FirstRand

NAMIBIA

Building a globally competitive Namibia

22'

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED **31 DECEMBER 2022**

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About this Report

This report covers the unaudited condensed consolidated financial results of FirstRand Namibia Limited (FirstRand or the group) based on International Financial Reporting Standards (IFRS) for the six months ended 31 December 2022.

The results include a condensed consolidated statement of comprehensive income, statement of financial position and a statement of changes in equity, statement of cash flows and selected notes.

Oscar Capelao, MBA (Digital Business) CA(NAM), supervised the preparation of the condensed consolidated financial results.

Highlights

Pre-provision profit (N$m)	32%	1 311	2021: 997
NAV per share (cents)	4%	2 346	2021: 2 255
Headline earnings (N$m)	36%	842	2021: 618
Return of equity (%)		27.8	2021: 21.9
Interim dividends per share (cents)	37%	209.70	2021: 153
CET 1 ratio (%)		16.2	2021: 17.2

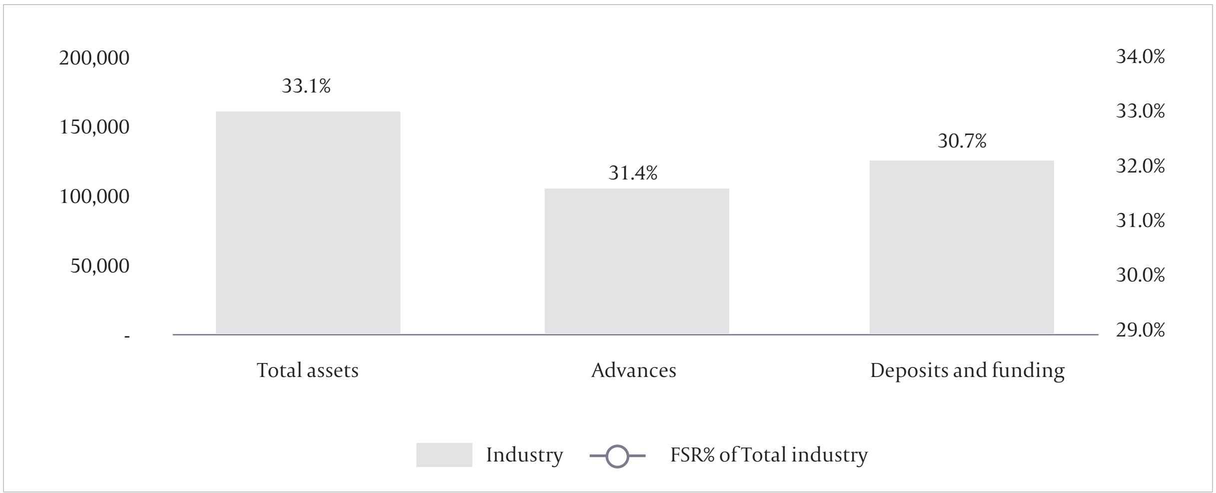
Key financial performance features of the group results

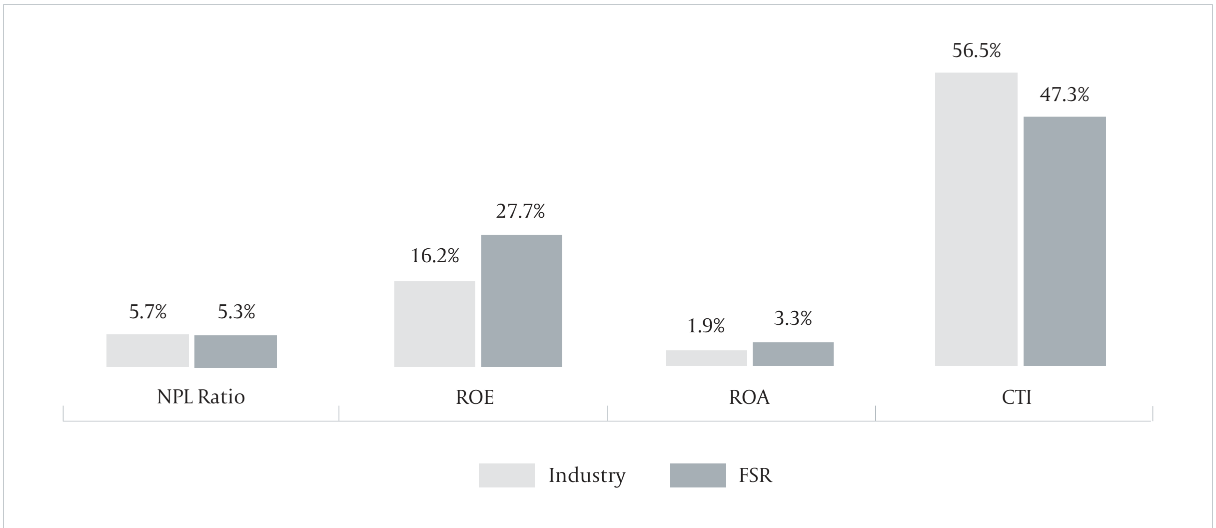
	Unaudited Six months ended 31 December		Audited Year ended 30 June
	2022	**2021**	**2022**
Financial statistics			
Headline earnings per share (cents)	318.2	236.3	484.5
Diluted headline earnings per share (cents)	318.2	236.3	484.5
Ordinary dividends per share (cents) - declared	209.7	153.0	319.8
Number of shares in issue ('000) - ordinary*	264 527	261 799	261 441
Weighted number of shares in issue ('000) - ordinary*	264 527	261 666	261 962
* after consolidation of share trusts			
Net asset value per share (cents)	2 346	2 255	2 355
Closing share price (cents)	3 251	2 950	3 050
Market capitalisation (millions)	8 699	7 894	8 162
Price earnings ratio	5.1	6.2	6.3
Price to book ratio	1.4	1.3	1.3
Selected ratios			
Return on equity (%)	27.8	21.9	21.4
Return on average assets (%)	3.4	2.8	2.7
Cost to income ratio (%)	46.0	51.0	52.8

Market and economic indicators

WHERE DOES THE BANKING INDUSTRY STAND?

The banking sector was profitable during the period under review, despite unfavourable economic conditions, while also maintaining capital levels above the prudential requirements. Although asset quality - as measured by the non-performing loans ratio to total loans - improved marginally, it remained above the crisis time supervisory intervention trigger point. Nonetheless, the banking sector was able to manage its credit risks owing to adequate provisions for delinquent loan losses coupled with low write-offs relative to total loans and profits as well as a host of relief measures, that supported the banking sector in managing its credit risks.





