(182 114)	64 980
Total financial assets at fair value	241 294	5 800	(182 114)	64 980

N$'000	Fair value on June 2021	Gains or losses recognised in profit or loss	Purchases / (sales) / issues / (settlements)	Fair value on June 2022
Assets				
Advances	241 294	7 319	(177 769)	70 844
Total financial assets at fair value	241 294	7 319	(177 769)	70 844

9 . Fair value measurements continued

9.3 Fair value of financial instruments continued

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

	Six months ended 31 December		Year ended 30 June
	2022	2021	2022
N$'000	Advances		
Assets			
Gains or losses recognised in profit or loss	551	5 800	7 319
Total	551	5 800	7 319

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

	December 2022		December 2021		June 2022		
N$'000	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Fair value hierarchy
Assets							
Advances	33 237 053	33 053 459	31 057 624	31 215 063	31 989 299	31 988 414	Level 3
Investment securities	7 233 918	6 874 654	6 861 790	7 176 679	7 109 844	6 848 486	Level 2
Total	40 470 971	39 928 113	37 919 413	38 391 742	39 099 143	38 836 900	
Liabilities							
Deposits	46 701 369	39 105 314	35 619 281	35 643 825	37 302 116	37 362 143	Level 2
Other liabilities	183 007	141 045	214 342	214 198	157 203	155 798	Level 2
Tier 2 liabilities	-	-	402 825	406 722	-	-	Level 2
Total	46 884 376	39 246 359	36 236 448	36 264 745	37 459 319	37 517 941	

Notes to the condensed consolidated financial results for the reporting period ended continued

10. Contingencies and commitments

N$'000	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021	Audited year ended 30 June 2022
Contingent liabilities	3 693 253	3 689 631	4 319 411
Capital commitments	100 274	47 350	133 959

11. Segment information

Group's chief operating decision maker	**Chief executive officer**
Major customers	The group has no major customer as defined (i.e. revenue from the customer exceeds 10% of total revenue) and is, therefore, not reliant on revenue from one or more major customers.
Reportable segments	
FNB	FNB represents FirstRand's activities in the retail and commercial segments in Namibia FNB offers a diverse set of financial products and services to market segments including consumer, small business, agricultural, medium corporate, parastatals and government entities. FNB's products cover the entire spectrum of financial services – transactional, lending, insurance, investment and savings – and include mortgage loans, credit and debit cards, personal loans, funeral, credit life, life and other insurance policies, and savings and investment products. Services include transactional and deposit taking, card acquiring, credit facilities, insurance and FNB distribution channels (branch network, ATMs, call centres, cellphone and online). WesBank represents the group's activities in instalment credit, fleet management and related services in the retail, commercial and corporate segments of Namibia.
RMB	RMB represents the group's activities in the corporate and investment banking. RMB offers corporate finance, leveraged finance, resources sector solutions, infrastructure sector solutions, real estate finance, debt capital markets, debt trade solutions, sponsor services, corporate broking, loan syndications, advisory, corporate transactional banking and principal investments. From a markets perspective it offers market making, financial risk management and investment across interest rate, currency, commodity, equity and credit asset classes as well as execution, asset financing, custody and clearing services.
FCC and other	FCC represents groupwide functions, including group treasury (capital, funding and liquidity and financial resource management), group finance, group tax, enterprise risk management, CC regulatory and conduct risk management and group internal audit. FCC has a custodianship mandate which includes managing relationships on behalf of the group with key external stakeholders (e.g. shareholders, debt holders, regulators) and the ownership of key group strategic frameworks (e.g. performance measurement, risk/reward). Its objective is to ensure the group delivers on its commitments to stakeholders. The reportable segment includes all management accounting and consolidated entries.
The group operates within the borders of Namibia and no material segment operations are outside Namibia.	

11. Segment information continued

	Unaudited six months ended 31 December			
	2022			
N$'000	FNB	RMB	FCC and other	Total
Income from operations	1 831 633	356 745	77 053	2 265 431
Profit for the period	595 083	153 866	64 287	813 236
Advances	28 503 573	4 772 623	-	33 276 196
Investment securities	-	167 248	7 066 670	7 233 918
Total assets	28 634 085	8 180 356	17 455 825	54 270 266
Deposits	22 684 573	9 626 406	14 390 390	46 701 369
Total liabilities	27 792 643	7 889 830	12 635 301	48 317 774

	Unaudited six months ended 31 December			
	2021			
N$'000	FNB	RMB	FCC and other	Total
Income from operations	1 526 794	239 938	89 667	1 856 399
Profit for the period	431 884	74 921	83 068	589 873
Advances	26 649 509	4 468 817	4 278	31 122 604
Investment securities	-	157 939	6 701 343	6 859 282
Total assets	22 161 540	8 897 353	4 560 389	42 237 003
Deposits	20 747 071	8 588 704	6 283 507	35 619 282
Total liabilities	21 448 558	8 781 145	7 276 719	37 506 422

	Audited year ended 30 June			
	2022			
N$'000	FNB	RMB	FCC and other	Total
Income from operations	3 209 524	519 029	166 476	3 895 029
Profit for the period	926 920	186 028	109 712	1 222 660
Advances	27 368 830	4 620 469	-	31 989 299
Investment securities	-	193 111	7 109 844	7 302 955
Total assets	26 022 698	8 238 798	17 944 975	52 206 471
Deposits	21 600 727	9 639 034	13 290 690	44 530 451
Total liabilities	26 093 427	8 209 109	11 935 256	46 237 792

3. Capital management

Capital adequacy

Banking Operations – FNB Namibia Group

N$'000	Unaudited six month ended 31 December 2022	Unaudited six month ended 31 December 2021	Audited year ended 30 June 2022
Risk weighted assets			
Credit risk	26 464 778	25 192 975	25 308 970
Market risk	123 295	35 714	61 931
Operational risk	5 361 446	5 053 128	5 155 755
Total risk weighted assets	31 949 519	30 281 817	30 526 656
Regulatory capital			
Share capital and share premium	1 142 791	1 142 792	1 142 792
Retained profits	3 991 582	3 991 582	4 821 003
Other disclosed reserve	4 893	6 334	4 893
Capital impairment: Intangible assets	(70 131)	(74 527)	(67 454)
Total Tier 1	5 069 135	5 066 181	5 901 234
Eligible subordinated debt	-	400 000	-
General risk reserve, including portfolio impairment	330 810	314 927	316 362
Capital impairment	-	-	-
Current board approved profits	381 269	280 534	-
Total tier 2	712 079	995 461	316 362
Total tier 1 and tier 2 capital	5 781 214	6 061 642	6 217 596
Banking group			
Capital adequacy ratios			
Tier 1	15.9%	16.7%	19.3%
Tier 2	2.2%	3.3%	1.0%
Total	18.1%	20.0%	20.3%
Tier 1 leverage ratio	8.9%	10.9%	10.7%

5. Corporate information

REGISTERED OFFICE	First National Bank of Namibia Limited Registration number: 2002/0180 @Parkside, 130 Independence Avenue, c/o Fidel Castro P O Box 195, Windhoek, Namibia Tel: +264 (61) 299 2111 www.fnbnamibia.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

www.fnbnamibia.com.na