



SBN Holdings Limited

ANNUAL REPORT

for the year ended 31 December 2021

Standard Bank **IT CAN BE™**

Also trading as Stanbic Bank



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Reporting suite

To meet the information needs of our diverse stakeholders, we produce a suite of reports.

The annual report

Our primary report to stakeholders which provides an assessment of our ability to create value over time. It includes our annual financial statements and information relevant to our shareholders.

Report to society

Our report to society covers our material focus areas in relation to our strategy and an assessment of our social, economic and environmental (SEE) impacts in the areas we believe we have the greatest impact and opportunity.

Environmental, social and governance (ESG) report

Our ESG report provides an overview of the processes and governance structures that relate to social and environmental matters.



Additional reports and other financial information can be found online at:



www.standardbank.com.na/namibia/personal/about-us/investor-relations

Oversight

The board audit subcommittee is responsible for providing oversight of the financial reporting process. The committee recommended the annual report to the SBN Holdings Limited (the group or SBN Holdings) board of directors for approval. The board approved the report on 4 March 2022.

Feedback

We welcome the views of our stakeholders on this report, and the other reports in our reporting suite.

Please contact our Head: Investor Relations and Reporting at: **Lloyd.Londt@standardbank.com.na**

Who we are

Namibia is our home, we drive her growth.

Our success and growth over the long term is centred on making a difference in the communities in which we operate.

We are commercially and morally bound to serve Namibia and her people in return for the long-term profitable growth we aim to deliver as a leading financial services group in the country. We are committed to moving Namibia forward and driving her growth.

OUR HISTORY

Standard Bank's first branch opened in 1915 in Lüderitz, making us one of Namibia's oldest companies.

The bank's original vision was to better understand its customers, employing people with a strong knowledge of local business conditions and to better connect borrowers with lenders. This vision created the foundation for the kind of bank it would become and the qualities which its customers and clients expect.

We are proud to be part of Standard Bank Group, a financial services organisation rooted in Africa with operations in 20 sub-Saharan African countries.

We have grown from a few employees to over 1 400 today, and our roots have extended deep into the fabric of Namibian society. Being committed to making banking available to all Namibians, we have evolved and adapted with our customers and clients, growing a rich heritage while nurturing and protecting our reputation.

We uphold the highest standards of corporate governance and are committed to advancing the principles and practices of sustainable development.

Standard Bank has a strong presence in Namibia

and has always lived up to the promise of bringing banking to the nation. We have succeeded through our wide network of branches and ATMs across Namibia.



Branches (including in-store)

62

2020: 63



ATMs

409

2020: 372

Transactional volumes on our digital platforms



Internet Banking

3 591 280

2020: 3 185 377



PayPulse

962 963

2020: 882 752

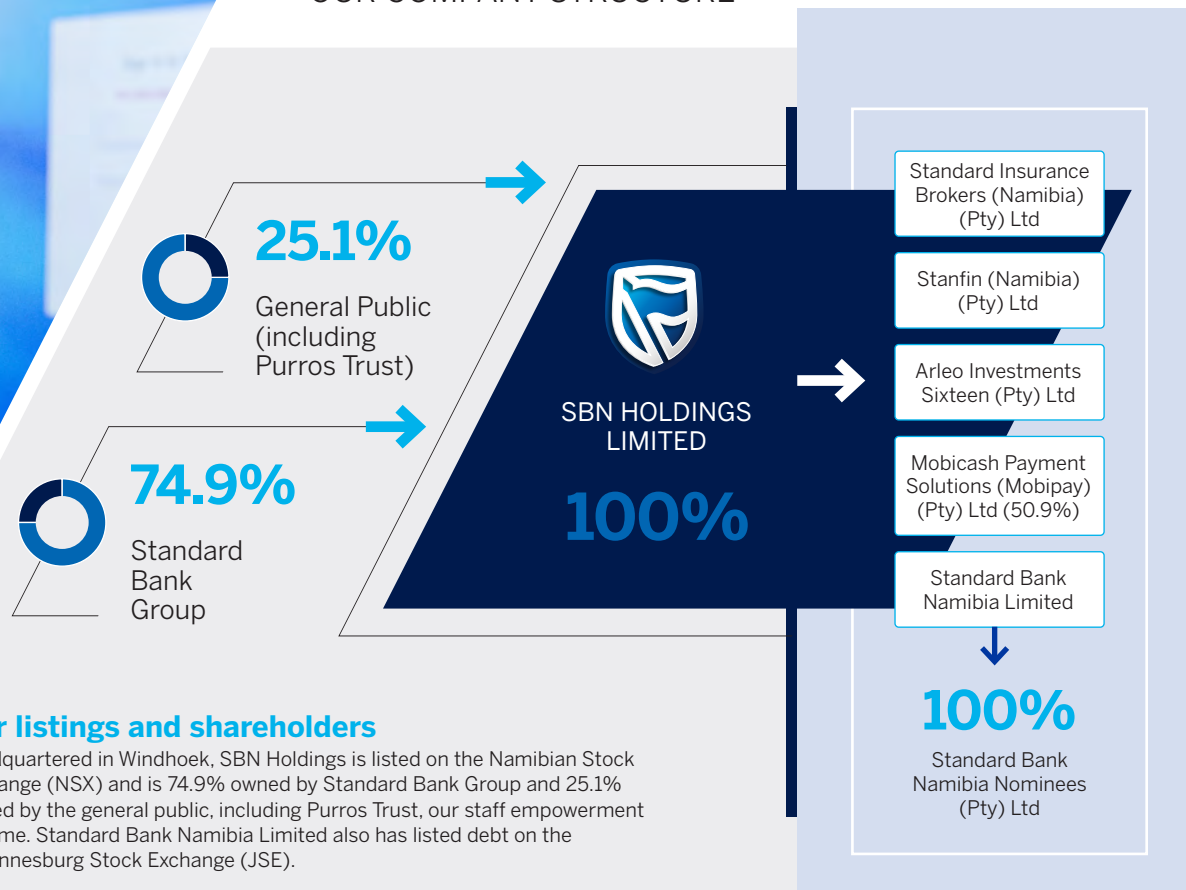


USD

1 136 606

2020: 1 033 501

OUR COMPANY STRUCTURE



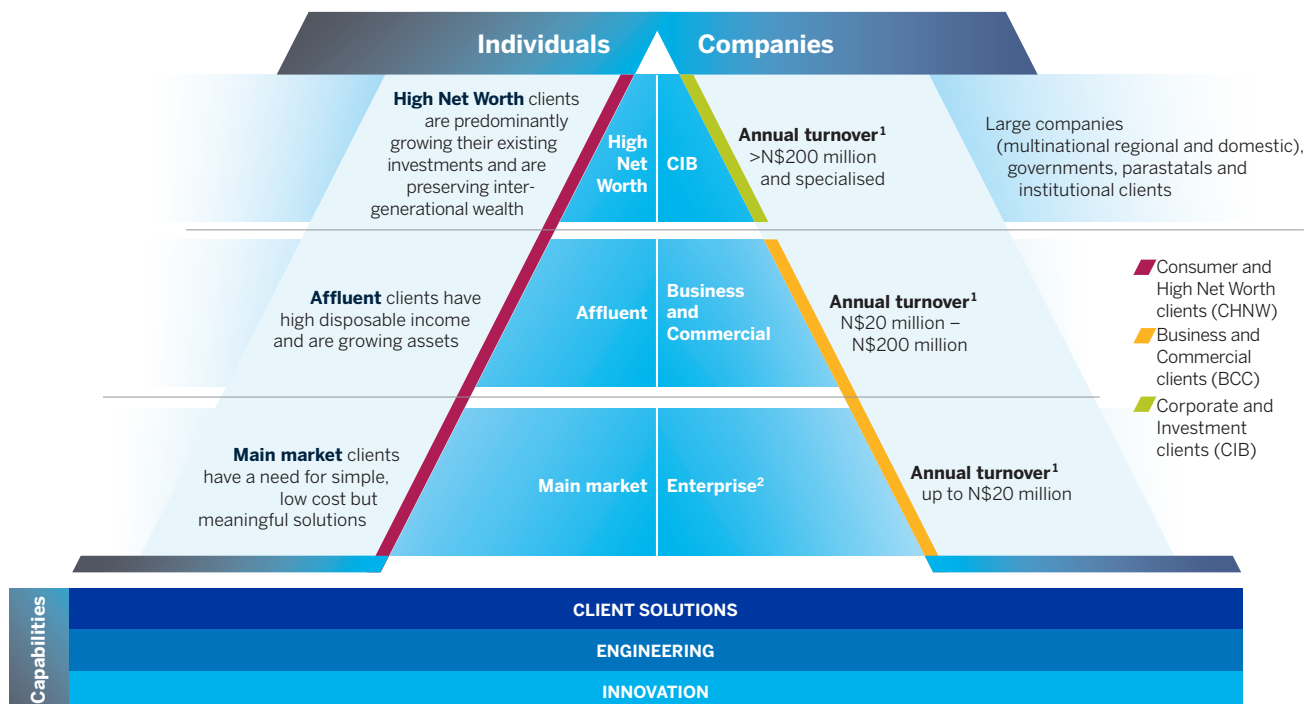
Our listings and shareholders

Headquartered in Windhoek, SBN Holdings is listed on the Namibian Stock Exchange (NSX) and is 74.9% owned by Standard Bank Group and 25.1% owned by the general public, including Purros Trust, our staff empowerment scheme. Standard Bank Namibia Limited also has listed debt on the Johannesburg Stock Exchange (JSE).

HOW WE ORGANISE OURSELVES

In January 2021, we introduced a new operating model. We re-organised ourselves into three Client Segments that are supported by three capabilities, namely Client Solutions, Engineering and Innovation capabilities.

These changes are enabling SBN Holdings to deliver integrated and seamless financial services to our clients, reduce the time and cost to serve, and to innovate more quickly and effectively. The benefits are already evident in the measures against which we track our progress, and we are confident that this momentum will continue.



¹ Indicative levels that may vary based on complexity of relationship.
² Includes entrepreneurs.

Our approach to value creation

Our strategy aims to achieve sustainable growth for the group and value for all our stakeholders.

INFORMING OUR THINKING

Our operating context

As the Covid-19 pandemic and its socioeconomic effects ease, key trends provide opportunity for growth and development that justify the optimism that underpins our strategy.

Our material matters

Our material matters are those that have the potential to substantially impact on our commercial viability, our social relevance and the quality of our relationships with our stakeholders.



EXECUTING OUR STRATEGY

Our strategy

Our delivery

Delivering our 2025 Ambition will allow us to achieve our financial targets and enable us to better fulfil our purpose.

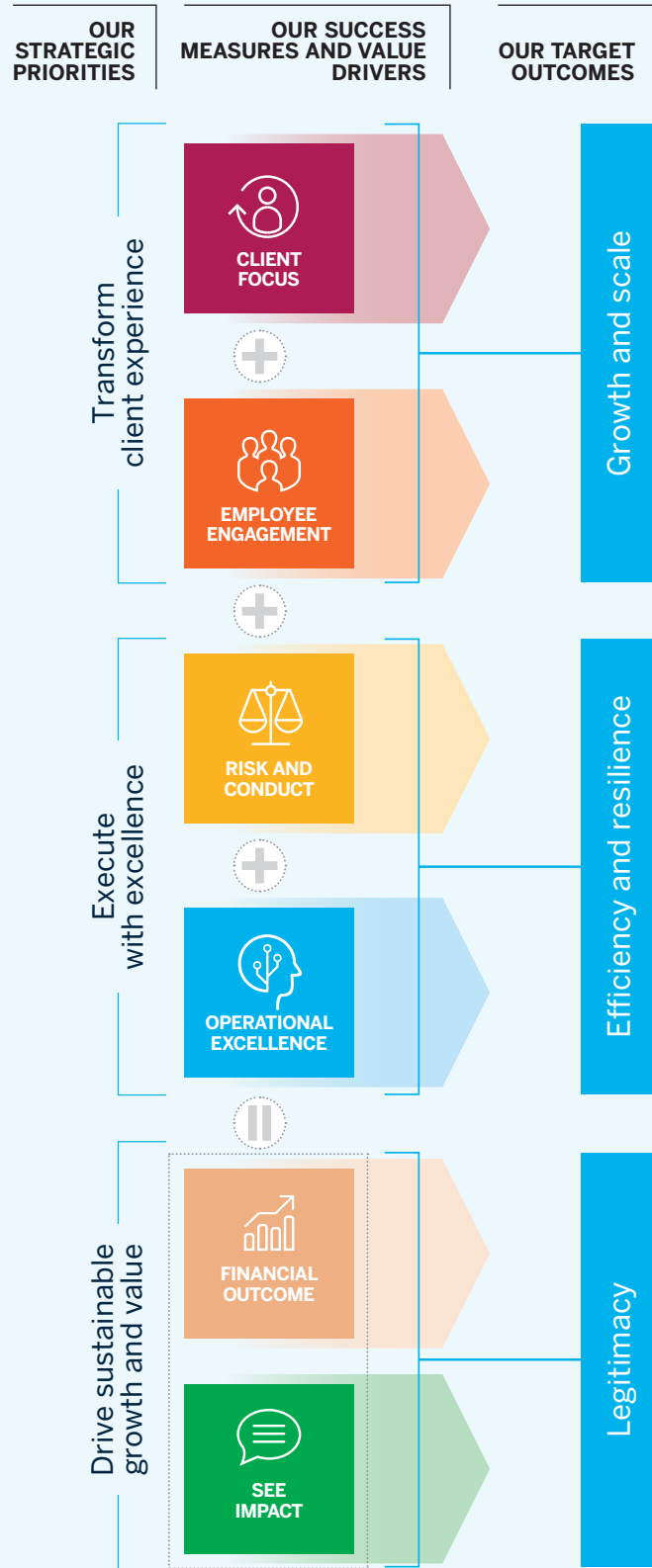
Our strategic priorities

We have updated our strategic priorities to clarify what we need to do to deliver our 2025 Ambition.



OUR PURPOSE

Namibia is our home, we drive her growth



MEASURING OUR STRATEGIC EXECUTION

We track the progress we make in executing our strategy through our strategic value drivers.



ORGANISING OUR BUSINESS

Our delivery model

We secure the inputs required to transform, grow, innovate and compete effectively.

We use these to deliver our target outcomes through our business activities for the benefit of all our stakeholders.



ALLOCATING OUR RESOURCES

Our resource allocation framework

We use a formal decision-making framework to allocate resources and to better deal with the volatility, uncertainty, complexity and ambiguity of the environment we operate in.



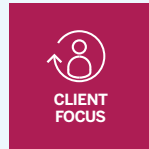
OUR ACCOUNTABILITY TO STAKEHOLDERS

Our approach to good governance promotes strategic decision-making that reconciles the interests of the group and society in our pursuit of sustainable shared value in the short, medium and long term.

Our governance framework supports ethical and effective leadership, corporate citizenship and sustainable organisation and societal outcomes.

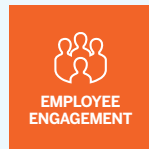


OUR VALUE CREATION OUTCOMES



VALUE FOR OUR CLIENTS

We provide consistently excellent client and partner experiences via an expanded range of innovative solutions.



VALUE FOR OUR PEOPLE

We ensure our people feel deeply connected to our purpose, and are empowered and recognised.



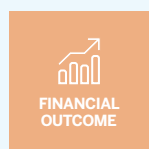
VALUE FOR OUR STAKEHOLDERS

We do the right business, the right way.



VALUE FOR THE GROUP

We use technology and data to better serve and protect our clients, reduce costs and scale our platforms.



VALUE FOR OUR SHAREHOLDERS

We allocate our resources diligently to deliver attractive shareholder returns.



VALUE FOR SOCIETY

We drive Namibia's growth by delivering shared value.

Our stakeholder priorities

Our stakeholders are the individuals, groups and organisations that materially affect or could be materially affected by our business activities, products, services and performance.



CLIENTS

Metrics to assess relationship

- Net promoter score (NPS) and client satisfaction index (CSI) surveys
- Client experience real-time measures
- App ratings
- Compliant processes
- Client growth and retention
- System outages.

Priorities and concerns

- Affordable and personalised solutions
- Reliability of digital channels
- Data security and cybersecurity
- Financial impact of Covid-19.

Our response

- Affordable, digital solutions
- Ongoing work to improve system stability and security
- Support for small- to medium-sized enterprises.



EMPLOYEES

Metrics to assess relationship

- Employee net promoter score (eNPS)
- Organisational alignment
- Engagement dimensions
- Workforce diversity
- Use of employee wellness services
- Engagements with trade unions
- Turnover data and exit interviews.

Priorities and concerns

- Health and wellness
- Staying connected in a virtual environment
- Skills development/re-skilling for digital age
- Diversity and inclusion

Our response

- Business continuity management to keep employees safe and healthy
- Regular communication from leadership
- Regular engagement forums within and across teams
- Regular communication about access to wellness support services
- Support to access vaccinations
- Support for skills development and career progression.



REGULATORS

including Bank of Namibia, Financial Intelligence Centre, NamRa, NAMFISA

Metrics to assess relationship

- Opportunities for engagement on policy, regulatory and operational issues (qualitative measure)
- Fines or penalties issued by regulator.

Priorities and concerns

- Conduct and financial inclusion
- Covid impact on credit and operational risk
- Cloud computing risk
- Cybersecurity and data security
- Exchange control
- Management of customer complaints
- Financial crime controls
- Digital currencies
- System stability
- Risks associated with platform business
- Climate and environmental risks and the role of banks

Our response

- Reporting on conduct metrics
- Fair customer outcomes metric in individual performance scorecards
- Collaboration with government departments to develop joint solutions to specific issues.



SHAREHOLDERS AND INVESTORS

Metrics to assess relationship

- Shareholder value created, including return on equity (ROE), earnings growth, net asset value growth and dividends
- Investor and other market participant feedback.

Priorities and concerns

- Competitiveness of the group's offering and ability to grow the franchise
- Access to appropriate skills and talent, and availability of specialised knowledge and skills
- Governance, ethics, market conduct and internal controls and associated reputational impact
- System stability and value creation from digitisation
- Revenue and credit trajectory post the pandemic and ability to deliver efficiency targets while investing in growth
- Approach to environmental and social policy development and implementation plans, and transparency on climate risks and exposures
- Sustainable finance solutions
- Reduce costs

Our response

- Engagements on environmental, social and governance (ESG) and climate issues
- Development of climate strategy and targets
- Reporting of investor issues to executives and board.



COMMUNITIES

Priorities and concerns

- Our role in driving economic recovery
- Social and environmental impacts of our business activities, particularly fossil fuel projects

Our response

- Active involvement addressing housing shortfall and in the development of alternative building material.

Our material matters

The issues that are material to our strategy are those that have a significant impact on our ability to create enterprise value in the short, medium and long term.

We have two important steps in determining our material matters. Firstly, we determine issues material to society. These are informed by the expectations and concerns of our stakeholders; the economic, social and environmental context in which we operate; and the risks and opportunities facing our business.

Secondly, the issues that are material to our strategy. These impact our ability to create and preserve value, and guard against value erosion and are determined as part of our enterprise risk assessment process.

How we determine issues material to society

While the issues material to society evolve over time, the broad themes remain relatively stable.

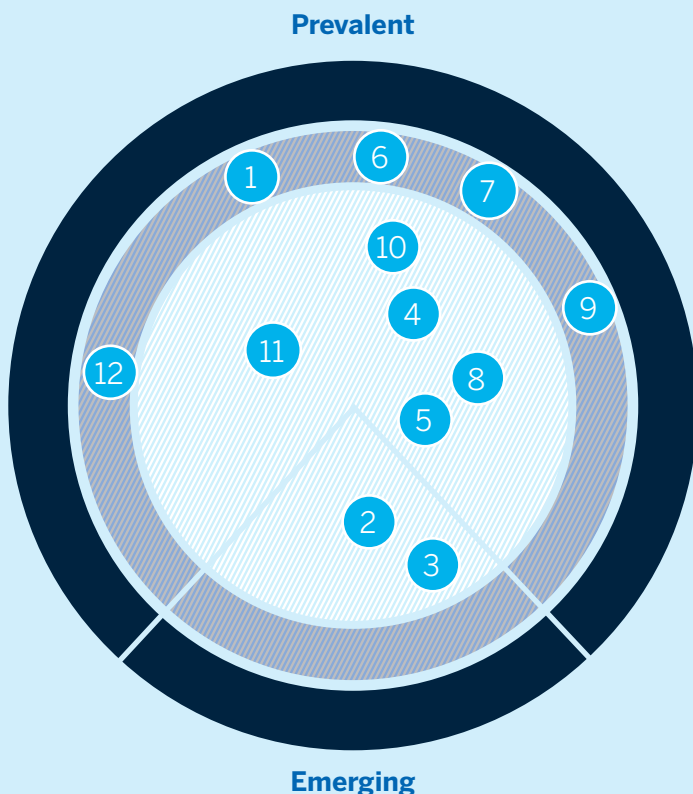
We undertake an in-depth assessment every two to three years to help us identify our key impacts and understand how they affect our stakeholders. An in-depth review including engagement with a number of diverse stakeholders, was undertaken in 2020, with updates in 2021.

How we determine issues material to strategy Our enterprise risk landscape

Our enterprise risks are the issues which could have a material impact on the ability of the group to achieve its strategic priorities. Our enterprise risks, or the issues material to strategy, are identified through a robust annual process that includes content gathering from internal and external sources, followed by detailed analysis and curation of the information, and then prioritisation. Management apply heightened focus to those risks identified as top enterprise risks. In addition, attention is also paid to the financial risks to which the group is exposed, i.e. credit risk, liquidity risk and market risk.

Top enterprise risks

Risks are assessed based on severity and likelihood, and are classified as prevalent or emerging risks.



TOP 12 MEDIUM-TERM ENTERPRISE RISKS

- 1 Fitness to execute our strategy (S)
- 2 Competitiveness of our customer value proposition (S)
- 3 Psychological effects of Covid-19 (NF)
- 4 Technology instability (NF)
- 5 Fraud via digital channels (NF)
- 6 Ability to manage large-scale changes (S)
- 7 Threat posed from major and emerging technology companies (S)
- 8 Resourcing for ESG risk management (NF)
- 9 Operational dependence on third parties (NF)
- 10 Technology and data skills scarcity and talent war (NF)
- 11 Regulatory constraints related to digital transformation (NF)
- 12 Ransomware attacks (NF)

Legend

- (S) Strategic risk
- (F) Financial risk
- (NF) Non-financial risk
- 2021
- 2022 - 2023
- 2024 - 2025

Our top enterprise risks

	Impact	Treatment
1 FITNESS TO EXECUTE STRATEGY		
Lack of appropriate infrastructure in the group may hinder the execution of the platform business strategy, delay or prevent the transformation of the way we operate and increase operating and governance costs. Infrastructure includes funding, organisational processes, technology and leadership and operating skills.	<ul style="list-style-type: none"> Duplicated functions and additional costs Misalignment of deliverables and agreed objectives Decision referrals and opportunity losses Repeat failures due to poor consequence management Impact of unrealised cost savings on a platform business Credibility loss due to failure to achieve the strategy. 	<ul style="list-style-type: none"> Workstreams and skilled teams appointed to manage the transformation of identified strategic transformation areas Transformation of non-digital leaders Review of decision-making processes and mandates Data collection and analysis of planned cost reduction.
2 COMPETITIVENESS OF OUR CUSTOMER VALUE PROPOSITION		
New customer solutions may offer a mediocre value proposition that is generic and easily substitutable due to poor research and development, resulting in loss of market share.	<ul style="list-style-type: none"> Loss of brand loyalty and client retention Loss of market share and revenue Costly innovation that does not yield anticipated outcomes Investor concerns about our sustainability. 	<ul style="list-style-type: none"> Propositions carefully tailored to support customer journeys Appointed Client Solutions and Innovation teams to design and scale competitive solutions for client needs.
3 PSYCHOLOGICAL EFFECTS OF COVID-19		
Employees, customers, third parties and other partners experience widespread post-pandemic stress that results in low productivity, misconduct, debt defaults and business closures.	<ul style="list-style-type: none"> Mental and physical health distress and fear of large gatherings or return to work Inability to perform work duties and related impact on employees taking up the slack Portfolio impact due to financial stress Increase in internal fraud and misconduct. 	<ul style="list-style-type: none"> Employee wellbeing initiatives Credit portfolio management.
4 TECHNOLOGY INSTABILITY		
Recurring unavailability of digital services erodes customer trust in the 'always on' promise that is core to the platform business value proposition.	<ul style="list-style-type: none"> Frustrated clients switch over to competitors Temporary loss of transaction volumes and revenue Reputation damage and reduced customer trust in our ability to operate a platform. 	<ul style="list-style-type: none"> Incident management IT landscape simplification IT resilience programme Improved business resilience capability.
5 FRAUD VIA DIGITAL CHANNELS		
Clients are defrauded by external parties on the digital channel we promoted as part of the digital strategy.	<ul style="list-style-type: none"> Customer loss as customer culpability is not covered and the lack of resolution options frustrates clients and customer-facing employees Negative perceptions circulate on social media Customer trust is impaired. 	<ul style="list-style-type: none"> Increase customer awareness on fraud scams and methods, and use of digital security Increase transaction monitoring to identify suspicious activity and minimise losses. To take swift action to limit and prevent losses.
6 ABILITY TO MANAGE LARGE-SCALE CHANGES		
Introducing new change initiatives before the completion, closure or realisation of benefits from previous change initiatives results in resistance to change, strained resources and poor delivery.	<ul style="list-style-type: none"> Overwhelmed employees contribute to poor service delivery and inflated costs Non-delivery of strategic initiatives results in opportunity losses and failure to achieve strategic objectives. 	<ul style="list-style-type: none"> Data collection and analysis of change initiatives Lessons learnt support future development Monitoring of external environment to ensure continued relevance of changes.