(source: Bank of Namibia Sept 22 publication)

Overview of financial results

SUSTAINING OUR PERFORMANCE AMIDST 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 percent during the third quarter of 2022, slow growth, when compared to a growth of 5.6 percent 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

FirstRand Namibia's earnings for the six months ended 31 December 2022 increased 36% to N$845 million, a performance that is testament to the quality of its operating businesses, driven by FNB and RMB. Pre-provision profits grew 32% to N$1 311 million from N$997 million, income from operations increased 21% to N$2 388 million and the group produced N$396 million of economic profit, or net income after cost of capital (NIACC), which is one of the group's key performance indicators.

FirstRand 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 an 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 21%. The credit loss ratio decreased year on year to 26 bps and continued cost containment resulting in our headline earnings increasing by 36% to N$842 million. The group's return on equity (ROE) increased to 27.8% (2021: 21.9%).

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 37%. FirstRand 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 26% to N$1 328 million from N$1 051 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 11% and totaled N$39 billion (2021: N$35 billion). Deposit holders earned N$551 million (2021: N$329 million) in interest across all deposit accounts for the period.

Interest paid to current account holders increased with more than 100% to N$72 million with interest paid on call deposits increasing to N$217 million from N$119 million in 2021.

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: 30 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 suitably prudent given the prevailing risks in the economy.

Non-interest revenue
Non-interest revenue (NIR) increased with 12%, to N$1 120 million from N$998 million and accounted for 45% (2021: 48.7%) of total revenue because net interest income grows faster with the hike in interest rates. Net fee and commission income grew 10% to N$981 million, representing 88% 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 31% 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 7% to N$1 140 million from N$1 062 million. The group's cost-to-income ratio improved to 46% from 51.0%.

Staff costs rose 9% to N$644 million, accounting for 56.5% 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 6%. 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$288 million making up 25% of group expenses. Investment in digital, data and automation processes remains a FirstRand Namibia group priority.

Professional fees rose significantly in the current period, mainly because of higher spend on strategic initiatives, which include the acquisition of the non-controlling interest in OUTsurance. Marketing costs grew 28%, 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.

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.

11%
39 billion
2021: N$35 billion
Deposits
(N$)

Total assets
(N$)
26%
55 billion
2021: N$43 billion

7%
33 billion
2021: N$31 billion
Net Advances
(N$)

ROA
(%)
3.4%
2021: 2.8%

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 7.7% and 11.8%, 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 7% to N$35 billion, compared to private sector credit extension of 4.2%. Credit extension in Namibia increased by N$4.5 billion, FNB and RMB extended N$2.1 billion thereof into the Namibian economy.

Overall deposit growth of 11% 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%, with average deposits performing 11% ahead of prior year.

CAPITAL OPTIMISATION

The group has remained well capitalised throughout the period, with levels above the minimum regulatory requirements. Capital adequacy ratio was 18.3% (2021: 20.4%) and Tier 1 capital 16.2% for December 2022, (2021: 17.2%).

The guidance dividend cover range for FirstRand Namibia is 1.5x to 2.5x. The dividend for the six months period was 1.5 cover. In addition, the board declared a special dividend of 186.85 cents per share to align the surplus capital position with the long term strategy of sustainable balance sheet growth and building a globally competitive Namibia.

The declared dividends results in a total distribution to Namibian shareholders of N$423 million.

FirstRand Namibia remains capital generative and has the necessary financial capacity to increase momentum in risk-weighted asset (RWA) growth in the 2023 financial year and remains 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 FirstRand Namibia Ltd and 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 most rapid monetary policy tightening in decades.

Against this global backdrop, we expect Namibia's economy to grow 4.1% in 2022. 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

		Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	**Notes**	**2022**	**2021**	**2022**
Interest and similar income	**2**	2 280 131	1 527 737	3 325 633
Interest expense and similar charges	**2**	(951 950)	(476 896)	(1 123 058)
Net interest income before impairment of advances		**1 328 181**	**1 050 841**	**2 202 575**
Impairment and fair value of credit advances	**7.1**	(89 195)	(102 980)	(95 365)
Net interest income after impairment of advances		**1 238 986**	**947 861**	**2 107 210**
Non-interest revenue	**3**	1 120 038	998 440	1 980 980
Net insurance premium income		69 090	65 568	129 568
Net claims and benefits paid		(39 941)	(34 330)	(70 609)
Income from operations		**2 388 173**	**1 977 539**	**4 147 149**
Operating expenses	**4**	(1 140 125)	(1 061 757)	(2 238 323)
Income before indirect tax		**1 248 048**	**915 782**	**1 908 826**
Indirect tax		(26 567)	(21 850)	(41 359)
Profit before tax		**1 221 481**	**893 932**	**1 867 467**
Income tax expense		(376 299)	(274 339)	(594 621)
Profit for the period		**845 182**	**619 593**	**1 272 846**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurements on net defined benefit post-employment plan		-	-	(2 125)
Deferred income tax		-	-	680
Total Items that will not be reclassified to profit or loss		**-**	**-**	**(1 445)**
Total comprehensive income for the period		845 182	619 593	1 271 401
Profit attributable to:				
Owner of the parent		841 721	615 434	1 265 292
Non-controlling interest		3 461	4 159	7 554
		845 182	**619 593**	**1 272 846**
Total comprehensive income attributable to:				
Owner of the parent		841 721	615 434	1 263 847
Non-controlling interest		3 461	4 159	7 554
		845 182	**619 593**	**1 271 401**
Earnings per share (cents)				
Basic and diluted earnings per share (cents)		**318.2**	**235.2**	**483.0**

Condensed consolidated statement
of financial position

N$'000	Notes	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
Assets				
Cash and cash equivalents		2 790 058	1 911 251	2 395 398
Due from banks and other financial institutions		9 737 851	1 967 928	9 231 486
Derivative financial instruments		130 432	117 251	93 610
Investment securities	6	7 339 642	6 976 946	7 416 757
Advances	7	33 250 227	31 069 502	31 962 564
Other assets		257 869	348 985	328 037
Current tax asset		1 606	562	1 526
Reinsurance assets		19 194	10 360	13 780
Property and equipment		886 620	890 617	897 828
Intangible assets		80 262	87 920	79 217
Deferred income tax asset		21 086	29 061	21 993
Total assets		**54 514 847**	**43 410 383**	**52 442 196**
Equity and liabilities				
Liabilities				
Short trading position		39,234	22,224	31 864
Derivative financial instruments		146 181	116 828	227 448
Creditors and accruals		592 315	796 906	899 457
Current tax liability		429 031	123 180	56 958
Deposits	8.1	39 192 320	35 188 734	37 114 206
Due to banks and other financial institutions	8.2	7 355 542	303 818	7 229 779
Employee liabilities		198 889	177 129	244 930
Other liabilities		191 423	215 922	202 658
Policyholders liabilities		37 532	34 063	37 696
Tier 2 liabilities		-	402 825	-
Deferred income tax liability		126 477	78 601	124 973
Total liabilities		**48 308 944**	**37 460 230**	**46 169 969**
Equity				
Capital and reserves attributable to ordinary equity holders of parent		6 205 903	5 899 731	6 230 659
Non-controlling interests		-	50 422	41 568
Total equity		**6 205 903**	**5 950 153**	**6 272 227**
Total equity and liabilities		**54 514 847**	**43 410 383**	**52 442 196**