Impact

Treatment

7 THREAT POSED FROM MAJOR AND EMERGING TECHNOLOGY COMPANIES

<p>BigTechs and FinTechs offer efficient and affordable banking and other services through existing and familiar platforms. Competitors have limited regulations restricting their innovations. Incumbent banks are slower to market new solutions.</p>	<ul style="list-style-type: none"> • Inability to scale disruptive products on legacy systems • High number of market misses and innovation write-offs • Unrestrained by regulations, competitors' market innovative new products faster • Loss of customers to competitors. 	<ul style="list-style-type: none"> • Accelerated decommissioning of legacy systems • Innovation and Client Solutions teams building competitive solutions • Strategic partnerships to build a platform business • Participation in regulation development.
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8 RESOURCING FOR ESG RISK MANAGEMENT

<p>A lack of dedicated resources to lead the management of ESG risks combined with limited client data sources limits our ability to demonstrate our commitment to sustainable financing.</p>	<ul style="list-style-type: none"> • Slow development and implementation of ESG risk management processes • Client environmental and social requirement breaches not tracked and reported. 	<ul style="list-style-type: none"> • Increased board focus on ESG issues • Strengthening ESG risk management.
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9 OPERATIONAL DEPENDENCE ON THIRD PARTIES

<p>A number of third-party partners enable critical services to our customers which may result in the loss of internal process intellectual property or know-how. If the third-party is disrupted, the group might not have adequate internal skills or capacity to continue operating these critical services.</p>	<ul style="list-style-type: none"> • Limited internal capacity may cause lengthy disruption of payment or platform services • Unauthorised access and use of data may compromise the integrity of the group's data • Partners could leverage their position to exert undue influence during performance disputes. 	<ul style="list-style-type: none"> • Identify risk exposures and establish third-party management framework • Cross-skill employees as subject matter experts • Perform regular business continuity exercises and disaster recovery testing.
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10 TECHNOLOGY AND DATA SKILLS SCARCITY AND TALENT WAR

<p>Inability to attract and retain talent and the global shortage of future skills (IT engineering, data science, artificial intelligence (AI), robotics, quantum computing), may prevent the successful and timely delivery of strategic IT dependent initiatives and increase salary and consulting costs.</p>	<ul style="list-style-type: none"> • Talent shortage and sub-par recruitments may limit strategic transformation • Rising consultant costs to fill skills gaps • Employee costs may exceed market rate • Securing scarce skills may impact local employment metrics • Competition for skills leads to bidding wars and high employee turnover. 	<ul style="list-style-type: none"> • Aggressive recruitment and retention of scarce skills • Future-ready skills development • Extended notice periods for scarce skills • Increase focus on internal talent pipeline.
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11 REGULATORY CONSTRAINTS RELATED TO DIGITAL TRANSFORMATION

<p>Financial services innovation outpaces updates to regulatory frameworks, including that of suitable regulations for platform environments. Legacy regulations impede progress and allow unregulated competitors to progress faster.</p>	<ul style="list-style-type: none"> • Unsuitable/legacy regulations stifle innovation • Cross-border platform enablement is limited compared to that of traditional jurisdictional banking business • Regulatory processes can impede implementation of innovative solutions. • Non-regulated competitors and new entrants create competitive arbitrage. 	<ul style="list-style-type: none"> • Engagement with our regulators to share strategy and regulatory implications • Participate in regulatory initiatives • Proactive engagement with regulators.
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12 RANSOMWARE ATTACKS

<p>Criminals could implant the latest malware to infect the group's network and hold our systems and data hostage to disrupt critical customer services. This may also result in large scale data privacy breaches.</p>	<ul style="list-style-type: none"> • Loss of client and transaction data • Corrupted, inaccessible or unusable data • Disruptions of critical client services • Client information may be used to commit crime • Fines or penalties, reputation damage and loss of trust. 	<ul style="list-style-type: none"> • Maintain information asset register • Regular data back-ups on-site and off-site • Business continuity plans • Cyber insurance to enable quick access to services.
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Our strategy

We have restructured the group to be more efficient, innovative, competitive and sustainable, and have updated our strategic priorities to deliver our 2025 Ambition and achieve our financial targets, thereby enabling us to better fulfil our purpose.

Medium-term target summary (2025)

Our strategic priorities create the framework within which we work. Everything we do will further these three priorities and we have set targets against which we will track our progress.

Our purpose Namibia is our home, we drive her growth

OUR TARGETS



Translating 2025 Ambition into execution

HORIZON 1

Responding, recovering and re-imagining

SHORT TERM 2022

We are focused on **DEFENDING** and **GROWING** our franchises

We are focused on accelerating skills development in key areas to develop, attract and retain critical skills and drive platform-thinking

We are committed to doing the right business, the right way

Client solutions will deliver innovative, cost-effective solutions

Engineering supports our platform ambitions

Innovation will generate and incubate new solutions and business models

Execution requires capital reallocation

We are committed to making a positive impact

HORIZON 2

A truly human, truly digital group providing a comprehensive range of services

MEDIUM TERM 2022 – 2025

Each segment will maintain and protect their strengths, building new ecosystems in focused and clearly identified areas to meet the expanding needs of our clients.

We enhance our offering to our clients by facilitating partnerships with technology providers and undertaking acquisitions when appropriate, with a small, closely managed portfolio of strategic investments.

Our people are learning to think and act differently while developing new and more relevant skills.

We are committed to world-class governance and risk management, embedded in the way we do things.

We will deliver innovative, modular solutions that can be scaled.

We have the right infrastructure that provides the always on, always secure digital foundation to deliver our platform business ambition.

We will accelerate the pace of disciplined and successful innovation, promoting a culture of innovation across the group

We are focused on efficient investment, preserving the strong franchises we have and investing in capital-efficient, high-margin growth in fast-growing economies and segments where the return on investment is clear and attractive to deliver our 2025 financial targets.

We are committed to promoting sustainable and inclusive development, considering the environmental and social impacts of our decisions and actions very carefully, taking into account our stakeholder views and preferences.

We will continue to increase the transparency of our decision-making and enhance our ESG reporting.

HORIZON 3

Namibia's leading digital financial services business

LONG TERM 2025 ONWARD

Growth and scale

Efficiency and resilience

Legitimacy

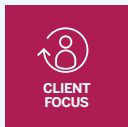
Our delivery model

Our business model enables us to manage our resources and relationships responsibly to deliver the best outcomes for all our stakeholders.

Our inputs

The resources and relationships we access and use to support the delivery of our strategic priorities.

TRANSFORM CLIENT EXPERIENCE



CLIENT FOCUS



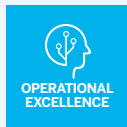
EMPLOYEE ENGAGEMENT



EXECUTE WITH EXCELLENCE



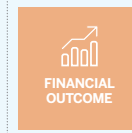
RISK AND CONDUCT



OPERATIONAL EXCELLENCE



DRIVE SUSTAINABLE GROWTH AND VALUE



FINANCIAL OUTCOME



SEE IMPACT

SRC

- Large, diverse and growing base of corporate and personal clients, with market leadership in key client segments
- Strategic partnerships that support the group in engaging with our clients, and in creating and distributing our client solutions.

HC

- Strong executive and leadership teams, with a leadership identity that defines the behaviours needed to achieve our strategy
- Deeply skilled and experienced people – the strongest financial services team on the continent
- A high-performance, client-centric and ethical culture strongly rooted in our purpose
- Significant investment in building a workforce equipped for the future, and in aligning our culture to support our 2025 Ambition.

IC

- Comprehensive, relevant, competitive and innovative banking, insurance and investment solutions complemented by non-traditional ancillary solutions
- Future-ready capabilities organised to serve our clients in an integrated, innovative and comprehensive way.

MC

- Fit-for-purpose branch network and points of presence
- Digital presence that allows us to engage our clients where they socialise, shop and do business.

SRC

- Deepening our strategic partnerships to enable our platform strategy, achieve better cost efficiency and create new revenue and distribution streams.

HC

- Strategies to equip our people with the mindset and skills required to be a digital platform organisation.

IC

- Digital capabilities focused on providing 'always on, always secure' services, which generate data-driven insights that help us deeply understand our clients, manage our business better and create opportunities to monetise our data assets
- Dedicated innovation capability enabling us to innovate more quickly and efficiently, drive a culture of innovation across the group, and to secure new revenue streams through disruptive business models.
- Mature governance and control systems, increasingly digitally enabled, support compliance with complex and rapidly changing legislation and regulation
- Commitment from the board to apply best practice governance standards in a way that reconciles the interests of the group, our stakeholders and society

MC

- Forward-looking, integrated and digital approach to managing non-financial risks, leveraging digital solutions to be a more responsive partner to business
- Values-driven conduct management system, informed by progressive ethics policies and inculcated through our code of ethics
- Structured to design and distribute solutions much more cost-effectively, through more channels, on a larger scale
- Modernised digital backbone, and increasingly simplified systems architecture, for better client and employee experiences and higher levels of efficiency
- Centralised capability focused on maintaining our physical infrastructure.

SRC

- Trust-based relationship with commercial, social and regulatory stakeholders.

HC

- Brand strength and legitimacy recognised
- Risk management model underpinned by a commitment to doing the right business the right way, firmly embedded in our risk appetite and culture of conscious risk-taking, with a focus on improving our management of emerging and non-traditional risks.
- Well-developed SEE strategy, with focus areas aligned to Namibia's wellbeing, benchmarked against global ESG frameworks and indices.

FC

- Large and well-balance portfolio underpinned by appropriate risk appetite mandate and strong risk management skills.

Key:

SRC Social and relationship capital

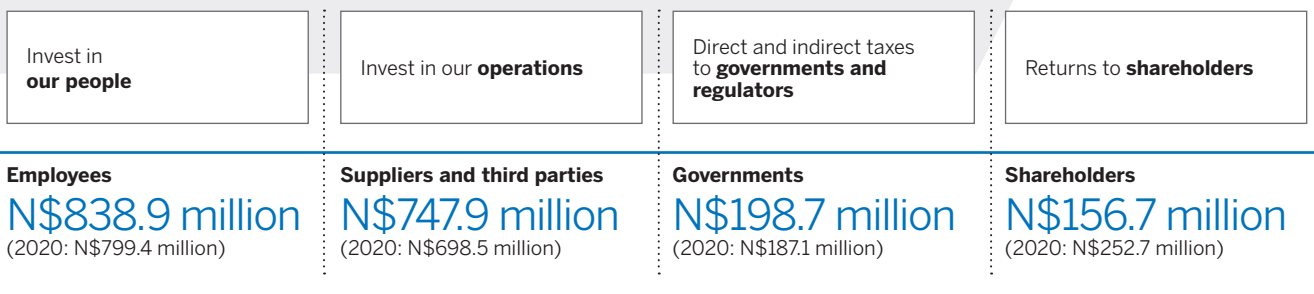
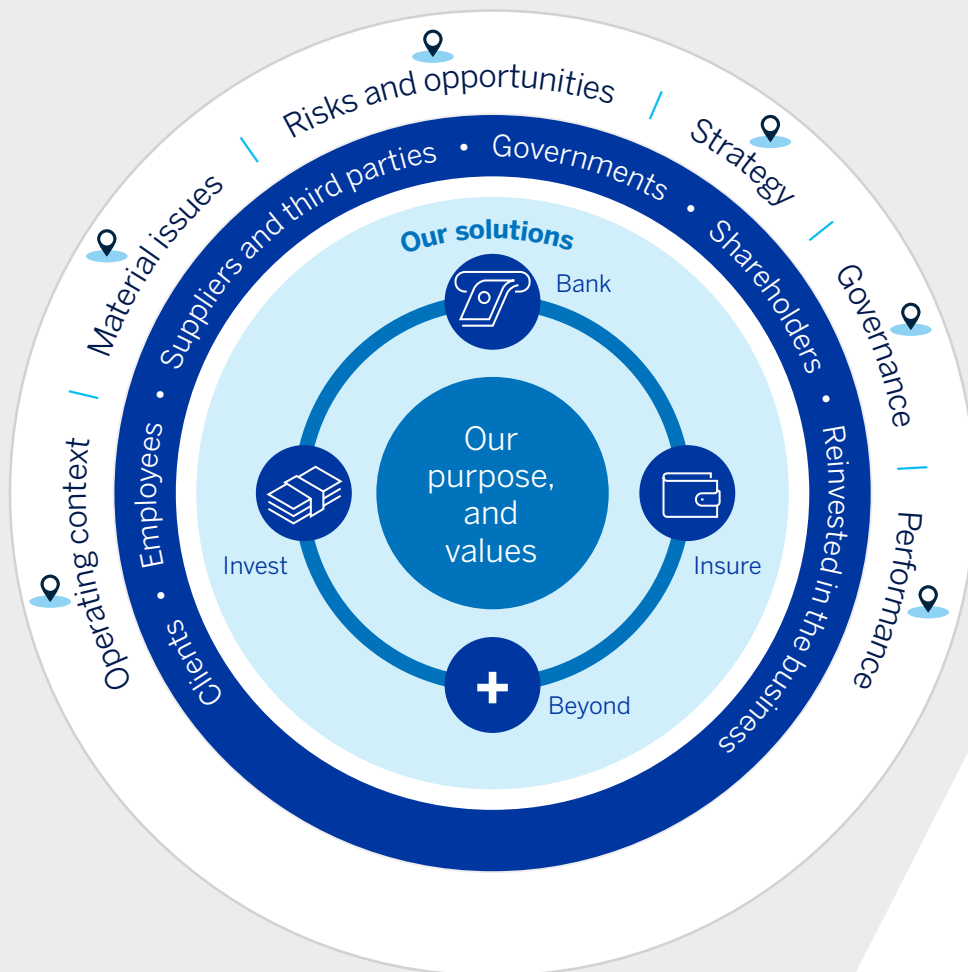
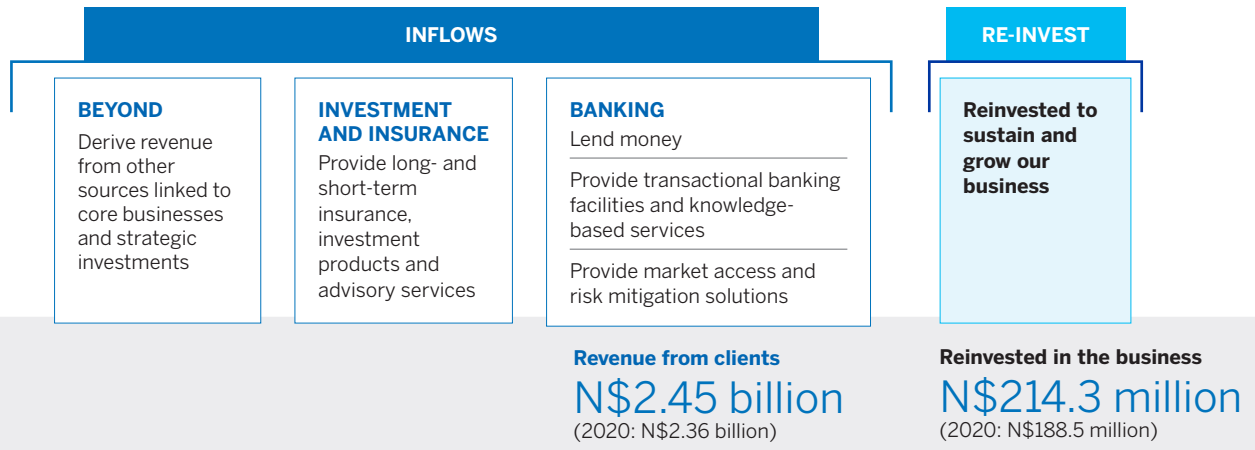
HC Human capital

MC Manufactured capital

IC Intellectual capital

FC Financial capital

OUR BUSINESS ACTIVITIES AND OUTPUTS – how we create value



OUTFLOWS

OUR VALUE CREATION OUTCOMES

Detailed information about our value creation outcomes is shown as our strategic progress, and is measured and tracked on the pages that follow.

Allocating our resources

We have finite resources – capital, funding, capabilities and expertise (people and partnerships) – which we allocate carefully using our resource allocation framework.

Our resource allocation framework

Designed to drive sustainable growth and value, our resource allocation process centres on addressing a specific client need. We then apply gated hurdle rates to assess the soundness of the investment required. If the investment meets these hurdles, targeted metrics ensure that our rates of return are achieved as the solution is implemented. Detailed scenario-based thinking, which allows us to anticipate and plan for volatility and complexity, frames the allocation process.



Led through the lens of client strategy

We invest to serve clients more efficiently, creating and distributing relevant, personalised and innovative solutions.



Supported by a prioritised investment portfolio

We are deliberately tilting our portfolio to grow the core banking franchise, grow capital efficient businesses, invest in high growth markets and scale new business models.



Resource allocation decisions subjected to gated hurdle rates

Our decision-making framework is aligned to our strategy. Resource allocation requests are subject to hurdle rates of return.



Allocation tested against risk appetite

We regularly review and amend our risk appetite across segments and solutions.



Progress measured against set targets

We develop, refine and track metrics that are easy to understand and measure, are actionable and aligned to our strategy.





Chairman's report

Herbert Maier
Chairman

2021 was another year during which we resolutely lived our purpose: 'Namibia is our home, we drive her growth'. This was achieved in an operating environment requiring exceptional endurance and resilience from our clients, our people and society more broadly. We have adapted to the new normal and seen signs of economic recovery and an improvement in our business in 2021. Our business continuity measures stood us in good stead, as evidenced by our strong capital and liquidity position which was supported by a growth in customer deposits as well as healthy growth in revenue driven by substantial growth in our loans and advances.

The operating environment

The operating environment is – in no uncertain terms – complex and challenging. It is rapidly evolving, not only technologically, but there are also numerous regulatory, legal, socio-political and environmental shifts like the heightened focus on climate change and long-term sustainability increasingly requiring our focus.

To ensure that we remain both relevant to our clients and compliant with evolving regulation and client expectation, we need to be able to grow in this evolving landscape by aligning with our operating environment and embrace these developments going forward.

The recovery of real GDP from the significant contraction last year, was initially forecast at 2.7% although this has subsequently been revised down to 1.5%. We remain encouraged and optimistic about the longer term outlook for economic growth, as there is increased economic activity in green shoots sectors, in particular mining, tourism, wholesale and retail trade.

Governance

Mercia Geises has led our business since 1 May 2021, when she took over from our former chief executive, Vetumbuavi Mungunda. On behalf of the board, allow me to thank Mercia and Vetumbuavi for a seamless transition and to wish Vetumbuavi well with his future endeavours. Mercia has reaffirmed our belief in her ability by delivering the key strategic priorities for 2021. We look forward to continuing to work closely with Mercia and rest of the management team as they execute the 2025 Ambition's strategic plan for 2022 and beyond.

Pindie Nyandoro retired from the board effective April 2021. I would like to thank Pindie for the enormous contribution she made during her 10-year tenure on the board.

“We are embracing the rapid changes in our environment and are making extensive use of new technology, digital capabilities and data to deliver on our purpose.”

FINAL DIVIDEND PER
ORDINARY SHARE

15 cents

2020: 14.00 cents

TOTAL CAPITAL
ADEQUACY RATIO

↑ 15.0%

2020: 14.7%

Living our purpose

We are embracing the rapid changes in our environment and are making extensive use of new technology, digital capabilities and data to deliver our purpose.

The pandemic fast-tracked the possibility for employees to work from home. Some welcomed this new arrangement and flourished, yet for others it was at times extremely difficult leading to adverse outcomes for their wellbeing. As we take on the challenge presented by changes in our environment and embed our 2025 Ambition by planning for our future ways of work, we have considered this range of experiences our employees had through the past two years. We will continue to enable our people to thrive in a more flexible work environment.

We completed all regulatory projects during 2021, after a long and arduous journey. In 2022, we will shift our focus to developing bank specific capabilities to enhance our processes and improve service delivery to our customers, thereby improving their experiences. We will respond more effectively to the changing customer expectations as we deliver more bespoke and relevant digital products and solutions, as we leverage key strategic partnerships.

In summary, while challenges will continue to arise, there are also many opportunities we can respond to effectively. As a group, we are committed to supporting Namibia, our customers, our colleagues, our shareholders and to driving their growth.

Going forward

Our people are the single most important driving-force behind the success of our business. On behalf of the board, I want to thank the entire team of people that make up the truly human element of the bank for ensuring continuity of excellent services to our clients and stakeholders in often difficult circumstances. Thank you for taking care of our customers and each other during these challenging times.

We also want to thank our customers for your continued support and look forward to partnering with you to enable you to realise your dreams during 2022.

A big thank you also goes to my fellow directors on the board for having persevered and supported the business through these challenges. Without your dedicated support and commitment, we would not have been in such a strong position after the challenges we have faced as a business since the start of the pandemic.

Finally, I would like to commend all our customers and stakeholders for their ongoing efforts and continuing to drive growth for Namibia despite all the economic challenges – it clearly points to and shows that “It Can Be™”.



Chief executive's review

Mercia Geises
Chief executive
director

Overview

In the year themed for Resilience, we took guidance from Judith Rodin's book, *The Resilience Dividend*, in which she draws on years of experience to offer inspiring insights into how we can prepare for the unexpected – and by doing so, make our communities stronger, be more prosperous and more connected.

Resilience, is the capacity of any entity – an individual, a community, an organisation or a natural system – to prepare for disruptions, to recover from shocks and stresses, adapt and grow through disruptive experiences. As you build resilience, you become better at preventing or mitigating stresses and shocks that you can identify and more able to respond to those that you cannot predict or avoid.

Resilience, therefore, helps us develop a greater capacity to bounce back from a crisis, learn from a crisis, and then to return to normal functioning after dealing with the related disruption. Resilience lets us create and take advantage of new opportunities in good times and bad – this is what Rodin refers to as the 'resilience dividend'.

In the twenty-first century, building resilience is one of the most critical socio-economic issues to address because we live in a world that is defined by disruption. Not a month goes by where there is not some sort of disturbance to the normal flow of life somewhere; be it a cyberattack, a new strain of virus, a structural failure, a natural disaster, a civil disturbance, an economic blow, or even a natural system threatened.

To be resilient is to be aware, adaptive, diverse, integrated and self-regulating. At SBN Holdings, we focused on delivering the key strategic priorities that unlock these characteristics and lay the foundation that sets us up in the medium term to realise the resilience dividend.

On that note, I am delighted to present my first review since stepping into the SBN Holding's CEO role in May 2021. My venture began in the midst of the Covid-19 pandemic: a time of significant challenge for the country and our industry. Yet, I am pleased to attest that I inherited a sound business with exceptional people. This is reflected in our second-half results which, despite dismal market conditions, are ahead of our interim results. The year under review

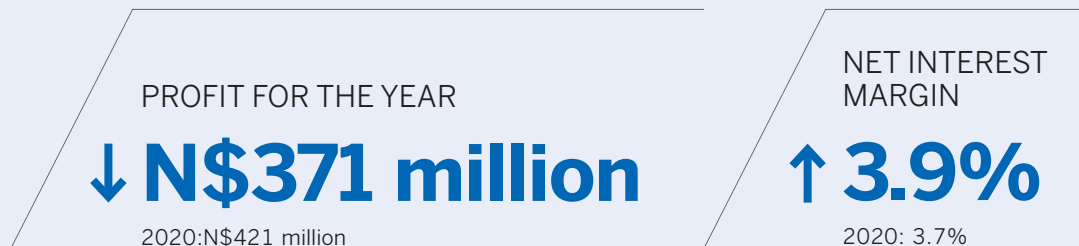
was a challenging year for Standard Bank Namibia Limited and SBN Holdings Limited. While profit after tax continues to show a decline after several years of strong pre-Covid growth, I am pleased that we are able to hold this to a moderate level and emerge from a difficult year in sound financial health with strong capital and liquidity positions.

Market context

Namibia has a small open economy with few fiscal buffers that makes it susceptible to external shocks. This was highlighted by the arrival of the Covid-19 pandemic and its unprecedented impact on the economic performance of the country in 2020 and 2021 respectively. Even though progress has been made, with pandemic dynamics improving both globally and domestically, the positive sentiments and economic recovery that had been envisioned at the start of 2021 has not yet come to fruition.

In the wake of a devastating third wave of infections during the first half of the year, coupled with lower-than-expected output in mining and general weak growth across most key sectors given the prolonged nature of the pandemic, the

“Resilience helps us develop greater capacity to bounce back from a crisis, learn from it, and return to normal functioning after disruption.”



Namibian economy will recover only moderately in 2021, with estimated GDP growth of 0.9%. Although the recovery fell short of initial forecasts, key leading indicators lead us to anticipate increasing consumer demand in the economy. Year to date trade and tourism activities have also shown signs of recovery, which should strengthen in the short term.

Despite the lingering effects of the pandemic and uncertainty in the growth outlook going forward, there was optimism that the domestic economy will experience a much-improved performance growth of 3.4% in 2022, driven by increased mining activities and base effect recoveries in primary and tertiary industries. Increased investments in ICT, logistics and energy generation are also expected to improve the productive capacity in the economy, leading to more positive growth prospects. The latest geopolitical tension adds to the uncertainty in the growth outlook but we are cautiously optimistic as a country we will see improved performance growth.

Performance highlights

Despite a decline in profit after tax of 11.9%, we delivered strong balance sheet growth. Our gross loans and advances to customers growth of 1.9% outpaced private sector extension growth of 1% in 2021. Deposits from customers grew by 10.6% while interest expense reduced by 26.7%. Non-interest revenue is up 1.4% year-on-year with net fees and commission income increasing by 6%, showing positive signs of increased economic activity. The 13.7% increase in impairments year-on-year is driven firstly, by the decline in the valuation of residential and commercial properties. Secondly, the prevailing circumstances delayed the effectiveness of our non-performing loan (NPL) recovery strategy but we have taken clear actions towards the end of 2021 to ensure a reduction in our NPL and credit loss ratio (CLR) in 2022. Initiatives are being reviewed and adjusted to address the increase and we firmly believe the renewed management agreed actions will

deliver the necessary results to limit increases. We remain focused on building an efficient business and we have accordingly contained our cost growth to 5.9%.

Despite the subdued profit performance we have made significant strategic progress in 2021, including the successful raise of N\$1.5 billion of funding on both the JSE and NSX debt capital market and onboarding of strategic partners to support the transformation of our business.