Condensed consolidated statement
of changes in equity

N$'000	Notes	Total share capital	Total reserves	Retained earnings	Total equity	Non-controlling interest	Total equity
Balance at 1 July 2021		**6 347**	**101 757**	**5 478 083**	**5 586 187**	**59 494**	**5 645 680**
Total comprehensive income for the period		-	-	615 434	615 434	4 159	619 593
Transfer between reserves		-	(95 423)	95 423	-	-	-
Dividends		-	-	(309 152)	(309 152)	(13 231)	(322 382)
Consolidation of shares held by share trusts		7 262	-	-	7 262	-	7 262
Unaudited balance at 31 December 2021		**13 609**	**6 334**	**5 879 788**	**5 899 731**	**50 422**	**5 950 153**
Balance at 1 July 2021		**6 347**	**101 757**	**5 478 083**	**5 586 187**	**59 494**	**5 645 681**
Total comprehensive income for the period		-	(1 445)	1 265 292	1 263 847	7 554	1 271 401
Transfer between reserves		-	(95 423)	95 423	-	-	-
Dividends		-	-	(709 736)	(709 736)	(25 480)	(735 216)
Consolidation of shares held by share trusts		90 361	-	-	90 361	-	90 361
Audited balance at 30 June 2022		**96 708**	**4 889**	**6 129 062**	**6 230 659**	**41 568**	**6 272 227**
Balance at 1 July 2022		**96 708**	**4 889**	**6 129 062**	**6 230 659**	**41 568**	**6 272 227**
Total comprehensive income for the period		-	-	841 721	841 721	3 461	845 182
Change in ownership interest of subsidiary	10	-	4	(20 413)	(20 409)	(32 544)	(52 953)
Dividends		-	-	(846 068)	(846 068)	(12 485)	(858 553)
Unaudited balance at 31 December 2022		**96 708**	**4 893**	**6 104 302**	**6 205 903**	**-**	**6 205 903**

Condensed consolidated statement
of cash flows

	Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	**2022**	**2021**	**2022**
Net cash generated from operations	1 423 396	1 260 786	2 901 085
Tax paid	(32 399)	(282 988)	(630 991)
Net cash flow from operating activities	**1 390 997**	**977 798**	**2 270 094**
Acquisition of property and equipment	(41 678)	(26 231)	(102 625)
Acquisition of intangible asset	(9 749)	(699)	(699)
Proceeds from the disposal of property and equipment	2 209	4 294	23 346
Acquisition of non controling interest	(61 523)	-	-
Net cash flow from investing activities	**(110 741)**	**(22 636)**	**(79 978)**
Disposal/(Acquisition) of shares for the share trust	-	7 262	90 361
Repayment of Tier 2 liabilities	-	-	(400 000)
Dividends paid	(846 068)	(309 152)	(709 736)
Dividends paid to non controlling interests	(12 485)	(13 230)	(25 480)
Principal payments of other liabilities	(15 643)	(15 643)	(23 650)
Principal payments of lease liabilities	(11 400)	(12 489)	(25 554)
Net cash flow from financing activities	**(885 596)**	**(343 252)**	**(1 094 059)**
Net increase in cash and cash equivalents	**394 660**	**611 910**	**1 096 057**
Cash and cash equivalents at beginning of the period[1]	2 395 398	1 299 341	1 299 341
Cash and cash equivalents at end of the period	**2 790 058**	**1 911 251**	**2 395 398**

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

Condensed notes to the consolidated financial results

for the reporting period ended 31 December 2022

1. BASIS OF PREPARATION

The group prepares its unaudited condensed consolidated interim financial report 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 (IFRS);
- Interpretations issued by the IFRS Interpretation Committee (IFRS-IC);
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council;
- The Namibian Companies Act: and
- Banking Institutions Act (BID2) with regards to assets classification, suspension of interest and provisioning.
- 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.

1.2 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.

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.

1.3 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 7.1
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 7.1

2. ANALYSIS OF INTEREST INCOME AND INTEREST EXPENSE

	Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	**2022**	**2021**	**2022**
Analysis of interest and similar income			
Instruments at amortised cost	2 280 131	1 527 737	3 325 633
Interest and similar income	**2 280 131**	**1 527 737**	**3 325 633**
Advances	1 696 276	1 271 247	2 630 048
Investment securities	289 396	226 429	478 908
Cash and cash equivalents	293 566	28 940	214 538
Accrued on off-market advances	893	1 121	2 139
Interest and similar income	**2 280 131**	**1 527 737**	**3 325 633**
Analysis of interest expense and similar charges			
Instruments at amortised cost	951 950	476 896	1 123 058
Interest expense and similar charges	951 950	476 896	1 123 058
Deposits			
Deposits from customers	550 809	328 812	689 932
Debt securities	180 829	116 697	261 870
Deposits from banks and other financial institutions	213 436	9 893	136 876
Other liabilities	1 356	1 450	2 787
Lease liabilities	5 520	5 514	9 987
Tier 2 liabilities	-	14 530	21 606
Interest expense and similar charges	**951 950**	**476 896**	**1 123 058**
Net interest Income	**1 328 181**	**1 050 841**	**2 202 575**

3. NON-INTEREST REVENUE

	Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	**2022**	**2021**	**2022**
Fee and commission income:			
- Instruments at amortised cost	1 070 516	928 878	1 851 708
- Non financial instruments	43 442	69 494	151 366
Fee and commission income	**1 113 958**	**998 372**	**2 003 074**
Fee and commission expenses	(132 836)	(107 067)	(216 316)
Net fee and commission income	**981 122**	**891 305**	**1 786 758**
Fair value gains/(losses)	88 015	69 471	136 942
Gross gains less losses from investing activities	22 405	23 994	44 956
Other non-interest revenue	28 496	13 670	12 324
Total non-interest revenue	**1 120 038**	**998 440**	**1 980 980**
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	848 114	742 431	1 476 638
- Banking fee and commission income	**1 070 516**	**928 879**	**1 851 708**
- Brokerage income	18 789	27 728	55 427
- Management, trust and fiduciary service fees	24 653	41 766	95 939
- Non banking fee and commission income	**43 442**	**69 494**	**151 366**
Fee and commission income	**1 113 958**	**998 372**	**2 003 074**