People and culture

Our people responded admirably by demonstrating personal resilience and a caring and supportive approach to both our colleagues, our clients, and our broader communities. They showed an agile and collaborative approach to work, which allowed us to reshape our business by delivering key signature projects and making the most of the opportunities that emerged. I am especially grateful to our employees who are unable to work from home for their efforts in ensuring business continuity and for being available for our clients. Under sometimes very difficult circumstances and with limited resources, they continued to be there, supporting our clients and helping to achieve our vision of always putting the client first.

Unfortunately, we were not spared from the devastating impact of Covid-19 and lost three of our colleagues who passed away during 2021. Our thoughts are with their friends and families. Long will they live in our memories because for many they were not only colleagues but also friends.

On countless occasions over the past year, I have witnessed behaviours we have identified in our strategy as being key elements of our culture: we are real and approachable, we make courageous decisions and take accountability, we can be trusted to do the right thing and that we always learn and build empowered teams.

As we continue to grow, it is important to strengthen our people and our leadership team. During the year, we filled a number of key executive management roles from our internal talent pool:

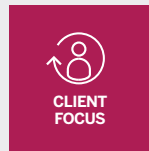
- We promoted Jules Baruani into the Head of Information Technology role
- Karen van der Merwe assumed the Head of Consumer and High Net Worth role
- Rejoice Itembu took up the Head Client Solutions role
- Adri Spangenberg filled the Head Business and Commercial Clients role.
- We recruited our Head of People and Culture, Vivian Kaposambo externally, and appointed Arlington Matenda as Chief Risk Officer from the audit profession.

I am pleased to have an extremely competent, experienced and diverse leadership team on board that is ready to deliver on 2025 Ambition.

Platform-based, Purpose-led

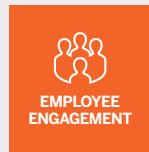
As we reacted and adapted to the pandemic, we took the opportunity to conduct a full review of the business and develop a 2025 strategy. The refreshed strategy, our 2025 Ambition, portrays our vision of putting the client at the centre of who we are and what we do, and shapes our focus in building a future-ready digital platform business.

Our strategy is focused on transforming the client experience by executing with excellence to achieve sustainable growth and value. These are the strategic priorities that underpin our 2025 Ambition. We use our value drivers to measure the successful delivery of our strategy.



VALUE FOR OUR CLIENTS

We provide consistently excellent client and partner experiences via an expanded range of innovative solutions.



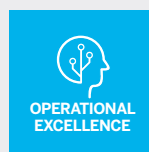
VALUE FOR OUR PEOPLE

We ensure our people feel deeply connected to our purpose, and are empowered and recognised.



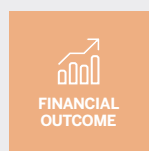
VALUE FOR OUR STAKEHOLDERS

We do the right business, the right way.



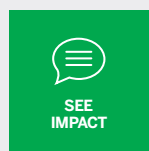
VALUE FOR THE GROUP

We use technology and data to better serve and protect our clients, reduce costs and scale our platforms.



VALUE FOR OUR SHAREHOLDERS

We allocate our resources diligently to deliver attractive shareholder returns.



VALUE FOR SOCIETY

We drive Namibia's growth by delivering shared value.

We have established strategic partnerships and will be using data to support the delivery of personalised solutions for our clients. We will focus on enhancing our digital offering and ensure that we optimise all channels available to reach our clients. In addition, we will support and deliver holistic solutions to the ecosystems we believe will bring growth to Namibia.

The successful delivery of any strategy is dependent on the people delivering that strategy. Given our future-ready focus, it is vital that we support our workforce through training, leadership and cultural initiatives to transform how we as an organisation think and execute.

Risk and conduct will always be front of mind when we execute our strategy. We must manage financial risks, ensuring we have the right metrics in place to monitor and ensure that we are doing the right business, the right way.

Our strategy also relies on the delivery of key projects to ensure we achieve operational excellence. Automation, better customer experience and simplification, stability and security are the themes for the signature projects we will be focusing on during 2022.

Looking forward

We have demonstrated our ability to adapt to a crisis, and we have emerged with a strong balance sheet which provides us with a solid basis on which to build.

The roll out of the vaccines presents us with an opportunity to put the worst of the pandemic behind us. My appeal to all Namibians is: get vaccinated.

Our outlook for 2022 was underpinned by the optimistic outlook for growth but we have replaced it with a more cautious outlook given the latest geopolitical developments and the potential impact it might have on the Namibian economy.

Our long-term outlook and priorities for 2025 are underpinned by being cautiously optimistic that economic activity will recover and exceed pre-Covid-19 levels.

Our strategy for the next four years has been crafted to ensure we will return to

Revenue growth of between 5% to 9%

Reducing our cost-to-income ratio to below 60%

Achieve a credit loss ratio of 70bps to 100 bps through-the-cycle

A return of equity of between 15% and 18% by 2025

The board recognises the importance of our role in ESG matters. We remain committed to delivering positive measurable improvements in the areas we have identified where we can have the most beneficial impact. We acknowledge the need to adopt a sustainability policy as a backdrop to our strategy to contribute to Africa's net carbon neutral goals.

Appreciation

2021 emphasised yet again that our people are the lifeblood of our business. I am enormously grateful to my colleagues for their outstanding diligence, resilience and care they showed to our customers and to each other during such testing times. As we venture into 2022 with you, our clients, colleagues and shareholders, we are optimistic about the future, we firmly believe...It can be.

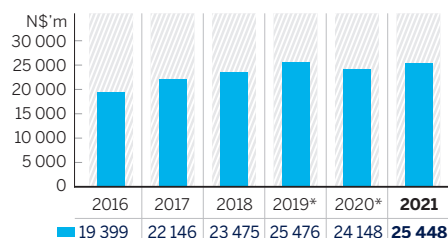


Financial review

Letitea du Plessis –
Chief financial officer

We have not shaken off the adverse impact of Covid-19 in our full year results, but we are positive about the change we have started to see towards the end of 2021. Growth in loans and advances, as well as the increase in deposits from customers give us a good base to build on in 2022.

NET LOANS AND ADVANCES

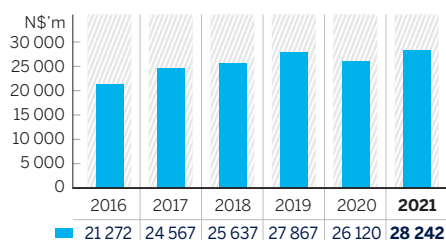


* The 2019 and 2020 figures were restated for the fair valuation of staff loans. Refer to the restatement narrative included in 'Accounting policy elections and restatements' section of the annual financial statements.

↑ **8.0%**

AVERAGE INTEREST EARNING ASSETS

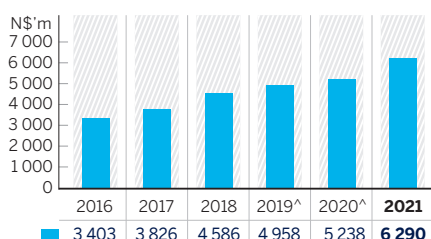
DEPOSITS FROM CUSTOMERS AND BANKS



↑ **8.9%**

AVERAGE INTEREST-BEARING LIABILITIES

TRADING AND PLEDGED ASSETS AND FINANCIAL INVESTMENTS

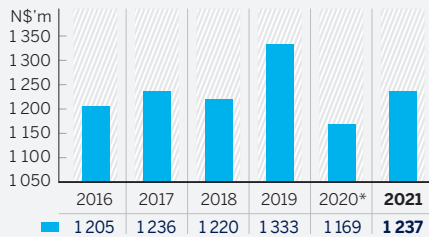


↑ **0.2%**

NET INTEREST MARGIN

^ The 2019 and 2020 figures were restated for the restatement of treasury bill assets. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section of the annual financial statements.

NET INTEREST INCOME



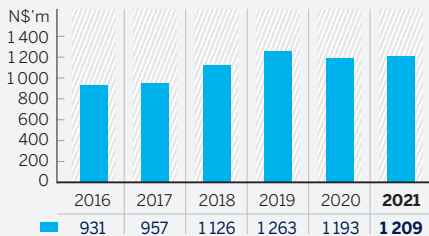
* The 2020 net interest income was restated for the restatement of the fair value of staff loans. Refer to restatement narrative included in the 'Accounting policy elections and restatements' section of the annual financial statements.

Net interest income increased

by 5.8% from N\$ 1.169 billion to N\$1.237 billion due to a focused approach on growing loans and advances and improvement of the net interest margin (NIM) from 3.7% to 3.9%. The approach to change the composition of the deposit and current accounts with customers, repricing of long-term funding and the lower interest rate environment, yielded interest expense savings of 26.7% year-on-year. Interest income reduced by 9.2% in the current low interest rate environment. The focused loans and advances growth cushioned the severity of the current low interest rate environment. Because of the focused lending approach, interest income only reduced with 9.2% in the current low interest rate environment.



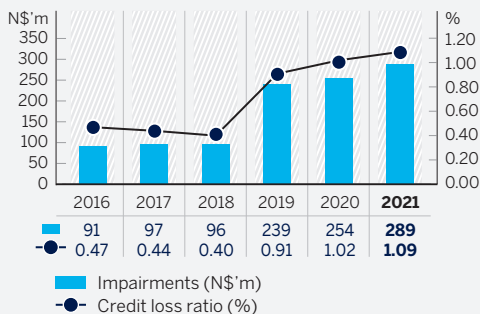
NON-INTEREST REVENUE



Non-interest revenue increased by 1.4% from N\$1 193 million to N\$1 209 million. Net fee and commission revenue increased by 6.0% while trading revenue increased by 14.4%. This is mainly attributable to the increase in economic activity we have started to see towards the end of 2021. Other gains and losses reduced by 36.3% year-on-year due the reduced interest rate environment.



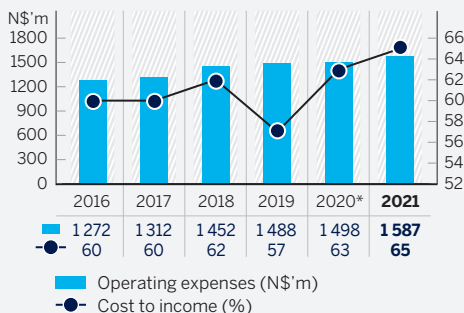
CREDIT IMPAIRMENT CHARGES



Credit impairment charges increased by 13.7% from N\$254 million to N\$289 million. The credit loss ratio (CLR) increased from 1.02% to 1.09%. As already indicated by our chief executive, the reduction in valuations of collateral and the delayed effectiveness of our recovery strategy on a few names as well as the portfolio caused the increase of impairments.



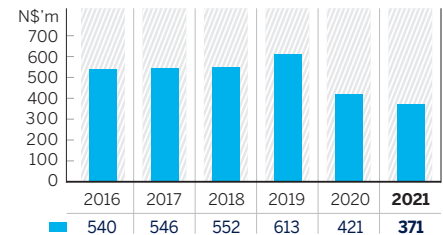
OPERATING EXPENSES



Operating expenses increased by 5.9%. Adjusting for the voluntary separation package that was taken up by qualifying staff, staff costs would have only increased by 1.9%. Other operating expenses increased by 7.1% mainly due to the implementation of the SA group's change in operating model. Service level agreements (SLA) are in the process of being formalised between Standard Bank South Africa and all subsidiaries within the Standard Bank Group for intra-group service management. The SLAs are compliant with the transfer pricing framework. Although the initial cost impact is significant, the change in the operating model gives us autonomy and the opportunity to simplify our IT architecture to make it locally relevant, agile and future-ready.

* The 2020 operating expenses were restated for the restatement of the fair value of staff loans. Refer to restatement narrative included in the 'Accounting policy elections and restatements' section of the annual financial statements.

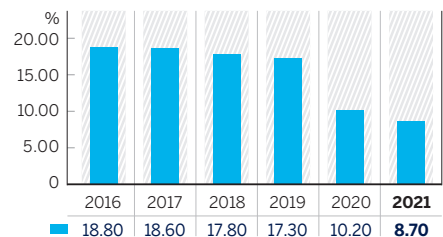
PROFIT AFTER TAX



Profit after tax declined by 11.9% while profit before tax declined by only 6.3%. There was a significant deferred tax release resulting in the effective direct taxation rate increasing from 27.1% to 29.5%.

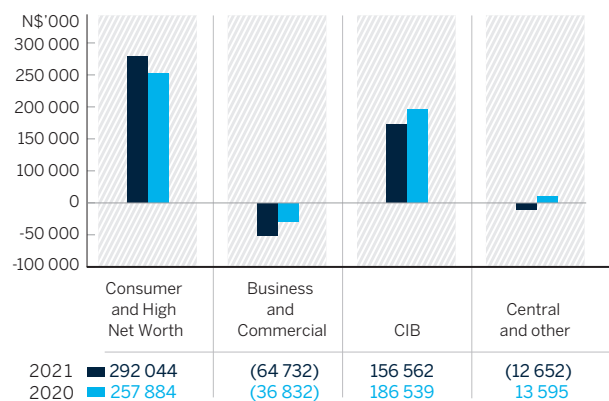


RETURN ON EQUITY



The reduction in ROE from 10.2% to 8.7% is driven by reduced profit after tax for 2021. We have crafted our strategy to improve our ROE to between 15% and 18% by 2025.

PROFIT FOR THE YEAR



Consumer and High Net Worth (CHNW)

This segment of our business was very resilient and reported growth in profit for the year of 13.2%. NII did decline by 2.6% because of the reduced interest rate environment but the segment have grown their NIR by 1.7%. Impairments reduced by 8.1% and expenses grew by 6.4%.

Business and Commercial (BCC)

Although transactional volumes are not where they were before Covid-19, this part of our business managed to grow NIR by 16.6% by having a focused approach on certain revenue lines. Total income before impairments grew by 5.9%. The strong growth was unfortunately negatively impacted by the 60.3% growth in impairments but the team has a focused approach on reducing this significantly going forward.

Corporate and Investment Banking (CIB)

CIB's profit for the year declined by 16.1% year on year. The main attributable factors were the repo-rate reductions as well as the low demand for credit by clients.

INCOME STATEMENT

for the year ended 31 December 2021

	Change %	2021 N\$'000	2020 Restated ¹ N\$'000
Net interest income	5.8	1 236 682	1 169 040
Non-interest revenue	1.4	1 208 806	1 192 672
Net fee and commission revenue	6.0	900 347	849 264
Trading revenue	14.4	113 935	99 561
Other revenue	0.9	106 383	105 443
Other gains and losses on financial instruments	(36.3)	88 141	138 404
Total income	3.5	2 445 488	2 361 712
Credit impairments	13.7	(288 751)	(253 910)
Income before operating expenses	2.3	2 156 737	2 107 802
Operating expenses	5.9	(1 586 804)	(1 497 868)
Staff costs	4.9	(838 915)	(799 415)
Other operating expenses	7.1	(747 889)	(698 453)
Net income before equity accounted earnings	(6.6)	569 933	609 934
Share of profit from equity accounted investments	(100.0)		(1 604)
Net income before tax	(6.3)	569 933	608 330
Taxation (indirect and direct)	6.2	(198 711)	(187 144)
Profit after tax	(11.9)	371 222	421 186

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for details of restatements on fair value adjustments on staff loans.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Change %	2021 N\$'000	2020 Restated ¹ N\$'000
Assets			
Cash and balances with central banks	43.7	1 488 497	1 035 972
Trading and pledges assets and financial investments	20.1	6 290 130	5 238 171
Loans and advances to banks	45.6	3 258 881	2 238 427
Loans and advances to customers	1.9	22 188 827	21 909 964
Other assets	(11.6)	2 135 444	2 415 835
Total assets	7.7	35 361 779	32 838 369
Liabilities			
Deposits from banks	(22.7)	1 475 255	1 909 497
Deposits from customers	10.6	26 766 826	24 210 318
Debt securities	21.0	1 961 123	1 620 305
Other liabilities	(16.8)	763 764	917 705
Total liabilities	8.1	30 966 968	28 657 825
Equity			
	5.1	4 394 811	4 180 544
Total equity and liabilities	7.7	35 361 779	32 838 369

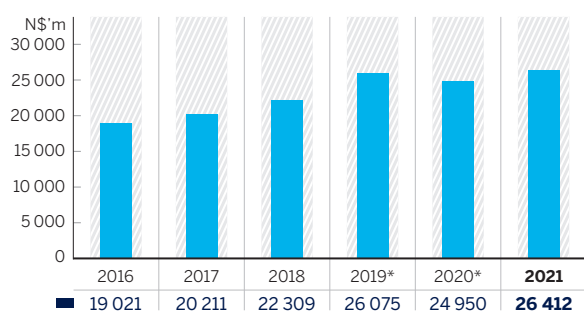
¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities, fair value adjustments to staff loans and the offsetting of deferred tax assets and deferred tax liabilities.

LOANS AND ADVANCES

	Change %	2021 N\$'000	2020 Restated ¹ N\$'000
Loans and advances			
BCC and CNHW	4.8	19 222 924	18 350 744
Home services	1.6	12 783 843	12 583 245
Vehicle and asset finance	13.5	3 177 030	2 799 172
Card and payments	(10.7)	142 026	158 960
Other loans and advances	11.1	3 120 025	2 809 367
CIB	(9.9)	3 930 100	4 360 510
Corporate lending	(6.3)	3 332 015	3 555 265
Sovereign lending	(25.7)	598 085	805 245
Gross loans and advances to customers	1.9	23 153 024	22 711 254
Banks	45.6	3 258 881	2 238 427
Gross loans and advances	5.9	26 411 905	24 949 681
Credit impairments on loans and advances	20.3	(964 197)	(801 290)
Net loans and advances	5.4	25 447 708	24 148 391

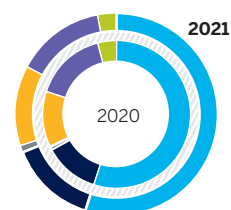
¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities.

GROSS LOANS AND ADVANCES TO CUSTOMERS



* Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities.

COMPOSITION OF LOANS AND ADVANCES TO CUSTOMERS (%)



	2021	2020*
Home services	55	55
Vehicle and asset finance	14	12
Card and payments	1	1
Other loans and advances	13	12
Corporate lending	14	16
Sovereign lending	3	4

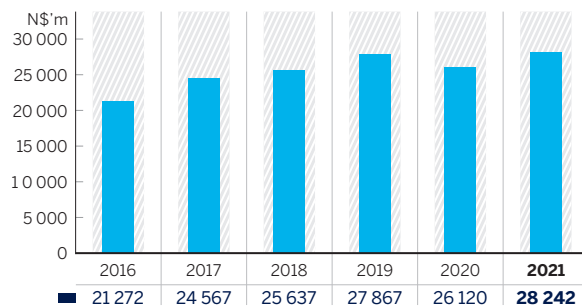
Commentary

Gross loans and advances to customers grew by 1.9% year on year with the strongest growth in vehicle and asset finance at 13.5%. The decline in sovereign lending was due to the settlement of a sizeable, structured repayment obligation. During 2020 the group provided Covid-19 relief to the value of N\$1.7 billion however as at the end of October 2021, all Covid-19 relief has expired and 86% of clients who received credit relief returned to normal repayment arrangements.

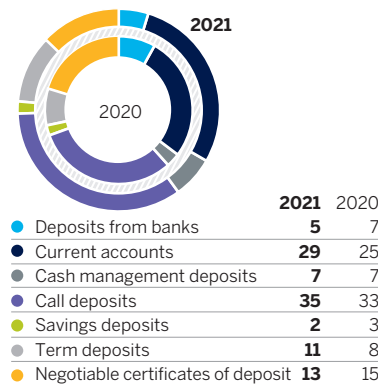
FUNDING AND LIQUIDITY

	Change %	2021 N\$'000	2020 N\$'000
Deposits from banks	(22.7)	1 475 255	1 909 497
Deposits from customers	10.6	26 766 825	24 210 318
Current accounts	24.9	8 219 241	6 581 100
Cash management deposits	5.9	1 952 698	1 844 435
Card creditors	(2.7)	26 036	26 746
Call deposits	2.9	9 292 020	9 026 868
Savings deposits	1.7	685 495	674 335
Term deposits	45.1	2 976 236	2 051 344
Negotiable certificates of deposit	(9.7)	3 615 099	4 005 490
Deposits from customers and banks	8.1	28 242 080	26 119 815
Debt securities	21.0	1 961 123	1 620 305
Total funding	8.9	30 203 203	27 740 120

DEPOSITS FROM CUSTOMERS AND BANKS



COMPOSITION OF DEPOSITS FROM CUSTOMERS AND BANKS (%)



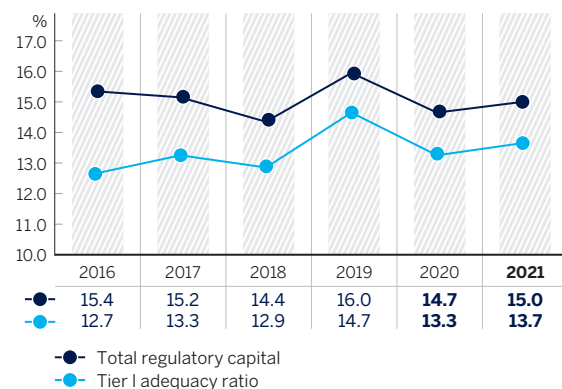
Deposits from customers increased by 10.6% from N\$24.2 billion to N\$26.8 billion in 2021. The strongest growth was recorded in term deposits increasing by 45.1% followed by current accounts growing by 24.9% year on year. The concentration level of Negotiable Certificates of Deposits (NCD) continued to reduce from 20% in 2019; 15% in 2020 to 13% in 2021. The reduced reliance on NCDs helped to reduce the negative impact of the significant reduction in interest rates. Standard Bank Namibia Ltd successfully raised an equivalent of N\$1.5 billion of funding in the debt capital markets in 2021, for refinancing of N\$1.3 billion worth of maturing bonds (2021: 81% of SBN bond portfolio) and to support general business growth.

The group's liquidity position remained strong and within approved risk appetite and tolerance limits.

Capital management

The group maintained strong capital adequacy ratios with total regulatory capital at 15.0% (2020: 14.7%) and total tier 1 capital at 13.7% (2020: 13.3%). The group manages its capital levels to support business growth, maintain deposits and creditor confidence, and create value for shareholders while ensuring regulatory compliance. Total regulatory capital reduced because Tier 2 capital reduced by N\$36 million (5%) following additional transfers from the general loan loss reserves to the statutory credit risk reserve (additional to IFRS (Specific impairment provisions) to comply with BID-2 and BID-33 and does not qualify as eligible capital. The contributed mainly to the overall decrease in total capital of N\$26 million.

CAPITAL ADEQUACY RATIOS



Our SEE impact

SEE REFLECTIONS ACHIEVED IN 2021

Introduction

SBN Holding's social, economic and environmental (SEE) initiatives are set out to be an integral part of our involvement in our communities with compassion and that compassion means serving to make a difference. We serve when we identify a need by contributing to the improvement and upliftment of the socioeconomic circumstances of the communities in which we operate. These contributes positively to the morale of our people which demonstrates that we are locally relevant and responsive to social and economic imperatives. SEE is a nucleus of how we do business. The information captured below is a summary of the SEE impacts of SBN Holdings in 2021.

OUR APPROACH TO SEE

We have revised our SEE strategy to ensure that it fully aligns to SBN Holdings' strategic direction and contributes to the development of the communities in our target market. We pledge 1% of our net profit after tax to SEE initiatives, four times the Namibian Financial Sector Charter requirement. Our SEE investments initiatives are approved by the Board's corporate social investment subcommittee.

The focus areas of SBN Holdings SEE strategy are:



FINANCIAL INCLUSION

Financial Inclusion

This is aligned to our core business and serves to extend financial services to the broader nation as possible. With over 86% of small and medium enterprises (SME's) in Namibia not being successful, it is evident that non-financial business to develop support is necessary to assist these businesses in order to manage the many challenges they face. SBN Holdings partnered with organizations and vocational training institutions that provide non-financial business development support through financial literacy programmes, business knowledge toolkits and trade toolkits.



EDUCATION

Education

Education is one of the key catalysts to develop human resource capabilities and skills that are responsible for the development of the country and the growth of its economy. We align ourselves to the national strategic ideals of the country, including a highly educated and competent human resource base, capable of industrializing the country in the next decade or beyond. Education is one of the four core pillars of our CSI. It receives high priority and prominence in the CSI budget as underlined by the types of initiatives we are involved in.

We have been involved in key education initiatives, namely the Standard Bank Bursary and Graduate programme, Standard Bank employee's student financial assistance/bursary program. In partnerships with the Ministry of Education, Arts and Culture, we have the secondary Academic excellence awards and FAWENA programme/initiatives. FAWENA support to under privileged secondary school children. It is a Forum for African Women Educationalists in Namibia (FAWENA) geared towards advancing education in the country. We currently sponsor hostel fees and stationery for children from disadvantaged backgrounds in secondary school.

Besides the above, we have been involved in a school programme where we renovate or build hostels, dining areas. SBN Holdings' focus is to develop partnerships that drive access to quality education for orphans and vulnerable children, as well as deserving students in need.



ENVIRONMENTAL ISSUES

Environmental issues

As a new focus area of SBN Holdings' SEE strategy, we engaged the Ministry of Environment and Tourism and agreed to focus our support on the protection of wildlife.



HEALTH

Health, wellness and poverty alleviation

SBN Holdings efforts are aimed at creating meaningful and lasting benefits for communities. To this end, we contribute to programmes that tackle impediments to socioeconomic development such as housing shortages, access to healthcare and poverty in marginalized communities.

Total SEE spend
for 2021

N\$7.6 million



OUR FLAGSHIP PROGRAMME FOR 2021



Buy-a-Brick Initiative

The Buy-a-Brick Initiative continue to be our flagship of SEE programme.

The Buy-a-Brick is the beginning of hope to more than 500 000 Namibians living in informal settlements. The initiative mobilized private sector and members of the public to raise funds for the construction of affordable houses for the shack dwelling communities across the country. Standard Bank Namibia has launched Buy-A-Brick footprint socks customized with bricks and homes, so that the corporates and community can purchase a pair and that shows a form of supporting the initiative. For every pair of socks purchased you leave a positive footprint to a family in need of a decent home. Our flagship Buy-a-Brick project commenced in 2015 and has so far enabled the construction of over 600 houses in 13 towns, villages and settlements across the country. The Buy-a-Brick project is managed in conjunction with the Shack Dwellers Federation of Namibia, the lead welfare organisation in constructing affordable houses for its members. Of special focus in 2021, the Buy-a-Brick Initiative raised funds to build 46 houses across Namibia.

OTHER KEY INITIATIVES UNDER OUR SEE PILLARS:



EDUCATION PILLAR

Brighter Day Initiative

It is an initiative under our community day pillar targeting psychologically support learners in schools, teachers and their parents to tackle emotional challenges, promote mental wellness that will help them cope with post Covid-19 and adjust to life back in school. It is an initiative that Standard Bank initiated as part of the Covid-19 circumstances in partnership with a group of volunteer Counsellors, and in support of the Ministry of Education's efforts. There was/is a need to create a platform and accessibility for the Counsellors to the regions to engage and restore hope amongst the learners, teachers and parents in the regions. The first phase of the roadshow was in the Southern region of Namibia and reach five towns. 853 learners benefitted from this and the initiative was well received and created a great positive impact in terms of restoring hope amongst the learners and teachers.





EDUCATION PILLAR

FAWENA

Programme for Grade 8 – 12 in partnership with the Ministry of Education through the Forum for African Women Educationalists in Namibia FAWENA for kids (disadvantaged backgrounds) in all 14 regions. These mutual partnerships are geared towards advancing education in the country. Sponsorship goes towards hostel fees, toiletries and stationery. Since inception in **2014 a tune of N\$5 798 000** was donated and about **1 070 learners** benefited from this program. **In 2021, 70 girls** benefitting from this donation.

Stationery Drive

It is an initiative geared towards donating stationery to schools and special welcome stationery packs for grade 1's. **8 schools benefited from this initiative and about 2 300 learners in 5 different towns** namely Okakarara, Otjiwarongo, Outjo, Tsumkwe and Grootfontein.

Academic Excellence

In partnership with Ministry of Education since 2011 – awarding program for Grade 10 & 12 learners – catering for top academic performing learners and schools from all regions. Since inception 1 008 learners benefited from this partnership and in 2021, we donated N\$204 000 to Grade 12's top learners. The value of the reward was given as cash to some top performing learners and to others it was rewarded towards their registration fees and laptops for their tertiary education journey.

Financial literacy initiative

Standard Bank has been a platform partner and benefactor of the Financial Literacy Initiative (FLI) since 2013. In 2021, we contributed N\$200 000 to the FLI to strengthen its work and operation in the area of financial literacy training, financial literacy research as well as monitoring and evaluating the efficiency of its projects.



COMMUNITY UPLIFTMENT PILLAR

Standard Bank Hockey Development Program:

Re-launching the Standard Bank Hockey development program with focus on talent in rural areas across Namibia. In 2021 over 500 kids from Gobabis, Mariental, Katutura, Khomasdal and Okahandja schools participated in the initiative. In November 2021 a national festival took place in Windhoek to wrap up the first year whereby an All-Star team from each town was selected to compete in the festival. There were so much joy on the faces of these learners.



Tsumkwe Integrated Food System Project:

Standard Bank in partnership with the African Group Heads of Mission went into a strategic partnership that contributes to sustainable food system in Namibia. The 2021 project was successfully implemented in Tsumkwe East and Tsumkwe West. The Tsumkwe integrated Community food system projects aim at engaging local community in tackling malnutrition by adopting best practices as well as stimulate local markets and economy by producing healthy foods. There are about 5 000 inhabitants living in Tsumkwe.



HEALTH PILLAR

Project 9682- You are more than a number:

Standard Bank, in partnership with MVA Fund, launched Project 9682 - you are more than a number project. This project will give Katutura Hospital Emergency Unit a facelift. The project was launched in 2021 and will be completed in 2022. The project icon incorporates the 'helping hand' from the MVA Fund's logo, combined with Standard Bank's shield, which symbolizes care and protection. Together, and through Project 9682, the two institutions are extending a helping hand and simultaneously uplifting communities in need with their collective commitment to provide care and assistance. The project was officially unveiled by Honourable Minister of Health and Social Services, Dr. Kalumbi Shangula together with the chief executive of Standard Bank, Mercia Geises and chief executive officer

of MVA Fund, Rosalia Martins-Hausiku at Katutura State Hospital on Tuesday, 27 April 2021. The 50-50 partnership by the two institutions strongly signifies how public-private partnerships are well aligned to assist Government in maintaining high-quality medical infrastructure and quality health care for all Namibians. The project will not only provide the best medical care within the public health sector but will go a long way in having a lasting and sustainable impact on the community. The latest upgrade and renovation will include a new resuscitation room with eight (8) beds, including oxygen/electrical supply at each bed, converting the existing resuscitation room into a paediatric unit, extending the gynaecologist examination room, converting storage space into consultation rooms as well as installing a new air conditioning system, amongst others.

DONATION OF OXYGEN during Covid-19 epic time and food hampers to fire victims.

The State hospitals and Covid-19 community health centre experienced a shortage of oxygen and Standard Bank donated Oxygen tanks to three communities that were identified as epic areas namely Katutura State hospital, Rehoboth community health centre and Otjiwarongo Health centre. The value of the Oxygen tanks was N\$463 000.

Standard Bank donated food parcels, immune boosters, basic medication packs, blankets and bathing buckets to 20 families in the informal community who were fire victims during the epic time of Covid-19. They were left homeless. The Donation was done through the office of the Erongo Governor.

HOPE VILLAGE

The Hope village has been a beneficiary of Standard Bank's CSI programme since 2006. Standard Bank's investment of N\$50 000 in 2020 was used to support the Standard Bank House at the village. The Standard Bank House accommodates girl children who are completing the Grade 12 secondary schooling at various schools in Windhoek.

The village consists of a clinic, four vegetable gardens and a library. Children are referred to Hope Village by child protection services, a hospital or social worker. In 2021 Standard Bank renovated the girl house and provided upgraded furniture besides the annual financial support.

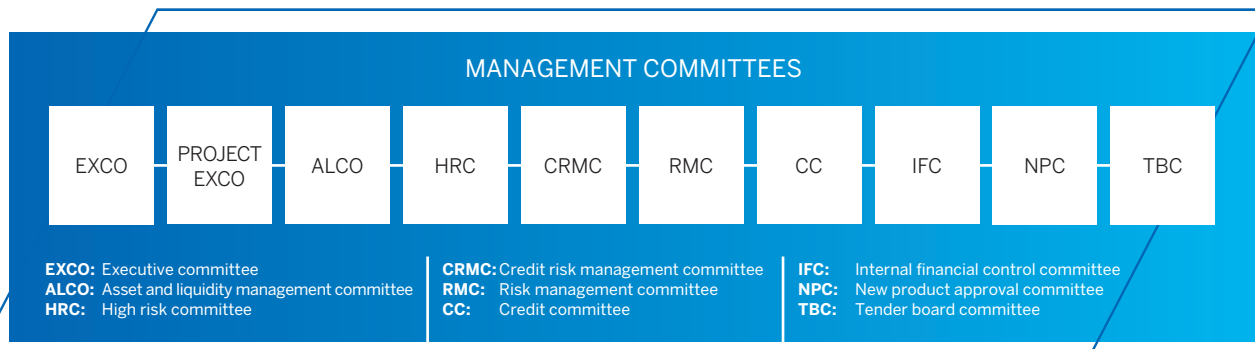
Corporate governance report

The board operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and preserving shareholder value.

The group’s governance framework enables the board to balance its role of providing risk oversight and strategic counsel and ensuring adherence to regulatory requirements and risk tolerance. The board is committed to upholding the fundamental tenets of governance, which include discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all stakeholders.

The board’s approach to governance is to embrace relevant local and international best practice. The principles of the Namcode inform the governance framework and practices of the group and its subsidiaries.

SBN Holdings board



Governance framework

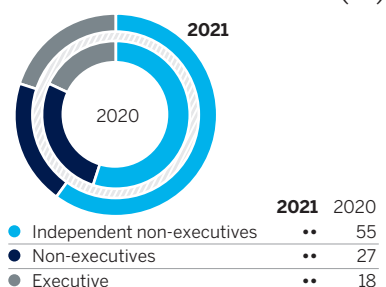
Codes, regulations and compliance

Complying with all applicable legislation, regulations, standards and codes is integral to the group’s culture. The board delegates responsibility for compliance to management and monitors this through the compliance function. Oversight of compliance risk management is delegated to the audit committee, which reviews and approves the compliance mandate submitted by the head of compliance, who reports on a quarterly basis on, among others, the status of compliance risk management in the group, significant areas of non-compliance, as well as feedback on interactions with regulators. The compliance function, as well as the compliance policy and governance standards are subject to review and audit by the internal audit function. Material regulatory issues are escalated to the board risk committee.

Board and directors

The board of directors is the group’s highest decision-making body and is ultimately responsible for governance. The group has a unitary board structure, and the roles of chairman and chief executive are separate. The chairman is an independent non-executive director, as are the majority of directors on the board. The split of executive, non-executive and independent directors ensure a balance of power on the board, so that no individual or group can dominate board processes or decision-making and ensures the appropriate level of challenge.

DIRECTOR COMPOSITION (%)



Independent non-executive directors

The board annually reviews and confirms the classification of non-executive directors as independent. Six non-executive directors are independent.

Succession planning

Succession planning is a key focus, and the board considers the composition of the board and its committees on an ongoing basis. It aims to retain board members with considerable experience to ensure that appropriate levels of management oversight are maintained. The board is satisfied that the current talent pool available within the group and the work being done to strengthen it provides adequate succession depth over the short and long term.

The board is also satisfied that there is a clearly articulated talent strategy which focuses on creating a strong talent pool for key roles, and that the group is building capability on core areas to enable business strategy and ensure regulatory compliance. The board is further pleased to note that the employee value proposition (EVP) has now been implemented.

Skills, knowledge, experience and attributes of directors

The board ensures that directors possess the skills, knowledge and experience to fulfil their duties. The directors bring a balanced mix of attributes to the board, including:

- domestic and international experience
- operational experience
- understanding of macroeconomic and microeconomic factors affecting the group
- financial, legal, entrepreneurial and banking skills
- expertise in risk management and internal financial control.

The board regularly considers board members individually and collectively to ensure the board remains strategically, demographically and operationally appropriate.

Access to information and resources

Executive management and the board interact regularly. This is encouraged and the executive committee attends all board meetings. Directors have unrestricted access to management and company information, as well as the resources to carry out their roles and responsibilities. This includes external legal advice at the group's expense.

Strategy

The board is responsible for determining the group's strategic direction. Management presents the group's strategy annually and discusses and agrees it with the board. The board ensures the strategy is aligned with the group's values, performance and sustainability objectives, and addresses the associated risks.

Financial performance is monitored through quarterly management reports. In line with banking regulations, the board agrees the group's corporate governance and risk management objectives for the year ahead. The board and the relevant risk committees monitor performance against governance and risk objectives respectively.

Board responsibilities

The general powers of the directors are set out in the group's articles of association. They have further unspecified powers and authority, in respect of matters, which may be exercised and dealt with by the group, which are not expressly reserved for the members of the group in general meeting. The main responsibilities of the board as set out in the board mandate are as follows:

- approval of the strategic plan and the annual business plan, the setting of objectives and the review of key risks and performance areas
- monitoring the implementation of board plans and strategies against a background of economic, environmental and social issues relevant to the group and international political and economic conditions, as well as the mitigation of risks by management
- appointment of the chief executive and maintenance of a succession plan
- appointment of directors, subject to election by the members in general meeting
- determination of overall policies and processes to ensure the integrity of the group's management of risk and internal control.

Delegation of authority

The board retains effective control through a well-developed governance structure that provides a framework for delegation. Board committees facilitate the discharge of board responsibilities and provide in-depth focus on specific areas. The board reviews the mandate of each committee at least annually.

The board delegates authority to the chief executive and executive directors to manage the business and affairs of the group. The executive committee assists the chief executive when the board is not in session, subject to statutory parameters and the board's limits on the delegation of authority to the chief executive. The company secretary monitors board-delegated authorities.

Board meetings

The board meets once per quarter. Ad hoc meetings are held when necessary.

BOARD ATTENDANCE 2021

	4 March 2021	29 April 2021	1 July 2021	24 August 2021	29 Nov 2021
	Q1 Board	Q2 Board	Special Board	Q3 Board	Q4 Board
H Maier (chairperson)	✓	✓	✓	✓	✓
N Bassingthwaighte	✓	A	✓	✓	✓
M Dax	✓	✓	✓	✓	✓
L Du Plessis	✓	✓	✓	✓	✓
A Mangale	✓	✓	✓	✓	✓
J Muadinohamba	✓	✓	✓	✓	✓
V Mungunda*	✓	✓	N/A	N/A	N/A
M Geises**	N/A	N/A	✓	✓	✓
P Nyandoro***	✓	N/A	N/A	N/A	N/A
B Rossouw	✓	✓	✓	✓	✓
P Schlebusch	✓	✓	A	✓	✓
I Tjombonde	✓	✓	✓	✓	✓

✓ Attended

A Apologies

* Resigned 30 April 2021

** Appointed 1 May 2021

*** Retired 30 April 2021

N/A Not available

Board effectiveness and evaluation

An annual evaluation of board performance is conducted, to assess the achievement of goals set against its objectives. The aim of the evaluation is to assist the board in improving its effectiveness. The outcome of the evaluation is discussed at a board meeting and any areas of concern are addressed. Relevant action points are also noted for implementation. Executive directors do not participate in discussions regarding management performance or remuneration.

Education and induction

The company secretary arranges an appropriate induction programme for new directors. This includes an explanation of their fiduciary duties, responsibilities and arranging visits to operations, where discussions with management facilitate an understanding of the company's affairs and operations. Directors are regularly appraised, wherever relevant, of any new legislation and changing commercial risks that may affect the affairs of the group. In terms of the mandate of the board, directors can obtain independent professional advice in order to act in the best interests of the group, at the cost of the group. Any director also has unrestricted access to the chairman, executive directors and the group company secretary.

Board committees

Each board committee's mandate sets out the role, responsibilities, scope of authority, composition and procedures to be followed. All board committee mandates were reviewed in 2021 to take into account amendments to relevant legislation and the requirements of the Namcode.

Board audit committee

The board audit committee (BAC) assists the board in discharging its duties relating to the safeguarding of assets and

evaluation of internal control frameworks within SBN Holdings and any of its subsidiary companies. The BAC reviews and assesses the integrity and effectiveness of the accounting, financial, compliance and other control systems. Some of the duties and responsibilities assigned to the audit committee are as follows:

- to review the audit plan with the external auditor, with specific reference to the proposed audit scope and approach to the group's activities falling within the high risk areas, the effectiveness of the audit and audit fee
- to review the accounting policies adopted by the group and all proposed changes in accounting policies and practices, and recommend such changes where these are considered appropriate in terms of International Financial Reporting Standards (IFRS)
- to review the group's interim and audited annual financial statements and all financial information intended for distribution to the shareholders and the general public, prior to submission to the full board and to consider the adequacy of disclosures
- to assess the performance of financial management and review the quality of internal accounting control systems and reports produced by financial management
- to review the basis on which the company has been determined a going concern and make a recommendation to the board
- to review the group's compliance plan, and to consider reports and letters received from banking supervisory authorities and other regulatory bodies, and management's responses thereto where they concern matters of compliance and the duties and responsibilities of the board of directors of the group
- to monitor ethical conduct of the group and executives and other senior officials and to review reports from management on violations of the code of ethics.

BOARD AUDIT COMMITTEE 2021

	19 Feb 2021 Q1	21 April 2021 Q2	10 August 2021 Q3	19 Nov 2021 Q4
B Rossouw (chairperson)	✓	✓	✓	✓
N Bassingthwaighte	✓	✓	✓	✓
P Nyandoro*	✓	N/A	N/A	N/A

✓ Attended

* Retired 30 April 2021

Board credit committee

The purpose of the board credit committee (BCC) is to ensure that effective credit governance is in place in order to provide for the adequate management, measurement, monitoring and control of credit risk, including country risk. The BCC has the right to recommend to the board the roles and responsibilities for the credit risk management committee, with clearly defined mandates and delegated authorities as defined in the bank's credit standards.

The board assigned the following duties and responsibilities to the committee:

- adoption of the group's credit standards
- to ensure that all committees within the credit governance structure operate within clearly defined mandates and delegated authorities, as delegated to them by the board
- to ensure that an appropriate credit framework and structure exist.

BOARD CREDIT COMMITTEE 2021

	23 Feb 2021 Q1	20 April 2021 Q2	27 July 2021 Q3	15 Nov 2021 Q4
N Bassingthwaighte (chairperson)	✓	✓	✓	✓
H Maier	✓	✓	✓	✓
P Schlebusch	A	✓	✓	✓

✓ Attended

A Apologies

Board risk committee

The board risk committee has the responsibility of reviewing and recommending the risk philosophy, strategy and policies for approval and adoption by the board of directors. The committee assists the board in the discharge of its duties relating to the corporate accountability and associated risks in terms of management, assurance and reporting.

BOARD RISK COMMITTEE 2021

	22 Feb 2021 Q1	19 April 2021 Q2	26 July 2021 Q3	18 Nov 2021 Q4
I Tjombonde (chairperson)	✓	✓	✓	✓
B Rossouw	✓	✓	✓	✓
N Bassingthwaighte	✓	✓	✓	✓
P Schlebusch	✓	✓	✓	✓

✓ Attended

Board IT committee

The board IT subcommittee has the authority to review, monitor and provide guidance on matters related to SBN Holdings' IT strategy, operations, policies and controls.

BOARD IT COMMITTEE 2021

	25 Feb 2021 Q1	22 April 2021 Q2	28 July 2021 Q3	17 Nov 2021 Q4
I Tjombonde (chairperson)	✓	✓	✓	✓
B Rossouw	✓	✓	✓	✓
P Schlebusch	✓	✓	✓	✓

✓ Attended

Board people & culture (BPC) committee

The role of the BPC subcommittee is to:

- provide oversight on the compensation of senior management and other key personnel and ensure that compensation is consistent with the group's culture, objectives, strategy and control environment
- perform other duties related to the bank's compensation structure in accordance with applicable laws, rules, policies and regulations. The term 'compensation' includes salary, allowances, long-term incentives, bonuses, severance arrangements and other benefits, rights or remuneration received under the group's policies.

The goal of the subcommittee is to maintain compensation policies, which will attract and retain the highest quality senior managers, which will reward the senior managers for the group's progress and enhancement of shareholder value. Another objective of the subcommittee is to consider and evaluate nominations made for the appointment of independent, non-executive and/or executive directors to sit on the board of directors and to recommend fees for the directors.

BOARD PEOPLE AND CULTURE 2021

	19 Feb 2021 Q1	19 August 2021 Special PC	19 Nov 2021 Q4
J Muadinohamba (chairperson)	✓	✓	✓
P Nyandoro*	✓	N/A	N/A
H Maier	✓	✓	✓
M Dax	✓	✓	✓

✓ Attended

* Retired 30 April 2021

Board corporate social investment (CSI) committee

The role of the board CSI committee is to:

- ratify the group CSI strategy, policy and guidelines
- ratify alignment of the CSI strategy to the business strategy
- ratify proposed amendments to the focus area of CSI policy from time-to-time
- note the CSI decisions made by the relevant social investment committees of SBN
- take overall accountability for the reputation management of all CSI initiatives that impact the Standard Bank brand.

BOARD CSI COMMITTEE 2021

	9 Feb 2021 Q1	10 Nov 2021 Q4
J Muadinohamba (chairperson)	✓	✓
Dr N Hamunime	✓	✓
M Dax	✓	✓

✓ Attended

Community upliftment

SBN Holdings pledges 1% of net profit after tax generated by its business operations to CSI initiatives. The strategic focus of SBN Holdings' CSI programme is on entrepreneurship development, education, environmental matters and health and wellness.

Company secretary

The role of the company secretary is to ensure the board remains cognisant of its duties. In addition to guiding the board on discharging its responsibilities, she keeps the board abreast of relevant changes in legislation and governance best practices.

The company secretary also oversees the induction of new directors, including directors of subsidiary companies, as well as the ongoing education of directors. To enable the board to function effectively, all directors have full and timely access to information that may be relevant to the proper discharge of their duties. This includes information such as corporate announcements, investor communications and other developments which may affect the group and its operations. All directors have access to the services of the company secretary.

Going concern

On the recommendation of the BAC, the board considers and assesses the going concern basis in the preparation of the annual financial statements annually at year end. At the interim reporting period, a similar process is followed to enable the board to consider whether or not there is sufficient reason for this conclusion to be affirmed.

Relationship with stakeholders

Regular, pertinent communication with stakeholders is part of the group's fundamental responsibility to create shareholder value and improve stakeholder relationships. In addition to the ongoing engagement facilitated by the company secretary, the chairman encourages shareholders to attend the annual general meeting where interaction is welcomed. The chairman of the board audit committee and the chairman of the board P & C committee are available at the meeting to respond to questions from shareholders. The group proposes separate resolutions on each issue put forward to shareholders.

Connecting with our stakeholders

SBN Holdings' relevance to the markets and society in which it operates depends on continued and meaningful engagement with all stakeholders. Stakeholder management involves the optimal employment of the organisation's resources to build and maintain good relationships with stakeholders. This helps the group to manage the expectations of society, minimise reputational risk and form strong partnerships, which all underpin business sustainability.

Sustainability

The Namcode recommends that a company integrates financial and non-financial reporting. This means that the annual report to stakeholders must reflect how economic, social and environmental issues impact on the company's business strategy and, in turn, how these are considered when making business decisions. This evolution in reporting stems from the growing realisation that environmental and social issues have material costs impacts and could directly impact a company's long-term viability. Building on the group's previous non-financial disclosure in its annual reports, this year the group has improved its reporting to include more information on the issues that are material to stakeholders and the group's long-term sustainability.

Ethics and organisational integrity

The group's code of ethics is designed to empower employees and enable effective decision-making at all levels of the business according to defined ethical principles. It also aims to ensure that, as a significant organisation in the financial services industry, the group adheres to the highest standards of responsible business practice.

The code interprets and defines the group's values in greater detail and provides value-based decision-making principles to guide its conduct. It is aligned with other SBN Holdings policies and procedures and supports the relevant industry regulations and laws. The code specifies acceptable and unacceptable practices and assists in making ethical infringements easy to identify. It also promotes awareness of, and sensitivity to, ethical issues.

The chief executive and ethics officer are the formal custodians of the group code of ethics and ultimately responsible for its implementation. Ethics incidents are reported via the ethics and fraud hotline, human resources department, risk department, financial crime control department and the ethics officers.

Reported incidents include fraud, harassment, ethical dilemmas in procurement and abuse of authority. Quarterly ethics reports are presented to the board audit committee.

Remuneration

Remuneration philosophy

The group's remuneration philosophy aligns with its core values, including growing our people and delivering value to our shareholders. The philosophy continues to emphasize the fundamental value of our people and their role in ensuring sustainable growth. This approach is crucial in an environment where skills remain scarce. The group's board of directors sets the principles for the remuneration philosophy in line with approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests. A key success factor for the bank is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives in Namibia.

Remuneration governance

The following key factors have informed the implementation of reward policies and procedures that support the achievement of business goals:

- the provision of rewards that enable the attraction, retention and motivation of employees and the development of a high-performance culture
- maintaining competitive remuneration in line with our markets, trends and required statutory obligations
- rewarding people according to their contribution
- allowing a reasonable degree of flexibility in remuneration processes and choice of benefits by employees
- educating employees on the full employee value proposition.

Board remuneration structure


Non-executive directors

Terms of service

All independent non-executive directors are provided with a letter of appointment setting out the terms of their engagement. Directors are appointed by the shareholders at the annual general meeting (AGM) and interim board appointments are allowed between AGMs. One-third of the longest serving, non-executive directors are required to retire at each AGM and may offer themselves for re-election. If recommended by the directors and supported by the board, the board then proposes their re-election to shareholders.

Fees

The remuneration of board members is reviewed by the board of directors and approved and ratified at the AGM. Non-executive directors receive fixed fees for service on boards and board committees. This includes a retainer that has been calculated in line with market practices. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes. The fees for non-executive directors are reviewed on an annual basis to ensure that such fees at all times remain market-related.

 Details of non-executive directors fees can be found in Annexure C.

EXECUTIVE DIRECTORS

Executive directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees. The components of a remuneration package are as follows:

guaranteed remuneration

– based on market value and the role they play

annual bonus and pension incentive

– used to incentivise the achievement of group objectives


share-based incentives

– rewards the sustainable creation of shareholder value and aligns behaviour to this goal

pension

– provides a competitive post-retirement benefit in line with group employees

executive directors are not subject to retention agreements

 Details of director emoluments can be found in Annexure C.

Transformation

The group through the Bankers Association of Namibia is a signatory to the Namibia Financial Services Charter (the Charter). The group is committed to achieving full compliance with the minimum targets set out in the Charter. This is tracked by the board and management at the highest level.

Board of directors



1
Herbert
Maier



2
Isac Hiriu
Tjombonde



3
Jeremia
Muadinohamba

Non-executive

1 Herbert Maier

Chairman and independent non-executive director

QUALIFICATIONS

BCom (University of Cape Town, RSA (UCT)), CTA (UCT), CA(SA), CA(Nam), Digital Savvy Board Certificate (MIT Sloan, USA)

EXPERIENCE

During July 2011, Herbert joined IJG Holdings, initially on a consulting basis, assisting on the corporate advisory and private equity operations. Since June 2012, in addition to having bought into IJG Holdings, Herbert has taken control of the private equity management business. He was appointed to the SBN board of directors on 1 October 2010 as an independent non-executive director, and appointed to the position of chairman to the board during 2011.