4. OPERATING EXPENSES

	Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	**2022**	**2021**	**2022**
Auditors' remuneration			
- Audit fees	6 431	6 798	13 036
- Fees for other services	86	17	452
Auditors' remuneration	**6 517**	**6 815**	**13 488**
Non-capitalised lease charges			
- Short term	3 758	3 632	7 945
- Low value	1 603	2 654	5 272
Operating lease charges	**5 361**	**6 286**	**13 217**
Staff costs	644 327	591 026	1251 984
Amortisation of intangible assets	8 728	8 780	17 483
Depreciation of property and equipment	50 073	51 474	102 420
Directors fees	6 532	5 215	12 052
Other operating costs	418 587	392 162	827 680
Total operating expenses	**1 140 125**	**1 061 757**	**2 238 323**

5. EARNINGS PER SHARE

1.2 Headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and dilutive headline earnings by the weighted average number of ordinary share outstanding during the period.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and dilutive earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non-controling interest.

	Unaudited Six months ended 31 December		Audited Year ended 30 June
	2022	**2021**	**2022**
Headline earnings (N$'000)	841 799	618 350	1 269 109
Weighted average number of ordinary shares in issue	264 527 065	261 666 411	261 962 480
Headline earnings per share (cents)	**318.2**	**236.3**	**484.5**
Headline earnings (N$'000)	841 799	618 350	1 269 109
Diluted weighted average number of ordinary shares in issue	264 527 065	261 666 411	261 962 480
Diluted headline earnings per share (cents)	**318.2**	**236.3**	**484.5**
Earnings attributable to equity holders of the parent (N$'000)	841 721	615 434	1 265 292
Gains and losses on sale of property and equipment *	114	4 289	5 613
Tax effect (N$ 000)	(36)	(1 373)	(1 796)
Headline earnings	**841 799**	**618 350**	**1 269 109**

**Net of non-controlling interests*

5.2 Earnings per share

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

	Unaudited Six months ended 31 December		Audited Year ended 30 June
	2022	**2021**	**2022**
Earnings attributable to ordinary shareholders (N$'000)	841 721	615 434	1 265 292
Weighted average number of ordinary shares in issue	264 527 065	261 666 411	261 962 480
Weighted average number of ordinary shares in issue before shares held by trust	267 593 250	267 593 250	267 593 250
Less: weighted average shares held by share trust	(3 066 185)	(5 926 839)	(5 630 770)
Basic earnings per share (cents)	**318.2**	**235.2**	**483.0**

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

6. INVESTMENTS SECURITIES

N$'000	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
Treasury bills	1 995 143	2 936 491	2 687 550
Other government and government guaranteed stock	5 243 326	3 925 299	4 619 929
Unlisted equities	9 578	9 576	9 578
Other undated securities	96 146	108 088	104 224
Total gross carrying amount of investment securities	**7 344 193**	**6 979 454**	**7 421 281**
Loss allowance on investment securities	(4 551)	(2 508)	(4 524)
Total investment securities	**7 339 642**	**6 976 946**	**7 416 757**

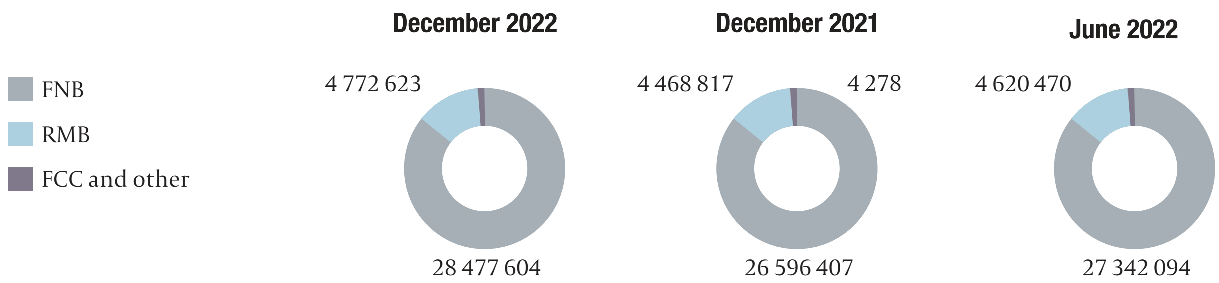
N$8 877 million (2021: N$6 601 million) of the financial instruments form part of the group's liquid asset portfolio in terms of the Banking Institutions Act, No 2 of 1998 as amended) and other foreign banking regulators' requirements.

The loss allowance on investment securities measured at amortised cost is N$4.6 million (2021: N$2.5 million)
The loss allowance on investment securities designated at fair value through other comprehensive income is nil.

7. ADVANCES

N$'000	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
Notional value of advances	34 686 098	32 524 405	33 337 960
Gross advances	**34 686 098**	**32 524 405**	**33 337 960**
Category analysis			
Overdrafts and cash management accounts	3 440 377	3 181 219	3 249 744
Card loans	518 630	470 553	503 033
Instalment sales and hire purchase agreements	3 234 501	2 996 665	3 030 232
Lease payments receivable	101 381	96 000	104 716
Property finance	16 165 968	15 239 647	15 605 581
Term loans	9 752 244	9 144 552	9 434 649
Investment bank term loans	-	38 439	29 080
Preference share agreements	906 295	966 464	937 611
Assets under agreement to resell	39 143	26 541	41 764
Invoice financing	341 652	248 857	248 652
Other	185 907	115 468	152 898
Gross advances	**34 686 098**	**32 524 405**	**33 337 960**
Impairment and fair value of credit of advances	(1 435 871)	(1 454 903)	(1 375 396)
Net advances	**33 250 227**	**31 069 502**	**31 962 564**
Portfolio Analysis			
Designated at fair value through profit or loss	39 143	64 980	70 844
Amortised cost	33 211 084	31 004 522	31 891 720
	33 250 227	**31 069 502**	**31 962 564**

Loans and advances to customers by segment



%	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
Loans and advances to customers			
FNB	86%	86%	86%
RMB	14%	14%	14%
FCC and other	0%	0%	0%
	100%	**100%**	**100%**

7. ADVANCES (continued)

Analysis of advances per class

December 2022

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	16 150 884	-	(424 721)	15 726 163
Wesbank VAF	1 770 947	-	(73 869)	1 697 078
Total retail secured	**17 921 831**	**-**	**(498 590)**	**17 423 241**
Credit card	501 393	-	(39 424)	461 969
Personal loans	3 061 213	-	(287 170)	2 774 043
Retail other	504 269	-	(74 063)	430 206
Total retail unsecured	**4 066 875**	**-**	**(400 657)**	**3 666 218**
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	4 786 737	39 143	(53 257)	4 772 623
Total corporate and commercial	**12 658 249**	**39 143**	**(536 624)**	**12 160 768**
Total advances	**34 646 955**	**39 143**	**(1 435 871)**	**33 250 227**

7. ADVANCES (continued)

Analysis of advances per class (continued)

December 2021

N$'000	Amortised cost	Fair value through profit or loss	Loss allowance	Total
Residential mortgages	15 221 907	-	(247 985)	14 973 922
Wesbank VAF	1 789 658	-	(82 990)	1 706 668
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
Retail other	451 948	-	(275 236)	176 712
Total retail unsecured	**3 622 983**	**-**	**(480 421)**	**3 142 562**
FNB Commercial	5 937 774	-	(486 830)	5 450 944
Wesbank commercial VAF	1 425 317	-	(103 005)	1 322 312
RMB Corporate and Investment banking	4 461 746	60 743	(53 672)	4 468 817
Total corporate and commercial	**11 824 837**	**60 743**	**(643 507)**	**11 242 073**
Treasury	**4 278**	**-**	**-**	**4 278**
Total advances	**32 463 663**	**60 743**	**(1 454 903)**	**31 069 502**

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
Retail other	486 655	-	(67 766)	418 889
Total retail unsecured	**3 782 594**	**-**	**(395 971)**	**3 386 623**
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	**33 267 116**	**70 844**	**(1 375 396)**	**31 962 564**

7.1 Impairment of advances

	Unaudited Six months ended 31 December		Audited year ended 30 June
N$'000	**2022**	**2021**	**2022**
Increase in loss allowance	101 984	111 317	128 823
Recoveries of bad debts	(12 789)	(8 337)	(33 458)
Impairment of advances recognised during the period	89 195	102 980	95 365
Specific / stage 3 impairments	101 069	110 181	216 249
Portfolio / stage 1 and stage 2 impairments	(11 874)	(7 201)	(120 884)
	89 195	102 980	95 365

7.1 Impairment of advances (continued)

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

	Gross advance				Loss allowance			
N$'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Amount as at 1 July 2022	28 789 345	2 760 686	1 787 929	33 337 960	269 924	332 363	773 109	1 375 396
Transfer between stages	(87 750)	(40 706)	128 456	-	7 376	(15 562)	8 186	-
Transfer from Stage 1 to Stage 2	(326 919)	326 919	-	-	(3 914)	3 914	-	-
Transfer from Stage 1 to Stage 3	(47 545)	-	47 545	-	(909)	-	909	-
Transfer from Stage 2 to Stage 3	-	(92 271)	92 271	-	-	(15 413)	15 413	-
Transfer from Stage 2 to Stage 1	286 277	(286 277)	-	-	11 832	(11 832)	-	-
Transfer from Stage 3 to Stage 2	-	10 923	(10 923)	-	-	7 769	(7 769)	-
Transfer from Stage 3 to Stage 1	437	-	(437)	-	367	-	(367)	-
Opening balances after transfer	**28 701 595**	**2 719 980**	**1 916 385**	**33 337 960**	**277 300**	**316 801**	**781 295**	**1 375 396**
Current period movement	**1 887 112**	**(447 881)**	**(25 961)**	**1 413 270**	**23 776**	**(14 673)**	**116 504**	**125 607**
Changes in exposure of back book in the current period								
- Attributed to change in measurement basis	(1 044 544)	(2 911)	-	(1 047 455)	1 942	25 191	-	27 133
- Attributed to change in risk parameters	-	(629 997)	(53 679)	(683 676)	-	(26 238)	99 148	72 910
Total new book exposure								
- Change in exposure due to new business in the current year	2 931 656	185 027	27 718	3 144 401	21 867	14 868	17 356	54 090
Overlays	-	-	-	-	(33)	(28 494)	-	(28 527)
Bad debts written off	**-**	**-**	**(65 132)**	**(65 132)**	**-**	**-**	**(65 132)**	**(65 132)**
Amount as at 31 December 2022	**30 588 707**	**2 272 099**	**1 825 292**	**34 686 098**	**301 076**	**302 128**	**832 667**	**1 435 871**
Amortised cost	30 549 564	2 272 099	1 825 292	34 646 956	301 076	302 128	832 667	1 435 871
Fair value	39 143	-	-	39 143	-	-	-	-

7.1 Impairment of advances (continued)

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

	Gross advance				Loss allowance			
N$'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Amount as at 1 July 2021	26 000 334	3 926 081	1 645 094	31 571 509	347 736	344 515	672 585	1 364 836
Transfer between stages	(267 492)	191 069	76 423	-	18 492	(12 967)	(5 525)	-
Transfer from Stage 1 to Stage 2	(479 067)	479 067	-	-	(5 590)	5 590	-	-
Transfer from Stage 1 to Stage 3	(73 845)	-	73 845	-	(1 240)	-	1 240	-
Transfer from Stage 2 to Stage 3	-	(62 053)	62 053	-	-	(8 145)	8 145	-
Transfer from Stage 2 to Stage 1	278 185	(278 185)	-	-	24 221	(24 221)	-	-
Transfer from Stage 3 to Stage 2	-	52 240	(52 240)	-	-	13 809	(13 809)	-
Transfer from Stage 3 to Stage 1	7 235	-	(7 235)	-	1 101	-	(1 101)	-
Opening balances after transfer	**25 732 842**	**4 117 150**	**1 721 517**	**31 571 509**	**366 228**	**331 547**	**667 060**	**1 364 835**
Current period movement	**1 572 601**	**(720 246)**	**131 123**	**983 478**	**(15 737)**	**22 676**	**113 711**	**120 650**
Changes in exposure of back book in the current period								
- Attributed to change in measurement basis	(1 461 047)	(16 864)	-	(1 477 911)	-	8 334	-	8 334
- Attributed to change in risk parameters		(879 572)	127 054	(752 518)	(44 915)	(59 833)	144 376	39 628
Total new book exposure								
- Change in exposure due to new business in the current year	3 033 648	176 190	4 069	3 213 907	20 287	19 032	2 738	42 057
Overlays	-	-	-	-	8 891	55 143	(33 403)	30 631
Bad debts written off	**-**	**-**	**(30 582)**	**(30 582)**	**-**	**-**	**(30 582)**	**(30 582)**
Amount as at 31 December 2021	**27 305 443**	**3 396 904**	**1 822 058**	**32 524 405**	**350 491**	**354 223**	**750 189**	**1 454 903**
Amortised cost	27 240 463	3 396 904	1 822 058	32 459 425	348 905	354 223	750 189	1 453 317
Fair value	64 980	-	-	64 980	1 586	-	-	1 586