APPOINTED

2010

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- IJG Holdings (Pty) Ltd
- IJG Capital (Pty) Ltd
- Mobicash Payment Solutions (Pty) Ltd
- NEC Power & Pumps (Pty) Ltd
- Stahl Construction (Pty) Ltd
- NEO Paints Holdings (Pty) Ltd
- Omburu Sun Energy (Pty) Ltd

COMMITTEES

- BCC
- BPC

2 Isac Hiriu Tjombonde

Independent non-executive director

QUALIFICATIONS

Master of Science (MSC) Information Systems (The American University of Washington, DC, USA), Bachelor of Business Administration (B.B.A) Computer & Information Sciences (Temple University, Philadelphia, PA, USA), Certificate in Corporate Governance, University of Johannesburg, RSA), Executive Development Programme (University of Stellenbosch, RSA), Digital Savvy Board Certificate (MIT Sloan, USA)

EXPERIENCE

Head of Information Services at NamPower, responsible for information and communication technology. Isac is a trustee of NamPower Provident Fund.

APPOINTED

2015

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Trustee NamPower Provident Fund
- Namibia Ports Authority (Pty) Ltd
- Mobicash Payment Solutions (Pty) Ltd

COMMITTEES

- BIT
- BRC

3 Jeremia Muadinohamba

Independent non-executive director

QUALIFICATIONS

Master's Degree in Developmental Finance, Master's Degree in Administration and Master's degree in Intercultural Management

EXPERIENCE

Jerry has over 15 years of combined experience in development finance and public management with the Namibia Development Trust, African Development Foundation, Social Security Commission and the Motor Vehicle Accident Fund.

APPOINTED

2007

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd

COMMITTEES

- BPC
- CSI

Committee memberships

4
**Peter
Schlebusch**



5
**Adv Natasha
Bassingthwaighte**



4

**Peter
Schlebusch**

Non-executive director

QUALIFICATIONS

BCom (Wits), BCom (Hons), Accounting (Wits), CA(SA), Dip Banking Law (RAU), HDIP Tax Law (RAU), SEP (Stanford University)

EXPERIENCE

Peter was appointed to the board of SBN Holdings and Standard Bank Namibia on 19 January 2019. Peter currently serves as a senior banker for the chief executive of SBG. In the past, he also served as chief executive of PBB SBG from 2008 to 2018.

APPOINTED

2019

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Standard Bank Offshore Group Ltd
- Standard Bank Jersey Ltd
- Standard Bank Isle of Man
- Standard Bank Insurance Brokers Ltd
- Melville Douglas Investment Management Ltd

COMMITTEES

- BCC
- BRC
- BIT

5

**Adv Natasha
Bassingthwaighte**Independent
non-executive director**QUALIFICATIONS**

BJuris, LLB (University of Namibia)

EXPERIENCE

Natasha was admitted as a legal practitioner of the High Court of Namibia during 2002 and has been practising as an advocate since 2006.

APPOINTED

2011

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Standard Insurance Brokers (Namibia) (Pty) Ltd
- PPS Insurance Company (Namibia) Ltd
- Desert SPV One Investments (Pty) Ltd
- Old Mutual Black Brokers Trust
- Rainy Day Investments Eighteen (Pty) Ltd
- The Auas View Investment Unit Eight (Pty) Ltd

COMMITTEES

- BRC
- BCC
- BAC



6
Birgit
Rossouw



7
Maria
Shivute Dax



8
Alpheus
Mangale

Non-executive continued

6 Birgit Rossouw

Independent non-executive director

QUALIFICATIONS

BPhil (University of Stellenbosch); CA(Nam), BCom (UP); BCom (Hons) (UP), CTA (UP); Digital Savvy Board Certificate (MIT Sloan, USA)

EXPERIENCE

Birgit currently serves as independent non-executive director of Namibia Asset Management Limited, an asset manager listed on the Namibian Stock Exchange. She currently also serves as independent non-executive director on the board of the IJG Frontier Investment Fund.

APPOINTED

2012

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Stanfin (Namibia) (Pty) Ltd
- Namibia Asset management Ltd
- IJG Frontier Investment Fund

COMMITTEES

- BAC
- BRC
- BIT

7 Maria Shivute Dax

Independent non-executive director

QUALIFICATIONS

Dip Management Studies (MANCOSA), MBA (MANCOSA), BA (Social Science), Accredited Public Relations Practitioner (APR) (PRISA)

EXPERIENCE

Maria was appointed to the board of SBN Holdings and Standard Bank Namibia on 19 January 2019. She served as acting CEO of the Government Institutions Pension Fund (GIPF) and prior to that as the general manager of Corporate Communication and Stakeholder Relations for ten years. Maria has also served as a trustee on GIPF and TUCSIN's board of trustees, likewise, she served as the chairperson of PRISA Namibia and NamibRe.

APPOINTED

2019

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Government Institutions Pension Fund
- The University Centre for Studies in Namibia

COMMITTEES

- BPC
- CSI

8 Alpheus Mangale

Non-executive director

QUALIFICATIONS

ND: CSc (Eng) (TUT), PGM Cert (HBS), AMP (Harvard)

EXPERIENCE

Alpheus was appointed to the board of SBN Holdings and Standard Bank Namibia on 09 November 2020. Alpheus is currently Standard Bank Group Chief Engineering Officer a position he has held since 2020. In the past, he also served as Standard Bank Group Chief Information Officer (2017 to 2020).

Alpheus is a seasoned senior executive with over 23 years, experience across Enterprise and Public Sector market in Europe, Middle East and Africa region. He previously was the CEO of MTN Business base in South Africa for 3 years. He served on various boards in the past including MTN Foundation, MTN Business, Cisco Systems as well as Dimension Data Africa & Middle East.

APPOINTED

2020

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd



9
Mercia
Geises



10
Letitea
du Plessis

Executive



Mercia Geises

Chief executive director

QUALIFICATIONS

BJuris (UNAM), LLB (UFS), LLM (UFS), MBA (USB)

EXPERIENCE

Mercia was appointed to the board of SBN Holdings and Standard Bank Namibia on 1 May 2021 as chief executive officer. Previously, Mercia was the Head of the former Personal and Business Banking segment from July 2016 to April 2021. Prior to her time at the SBN Holdings group, she worked through the ranks at the Old Mutual Namibia Group from 2005 to 2016 in various senior roles, ranging from Assistant Portfolio Manager to the CEO of OMIGNAM and Unit Trust. She is also an admitted legal practitioner and completed her legal articles with what was known as Dr Weder, Kruger & Hartmann in 2005.

APPOINTED

2021

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Standard Insurance Brokers (Namibia) (Pty) Ltd
- Stanfin (Namibia) (Pty) Ltd



Letitea du Plessis

Chief financial officer

QUALIFICATIONS

BAcc (University of Stellenbosch), PDA (University of Stellenbosch), ACA (UCT), ACIDealing (Cert), CA(Nam), CA(SA)

EXPERIENCE

Letitea was appointed to the board of SBN Holdings and Standard Bank Namibia on 10 February 2020. Letitea is currently Standard Bank Namibia Chief Financial Officer a position she held since July 2019. In the past she also served as Head: Treasury (2017 to 2019) and Head: Investment Banking (2014 to 2017) and prior Manager: Investment Banking (2012 to 2014). Letitea worked as Senior Auditor (2006-2007) and Audit Trainee (2003-2005) for PricewaterhouseCoopers (UK and Namibia) before she joined Standard Bank Namibia.

APPOINTED

2020

DIRECTORSHIPS

- Arleo Investments Sixteen (Pty) Limited
- Purros Investments (Pty) Limited
- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Mobicash Payment Solutions (Pty) Limited

Committee memberships



Committee chairman

Executive committee



1 Mercia Geises



2 Letitea du Plessis



3 Nolan Angermund



4 Jules Baruani



5 Rejoice Itembu



6 Vivian Kaposambo



7 Nelson Lucas

1 Mercia Geises

Chief executive

Qualifications BJuris (UNAM), LLB (UFS), LLM (UFS), MBA (USB)

Joined the group 2016

Appointed 2016

2 Letitea du Plessis

Chief financial officer

Qualifications BAcc (University of Stellenbosch), PDA (University of Stellenbosch), ACA (UCT), ACIDealing (Cert), CA(SA)

Joined the group 2012

Appointed 2017

3 Nolan Angermund

Head – Platform

Qualifications Certified Internal Auditor (CIA), Master in Internal Audit (MPHILL Internal Audit), BCom (Hons) Internal Audit

Joined the group 2015

Appointed 2017

4 Jules Baruani

Head – Technology and Operations

Qualifications BSc Computer Science and Mathematics (UNAM), MSc Computer Science (Stellenbosch) Post-grad diploma in Mathematical Sciences (UCT)

Joined the group 2012

Appointed 2021

5 Rejoice Itemba

Head – Client Solutions

Qualifications BA Media and Cultural Studies (UNAM), MA Media and Cultural Studies (University of Sussex, UK)

Joined the group 2010

Appointed 2021

6 Vivian Kaposambo

Head – People and Culture

Qualifications MPhil People Management (UCT), B-TECH HRM (NUST), ND HRM (NUST)

Joined the group 2021

Appointed 2021

7 Nelson Lucas

Head – CIB

Qualifications BCompt (Unisa), HBCompt (UNISA), CA(Nam), CA(SA), Programme in Advanced VAT (UNISA), Programme in Investment Analysis and Portfolio Management (UNISA)

Joined the group 2019

Appointed 2020



8 Arlington Matenda



9 Magreth Mengo



10 Lucy Mhambi



11 Adri Spangenberg



12 Joyce Swartz



13 Sigrid Tjijorokisa



14 Karen van der Merwe



15 Roxzaan Witbooi

8 Arlington Matenda

Chief risk officer

Qualifications BAcc (Hons) (UZ), BCompt Honours (UNISA), CA(Nam), Leadership Development Programme (GIBS Business School)

Joined the group 2021

Appointed 2021

9 Magreth Mengo

Head – Marketing communications and CSI

Qualifications BCom, International Financial Management, (Amsterdam School of Business)

Joined the group 2015

Appointed 2019

10 Lucy Mhambi

Head – Internal Audit (Acting)

Qualifications N.Dip Internal Audit (Tshwane University of Technology, TUT), Internal Audit Technician (IIA SA), Certified Enterprise Risk Manager (IABFM), Management Development Programme (University of Stellenbosch Business School - USB)

Joined the group 2018

Appointed 2021

11 Adri Spangenberg

Head – BCC

Qualifications MBA (Australian Institute of Business); (University of Stellenbosch); Bank and Credit Risk Management (Damelin); Mastering Strategic Client Management (Graduate School of Business, UCT)

Joined the group 1989

Appointed to Exco 2021

12 Joyce Swartz

Head – Digital Transformation and Innovation

Qualifications BA Media Studies/ Industrial Psychology (UNAM), Postgrad Diploma Digital Business (Emeritus, Columbia)

Joined the group 2007

Appointed 2021

13 Sigrid Tjijorokisa

Head – Legal and governance and company secretary

Qualifications LLB (UWC), MDP (Damelin College), Advanced Diploma in Banking Law and Practice (UP), Diploma in Compliance Risk Management (UP), IODSA and the Compliance Institute of South Africa

Joined the group 2012

Appointed 2012

14 Karen van der Merwe

Head – CHNW

Qualifications BA (Hons) Business Management (Lincoln, UK)

Joined the group 2011

Appointed 2022

15 Roxzaan Witbooi

Head – Compliance

Qualifications BJuris (UNAM), LLB (UNAM), CAMS

Joined the group 2012

Appointed 2014

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The background of the cover is a photograph of a modern, multi-story office building with a white facade and a blue shield-shaped logo on the side. The building is surrounded by a paved parking lot with some greenery and a white pickup truck. A large, stylized blue graphic element, resembling a bracket or a large 'L' shape, frames the right side of the page.

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DIRECTORS' RESPONSIBILITY AND APPROVAL

In accordance with the Companies Act of Namibia (Companies Act), the directors are responsible for the preparation of the annual financial statements.

These annual financial statements conform to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Institute of Chartered Accountants' of Namibia (ICAN) Financial Reporting Guides as issued by the Accounting Practices Committee, the Namibian Stock Exchange (NSX) Listings Requirements, Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the Namibian Companies Act and fairly present the affairs of the group and company as at 31 December 2021, and the net income and cash flows for the year then ended. The company is also in conformity with its memorandum of incorporation.

The directors are ultimately responsible for the internal controls of the group and company. Management enables the directors to meet these responsibilities. Standards and systems of internal controls are designed, implemented and monitored by management to provide reasonable assurance of the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for shareholder investments and company and group assets. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

Based on the information and explanations provided by management and the group and company's internal auditors, the directors are of the opinion that the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IFRS and to maintain accountability for the group and company's assets and liabilities. Nothing has come to the attention of the directors to indicate that a breakdown in the functioning of these controls, resulting in material loss to the group and the company, has occurred during the year and up to the date of this report.

The directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence and as a going concern in the financial year ahead. The 2021 annual financial statements, which appear on pages 53 to 167, were approved by the board on 18 March 2022 and signed on its behalf by:



Mr H Maier
Chairman



Mrs M Geises
Chief executive



REPORT OF THE INDEPENDENT AUDITOR

To the Members of SBN Holdings Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SBN Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

SBN Holdings Limited's consolidated and separate financial statements set out on pages 53 to 167 comprise:

- the directors' report for the year ended 31 December 2021;
- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies, excluding the sections marked as 'unaudited' in Annexure B.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standard)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Our audit approach

Overview

	<p>Overall group materiality</p> <p>N\$32.4 million, which represents 5% of the average consolidated profit before direct tax for the last three years.</p>
	<p>Group audit scope</p> <ul style="list-style-type: none"> • Full-scope audits were performed on the Company and a subsidiary, Standard Bank Namibia Limited based on their financial significance to the Group. • Analytical review procedures were performed on the remaining subsidiaries being financially inconsequential components.
	<p>Key audit matters</p> <ul style="list-style-type: none"> • Expected credit losses on Corporate and Investment Banking (CIB) loans and advances; and • Expected credit losses on Business and Commercial Clients (BCC) and Consumer and High Net Worth (CHNW) clients loans and advances.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

PricewaterhouseCoopers, Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia Practice Number 9406, T: + 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

Country Senior Partner: Chantell N Husselmann
Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuysen, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger



Overall group materiality	N\$32.4 million
How we determined it	5% of the average consolidated profit before direct tax for the last three years.
Rationale for the materiality benchmark applied	We chose profit before direct tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. Due to the volatility of the results in the past two years as a result of the economic downturn in the local market, and to reflect normalised profitability levels, we used average profit before direct tax for the last three years. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the Company and its five subsidiaries (each a "component") for purposes of our group audit scope. Full-scope audits were performed on the Company and a subsidiary, Standard Bank Namibia Limited, based on their financial significance to the Group, in relation to its contribution to the Group's consolidated profit before direct taxation. All other components were considered to be financially inconsequential and were subject to analytical review procedures.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the group audit team. All testing was performed centrally by the group audit team. By performing the procedures outlined above, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters discussed in the table below relate to the consolidated financial statements. We have determined that there are no key audit matters with regard to the audit of the separate financial statements of the Company for the current period to communicate in our report

Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements	
<p>Expected credit losses on Corporate and Investment Banking (CIB) loans and advances</p> <p>Refer to the following notes to the consolidated financial statements for the related disclosures and detail:</p> <ul style="list-style-type: none"> • Key management assumptions, Expected Credit Loss (ECL), ECL on financial assets - IFRS 9 drivers • Note 6, Loans and advances; • Note 31, Credit impairment charges; • Annexure B - Risk and Capital Management, Credit Risk; and • Annexure D, Detailed accounting policies, Impairment. <p>The ECL for CIB loans and advances was considered to be a matter of most significance to our current year audit due to the level of subjective judgement applied by management, the effect that the ECL has on the Group's credit risk management processes and operations, and the magnitude of the ECL recognised in the consolidated financial statements.</p> <p>The ECL on CIB loans and advances was calculated in accordance with International Financial Reporting Standard (IFRS) 9 - Financial Instruments ("IFRS 9"), as described in the notes to the financial statements.</p> <p>ECLs on CIB exposures are calculated separately based on rating models for per customer. In calculating the ECL on CIB loans and advances, the key areas of significant management judgement and estimation included:</p> <ul style="list-style-type: none"> • Evaluation of Significant Increase in Credit Risk ("SICR"); • Incorporation of macro-economic inputs and forward looking information; and • Input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL calculation. 	<p>We assessed the accounting policies applied to the CIB loans and advances with reference to the requirements of IFRS 9 noting no matters requiring further consideration.</p> <p>Utilising our actuarial expertise, we assessed the Group's ECL methodology applied in determining the ECL recognised on CIB loans and advances with reference to the requirements of IFRS 9, and noted no matters requiring further consideration.</p> <p>Utilising our actuarial expertise, we reperformed the ECL using management's models, inputs and assumptions, for mathematical accuracy and noted no material differences in this regard.</p>

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Country Senior Partner: Chantell N Husselmann
Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger



Key audit matter

How our audit addressed the key audit matter

Consolidated financial statements

Evaluation of SICR

For CIB exposures, SICR is largely driven through the movement in credit ratings assigned to counterparties on origination and reporting date, based on the Group's 25-point master rating scale to quantify credit risk for each exposure.

Macro-economic inputs and forward-looking information

Macroeconomic expectations are incorporated in CIB's client ratings to reflect the Group's expectation of future economic and business conditions. In the determination of the forward-looking impact, the Group applied judgement in assessing the impact of the Covid-19 pandemic on forward-looking information

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

Input assumptions applied to estimate the PD, EAD and LGD as inputs into the ECL measurement are subject to management judgement and are determined at an exposure level.

Evaluation of SICR

Through inquiry of management and inspection of underlying documentation we obtained an understanding of and tested relevant controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, manual transfer of exposures between the various stages, key system reconciliations and collateral management.

We selected a sample of counterparties and assessed the appropriateness of their assigned credit rating by:

- Agreeing the inputs into the credit rating system, to the financial information relating to the exposure of the relevant customer, as well as to management's 25-point rating scale; and
- Assessing the reasonableness of management's assumptions made during the credit risk rating process, by obtaining an understanding of the process for assigning credit ratings based on the exposure type and industry factors; and performing a review of the counterparty and comparing the results to those used by management.

Based on the results of our work performed, we accepted management's assumptions applied in determining SICR

Macro-economic inputs and forward looking information

We selected a sample of counterparties and assessed the incorporation of macro-economic inputs and forward-looking information into their assigned credit risk rating by obtaining an understanding of rating by obtaining an understanding of the forward-looking information, including the impact of Covid-19, which was considered for the counterparty. We noted no matters requiring further consideration in regards to the forward looking information incorporated in the client ratings.

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

Utilising our internal actuarial expertise, we assessed the reasonableness of the input assumptions applied within the PD, EAD and LGD models with reference to the requirements of IFRS 9 by performing an independent recalculation of PD, EAD and LGD. We did not note any material variances in our recalculation and comparison to management's PD, EAD and LGD values.



Key audit matter	How our audit addressed the key audit matter
Consolidated financial statements	
<p>Expected credit losses on Business and Commercial Clients (BCC) Consumer and High Net Worth clients (CHNW) loans and advances</p> <p>Refer to the following notes to the consolidated financial statements for the related disclosures and detail:</p> <ul style="list-style-type: none"> • Key management assumptions, Expected Credit Loss (ECL), ECL on financial assets - IFRS 9 drivers; • Note 6, Loans and advances; • Note 31, Credit impairment charges; • Annexure B - Risk and Capital Management, Credit Risk; and • Annexure D, Detailed accounting policies, Impairment. <p>The ECL for BCC and CHNW loans and advances was considered to be a matter of most significance to our current year audit due to the level of subjective judgement applied by management, the effect that the ECL has on the Group's credit risk management processes and operations, and the magnitude of the ECL recognised in the consolidated financial statements.</p> <p>ECL on BCC and CHNW loans and advances are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The key areas of significant management judgement within the ECL calculation include:</p> <ul style="list-style-type: none"> • Evaluation of SICR; • Incorporation of macro-economic inputs and forward looking information; • Application of out-of-model adjustments into the ECL calculation; • Assessment of ECL raised for individual exposures; and • Input assumptions applied to estimate the PD, EAD and LGD within the ECL calculation. 	<p>We assessed the accounting policies applied to the BCC and CHNW loans and advances with reference to the requirements of IFRS 9 noting no matters requiring further consideration.</p> <p>Utilising our actuarial expertise, we assessed the Group's ECL methodology applied in determining the ECL recognised on BCC and CHNW loans and advances with reference to the requirements of IFRS 9, and noted no matters requiring further consideration.</p> <p>Utilising our actuarial expertise, we reperformed the ECL using management's models, inputs and assumptions, for mathematical accuracy and noted no material differences in this regard.</p> <p>We also assessed the reasonability of the inputs and assumptions applied by management in their ECL calculation.</p>



Key audit matter

How our audit addressed the key audit matter

Consolidated financial statements

Evaluation of SICR

The Group determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due (DPD) to stage 2. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Incorporation of macro-economic inputs and forward looking information

Forward-looking expectations are included in the ECL for BCC and CHNW loans and advances based on the Group's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on judgement to predict the outcome based on the Group's macro-economic outlook expectations.

In the determination of the forward-looking impact, the Group applied judgement in assessing the impact of the Covid-19 pandemic on forward-looking information.

Application of out-of-model adjustments into the ECL measurement

Management may identify that due to modelling complexity, certain aspects of the ECL may not be fully reflected by the underlying model and forward looking information such as specific event risks and industry data, have been taken into account in ECL estimates when required, through the application of out-of-model adjustments.

Assessment of ECL raised for individual exposures

A lifetime ECL is calculated on stage 3 exposures that are assessed to be credit impaired due to evidence of default, significant financial difficulty of the borrower and/or modification, probability of bankruptcy or financial reorganisation or disappearance of an active market due to financial difficulties. This assessment relates primarily to business lending accounts and incorporates judgement in determining the foreclosure value of the underlying collateral.

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

Input assumptions applied to estimate the PD, EAD and LGD as inputs into the ECL measurement are subject to management judgement and are determined at an exposure level.

Evaluation of SICR

Making use of our actuarial expertise, we reperformed the calculation of the significant deterioration roll rates per product category and compared these rates per product category to those used by management. We noted no material differences.

Through inquiry of management and inspection of underlying documentation we obtained an understanding of and tested relevant controls relating to the approval of credit facilities, subsequent monitoring and remediation of exposures, manual transfer of exposures between the various stages, key system reconciliations and collateral management.

For a sample of stage 1, 2 and 3 exposures, we evaluated if the exposures are appropriately classified by recalculating the days in arrears. No material exceptions were noted.

Incorporation of macro-economic inputs and forward looking information

Making use of our actuarial expertise, we evaluated the appropriateness of forward-looking economic expectations included in the ECL model, which included the impact of Covid-19 by comparing the forward-looking expectations to independently sourced industry data. We noted no matters requiring further consideration in this regard.

Application of out-of-model adjustments into the ECL measurement

For a sample of out-of-model adjustments we evaluated the reasonableness of the adjustments by assessing the key assumptions applied, with reference to independent sources of information. We noted no material differences.

Assessment of ECL raised for individual exposures

For a sample of stage 3 exposures, we independently recalculated the ECL based on our assessment of the expected cash flows and the recoverability of collateral at an individual exposure level. No material differences were noted.

For collateral held in respect of the sample of stage 3 exposures referred to above, we inspected legal agreements and other documentation to assess the existence and legal right to collateral. No material exceptions were noted.

We assessed the collateral valuation techniques applied by management against the Group's valuation guidelines. We noted no matters requiring further consideration.

Making use of our valuation expertise we performed an independent calculation to test the reasonability of the valuation of collateral for a sample of loans in stage 3. Although our independent internal reasonability tests differed from external valuations in some instances, no material adjustments to the ECLs on BCC and CHNW loans and advances were considered necessary.

Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement

Making use of our actuarial expertise, we assessed the assumptions relating to historical default experience, estimated timing and amount of forecasted cash flows and the value of collateral applied within the PD, EAD and LGD models with reference to the requirements of IFRS 9. In addition, our procedures included assessing the appropriateness of the statistical models by way of reperformance and validation procedures. We did not note any material differences on the assumptions applied in the calculation of the ECL at year end.



Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "SBN Holdings Limited Annual report for the year ended 31 December 2021". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: Louis van der Riet

Partner

344 Independence Avenue

PO Box 1571

Windhoek

Date: 18 March 2022

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Country Senior Partner: Chantell N Husselmann
Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger

DIRECTORS' REPORT

Review of activities

Main business and operations

SBN Holdings Limited (the group or SBN Holdings) is the holding company for Standard Bank Namibia Limited. SBN Holdings Limited, is a Namibia-incorporated company and listed on the NSX.

It conducts its operations through the following businesses:

- Banking services through Standard Bank Namibia Limited, a registered Namibian commercial bank.
- Insurance broking services through fellow subsidiary companies Stanfin (Namibia) (Proprietary) Limited and Standard Insurance Brokers (Namibia) (Proprietary) Limited.
- Personal lines insurance through Hollard Insurance Limited.
- Safe custodianship through its 100%-owned subsidiary company Standard Bank Namibia Nominees (Proprietary) Limited.
- Asset management and unit trust services through a related company, Liberty Life Namibia Limited.
- Property investment and construction through subsidiary company Arleo Investments Sixteen (Proprietary) Limited.
- Mobile payment and services through subsidiary Mobicash Payment Solutions (Proprietary) Limited.

The group operates in all main areas within Namibia and its head office is located in Windhoek.

The group also offers an international banking service through its association with Standard Bank Group Limited, a company registered in the Republic of South Africa and dual listed on the Johannesburg Stock Exchange (JSE) and Namibian Stock Exchange (NSX), with representation throughout sub-Saharan Africa.