7.1 Impairment of advances (continued)

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

	Gross advance				Loss allowance			
N$'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Amount as at 1 July 2021	26 000 334	3 926 081	1 645 094	31 571 509	347 736	344 515	672 585	1 364 836
	393 302	(556 911)	163 609	-	29 464	(37 598)	8 134	-
Transfer from Stage 1 to Stage 2	(499 637)	499 637	-	-	(5 300)	5 300	-	-
Transfer from Stage 1 to Stage 3	(141 669)	-	141 669	-	(2 494)	-	2 494	-
Transfer from Stage 2 to Stage 3	-	(75 901)	75 901	-	-	(14 706)	14 706	-
Transfer from Stage 2 to Stage 1	1 008 138	(1 008 138)	-	-	33 883	(33 883)	-	-
Transfer from Stage 3 to Stage 2		27 491	(27 491)			5 691	(5 691)	-
Transfer from Stage 3 to Stage 1	26 470	-	(26 470)	-	3 375	-	(3 375)	-
Opening balance after transfers	**26 393 636**	**3 369 170**	**1 808 703**	**31 571 509**	**377 200**	**306 917**	**680 719**	**1 364 836**
Current period movement	**2 395 709**	**(608 484)**	**152 935**	**1 940 160**	**(107 276)**	**25 446**	**266 099**	**184 269**
Changes in exposure of back book in the current period								
- Attributed to change in measurement basis	(3 178 584)	8 305	-	(3 170 279)	-	14 756	-	14 756
- Attributed to change in risk parameters	-	(1 123 112)	127 194	(995 918)	(145 345)	(16 261)	248 356	86 750
Total new book exposure								
- Change in exposure due to new business in the current year	5 574 293	506 323	25 741	6 106 357	38 069	26 951	17 743	82 763
Bad debts written off	**-**	**-**	**(173 709)**	**(173 709)**	**-**	**-**	**(173 709)**	**(173 709)**
Amount as at 30 June 2022	**28 789 345**	**2 760 686**	**1 787 929**	**33 337 960**	**269 924**	**332 363**	**773 109**	**1 375 396**
Amortised cost	28 718 501	2 760 686	1 787 929	33 267 116	269 880	332 363	773 109	1 375 352
Fair value	70 844	-	-	70 844	44	-	-	44

7.1 Impairment of advances (continued)

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

	Gross advance				Loss allowance			
N$'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
31 December 2022								
Total retail	19 093 627	1 612 336	1 282 742	21 988 705	173 328	164 845	561 074	899 247
FNB Commercial	5 038 500	578 746	491 639	6 108 885	51 749	119 770	234 370	405 889
Wesbank commercial VAF	1 640 815	70 902	50 911	1 762 628	23 379	16 876	37 223	77 478
RMB Corporate and Investment banking	4 815 765	10 115	-	4 825 880	52 621	636	-	53 257
	30 588 707	**2 272 099**	**1 825 292**	**34 686 098**	**301 077**	**302 127**	**832 667**	**1 435 871**
31 December 2021								
Total retail	17 542 045	1 898 244	1 194 258	20 634 547	184 434	146 717	501 178	832 329
FNB Commercial	4 810 049	548 788	578 937	5 937 774	101 429	146 585	244 050	492 064
Wesbank commercial VAF	1 248 303	128 151	48 863	1 425 317	31 283	12 414	33 141	76 838
RMB Corporate and Investment banking	3 700 775	821 724	-	4 522 489	16 494	37 178	-	53 672
	27 305 443	**3 396 907**	**1 822 058**	**31 524 405**	**333 640**	**342 894**	**778 369**	**1 454 903**
30 June 2022								
Total retail	17 841 916	2 036 853	1 237 015	21 115 784	167 599	151 650	504 885	824 134
FNB Commercial	4 918 475	589 346	497 904	6 005 725	45 307	126 211	221 569	393 087
Wesbank commercial VAF	1 375 965	116 713	53 010	1 545 688	31 203	27 973	46 657	105 833
RMB Corporate and Investment banking	4 652 988	17 775	-	4 670 763	34 887	17 455	-	52 342
	28 789 344	**2 760 687**	**1 787 929**	**33 337 960**	**278 996**	**323 289**	**773 111**	**1 375 396**

8. DEPOSITS

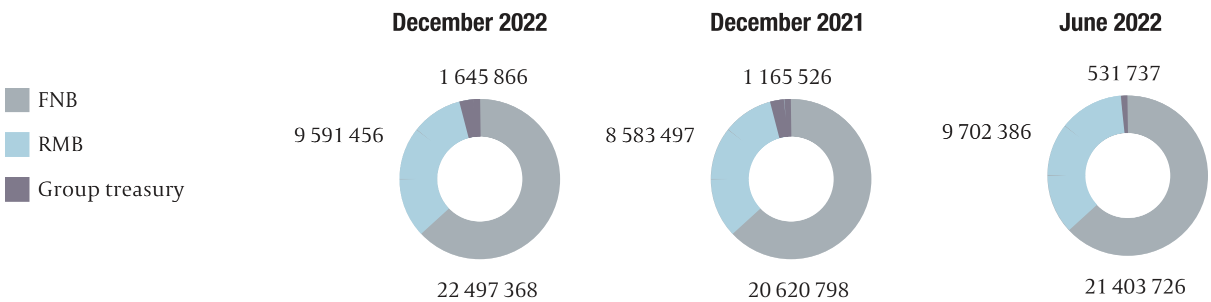
8.1 Deposits and current accounts

N$'000	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
Category analysis			
Deposits from customers			
- Current accounts	13 015 620	12 167 814	13 009 145
- Call deposits	10 357 913	8 191 843	8 331 980
- Savings accounts	696 642	578 118	586 327
- Fixed and notice deposits	9 664 515	9 432 046	9 710 397
Debt securities			
- Negotiable certificates of deposit	5 103 865	4 441 856	5 080 389
- Fixed and floating rate notes	353 765	377 057	395 968
Total deposits	**39 192 320**	**35 188 734**	**37 114 206**

8.2 Due to banks and other financial institutions

	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
To banks and financial institutions			
- In the normal course of business	7 355 542	303 818	7 229 779

Deposits from customers per segment



	Unaudited Six months ended 31 December 2022	Unaudited Six months ended 31 December 2021	Audited Year ended 30 June 2022
FNB	48%	58%	48%
RMB	21%	24%	22%
Group treasury	3%	3%	1%
Deposit from customers	**72%**	**85%**	**71%**
Balances due to banks	**16%**	**1%**	**17%**
Debt securities	**12%**	**14%**	**12%**
	100%	100%	100%

9. 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-employment benefit funds (pension funds)	**Entities controlled, jointly controlled or significantly influenced by key management personnel or their close family members.**

The principal shareholder of FirstRand Namibia Limited is FirstRand EMA Holdings (Pty) Limited, with its ultimate holding company FirstRand Limited, incorporated in South Africa.

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

	Unaudited Six months ended 31 December		**Audited year ended 30 June**
N$'000	**2022**	**2021**	**2022**
Related party balances:			
Deposits			
FirstRand SA group companies	71 870	158 906	138 254
Key management personnel	10 419	15 563	8 695
Balances due to banks and other financial institutions			
FirstRand SA group companies	7 263 685	-	7 080 435
Advances			
FirstRand SA group companies	1 927 070	409 066	1 504 547
Key management personnel	17 700	13 879	17 699
Balances due from banks and other financial institutions			
FirstRand SA group companies	7 291 695	-	7 131 534
Derivative assets			
FirstRand SA group companies	44 964	29 708	60 118
Derivative liabilities			
FirstRand SA group companies	98 511	90 828	52 994
Related party transactions:			
Interest received from related parties:			
FirstRand SA group companies	256 861	16 167	32 012
Interest paid to related parties:			
FirstRand SA group companies	210 536	5	118 378
Non-interest expenditure (Information, platform and other support services)			
FirstRand SA group companies	223 617	187 346	390 487

10. SUBSIDIARIES AND NON CONTROLLING INTEREST

Transactions that do not result in a change of control in subsidiaries:

	Unaudited Six months ended 31 December		Audited year ended 30 June
N$'000	**2022**	**2021**	**2022**
Carrying amount of non-controlling interest acquired	41 110	-	-
Consideration paid to non-controlling interest acquired	(61 523)	-	-
Acquisition of non- controlling recognized directly in equity	(20 413)	-	-

The group has increased its shareholding in its investment in FNB Short term Insurance Company (previously OUTsurance Namibia) to 100% by purchasing the interest previously held by the non-controlling interest. The transaction was concluded in the first quarter of the financial year.

11. FAIR VALUE MEASUREMENTS

11.1 Valuation

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.

11.2 Fair value hierarchy and measurements

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
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

11. FAIR VALUE MEASUREMENTS (CONTINUED)

11.2 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 industry 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
- Treasury Bills	Discounted cash flows	The future cash flows are discounted using market related interest rates.	Market interest rates and curves	Not applicable
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.

11. FAIR VALUE MEASUREMENTS (CONTINUED)

11.2 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:

N$'000	Level 1	Level 2	Level 3	Total carrying amount
December 2022				
ASSETS				
Recurring fair value measurements				
Investment securities	-	96 146	9 578	105 724
Advances	-	-	39 143	39 143
Derivative financial instruments	-	130 432	-	130 432
Total financial assets	**-**	**226 578**	**48 721**	**275 299**
LIABILITIES				
Recurring fair value measurements				
Short trading position	39 143	-	-	39 143
Derivative financial instruments	-	146 181	-	146 181
Total financial liabilities	**39 143**	**146 181**	**-**	**185 324**
December 2021				
ASSETS				
Recurring fair value measurements				
Investment securities	-	108 087	9 576	117 663
Advances	-	-	64 980	64 980
Derivative financial instruments	-	117 251	-	117 251
Total financial assets	**-**	**225 338**	**74 556**	**299 894**
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**
June 2022				
ASSETS				
Recurring fair value measurements				
Investment securities	-	295 373	9 578	304 951
Advances	-	-	70 844	70 844
Derivative financial instruments	-	93 609	-	93 609
Total financial assets	**-**	**388 982**	**80 422**	**469 404**
LIABILITIES				
Recurring fair value measurements				
Derivative financial instruments	-	227 448	-	227 448
Short trading position	31 864	-	-	31 864
Other Liabilities	-	-	774	774
Total financial liabilities	**31 864**	**227 448**	**774**	**260 086**

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.

11. FAIR VALUE MEASUREMENTS (CONTINUED)

11.2 Fair value hierarchy and measurements (continued)

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 instrument

Changes in the group's best estimate of the non observable inputs (Level 3) could affect the reported fair values recognised on the statement of financial position and the movement in fair values recognised in the statement of comprehensive income. However changing these inputs to reasonably possible alternatives would change the fair value using more positive reasonable assumptions to N$43 million (2021: N$82 million) and using more negative reasonable possible assumptions to N$35 million (2021: N$67 million). These amounts are based on the assumptions without first tier margins and additional first tier margins respectively.

Changes in level 3 fair value instruments

N$'000	Fair value on June 2022	Gains or losses recognised in profit or loss	Purchases/ (sales)/ issues/ (settlements)	Fair value on December 2022
31 December 2022				
ASSETS				
Advances	70 844	551	(32 252)	39 143
Investment securities	9 578	-	-	9 578
Total financial assets at fair value	**80 422**	**551**	**(32 252)**	**48 721**
31 December 2021				
ASSETS				
Advances	241 294	5 800	(182 114)	64 980
Investment securities	18 016	3 390	(7 583)	13 823
Total financial assets at fair value	**259 310**	**9 190**	**(189 697)**	**78 803**
30 June 2022				
ASSETS				
Advances	241 294	6 716	(177 166)	70 844
Investment securities	18 016	322	(8 760)	9 578
Total financial assets at fair value	**259 310**	**7 038**	**(185 926)**	**80 422**

11. FAIR VALUE MEASUREMENTS (CONTINUED)

11.2 Fair value hierarchy and measurements (continued)

Unrealised gains or losses on level 3 instruments with recurring fair value measurements
The valuation model for level 3 assets or liabilities typically relies on a number of inputs that are readily observable either directly or indirectly. Thus, the gains and losses presented below include changes in the fair value related to both observable and unobservable inputs. The table below presents the total gains (losses) relating to financial instrument classified in Level 3 that are still held on 31 December 2022. With the exception of interest on funding instruments all of these gains or losses are recognised in non interest revenue.