Registered and business address

1 Chasie Street, Kleine Kuppe, Windhoek, Namibia

Registration number

2006/306

County of incorporation

Republic of Namibia

Results for the period

Net profit of the group for the year was N\$371 million (2020: N\$421 million), after taxation of N\$199 million (2020: N\$187 million).

Events after the reporting period

There were no events after the reporting date to report.

Authorised and issued share capital

The company's authorised share capital consisted of 800 000 000 ordinary shares of 0.002 cents each of which 522 471 910 have been issued. The authorised and issued share capital remained unchanged for the year.

Borrowings

The group's borrowings consist mainly of deposit and current accounts originated through banking operations and long-term financing.

Property, equipment and right-of-use assets

The group's property, equipment and right-of-use assets are disclosed in note 9 to the annual financial statements.

Dividends

	2021		2020	
	cents	N\$m	cents	N\$m
Interim dividend declared 24 August 2021 (2020: 30 October 2020) and paid 24 August 2021 (2020: 4 December 2020).	16.00	83.6	21.00	109.7
Final dividend declared 4 March 2022 (2020: 4 March 2021) and will be paid 7 May 2022 (2020: 7 May 2021)	15.00	78.4	14.00	73.0
Total dividends declared and paid in respect of the annual financial year	31.00	162.0	35.00	182.7

Ownership

At 31 December 2021, Standard Bank Group Limited owned 74.9% (2020: 74.9%) of the issued share capital. The general public, including the staff share scheme, owned 25.1% of the issued share capital.

The following directors each hold issued shares as follows:

	Number of ordinary shares	
	2021	2020
Beneficial shares, all indirectly held		
Mrs M Geises	248 624	
Mr VJ Mungunda		248 624
Adv N Bassingthwaighe	118 395	118 395
Mr JL Muadinohamba	118 395	118 395
Mr IH Tjombonde	118 395	118 395
Mrs L du Plessis	2 385	2 385
	606 194	606 194

Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
Executive directors	
Mrs M Geises ¹	Namibian
Mr VJ Mungunda ²	Namibian
Mrs L du Plessis	Namibian
Non-executive directors	
Mr H Maier (Chairperson)	Namibian
Mr AN Mangale	South African
Mrs B Rossouw	Namibian
Mr IH Tjombonde	Namibian
Mr JL Muadinohamba	Namibian
Mrs M Shivute Dax	Namibian
Adv N Bassingthwaighe	Namibian
Mr P Schlebusch	South African
Ms PM Nyandoro ³	Zimbabwean

¹ Mrs M Geises was appointed as chief executive officer (CEO) on 1 May 2021.

² Mr VJ Mungunda resigned as CEO on 30 April 2021.

³ Ms PM Nyandoro resigned on 22 April 2021.

See Annexure C for details of the directors' remuneration.

Company secretary

S Tjijorokisa, based at 1 Chasie Street, Kleine Kuppe, Windhoek, Namibia.

Debt officer

Y Fourie, based at 1 Chasie Street, Kleine Kuppe, Windhoek, Namibia.

Interest in subsidiaries

The company owns 100% of the share capital of Standard Bank Namibia Limited, Standard Insurance Brokers (Namibia) (Proprietary) Limited, Arleo Investment Sixteen (Proprietary) Limited and Stanfin (Namibia) (Proprietary) Limited. The company also owns 50.91% of the share capital of Mobicash Payments Solutions (Proprietary) Limited.



Refer to Annexure A for further information about the group and company's interests in subsidiaries.

Compliance with BID-2

The group's annual financial statements comply with the Bank of Namibia's (BoN) Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2), except for paragraph 10.(e) regarding when an asset must be classified as a 'loss'. The guidance received from the BoN indicated if that asset, which is overdue for 360 days, is well secured, legal action has commenced but it takes more than one year after judgement to realise the collateral then the asset must be classified as a loss and must be written off within 90 days after being classified as such. IFRS 9.5.4.4 states that an entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectation of recovering a financial asset or contractual cash flows in its entirety or a portion thereof. The BID-2 requirement to write-off an asset is if it takes more than one year after judgement to realise the collateral, even though the asset is well secured, is not aligned with IFRS 9 which requires an entity to only write-off if there is no reasonable expectation of recovery. Given the fact that the asset is well secured there is reasonable expectation of recovery. In terms of IFRS 9 the asset should not be written off.

Insurance

The group and company protects itself against financial loss by maintaining banker's comprehensive crime and professional indemnity cover. The insurance terms and conditions are reviewed by the SBSA insurance committee annually to ensure they are 'fit-for-purpose' in terms of the group and company's risk exposures.

Segmental changes

The group has made significant structural changes to better serve clients and, as of this year, is primarily organised into three client segments: Consumer & High Net Worth (CHNW) clients, Business & Commercial (BCC) clients and Corporate & Investment Banking (CIB) clients.

The group's Client Segments are supported by Client Solutions, Engineering and Innovation capabilities. These shifts have allowed the group and company to realise a more integrated and seamless delivery of financial services to our diverse client base, reduce time and cost to serve, and to innovate more quickly and efficiently.

This operating structure will enable the transformation from the group's current state as a trusted financial services provider, to achieve its 2025 Ambition of being a platform business. By building out from its solid foundation in traditional financial services, the group will meet its clients on the digital platforms where they are shopping, socialising and doing business.

This will be accomplished by driving or contributing to 'ecosystems', which are coordinated networks of participants and devices, combining our own offerings with those of partners, enabling clients and producers to fulfil a broad range of needs seamlessly. Ten ecosystems have been identified and prioritised to drive or contribute to, and are closely aligned to the group's existing offering in traditional financial services, and where value can be added based on existing capacities and expertise.



Refer to note 38 for further details.

Covid-19

Covid-19 continued to impact the operating environment but through robust risk management principles the company remained focused on resilient balance sheet management practices to ensure the preserving of the company's financial position. The company had a three-phase approach to respond to the effect of the Covid-19 pandemic. The first was the implementation to manage the immediate threat, the second was the facilitation of the return to growth which required the company's continue support to the economy through its client and surrounding communities whiles mitigating against an economic fallout. The third phase was about adapting to the current circumstance.

All three phases continued throughout 2021. In terms of phase one, which was implemented to manage the impact to the company's human element to protect the health, safety and livelihoods of staff and their families and to promote a positive societal impact, was instrumental during the third wave. The Namibian healthcare system was stretched to full capacity, with low levels of oxygen being reported across the country. Giving back to our communities remained a key priority and as such Standard Bank donated funds for the procurement of oxygen by the Government. Similarly, for our employees, we procured oxygen concentrators to ensure the availability of oxygen for our employees when needed and continued to provide them with care packages. We maintained our Pandemic Response Plan with an average of 64% of our total employee complement successfully working-from-home during 2021.

In terms of the second phase, we continued to provide support to the clients. Client relief programmes comprised of assisting clients with temporary liquidity constraints as a result of the impact of Covid-19, in the form of covenant relaxations and payment holidays. These relief programmes all came to an end during the last quarter of 2021. Phase three, adapting to the current circumstance continued throughout 2021. Covid-19 accelerated the adoption of work-from-home policy. In line with the company's commitment to its employees, the majority of employees were permitted to transition between working from the office premises and working from home interchangeably throughout 2021. Cost-saving initiatives as well as the successful raise of N\$1.5 billion of funding in the debt capital markets were all actions implemented to strengthen the capital and liquidity position of the company.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

	Note	GROUP			COMPANY	
		2021 N\$'000	2020 Restated ¹ N\$'000	1 January 2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Assets						
Cash and balances with the central bank	1	1 488 497	1 035 972	1 526 148	312 401	194 115
Derivative assets	2	73 326	372 288	149 910		
Trading assets	3	619 584	417 542	314 265		
Pledged assets	4		520 956	580 098		
Financial investments	5	5 670 546	4 299 673	4 063 792		
Current tax asset		138 521	99 525	80 181		
Loans and advances	6	25 447 708	24 148 391	25 475 736		
Other assets	7	346 814	336 301	1 125 921	37 763	43 600
Interest in subsidiaries and joint venture	8			15 435	921 986	921 986
Property, equipment and right-of-use assets	9	1 027 366	1 083 502	1 121 668		
Goodwill and other intangible assets	10	547 857	500 769	503 765		
Deferred tax asset	14	1 560	23 450	47 928		
Total assets		35 361 779	32 838 369	35 004 847	1 272 150	1 159 701
Equity and liabilities						
Equity						
Equity attributable to the ordinary shareholders		4 394 811	4 180 544	3 992 011	1 257 934	1 139 112
Ordinary share capital	11	1 045	1 045	1 045	1 045	1 045
Ordinary share premium	12	642 189	642 189	642 189	642 189	642 189
Reserves		3 736 724	3 523 280	3 334 608	614 700	495 878
Non-controlling interest		14 853	14 030	14 169		
Liabilities		30 966 968	28 657 825	31 012 836	14 216	20 589
Derivative liabilities	2	70 576	362 123	142 511		
Trading liabilities	13	55 754	34 532	60 969		
Current tax liability						4 109
Deposits and debt funding	15	28 242 080	26 119 815	27 866 820		
Debt securities issued	16	1 961 123	1 620 305	1 590 750		
Provisions and other liabilities	17	625 267	515 694	1 348 527	14 216	16 480
Deferred tax liability	14	12 168	5 356	3 259		
Total equity and liabilities		35 361 779	32 838 369	35 004 847	1 272 150	1 159 701

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities, fair value adjustments to staff loans and the offsetting of deferred tax assets and deferred tax liabilities.

INCOME STATEMENTS

for the year ended 31 December 2021

	Note	GROUP		COMPANY	
		2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Net interest income		1 236 682	1 169 040		
Interest income	24	1 972 847	2 172 717		
Interest expense	25	(736 165)	(1 003 677)		
Non-interest revenue		1 208 806	1 192 672	280 596	280 068
Net fee and commission revenue		900 347	849 264		
Fee and commission revenue	26	1 161 708	1 066 853		
Fee and commission expense	27	(261 361)	(217 589)		
Trading revenue	28	113 935	99 561		
Other revenue	29	106 383	105 443	280 596	280 068
Other gains on financial instruments	30	88 141	138 404		
Total income		2 445 488	2 361 712	280 596	280 068
Credit impairment charges	31	(288 751)	(253 910)		
Net income before operating expenses		2 156 737	2 107 802	280 596	280 068
Operating expenses	32	(1 586 804)	(1 497 868)	(5 032)	(2 400)
Net income before capital items and equity-accounted earnings		569 933	609 934	275 564	277 668
Loss on derecognition of equity-accounted investment	8		(1 604)		
Net income before indirect taxation		569 933	608 330	275 564	277 668
Indirect taxation	33	(43 356)	(30 634)		
Profit before direct taxation		526 577	577 696	275 564	277 668
Direct taxation	33	(155 355)	(156 510)		
Profit for the year		371 222	421 186	275 564	277 668
Attributable to ordinary shareholders		370 399	421 325	275 564	277 668
Attributable to non-controlling interest		823	(139)		
Basic and diluted earnings per ordinary share	39	71	81		

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for details of restatements on fair value adjustments on staff loans.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Profit for the year	371 222	421 186	275 564	277 668
Other comprehensive (loss)/income – net of taxation²	(213)	20 067		
Items that may be subsequently reclassified to profit or loss				
Net change in fair value of equity financial assets measured at fair value through other comprehensive income (FVOCI)	(8 906)	4 681		
Net change in expected credit loss (ECL)	(1 939)	1 133		
Net change in fair value	(6 967)	3 548		
Items that may not be subsequently reclassified to profit or loss				
Fair value movement on post-employment benefit (note 35)	8 693	15 386		
Total comprehensive income for the year	371 009	441 253	275 564	277 668
Attributable to ordinary shareholders	370 186	441 392	275 564	277 668
Attributable to non-controlling interest	823	(139)		

¹ Refer to restatement explanation included in the 'Accounting policy elections and restatements' section for details.

² Income tax relating to each component of other comprehensive income is disclosed in note 33.2.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Note	Ordinary share capital and premium N\$'000	Share-based payment reserve N\$'000
GROUP			
Balance at 1 January 2020		643 234	38 493
Total comprehensive income for the year			
Profit for the year			
Other comprehensive income after tax for the year			
Transactions with the shareholders, recorded directly in equity			(38 493)
Transfer of vested equity options			(38 493)
Transfer between reserves			
Dividends paid	34.7		
Balance at 1 January 2021		643 234	
Total comprehensive income for the year			
Profit for the year			
Other comprehensive income/(loss) after tax for the year			
Transactions with the shareholders, recorded directly in equity			
Transfer between reserves			
Dividends paid	34.7		
Balance at 31 December 2021		643 234	

¹ The FVOCI reserve comprises the FVOCI reserve for debt financial investments (note 5).



Accounting policies regarding reserves are detailed in Annexure D.

All balances are stated net of tax where applicable.

Fair value adjustments on FVOCI financial assets ¹ N\$'000	Post-employment benefit reserve N\$'000	Statutory credit risk reserve N\$'000	Retained earnings N\$'000	Ordinary shareholders equity N\$'000	Non-controlling interest N\$'000	Total equity N\$'000
3 004	19 823		3 273 288	3 977 842	14 169	3 992 011
4 681	15 386		421 325	441 392	(139)	441 253
4 681	15 386		421 325	421 325	(139)	421 186
			20 067	20 067		20 067
		58 510	(272 737)	(252 720)		(252 720)
			38 493			
		58 510	(58 510)			
			(252 720)	(252 720)		(252 720)
7 685	35 209	58 510	3 421 876	4 166 514	14 030	4 180 544
(8 906)	8 693		370 399	370 186	823	371 009
(8 906)	8 693		370 399	370 399	823	371 222
			(213)	(213)		(213)
		74 873	(231 615)	(156 742)		(156 742)
		74 873	(74 873)			
			(156 742)	(156 742)		(156 742)
(1 221)	43 902	133 383	3 560 660	4 379 958	14 853	4 394 811

STATEMENTS OF CHANGES IN EQUITY CONTINUED

for the year ended 31 December 2021

	Note	Ordinary share capital and premium N\$'000	Retained earnings N\$'000	Total equity N\$'000
COMPANY				
Balance at 1 January 2020		643 234	470 930	1 114 164
Total comprehensive income for the year			277 668	277 668
Profit for the year			277 668	277 668
Transactions with the shareholder, recorded directly in equity			(252 720)	(252 720)
Dividends paid	34.7		(252 720)	(252 720)
Balance at 1 January 2021		643 234	495 878	1 139 112
Total comprehensive income for the year			275 564	275 564
Profit for the year			275 564	275 564
Transactions with the shareholder, recorded directly in equity			(156 742)	(156 742)
Dividends paid	34.7		(156 742)	(156 742)
Balance at 31 December 2021		643 234	614 700	1 257 934

Details relating to each reserve are provided in the accounting policies detailed in annexure D.

All balances are stated net of tax where applicable.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	Note	GROUP		COMPANY	
		2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Net cash flows from operating activities		446 661	(119 076)	274 928	73 868
Net income before capital items and equity-accounted earnings		569 933	609 934	275 564	277 668
Adjusted for non-cash items and other adjustments included in the income statements ^{1,2}	34.1	(751 308)	(753 543)	(236 917)	(232 684)
(Increase)/decrease in income earning assets ²	34.2	(2 416 969)	1 288 246	5 837	(16 046)
Increase/(decrease) in deposits and other liabilities ²	34.3	2 002 190	(2 214 583)	(2 364)	(186 463)
Interest received ¹		1 968 515	2 193 158		
Dividends received		631	1 940	236 917	232 684
Interest paid		(759 732)	(1 085 695)		
Direct taxation paid	34.4	(166 599)	(158 533)	(4 109)	(1 291)
		(157 194)	(127 040)		
Net cash flows used in investing activities					
Capital expenditure on property and equipment		(62 318)	(91 492)		
Proceeds from sale of property and equipment	34.5	1 661	1 260		
Capital expenditure on intangible assets		(96 537)	(37 204)		
Payment for acquisition of subsidiary, net of cash acquired					
Proceeds from sale of intangible assets	34.6		396		
Net cash flows used in financing activities		163 902	(245 297)	(156 642)	(252 495)
Principal element of lease payments	17.1	(15 956)	(29 502)		
Issuance of ordinary share capital					
Share issue expense					
Subordinated debt redeemed					
Senior debt issued	16	1 543 000	300 000		
Senior debt redeemed	16	(1 206 500)	(263 300)		
Dividends paid	34.7	(156 642)	(252 495)	(156 642)	(252 495)
Net increase/(decrease) in cash and balances with the central bank		453 369	(491 413)	118 286	(178 627)
Cash and balances with central banks at the beginning of the year	1	1 035 972	1 526 148	194 115	372 742
Effects of exchange rate changes on cash and balances with the central bank		(844)	1 237		
Cash and balances with the central bank at the end of the year	1	1 488 497	1 035 972	312 401	194 115

¹ In the current year certain trading instruments were disaggregated into separate financial assets and financial liabilities. Comparatives have been restated. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section for further information.

² In the current year, low-interest staff loans were fair valued for the first time. Comparatives have been restated. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section for further information.

ACCOUNTING POLICY ELECTIONS AND RESTATEMENTS

Accounting policy elections

The principal accounting policies applied in the presentation of the group and company's annual financial statements are set out below.

Basis of preparation

The group's consolidated and company's separate annual financial statements (annual financial statements) are prepared in accordance with IFRS as issued by the IASB, its interpretations adopted by the IASB and the Namibian Companies Act. The annual financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Financial assets classified at FVOCI, financial assets and liabilities classified as fair value through profit or loss (FVTPL) and liabilities for cash-settled share-based payment arrangements.
- Post-employment benefit obligations that are measured in terms of the projected unit credit method.

The following principal accounting policy elections in terms of IFRS have been made, with reference to the detailed accounting policies shown in brackets:

- Investments in associates and joint ventures are initially measured at cost and subsequently accounted for using the equity method in the separate financial statements (accounting policy 2).
- purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 3).
- commodities acquired principally for the purpose of selling in the near future or generating a profit from fluctuation in price or broker-traders' margin are measured at fair value less cost to sell (accounting policy 3).
- the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy 4).
- intangible assets and property, equipment and right-of-use assets are accounted for at cost less accumulated amortisation and impairment (accounting policy 6).

Functional and presentation currency

The annual financial statements are presented in Namibian dollars, which is the functional and presentation currency of the group and company. All amounts are stated in thousands of Namibian dollars (N\$'000), unless indicated otherwise.

Changes in accounting policies

The accounting policies are consistent with those reported in the previous year except for the adoption of the following amendments effective for the current year:

Adoption of new and amended standards effective for the current financial year

- IFRS 4 Insurance Contracts (IFRS 4), IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 9 Financial Instruments (IFRS 9), IFRS 16 Leases (IFRS 16), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) (amendments).

The second phase of the Interest Rate Benchmark Reform (IBOR) resulted in amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 requirements to enable companies to deal with its effect on financial instruments and to continue providing useful information to investors. The amendments require entities to update the effective interest rate to reflect the change to the alternative risk-free rates (ARRs) instead of derecognising or adjusting the carrying amount of financial instruments, for changes required by the reform if the transition from the IBOR rate to the ARR is as a direct consequence of the reform and on an economically equivalent basis. The amendment also provides specific hedge accounting relief, including that an entity will not have to discontinue hedge accounting solely because it makes changes required by the reform to hedge designations and hedge documentation, if the hedge meets the other hedge accounting criteria. The amendments also require companies to provide additional information about new risks arising from the reform and how it manages the transition to ARR. The company will transition to ARR as each interest rate benchmark is replaced. The practical expedient to update the effective interest rate to reflect the change to the ARR was applied to loans and advances. Any other changes to the conceptual cash flows that are as a result of the interest rate benchmark reform are accounted for in terms of the group's modifications policy (refer to Annexure D for further information relating to the modification policy). The company's existing hedges were assessed against the phase 2 hedge accounting relief and no adjustment was required.

- IFRS 16 Leases (amendment). In light of the recent Covid-19 pandemic and resultant rent concessions to be granted by lessors, the amendment permits lessees, as a practical expedient, not to assess whether particular Covid-19 related rent concessions are lease modifications and instead account for those rent concessions as if they were not lease modifications. The amendment permits lessees to apply the practical expedient as an accounting policy choice to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2021. The group and company elected not to apply this practical expedient.
- Circular 1 2021 – Headline Earnings. The South African Institute of Chartered Accountants (SAICA) has issued amendments and clarifications mainly to existing headline earnings on IAS 16, IAS 39, IFRS 9 and IFRS 16 variable payments and rent concessions. The amendments did not have a material impact on the group and company's financial results.

Interest rate benchmarks and reference interest rate reform

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The IBOR rates which the bank is exposed to will be replaced by Secured Overnight Financing Rate (SOFR), Sterling Overnight Index Average (SONIA), Euro Short Term Rate (ESTR), Tokyo Overnight Average (TONA) and Swiss Average Rate Overnight (SARON). In certain instances, other suitable rates may be used, such as Central Bank Policy Rates. Whilst there are plans to replace JIBAR, there is currently no indication of when the designated successor rate will be made available.

The ARR transitioning introduces a number of risks to the company including, but not limited to:

- **market risk** – risk of not aligning to market regulations such as the ISDA, not meeting the market transition timelines and liquidity risk associated with the ARR.
- **model risk** – risk of the valuation models used within the company not being able to cater for the changes in the intended manner.
- **legal risk** – risk of being non-compliant to the agreements previously agreed with clients.
- **operational risk** – risk of the company's systems not being able to accommodate for the changes to the interest rates as agreed with the clients.
- **financial risk** – risk of not appropriately pricing the deals which will result in a transfer of value between the company and clients.
- **compliance/regulatory risk** – risk that the bank is exposed regulatory sanctions due to failing to meet the regulatory expectations in relation to the transition.
- **reputational risk** – the risk to the bank's reputation from failing to adequately prepare for the transition.
- **conduct risk** – risk that arises when transitioning existing contracts linked to IBORs as value-transfer may occur, or clients may be transitioned to inferior rates or on unfair contractual terms, or in circumstances where they do not fully appreciate the impact of the transition or the alternatives available to them.

The bank ceased booking new IBOR linked exposures from 1 October 2021, and new exposures have been booked using the ARR. At 31 December 2021 the company had only one USD medium term loan linked to three months LIBOR that extend beyond 2021. The LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited announced during the 2021 financial that it will not publish the three month LIBOR rate after 30 June 2023.

The company's treasury and capital management (TCM) team manages the transition to ARRs, and is working closely with the CIB business team to establish pricing for new lending products indexed to the ARR in impacted jurisdictions. The TCM team have a transition plan which details the transition process for transition of our exposures, comprised of the following work streams: risk management and measurement, legal, communications, accounting and systems. Pricing is being managed centrally by TCM using the recommendations from the main industry bodies, namely ISDA for derivatives, Loan Markets Association for Loans and ICMA for Bonds Markets. We are also tracking updates and incorporating best practice recommendations emanating from official sector working groups established to catalyse transition. By way of policy, all new contracts or exposures referencing IBORs include robust fallback language, and work is underway in some areas to actively transition the legacy exposure away from LIBOR. Changes in impacted systems are being implemented and ready to book at new rates. Communications to clients will continue via multiple platforms along with one-to-one conversations. The company is also ensuring that the staff attends relevant training and received the required updates and communication.

Financial instruments impacted by the reform which are yet to transition

	USD LIBOR 2021 N\$'000
Total assets recognised on the balance sheet subject to IBOR reform	
Derivative assets ¹	
Financial investments	
Loans and advances	660 744
Trading assets	
Total liabilities recognised on the balance sheet subject to IBOR reform	
Derivative liabilities ¹	
Deposits and debt funding	
Trading liabilities	
Total off-balance sheet exposures subject to IBOR reform	
Off-balance sheet items	

¹ These balances represent the notional amount directly impacted by the IBOR reform.

Early adoption of revised standards

- IFRS 9 Financial Instruments: General Hedge Accounting (GHA). The revised general hedge accounting requirements are better aligned with an entity's risk management activities, provide additional opportunities to apply hedge accounting and various simplifications in achieving hedge accounting. The group has elected to adopt and transition to IFRS 9 GHA for all current and further micro hedges (hedges that minimise/manage the risk exposure of a single instrument), in line with some market competitors both locally and globally. As at 1 January 2021, the risk management objective and the hedge documentation for all micro hedges has been updated to comply with the requirements of IFRS 9 GHA. The micro hedge relationships which existed at 1 January 2021 were treated as continuing hedge relationships, and qualifying criteria were met resulting in no transition or profit or loss impact for the group and company. The group and company has applied IFRS 9 GHA prospectively for all micro hedge relationships.
- IFRS 16 Leases (amendment). The amendment extends the availability of the practical expedient so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The group and company elected not to apply this practical expedient.
- IAS 1 Presentation of Financial Statements (IAS 1) (amendments), IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) (amendments). In response to the IASB's Disclosure Initiative – Principles of Disclosure, the amendments introduce a requirement for

entities to disclose their material accounting policy information rather than significant accounting policies. To support this amendment, the IASB also amended its IFRS Materiality Practice Statement to explain and demonstrate the application of the materiality process to accounting policy disclosures. The amendments have been applied prospectively.

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendments). IAS 8 (amendment). The amendments introduce the definition of accounting estimates and include amendments to assist entities to distinguish changes in accounting estimates from changes in accounting policies. The amendments have been applied prospectively.
- IAS 12 Income Taxes (IAS 12) (amendment). The amendments narrow the scope of the initial recognition exemption of deferred tax assets and liabilities. The exemption no longer applies to transactions that, at initial recognition, give rise to equal taxable and deductible temporary differences. The amendments have been applied retrospectively.
- Annual improvements 2018 – 2020 cycle. The IASB has issued various amendments and clarifications to existing IFRS. The amendments have been applied retrospectively.

The adoption of the above new and amended standards on 1 January 2022 did not affect the group's previously reported financial results, disclosures or accounting policies and did not impact the group's results upon transition. Accounting policies have been amended as relevant.



Refer to Annexure D – detailed accounting policies.