Changes in level 3 fair value instruments

N$'000	December 2022 Gains or losses recognised in profit or loss	December 2021 Gains or losses recognised in profit or loss	June 2022 Gains or losses recognised in profit or loss
Advances	551	5 800	6 716
Investment securities	-	3 390	322
	551	**9 190**	**7 038**

N$'000	December 2022		December 2021		June 2022	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Assets						
Advances at amortised cost	33 211 084	33 028 423	31 004 522	31 162,030	31 891 720	31 962 648
Investment securities at amortised cost	7 097 395	6 878 795	6 703 851	7 011 493	7 111 806	6 848 486
Liabilities						
Deposits	39 192 320	38 945 609	35 188 734	34 092 047	37 114 206	37 178 883
Tier 2 liabilities	-	-	402 825	406 722	-	-
Other liabilities	141 654	141 045	173 239	173 123	157 812	157 798

12. CONTINGENT LIABILITIES AND CAPITAL 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	3 642 281	4 319 753
Capital commitments	100 274	47 350	133 959

13. SEGMENT INFORMATION

Group's chief operating decision maker	Chief executive officer
Major customers	The FirstRand Namibia 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 SEG	PRODUCTS AND SERVICES
FNB	FNB represents FirstRand Namibia's activities in the retail and commercial segments. 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 short-term insurance investment and savings – and include mortgage loans credit and debit cards personal loans funeral credit life 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).
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. Ashburton Investments offers focused traditional and alternative investment solutions to individual and institutional investors and combines established active fund management expertise with alternative investment solutions from product providers across the FirstRand Namibia group.
FCC and other	FCC represents group-wide functions including group treasury (capital funding and liquidity and financial resource management) group finance group tax enterprise risk management 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.	

13. SEGMENT INFORMATION (continued)

	Unaudited Six months ended 31 December								Audited Year ended 30 June			
	2022				2021				2022			
N$'000	**FNB**	**RMB**	**FCC and other**	**Total**	**FNB**	**RMB**	**FCC and other**	**Total**	**FNB**	**RMB**	**FCC and other**	**Total**
Income from operations	1 928 930	356 745	102 498	**2 388 173**	1 598 503	289 819	89 667	**1 977 939**	3 397 208	590 511	159 430	**4 147 149**
Profit for the period	620 719	154 842	69 622	**845 182**	453 522	80 321	85 735	**619 593**	977 342	195 608	99 896	**1 272 846**
Depreciation	49 246	762	66	**50 073**	50 856	552	67	**51 474**	101 114	1 168	139	**102 420**
Amortisation	8 282	446	-	**8 728**	1 350	523	6 907	**8 780**	2 739	739	14 005	**17 483**
Advances	28 477 604	4 772 623	-	**33 250 227**	26 596 407	4 468 817	4 278	**31 069 502**	27 342 094	4 620 470	-	**31 962 564**
Investment securities	79 549	167 248	7 092 843	**7 339 642**	89 439	186 163	6 701 343	**6 976 945**	71 113	225 004	7 120 640	**7 416 757**
Total assets	28 074 620	8 181 161	18 259 066	**54 514 847**	25 760 750	8 991 659	11 779 215	**43 410 383**	26 893 297	8 353 902	17 194 997	**52 442 196**
Deposits	22 497 368	9 591 456	7 103 496	**39 192 320**	20 620 798	8 583 497	5 984 439	**35 188 734**	21 403 726	9 702 386	6 008 094	**37 114 206**
Total liabilities	27 070 330	7 889 830	13 348 784	**48 308 944**	24 876 473	8 778 831	6 929 179	**37 460 230**	26 692 428	8 237 290	11 240 255	**46 169 969**

Capital management

Capital adequacy

Banking Operations - FNB Namibia

	Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	**2022**	**2021**	**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	1 142 792	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*	(70 131)	(74 527)	(67 454)
Total tier 1	**5 069 136**	**5 066 181**	**5 901 234**
Eligible subordinated debt		400 000	-
General risk reserve, including portfolio impairment	330 810	314 927	316 362
Current board approved profits	381 269	280 534	-
Total tier 2	**712 079**	**995 461**	**316 362**
Total tier 1 and tier 2 capital	**5 781 215**	**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%

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

Capital adequacy

Regulated consolidated group - FirstRand Namibia

	Unaudited Six months ended 31 December		Audited Year ended 30 June
N$'000	**2022**	**2021**	**2022**
Risk weighted assets			
Credit risk	26 596 449	25 563 669	25 457 697
Market risk	123 295	35 714	61 931
Operational risk	5 512 877	5 174 272	5 307 437
Total risk weighted assets	**32 232 621**	**30 773 655**	**30 827 065**
Regulatory capital			
Share capital and share premium	282 148	282 148	282 148
Retained profits	5 074 942	5 124 802	6 033 954
Capital impairments*	(127 817)	(103 820)	(95 562)
Total tier 1	**5 229 273**	**5 303 130**	**6 220 540**
Eligible subordinated debt	-	400 000	-
Current board approved profits	381 269	280 534	-
General risk reserve, including portfolio impairment	330 832	314 917	316 384
Capital impairments*	(50 707)	(19 945)	(19 945)
Total tier 2	**661 394**	**975 506**	**296 439**
Total tier 1 and tier 2 capital	**5 890 667**	**6 278 636**	**6 516 979**
Consolidated group			
Capital adequacy ratios			
Tier 1	16.2%	17.2%	20.2%
Tier 2	2.1%	3.2%	1.0%
Total	**18.3%**	**20.4%**	**21.2%**
Tier 1 leverage ratio	9.6%	12.2%	11.8%

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

Shareholder information

Declaration of dividends

Notice is hereby given that a total cash dividend of 396.55 cents per share (number 59) for the six months ended 31 December 2022 (made up of interim ordinary share dividend of 209.70 cents and a special dividend of 186.85 cents) was declared on 8 February 2023. The last day to trade shares on a cum dividend basis will be on 24 March 2023 and the first day to trade ex-dividend will be 27 March 2023. The record date will be 31 March 2023 and the payment date 21 April 2023.

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 Unit Trust Management Company Ltd.	100%	FNB Fiduciary Namibia (Pty) Ltd	100%	FNB Short Term Insurance Limited (previously OUTsurance)
100%	Swabou Investments (Pty) Ltd	100%	Ashburton Property 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				

Corporate information

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