Restatements

Disaggregation of treasury bill assets and liabilities

In the current year the group identified that sales of treasury bills to BCC and CHNW clients did not transfer as the title of the instrument was not updated to the names of the BCC and CHNW clients. Therefore, the contractual rights to receive cash flows and the contractual obligation to pay these cash flows to the client remain with the company. This requires the treasury bill asset and liabilities to be disclosed separately and not netted off as was the practice in prior years. The errors were corrected in the current year and comparatives have been restated to reflect this change.

The restatement has no impact on profit for the year, earnings per share or net cash flows used in operating activities. The related interest income and interest expense are netted off in trading revenue in line with our accounting policy, as detailed in Annexure D, with the net impact being nil in current year and prior periods.

The correction of this error amount to a reclassification in the statement of financial position and statement of cash flows as indicated below.

	2020			1 January 2020		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000

STATEMENT OF FINANCIAL POSITION

Assets

Trading assets	383 240	34 302	417 542	268 177	46 088	314 265
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Liabilities

Trading liabilities	230	34 302	34 532	14 881	46 088	60 969
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	2020		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000
STATEMENT OF CASH FLOWS			
Adjustments for non-cash items and other adjustments included in the income statement	(754 543)		(754 543)
Decrease/(increase) in income-earning assets	1 322 548	(34 302)	1 288 246
(Decrease)/increase in deposits and other liabilities	(2 248 885)	34 302	(2 214 583)

Fair value adjustment to staff loans

Staff loans are offered to employees at interest rates below the market rate. Upon initial recognition in prior years, the staff loans were not fair valued in line with IFRS requirements and our accounting policies. The difference between the market and preferential rate represents an employee benefit which should have been recognised in the income statement over the term of the underlying contracts. The error was corrected in the current year and have been restated as follows:

	2020			1 January 2020		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000
STATEMENT OF FINANCIAL POSITION						
Assets						
Loans and advances	24 302 724	(154 334)	24 148 390	25 635 493	(159 757)	25 475 736
Other assets	181 967	154 334	336 301	966 164	159 757	1 125 921

	2020		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000
INCOME STATEMENT			
Interest income	2 178 140	(5 423)	2 172 717
Operating expenses	(1 503 291)	5 423	(1 497 868)

The combined effect of the two restatements on the income statement and statement of cash flows is as follows:

	2020		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000

INCOME STATEMENT

Interest income	2 178 139	(5 423)	2 172 717
Operating expenses	(1 503 291)	5 423	(1 497 868)

	2020		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000

STATEMENT OF CASH FLOW

Adjusted for non-cash items and other adjustments included in the income statement	(758 966)	5 423	(753 543)
Decrease/(increase) in income-earning assets	1 322 548	(34 302)	1 288 246
(Decrease)/increase in deposits and other liabilities	(2 248 885)	34 302	(2 214 583)
Interest received	2 198 581	(5 423)	2 193 158

Offsetting deferred tax assets and liabilities

The deferred tax assets and deferred tax liability were offset in the current year for Standard Bank Namibia Limited with comparatives restated as this subsidiary meets the requirements to offset in terms of IAS 12 'Income Taxes'. The subsidiary has a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and the deferred tax liabilities relating to income taxes levied by the Namibian tax authority on the subsidiary only.

The comparatives have been restated as follows:

	2020			1 January 2020		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000

STATEMENT OF FINANCIAL POSITION

Assets

Deferred tax asset	300 882	(277 432)	23 450	301 100	(253 172)	47 928
Deferred tax liability	282 788	(277 432)	5 356	256 431	(253 172)	3 259

The restatement has no income statement or statement of cash flow impacts as the impacts are correctly measured, presented and disclosed.

KEY MANAGEMENT ASSUMPTIONS

In preparing the group and company annual financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. While models have been enhanced, no material changes to assumptions have occurred during the current year. The following represents the most material key management assumptions applied in preparing these financial statements. The key management assumptions below apply to group and company, unless otherwise stated.

Expected credit loss (ECL)

During the current reporting period models have been enhanced, but no material changes to assumptions have occurred. Covid-19 placed considerable strain on our operations, specifically retail, business and corporate clients, however, the group's risk appetite remained unchanged. As such the below significant increase in credit risk (SICR) and default assumptions, thresholds and/or triggers were not amended.

ECL on financial assets – IFRS 9 drivers

For the purpose of determining the ECL:

- The BCC and CHNW portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write-off recoveries (PWOR) from the loss given default (LGD) in calculating the ECL. These LGD parameters are aligned to market practice.
- CIB client exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

- The ECL measurement period for stage 1 exposures is 12-months (or the remaining tenor of the financial asset for CIB client exposures if the remaining lifetime is less than 12-months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- The measurement periods for unutilised loan commitments use the same approach as on-balance sheet exposures.

SICR and low credit risk

Home services, vehicle and asset finance, card, personal, business and other lending products

All exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are based on behaviour scores, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk. Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due (DPD)) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness. The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often taken into account in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criterion are met.

The group and company determine the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 DPD to stage 2. This transfer rate is such that the proportion of the 0 – 29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0 – 29 days accounts into 30 or more days in arrears. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 DPD as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

In accordance with BoN's policy directives in response to economic and financial stability challenges, following the fallout of the Covid-19 pandemic where a restructure is considered due to Covid-19 related factors, the group determines whether the exposure is expected to remain in a not overdue status subsequent to the relief period. These restructured exposures are classified as Covid-19 related restructures and the determination of temporary or permanent distress is assessed on a regular basis. Temporary distressed accounts are classified as stage 1 or stage 2 based on the risk profile and permanently distressed accounts are classified as stage 3.

The determination of temporary or permanently distressed is made by assessing various customer, transactional and delinquency variables (included but not limited to customers that were up to date at 29 February 2020 were deemed to be temporary in nature if it was expected that the customer would remain up to date post the relief period and customers experiencing financial distress and in arrears prior to 29 February 2020 were deemed to be permanent in nature) to estimate a PD.

Corporate, sovereign and bank lending products (including certain business banking exposures)

The group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

CIB exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the group's master rating scale as investment grade (within credit risk grade 1 – 12 of the group's 25-point master rating scale) are assessed for SICR at each reporting date but are considered to be a low credit risk customer. To determine whether a client's credit risk has increased significantly since origination, the group and company would need to determine the extent of the change in credit risk using the table below.

Group master rating scale band	SICR trigger (from origination)
SB 1 – 12	Low credit risk
SB 13 – 20	3 rating or more
SB 21 – 25	1 rating or more

From a Namibian perspective, for Covid-19 related qualifying exposures the SICR methodology remains unchanged (comparing the credit risk grading) to determine whether these exposures are classified within stage 1 or stage 2. The credit risk grade is assessed at the time of the relief, and subsequent monthly reviews of the status of the request and client's performance are conducted.

Incorporation of forward-looking information (FLI) in ECL measurement

The group determines the macroeconomic outlook over a planning horizon of at least three years based on the company's global outlook and its global view of commodities.

For home services, VAF, card, personal, business and other lending products these forward-looking economic expectations are included in the ECL where adjustments are made based on the group's macroeconomic outlook, using models that correlate these parameters with macroeconomic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the group's macroeconomic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risks and industry data, have been taken into account in ECL estimates when required, through the application of out-of-model adjustments. These out-of-model adjustments are subject to group credit risk management committee oversight.

The group's macroeconomic outlook is incorporated in corporate, sovereign and bank products' client rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the group and company's internal credit risk management approach and definitions. While the specific determination of default varies according to the nature of the product, it is aligned to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the group and company's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The group and company have not rebutted the 90 DPD rebuttable presumption.

Write-off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding (i.e. no reasonable expectation of recovery). This assessment considers both qualitative and quantitative information, such as past performance, behaviour and recoveries. The group assesses whether there is a reasonable expectation of recovery at an exposure level. As such, once the below criteria are met at an exposure level, the exposure is written off.

The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e. vehicle and asset finance, mortgage loans, etc.) which is deemed sufficient to determine whether the group is able to receive any further economic benefit from the impaired loan. The period defined for unsecured BCC and CHNW products are determined with reference to post-default payment behaviour such as cumulative delinquency, as well as an analysis of post-write-off recoveries which includes an assessment of the factors resulting in post-write-off recoveries. Factors that are within the group's control are assessed and considered in the determination of the period defined for each product. The post-default payment period is generally once the rehabilitation probability (repayment of arrear instalments) is considered low to zero, and a period between 180 and 360 days post default with no payments; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% ECL allowance) with no reasonable expectation of recovery of the asset, or a portion thereof.

As an exception to the above requirements:

- where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above.
- CIB product write-offs are assessed on a case-by-case basis and approved by the CIB client credit governance committee based on the individual facts and circumstances.

For unsecured exposures, post-write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The group continuously monitors and reviews when exposures are written off, the levels post-write-off recoveries as well as the key factors causing post-write-off recoveries, which ensure that the group's point of write-off remains appropriate and that post-write-off recoveries are within acceptable levels after time.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Distressed restructured financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the group's CIB, BCC or CHNW credit governance committee (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime ECL model) back to stage 1 (12-month ECL model) prospectively.

The group's forward-looking economic expectations were applied in the determination of the ECL at the reporting date.

A range of base, bullish and bearish forward-looking economic expectations were determined, as at 31 December 2021, for inclusion in the group's forward-looking process and ECL calculation.

Namibia economic expectation

Base scenario

Despite the lingering effects of the pandemic, there is optimism that Namibia's economy will experience a much-improved performance in 2022. In this scenario real GDP is expected to grow by 3.4%, driven by increased mining activities and base

effect recoveries in primary and tertiary industries. Increased investments in information, communication and technology (ICT), logistics and energy generation should improve the productive capacity in the economy leading to more positive growth prospects moving forward. Economic growth over the mid-term is expected to be higher than the pre-pandemic growth trend, supported by structural reforms, stable growth in the global economy, lighter Covid-19 restrictions, and general better growth prospects across all industries. We now predict growth to average above 3% over the forecast period.

Bear scenario

The risks of a more bearish scenario still exist and are largely predicated on new variants and further waves of Covid-19 infections, reform failure both domestically and in neighbouring South Africa, as well as low international commodity prices and climate challenges. In this scenario, worsening public finances in South Africa would trigger a ratings downgrade and result in significant capital outflows. Further political unrest in South Africa and Eskom's failure to alleviate electricity supply shortfalls would ultimately constrain economic output. The effects of the economic downturn in South Africa would carry over into the Namibian economy and likely weigh negatively on growth. Furthermore, debt sustainability concerns, which may require fiscal consolidation, which, if prematurely implemented, will likely further dampen economic recovery and growth efforts. Failure to contain inflationary pressure accompanied by a weaker Rand (and by extension the Namibian dollar) would force Bank of Namibia to raise policy rates, further hindering recovery efforts. In this scenario, the recession would continue and deepen as domestic demand remains subdued, partly owing to the larger

permanent destruction of businesses and jobs in key sectors of the economy.

Bull scenario

Generally, there is a low probability of a bullish scenario – however, if it were to occur, it would hinge on better-than-expected traction with broader economic reform implementation in South Africa. This in turn would attract portfolio inflows, leading to the exchange rate strengthening as global growth and commodity prices pick up. The economic upturn in South Africa would carry over into the Namibian economy and positively affect growth. Namibia would also fast track the implementation of the envisaged structural reforms and some key projects identified.

In this scenario, domestic GDP growth would pick up significantly, averaging at almost 4% over the remaining forecast period. The turnaround would be supported by a recovery in consumer demand, commodity prices and improved rainfall supporting growth in the agricultural sector.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the forward-looking impact on the ECL provision on financial assets. For each scenario, the average values of the factors over the next 12 months, and over the remaining forecast period, are presented.

	Base scenario		Bear scenario		Bull scenario	
	Next 12 months	Remaining forecast period ¹	Next 12 months	Remaining forecast period ¹	Next 12 months	Remaining forecast period ¹
Macroeconomic factors 2021						
Namibia²						
Inflation (%)	4.20	4.25	4.60	4.99	3.53	3.90
Real GDP ³ (%)	3.40	2.98	1.65	1.49	4.15	3.67
Exchange rate (USD/NAD)	15.03	15.15	15.58	16.19	14.43	14.41
Prime (%)	8.06	9.29	8.25	9.48	7.75	8.71
2020						
Namibia						
Inflation (%)	2.20	3.80	2.90	3.84	3.50	4.20
Real GDP ³ (%)	(8.00)	2.10	(12.00)	2.60	0.30	(3.50)
Exchange rate (USD/NAD)	17.02	15.82	17.36	17.85	16.22	15.04
Prime (%)	8.20	8.15	8.25	9.48	8.20	7.72

¹ The remaining forecast period is 2023 to 2025.

² The scenario weighing is: Base at 55%, Bear at 30% and Bull at 15%.

³ Gross domestic product.

Sensitivity analysis of home services, vehicle and asset finance, card, personal, business and other lending products forward-looking impact on ECL provision

The following table shows a comparison of the FLI on the provision as at 31 December 2021, based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% weighting of the above factors.

	2021		2020	
	Total ECL provision N\$'000	I/S (release)/ charge N\$'000	Total ECL provision N\$'000	I/S (release)/ charge N\$'000
Forward-looking impact	73 888	(11 091)	84 979	49 616
Scenarios				
Base	66 515	(7 373)	72 302	36 939
Bear	170 728	96 840	214 284	178 921
Bull	221	(73 667)	1 022	(34 341)



Refer to note 6 loans and advances for the carrying amounts of the loans and advances and the credit risk section of the risk and capital management report for the group's assessment of the risk arising out of the failure of counterparties to meet their financial or contractual obligations when due.

The income statement impact of N\$11 million for 2021 was assessed by applying the same sensitivity analysis principles mentioned above. The impact for each scenario is N\$67 million (decrease of N\$6 million) for the Base scenario, N\$171 million (increase of N\$43 million) for the Bear scenario and N\$0.2 million (decrease of N\$0.8 million) for the Bull scenario.

Post-model adjustments

The company's forward-looking scenarios remain aligned to base case (55%), bull (15%) and bear (30%). The forward-looking view is supported by experts' view that the pandemic will be endemic to the operating environment. The current period ECL charge decreased from N\$85 million to N\$74 million in support of the positive sentiment expected.

Fair value

Financial instruments

In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the group and, in particular, provides assurance that the risk and return measures that the group has taken are accurate and complete.

Valuation process

The group's valuation control framework governs internal control standards, methodologies and procedures over its valuation processes, which include:

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Valuation techniques: Where quoted market prices are unavailable, the group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions. Changes in these assumptions would affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- credit spreads on illiquid issuers,
- implied volatilities on thinly traded instruments,
- correlation between risk factors,
- prepayment rates and
- other illiquid risk drivers.

In making appropriate valuation adjustments, the group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are due to the relatively low liquidity of the underlying risk driver
- raising day one profit or loss provisions in accordance with IFRS
- quantifying and reporting the sensitivity to each risk driver
- prepayment rates
- limiting exposure to such risk drivers and analysing exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the group's model validation unit and formally reviewed and approved by the market risk methodologies committee. This control applies to both off-the-shelf models, as well as those developed internally by the group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Independent valuation comparisons are also performed, and any significant variances noted are appropriately investigated. Less liquid risk drivers, which are typically used to mark level 3 assets and liabilities to model, are carefully validated and tabled at the monthly price validation forum to ensure that these are reasonable and used consistently across all entities in the group. Sensitivities arising from exposures to such drivers are similarly scrutinised, together with movements in level 3 fair values. They are also disclosed on a monthly basis at the market risk and asset and liability committees.



Refer to note 19 for assets and liabilities at fair value disclosures.

Consolidation of entities

The group controls and consolidates an entity where the group has power over the entity's relevant activities; is exposed to variable returns from its involvement with the investee; and has the ability to affect the returns through its power over the entity. Determining whether the group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the investee's returns, and whether the group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights, including whether such rights are substantive.

Goodwill impairment

In terms of IFRS, the group is required on an annual basis to test its recognised goodwill for impairment. The impairment tests are performed by comparing the cash-generating units' (CGU) recoverable amounts to the carrying amounts in the functional currency of the CGU being assessed for impairment. The recoverable amount is defined as the higher of the entity's fair value less costs of disposal and its value in use. The review and testing of goodwill for impairment inherently requires significant management judgment as management needs to estimate the identified CGU's future cash flows. The principal assumptions considered in determining an entity's value in use include:

- Future cash flows – the forecast periods adopted reflect a set of cash flows which, based on management's judgement and expected market conditions, could be sustainably generated over such a period. A forecast period of five years has been used.
- Discount rates – the weighted average cost of capital (WACC) was calculated based on comparable companies in the industry. In determining the WACC, we have used the capital asset pricing model (CAPM). Cost of debt was calculated using the risk-free rate in Namibia of 6.54% – 7.07% and adding a credit spread of 2.0% – 3.0%. The after tax cost of debt was derived after taking into account the Namibian tax at a rate of 32%.

The following table summarises the impairment test methodology applied and the key inputs used in testing the group's goodwill relating to Mobicash Payments Solutions (Propriety) Limited.

	Mobicash Payments Solutions (Proprietary) Limited	
	2021	2020
Discounted cash flow		
Discount rate (nominal) (%)	14.98	14.36
Forecast period (years)	5	5
Terminal growth (nominal) (%)	4.1	3.5

Post-employment benefits

The group and company's post-employment benefits consist of both post-employment retirement funds and healthcare benefits. The group and company's obligations to fund these benefits are derived from actuarial valuations performed by the appointed actuaries taking into account various assumptions. The funds are subject to a statutory financial review by the group's independent actuaries at intervals of not more than three years.



The principal assumptions used in the determination of the group and company's obligation are set out in note 35.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Cash and balances with the central bank

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Coins and bank notes ¹	478 714	417 531		
Balances with the Bank of Namibia ^{1,2}	1 009 783	618 441		
Cash balances			312 401	194 115
Total	1 488 497	1 035 972	312 401	194 115

¹ Coins and bank notes and the reserve balance with the BoN are classified as FVTPL while temporary excess balance with BoN is classified at amortised cost.

² These balances primarily comprise reserving requirements levied by BoN. These balances are available for use by the group, subject to certain restrictions and limitations imposed by BoN. These balances are held at FVTPL.

2. Derivative instruments

All derivatives are classified as either derivatives held-for-trading or held-for-hedging. A summary of the fair values of the derivative assets and derivative liabilities is as follows:

	Fair value of assets		Fair value of liabilities	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
GROUP				
Held-for-trading	71 896	366 163	(70 576)	(362 123)
Held-for-hedging	1 430	6 125		
Total	73 326	372 288	(70 576)	(362 123)

2.1 Use and measurement of derivative instruments

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

In the normal course of business, the group enters into a variety of foreign exchange, interest rate, commodity, credit and equity derivative transactions for both trading purposes. Derivative instruments used by the group in trading activities include swaps, options, forwards, futures and other similar types of instruments.

2.2 Derivatives held-for-trading

The group transacts derivative contracts to address client demand, both as a market maker in the wholesale markets and in structuring tailored derivatives for clients. The company also takes proprietary positions for its own account. Trading derivative products include the following:

	Fair value of assets		Fair value of liabilities		Notional amount ¹	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
GROUP						
Foreign exchange derivatives	62 796	355 536	(61 476)	(362 123)	369 918	369 918
Interest rate derivatives	9 100	10 627	(9 100)		99 924	79 256
Total	71 896	366 163	(70 576)	(362 123)	469 842	449 174

¹ The notional amount is the sum of the absolute value of all bought and sold contracts for both derivative assets and liabilities. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the group's participation in derivative contracts.

2. Derivative instruments continued

2.3 Financial instruments held-for-hedging

Derivatives and other financial instruments held-for-hedging

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instrument (hedged item). All qualifying hedging relationships are designated at fair value. The group applies hedge accounting in respect of interest rate risk.

2.3.1 Derivatives designated as hedging instruments in fair value hedging relationships

	Fair value		Net fair value N\$'000	Maturity			Contract/ notional amount ¹ N\$'000	Fair value gain/ (loss) N\$'000
	Assets N\$'000	Liabilities N\$'000		Less than one year N\$'000	Between one and five years N\$'000	Over five years N\$'000		
GROUP 2021								
Interest rate risk fair value hedging relationships								
Interest rate swaps	1 430		1 430		1 430		99 924	(4 695)
Total	1 430		1 430		1 430		99 924	(4 695)
2020								
Interest rate risk fair value hedging relationships								
Interest rate swaps	6 125		6 125		6 125		79 256	(2 008)
Total	6 125		6 125		6 125		79 256	(2 008)

¹ The notional amount is the sum of the absolute value for both derivative assets and liabilities. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the group's participation in derivative contracts. The notional amount is directly impacted by the JIBAR interest rate benchmark reform.

2.3.2 Hedged items classified as fair value hedges

	Fair value liabilities N\$'000	Accumulated fair value gain/(loss) at 31 December N\$'000	Fair value gain used to test hedge ineffectiveness N\$'000	Accumulated fair value hedge adjustments N\$'000
GROUP 2021				
Interest rate risk fair value hedging relationships				
Deposits and debt funding	(101 371)	4 739	4 739	4 739
Total	(101 371)	4 739	4 739	4 739
2020				
Interest rate risk fair value hedging relationships				
Deposits and debt funding	(85 442)	2 135	2 135	2 135
Total	(85 442)	2 135	2 135	2 135

2.3.3 Hedge ineffectiveness recognised in profit or loss

Hedge ineffectiveness in qualifying hedge relationships arises predominantly due to the presence of costs contained within hedging instruments. This ineffectiveness was recognised in profit or loss together with the gains and losses on the underlying hedged item according to the nature of the risk being hedged as follows:

	Net interest income	
	2021 N\$m	2020 N\$m
GROUP		
Fair value hedges		
Interest rate risk fair value hedging relationships	44	127

3. Trading assets

3.1 Classification

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Government, municipality and utility bonds	17 572			
Treasury bills	578 822	417 542		
Reverse repurchase and other collateralised agreements	23 190			
Total	619 584	417 542		

¹ In the current year, certain trading instruments were disaggregated into separate financial asset and financial liabilities. Comparatives have been restated. The related interest income and expense have also been disaggregated. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section for further information.

4. Pledged assets

The following table presents details of other financial assets which have been sold or otherwise transferred, but which have not been derecognised in their entirety or which were partially derecognised, and their associated liabilities.

GROUP	Carrying amount of transferred assets N\$'000	Carrying amount of associated liabilities N\$'000	Fair value of transferred assets N\$'000	Fair value of associated liabilities N\$'000	Net fair value N\$'000
2021					
Treasury bills					
Pledged assets (as recognised on the statement of financial position)¹					
2020					
Treasury bills	520 956	(515 153)	520 956	(515 153)	5 803
Pledged assets (as recognised on the statement of financial position)¹	520 956	(515 153)	520 956	(515 153)	5 803

¹ Total amount financial assets that the group and company have pledged as collateral liabilities.

The assets pledged by the group are strictly for the purpose of providing collateral to the counterparty. To the extent that the counterparty is permitted to sell and/or repledge the assets in the absence of default, they are classified in the statement of financial position as pledged assets. These transactions are conducted under terms that are customary to standard repurchase agreements and securities borrowing activities. No active repurchase agreement or securities borrowing transactions existed at the current financial year end, which would have required qualifying assets to be pledged as collateral.

5. Financial investments

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Government bonds and treasury bills	3 969 129	1 783 053		
Mutual funds and unit-linked investments	1 701 417	2 516 620		
Total	5 670 546	4 299 673		
IFRS 9 classification:				
Net debt financial investments measured at amortised cost	39 426	54 732		
Gross debt financial investments measured at amortised cost	39 426	54 732		
Less: ECL for debt financial investments measured at amortised cost				
Financial investments measured at FVTPL – mandatory	1 701 417	2 516 620		
Debt financial investments measured at FVOCI	3 929 703	1 728 321		
Total	5 670 546	4 299 673		

6. Loans and advances

6.1 Classification

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Net loans and advances measured at amortised cost	25 447 708	24 148 391		
Gross loans and advances measured at amortised cost	26 411 905	24 949 681		
Home services	12 783 843	12 583 245		
Vehicle and asset finance (note 6.2)	3 177 030	2 799 172		
Card and payments	142 026	158 960		
Corporate lending	3 332 015	3 555 265		
Sovereign lending	598 085	805 245		
Bank lending	3 258 881	2 238 427		
Other loans and advances ²	3 120 025	2 809 367		
Expected credit losses (note 6.3) ³	(964 197)	(801 290)		
Net loans and advances	25 447 708	24 148 391		

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of fair value adjustments to staff loans and the impact on loans and advances.

² Comprises personal unsecured lending and business and other lending.

³ The overall higher ECL is mainly attributable to constrained collections and further protraction in the legal environment stemming from the national lockdown and changes from stage 1 to stages 2 and 3 based on risk profile.

6.2 Vehicle and asset finance

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Gross investment in vehicle and asset financing	3 643 720	3 170 951		
Receivable within one year	255 980	314 647		
Receivable after one year but within five years	2 467 934	2 589 668		
Receivable after five years	919 806	266 636		
Unearned finance charges deducted	(466 690)	(371 779)		
Net investment in vehicle and asset financing	3 177 030	2 799 172		
Receivable within one year	247 613	305 578		
Receivable after one year but within five years	2 194 043	2 282 336		
Receivable after five years	735 374	211 258		

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of fair value adjustments to staff loans and the impact on loans and advances.

Leases entered into are at market-related terms. Under the terms of the lease agreement, no contingent rentals are payable. Moveable assets are leased or sold to customers under finance leases and instalment sale agreements for periods varying between 12 and 72 months. Depending on the terms of the agreement, the lessee may have the option to purchase the asset at the end of the lease term.

6. Loans and advances continued

6.3 Reconciliation of ECL for loans and advances measured at amortised cost

	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 (including IIS) N\$'000	Total ⁵ N\$'000
GROUP				
Opening ECL 1 January 2020	88 408	141 833	368 861	599 102
Transfers between stages¹	29 488	(15 433)	(14 055)	
Transfers (from)/to stage 1		(10 579)	(18 909)	(29 488)
Transfers to/(from) stage 2	10 579		4 854	15 433
Transfers to/(from) stage 3	18 909	(4 854)		14 055
Net ECL (released)/raised	(24 833)	40 340	268 884	284 391
ECL on new exposures raised ²	28 365	12 110	2 413	42 888
Subsequent changes in ECL	(39 629)	29 826	266 471	256 668
Change in ECL due to derecognition	(13 569)	(1 596)		(15 165)
Impaired accounts written off ³			(115 896)	(115 896)
Exchange and other movements ⁴	(400)	109	33 984	33 693
Closing ECL 31 December 2020	92 663	166 849	541 778	801 290
Opening ECL 1 January 2021	92 663	166 849	541 778	801 290
Transfers between stages¹	18 287	(8 538)	(9 749)	
Transfers to/(from) stage 1		(5 648)	(12 639)	(18 287)
Transfers (from)/to stage 2	5 648		2 890	8 538
Transfers (from)/to stage 3	12 639	(2 890)		9 749
Net ECL (released)/raised	(34 425)	16 538	346 050	328 163
ECL on new exposures raised ²	17 262	5 497	15 577	38 336
Subsequent changes in ECL	(47 464)	13 379	330 473	296 388
Change in ECL due to derecognition	(4 223)	(2 338)		(6 561)
Impaired accounts written off ³			(122 652)	(122 652)
Exchange and other movements ⁴			(42 604)	(42 604)
Closing ECL 31 December 2021	76 525	174 849	712 823	964 197

¹ The group policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, exposures can be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period.

² The ECL recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the line 'ECL on new exposures raised' ECL stage as at the end of the reporting year.

³ The contractual amount outstanding on loans and advances that were written off during the reporting period that are still subject to enforcement activities is N\$123 million (2020: N\$101 million).

⁴ Exchange and other movements include the time value of money (TVM) unwind and net interest in suspense (IIS) raised and released.

⁵ The ECL raised is for loans and advances and undrawn facilities.

6. Loans and advances continued

6.3 Reconciliation of ECL for loans and advances measured at amortised cost continued

A reconciliation of the ECL for loans and advances, by product:

	Opening ECL 1 January 2021 N\$'000	Transfer stage 1 (to)/ from N\$'000	Transfer stage 2 (to)/ from N\$'000	Transfer stage 3 (to)/ from N\$'000	Total transfers between stages N\$'000	Net ECL raised/ (released) ⁵ N\$'000	Impaired accounts written off N\$'000	Exchange and other movements N\$'000	Closing ECL 31 December 2021 N\$'000
GROUP									
Home services¹	397 809	(13 300)	6 233	7 067		175 307	(22 235)	13 117	563 998
Stage 1	23 104		4 769	8 531	13 300	(17 307)			19 097
Stage 2	51 622	(4 769)		(1 464)	(6 233)	5 746			51 135
Stage 3 ⁴	323 083	(8 531)	1 464		(7 067)	186 868	(22 235)	13 117	493 766
Vehicle and asset finance	116 847	(5 333)	2 171	3 162		4 922	(17 998)		103 771
Stage 1	9 546		1 646	3 687	5 333	(7 228)			7 651
Stage 2	50 309	(1 646)		(525)	(2 171)	(7 355)			40 783
Stage 3 ⁴	56 992	(3 687)	525		(3 162)	19 505	(17 998)		55 337
Card and payments	18 599	(398)	110	288		7 634	(8 723)		17 510
Stage 1	1 642		244	154	398	402			2 442
Stage 2	3 943	(244)		134	(110)	3 564			7 397
Stage 3 ⁴	13 014	(154)	(134)		(288)	3 668	(8 723)		7 671
Corporate lending³	31 783	(402)	422	(20)		7 914	(2)		39 695
Stage 1	14 263		402		402	(4 093)			10 572
Stage 2	15 020	(402)		(20)	(422)	4 726	1		19 325
Stage 3 ⁴	2 500		20		20	7 281	(3)		9 798
Sovereign lending³	19	2 317	(2 317)			1 646			1 665
Stage 1	3		(2 317)		(2 317)	3 360			1 046
Stage 2	16	2 317			2 317	(1 714)			619
Stage 3 ⁴									
Bank lending³	3 831					671			4 502
Stage 1	3 756					126			3 882
Stage 2	75					545			620
Stage 3 ⁴									
Other loans and advances²	232 402	(1 171)	1 919	(748)		130 069	(73 694)	(55 721)	233 056
Stage 1	40 349		904	267	1 171	(9 685)			31 835
Stage 2	45 864	(904)		(1 015)	(1 919)	11 025			54 970
Stage 3 ^{4,5}	146 189	(267)	1 015		748	128 729	(73 694)	(55 721)	146 251
Total^{3,4}	801 290	(18 287)	8 538	9 749		328 163	(122 652)	(42 604)	964 197

¹ Comprises residential and commercial property loans.

² Comprises personal unsecured lending and business and other lending.

³ "Corporate", "Sovereign" and "Bank" categories relate to ECL on CIB client loans and advances while the remaining categories relate to ECL on CHNW and BCC client loans and advances.

⁴ Includes Interest in Suspense (IIS).

⁵ The overall higher ECL is mainly attributable to constrained collections and further protraction in the legal environment stemming from the national Covid-19 lockdown, increased forward-looking provisioning driven by the weakened economic outlook (refer to the key management assumptions for further information), and changes from stage 1 to stages 2 and 3 based on risk profile.

6. Loans and advances continued

6.3 Reconciliation of ECL for loans and advances measured at amortised cost continued

A reconciliation of the ECL for loans and advances, by product:

	Opening ECL 1 January 2020 N\$'000	Transfer stage 1 (to)/from N\$'000	Transfer stage 2 (to)/ from N\$'000	Transfer stage 3 (to)/ from N\$'000	Total transfers between stages N\$'000	Net ECL raised/ (released) N\$'000	Impaired accounts written off N\$'000	Exchange and other movements N\$'000	Closing ECL 31 December 2020 N\$'000
GROUP									
Home services¹	277 767	(10 535)	7 477	3 058		95 479	(15 821)	40 384	397 809
Stage 1	18 382		5 951	4 584	10 535	(3 305)		(2 508)	23 104
Stage 2	38 461	(5 951)		(1 526)	(7 477)	23 905		(3 267)	51 622
Stage 3 ⁵	220 924	(4 584)	1 526		(3 058)	74 879	(15 821)	46 159	323 083
Vehicle and asset finance	100 582	(15 763)	3 876	11 887		38 824	(22 559)		116 847
Stage 1	9 424		2 922	12 841	15 763	(15 640)		(1)	9 546
Stage 2	38 703	(2 922)		(954)	(3 876)	15 482			50 309
Stage 3 ⁵	52 455	(12 841)	954		(11 887)	38 982	(22 559)	1	56 992
Card and payments	10 842	(583)	530	53		16 220	(8 463)		18 599
Stage 1	1 457		401	182	583	(398)			1 642
Stage 2	6 343	(401)		(129)	(530)	(1 870)			3 943
Stage 3 ⁵	3 042	(182)	129		(53)	18 488	(8 463)		13 014
Corporate lending³	22 155	602	(602)			9 358		270	31 783
Stage 1	22 198		(602)		(602)	(3 773)		(3 560)	14 263
Stage 2	(177)	602			602	10 765		3 830	15 020
Stage 3 ⁵	134					2 366			2 500
Sovereign lending³						19			19
Stage 1						3			3
Stage 2						16			16
Stage 3 ⁵									
Bank lending³	(696)					(1 512)		6 039	3 831
Stage 1	(695)					(2 042)		6 493	3 756
Stage 2	(1)					530		(454)	75
Stage 3 ⁵									
Other loans and advances²	188 452	(3 209)	4 152	(943)		126 003	(69 053)	(13 000)	232 402
Stage 1	37 642		1 907	1 302	3 209	322		(824)	40 349
Stage 2	58 504	(1 907)		(2 245)	(4 152)	(8 488)			45 864
Stage 3 ^{4,5}	92 306	(1 302)	2 245		943	134 169	(69 053)	(12 176)	146 189
Total^{3,4,5}	599 102	(29 488)	15 433	14 055		284 391	(115 896)	33 693	801 290

¹ Comprises residential and commercial property loans.

² Comprises personal unsecured lending and business and other lending.

³ "Corporate", "Sovereign" and "Bank" categories relate to ECL on CIB client loans and advances while the remaining categories relate to ECL on CHNW and BCC loans and advances.

⁴ The overall higher ECL is mainly attributable to constrained collections and further protraction in the legal environment stemming from the national Covid-19 lockdown, increased forward-looking provisioning driven by the weakened economic outlook (refer to the key management assumptions for further information), and changes from stage 1 to stages 2 and 3 based on risk profile.

⁵ Includes Interest in Suspense (IIS).

Changes in gross exposures relating to changes in ECL (group)

The below is an explanation of significant changes in the gross carrying amount on financial instruments used to determine the above changes in ECL:

- The ECL on new exposures raised of N\$38.3 million (2020: N\$42.9 million) primarily relates to the growth in gross carrying amount of:
 - home services of N\$958 million (2020: N\$928 million)
 - vehicle and asset finance of N\$1.26 billion (2020: N\$1.07 billion)
 - other loans and advances of N\$696 million (2020: N\$379 million)
- The decrease in ECL due to impaired accounts written off of N\$123 million (2020: N\$110 million) resulted in an equal decrease to the gross carrying amount of loans and advances as exposures are fully provided for before being written off.
- The company policy is to transfer between stages using opening ECL balances based on the exposures' ECL stage at the end of the reporting period. Therefore, the significant transfers are corporate lending loans with gross carrying amounts of N\$1.06 billion that were in stage 1 were transferred to stage 2. In the prior year, the significant transfers were other loans and advances with gross carrying amounts of N\$256 million that were in stage 2 and 3 and were transferred to stage 1.

6. Loans and advances continued

6.3 Reconciliation of ECL for loans and advances measured at amortised cost continued

Modifications on loans and advances measured at amortised cost

The gross carrying amount for modifications during the reporting year that resulted in no economic gain or loss (i.e. no net modification gain or loss) is N\$1.5 billion (2020: N\$2.5 billion).

Included in this amount is a total exposure for CHNW and BCC clients amounting to N\$1.4 billion and for CIB clients amounting to N\$110 million that underwent restructuring and covenant relaxation. In 2020 payment holidays were provided to clients who had temporary liquidity constraints.

7. Other assets

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Financial assets²	100 513	102 049	37 763	43 600
Trading settlement assets	19 081	6 485		
Other debtors	81 432	95 564	37 763	43 600
Non-financial assets	246 301	234 252		
Prepayments	27 157	17 591		
Accrued income	14 241	13 258		
Prepaid staff employee benefit costs	159 376	154 334		
Items in the course of collection	20 635	35 827		
Properties in possession	24 892	13 242		
Total	346 814	336 301	37 763	43 600

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatement of fair value adjustments to staff loans.


² Due to the short-term nature of these assets and historical experience, other assets - bar prepaid staff loans - are regarded as having a low probability of default. Therefore, the ECL has been assessed to be insignificant. Prepaid staff loans have a low probability of defaults due to the employment relationships and debit order deductions in place. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section for further information.

8. Interest in subsidiaries and joint venture

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Interest in subsidiary companies (note 8.1)			921 986	921 986
Interest in joint venture (note 8.2)				
Total			921 986	921 986

8.1 Interest in subsidiary companies

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Shares at cost			921 986	921 986
Total			921 986	921 986

 Refer to Annexure A.

8.2 Interest in joint venture

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Carrying value at the beginning of the year		15 435		
Loss on derecognition		(1 604)		
Amount transferred to interest-bearing loans		(13 831)		
Carrying value at the end of the year				
Amounts recognised in the income statement:				
Share of profit				

On 31 January 2020, Namclear (Proprietary) Limited converted to a non-profit organisation registered under section 21 of the Namibian Companies Act. Accordingly, the group no longer applies the equity method of accounting to the investment.

The carrying amount of the investment was derecognised and N\$13.8 million recognised in loans and advances. The remaining loss on derecognition of N\$1.6 million was recognised in profit or loss in the prior year.

9. Property, equipment and right-of-use assets

	Property	
	Freehold N\$'000	Leasehold N\$'000
GROUP		
Net book value 1 January 2020	693 916	60 563
Cost	700 870	130 288
Accumulated depreciation	(6 954)	(69 725)
Movements	34 984	(32 902)
Additions	19 993	4 538
Modifications		
Disposals/terminations	(387)	(880)
Transfers	29 533	(28 174)
Depreciation	(14 155)	(8 386)
Net book value 1 January 2021	728 900	27 661
Cost	749 995	103 052
Accumulated depreciation	(21 095)	(75 391)
Movements	(28 341)	(7 232)
Additions	1 523	4 973
Modifications		
Disposals/terminations		
Impairments		(1 961)
Transfers	(13 938)	118
Depreciation	(15 926)	(10 362)
Net book value 31 December 2021	700 559	20 429
Cost	737 556	45 329
Accumulated depreciation	(36 997)	(24 900)
Net book value 31 December 2020	728 900	27 661
Cost	749 995	103 052
Accumulated depreciation	(21 095)	(75 391)

Right-of-use assets and corresponding liabilities are recognised for all rental contracts that meet the definition of a lease contract. The company leases various offices, branch spaces, parking and ATM space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Rental contracts are typically made for fixed periods of two to ten years but may have extension periods. Each right-of-use of asset is recognised over the lease term. Refer to note 17 for the disclosure of lease liabilities.

	Equipment				Right-of-use assets			Total N\$'000
	IT equipment N\$'000	Motor vehicles N\$'000	Office equipment N\$'000	Furniture and fittings N\$'000	Buildings N\$'000	Branches N\$'000	ATM spacing and other N\$'000	
	163 555	4 767	11 847	137 424	7 395	42 004	197	1 121 668
	528 683 (365 128)	26 765 (21 998)	38 530 (26 683)	265 671 (128 247)	11 774 (4 379)	62 275 (20 271)	474 (277)	1 765 330 (643 662)
	(12 071)	(1 487)	(1 358)	(6 694)	(1 000)	(17 441)	(197)	(38 166)
	45 649	1 283	1 577	18 452				91 492
	(108)	(319)	(11)	(311)				(2 016)
	(1 237)			(122)				
	(56 375)	(2 451)	(2 924)	(24 713)	(1 000)	(17 441)	(197)	(127 642)
	151 484	3 280	10 489	130 730	6 395	24 563		1 083 502
	579 290	26 203	39 946	282 149	11 774	62 275	474	1 855 158
	(427 806)	(22 923)	(29 457)	(151 419)	(5 379)	(37 712)	(474)	(771 656)
	(14 569)	(2 541)	12 188	(16 496)	(3 807)	4 023	639	(56 136)
	43 863	80	2 085	9 794	2 818	19 071	912	85 119
					(117)	7 469	(172)	7 180
	(11)	(923)	(24)		(109)	(4 432)		(5 499)
	(9)			(46)				(2 016)
	(58 412)	(1 698)	13 922	(26 142)	(6 399)	(18 085)	(101)	(140 920)
	136 915	739	22 677	114 234	2 588	28 586	639	1 027 366
	620 167	22 917	55 834	291 589	12 214	63 446	1 074	1 850 126
	(483 252)	(22 178)	(33 157)	(177 355)	(9 626)	(34 860)	(435)	(822 760)
	151 484	3 280	10 489	130 730	6 395	24 563		1 083 502
	579 290	26 203	39 946	282 149	11 774	62 275	474	1 855 158
	(427 806)	(22 923)	(29 457)	(151 419)	(5 379)	(37 712)	(474)	(771 656)

10. Goodwill and other intangible assets

10.1 Group

	Goodwill N\$'000	Customer relationships N\$'000	Computer software ¹ N\$'000	Total N\$'000
Net book value 1 January 2020	39 020	10 103	454 642	503 765
Movements		(1 768)	(1 228)	(2 996)
Additions			37 204	37 204
Disposals			(396)	(396)
Amortisation and impairment		(1 768)	(38 036)	(39 804)
Net book value 1 January 2021	39 020	8 335	453 414	500 769
Cost	39 020	10 103	588 216	637 339
Accumulated amortisation and impairment		(1 768)	(134 802)	(136 570)
Movements		(1 768)	48 856	47 088
Additions			96 537	96 537
Addition due to acquisition of subsidiary				
Transfers				
Disposals				
Amortisation and impairment		(1 768)	(47 681)	(49 449)
Net book value – 31 December 2021	39 020	6 567	502 270	547 857
Cost	39 020	10 103	684 754	733 877
Accumulated amortisation and impairment		(3 536)	(182 484)	(186 020)

¹ Computer software mainly comprises the company's core banking system, Finacle, with a carrying amount of N\$289 million (2020: N\$245 million) and a remaining amortisation period of nine years.

10.2 Goodwill composition

	2021			2020		
	Gross N\$'000	Accumulated impairment N\$'000	Total N\$'000	Gross N\$'000	Accumulated impairment N\$'000	Total N\$'000
GROUP						
Mobicash Payments Solutions (Proprietary) Limited	39 020		39 020	39 020		39 020
Total	39 020		39 020	39 020		39 020

Based on the impairment test performed, no impairment was recognised for 2021 (2020: nil). Details on key management assumptions used to determine the recoverable amount are disclosed in 'Key management assumption's' section.

11. Ordinary share capital**11.1 Authorised**

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
800 000 000 ordinary shares at N\$0.002 per share	1 600	1 600	1 600	1 600

11.2 Issued

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
522 471 910 ordinary shares at N\$0.002 per share	1 045	1 045	1 045	1 045

There was no change in the issued share capital in the current year (2020: no change).

11.3 Unissued

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
277 528 090 ordinary shares at N\$0.002 per share	555	555	555	555

12. Ordinary share premium

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Share premium on issue of shares	642 189	642 189	642 189	642 189

13. Trading liabilities

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Government, municipality and utility bonds	55 754	34 532		
Total	55 754	34 532		

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities.

14. Deferred tax

14.1 Deferred tax analysis

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Originating/(reversing) temporary differences arising from:				
Deferred tax asset				
Property, equipment and intangible assets	(65 074)	(61 634)		
Post-employment benefits	493	356		
Provisions and other differences	664	6 642		
Tax losses	65 477	78 086		
Deferred tax asset closing balance	1 560	23 450		
Deferred tax liability				
Property, equipment and intangible assets	(211 495)	(272 771)		
Assets on lease	(10 782)	(20 518)		
Provisions and other differences	116 703	192 807		
Provisions for loan impairment	60 996	63 313		
Post-employment benefits	34 357	34 560		
Goodwill	(2 344)	(2 344)		
Other differences	397	(403)		
Deferred tax liability closing balance	(12 168)	(5 356)		
Net deferred tax balance at the end of the year	(10 608)	18 094		

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the offsetting of the deferred tax assets and deferred tax liabilities.

14.2 Deferred tax reconciliation

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Deferred tax asset				
Deferred tax asset balance at the beginning of the year	23 450	47 928		
Temporary differences for the year:	(21 890)	(24 479)		
Property, equipment and intangible assets	(3 440)	170 841		
Post-employment benefits	137	(38 047)		
Provisions for loan impairments		(56 327)		
Provisions and other differences	(5 979)	(199 753)		
Tax losses	(12 608)	98 808		
Deferred tax asset balance at the end of the year	1 560	23 450		
Deferred tax liability				
Deferred tax liability balance at the beginning of the year	(5 356)	(3 259)		
Temporary differences for the year:	(6 812)	(2 097)		
Property, equipment and intangible assets	1 832	(272 771)		
Assets on lease	9 737	(20 518)		
Provisions and other differences	(16 629)	192 807		
Provisions for loan impairment	(2 317)	63 313		
Post-employment benefits	(203)	34 560		
Other differences	768	512		
Deferred tax liability balance at the end of the year	(12 168)	(5 356)		
Net deferred tax balance at the end of the year	(10 608)	18 094		
Temporary differences for the year comprise:				
Recognised in profit or loss	27 752	17 321		
Recognised in OCI (note 33.2)	950	9 254		
Total¹	28 702	26 575		

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements relating to the offsetting of deferred tax assets and deferred tax liabilities.

15. Deposits and current accounts

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Deposits from banks	1 475 255	1 909 497		
Deposits and current accounts from customers	26 766 825	24 210 318		
Current accounts	8 219 241	6 581 100		
Cash management deposits	1 952 698	1 844 435		
Card creditors	26 036	26 746		
Call deposits	9 292 020	9 026 868		
Savings accounts	685 495	674 335		
Term deposits	2 976 236	2 051 344		
Negotiable certificates of deposit	3 615 099	4 005 490		
Total	28 242 080	26 119 815		

16. Debt securities issued

	Maturity date	Carrying value ¹	Notional value ¹	Carrying value ¹	Notional value ¹
		2021 N\$'000	2021 N\$'000	2020 N\$'000	2020 N\$'000
GROUP					
SBKN21 ²	2021/07/31			540 739	536 000
SBNA21	2021/07/13			209 402	207 000
SBNA22	2021/05/24			466 445	463 500
SBKN23	2023/10/26	302 757	300 000	302 540	300 000
SBNA24	2024/05/24	346 574	344 500		
SBN02 ²	2024/08/02	316 926	314 000		
Subordinated debt	2025/04/30	101 181	100 000	101 179	100 000
SBNA26	2026/05/25	156 451	155 500		
SBKN26	2026/07/13	300 071	296 500		
SBN03 ²	2026/08/03	437 163	433 000		
		1 961 123	1 943 500	1 620 305	1 606 500

¹ The difference between the carrying and notional value represents transaction costs included in the initial carrying amounts and accrued interest.

² This debt securities are listed on the JSE.

17. Provisions and other liabilities

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Financial liabilities	422 886	262 483	14 021	16 284
ECL for off-balance sheet exposures – guarantees and letters of credit	2 386	3 900		
Lease liabilities (note 17.1)	29 860	21 543		
Other liabilities and accruals ¹	390 640	237 040	14 021	16 284
Non-financial liabilities	202 381	253 211	195	196
Staff-related accruals	88 413	78 818		
Obligation toward post-employment benefits (note 35)	108 905	109 114		
Other liabilities and accruals	5 063	65 279	195	196
Total	625 267	515 694	14 216	16 480

¹ In the current year, the company streamlined the categorisation of other liabilities into financial and non-financial liabilities. Prior year figures have been restated to ensure comparability. There was no change to total provisions.

17. Provisions and other liabilities continued

17.1 Reconciliation of lease liabilities

	Balance at 1 January 2021 N\$'000	Additions N\$'000	Modifications N\$'000	Terminations/ cancellations N\$'000	Interest expense N\$'000	Payments ¹ N\$'000	Balance at 31 December 2021 N\$'000
GROUP							
Buildings	1 900	2 818	(19)	(124)	1 563	(3 405)	2 733
Branches	19 562	19 071	6 229	(4 465)	2 098	(16 098)	26 397
ATM spacing and other	81	912	(149)		(6)	(108)	730
Total	21 543	22 801	6 061	(4 589)	3 655	(19 611)	29 860
	Balance at 1 January 2020 N\$'000	Additions N\$'000	Modifications N\$'000	Terminations/ cancellations N\$'000	Interest expense N\$'000	Payments ¹ N\$'000	Balance at 31 December 2020 N\$'000
GROUP							
Buildings	7 790				348	(6 238)	1 900
Branches	43 031				1 940	(25 409)	19 562
ATM spacing and other	224				28	(171)	81
Total	51 045				2 316	(31 818)	21 543

¹ These payments include the principal lease payments as disclosed in the statement of cash flows of N\$16.0 million (2020: N\$29.5 million) for the group. The remainder is the interest expense paid during the year.

17. Provisions and other liabilities continued**17.2 Maturity analysis of discounted lease liabilities:**

	2021			2020		
	Within 1 year N\$'000	From 1 to 5 years N\$'000	Total N\$'000	Within 1 year N\$'000	From 1 to 5 years N\$'000	Total N\$'000
GROUP						
Buildings	1 859	874	2 733	3 053	242	3 295
Branches	10 748	15 649	26 397	12 386	5 781	18 167
ATM spacing and other	309	421	730	81		81
Total	12 916	16 944	29 860	15 520	6 023	21 543

Maturity analysis of undiscounted contractual cash flows:

	2021			2020		
	Within 1 year N\$'000	From 1 to 5 years N\$'000	Total N\$'000	Within 1 year N\$'000	From 1 to 5 years N\$'000	Total N\$'000
GROUP						
Buildings	1 933	886	2 819	3 061	1 312	4 373
Branches	15 574	16 751	32 325	14 426	9 136	23 562
ATM spacing and other	334	998	1 332	213	17	230
Total	17 841	18 635	36 476	17 700	10 465	28 165

The group leases various offices, branch spaces, parking and ATM spaces. Rental contracts are typically made for fixed average periods of between two to ten years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The additions during 2021 primarily related to new contracts entered for branch spaces that had expired and or early terminated and for the leasing of a new storeroom. The terminations during 2021 mainly relate to the early cancellation of some branch spaces which were replaced by more economical contracts. Refer to note 9 for the disclosure of the right-of-use asset and the related depreciation.

18. Classification of assets and liabilities

Accounting classifications and fair values of assets and liabilities

The tables that follow set out the group and company classification of assets and liabilities, and their fair values.

	Note	FVTPL	
		Held-for-trading N\$'000	FVTPL – default N\$'000
GROUP			
2021			
Assets			
Cash and balances with the central bank	1		799 284
Derivative assets	2	73 326	
Trading assets	3	619 584	
Pledged assets	4		
Financial investments	5		1 701 417
Loans and advances	6		
Other financial assets ²			
Other non-financial assets			
Total assets		692 910	2 500 701
Liabilities			
Derivative liabilities	2	70 576	
Trading liabilities	13	55 754	
Deposits and current accounts with banks	15		
Deposits and current accounts with customers	15		
Debt securities issued	16		
Other financial liabilities ^{1,2}			
Other non-financial liabilities ²			
Total liabilities		126 330	
COMPANY			
2021			
Assets			
Cash balances	1		
Other financial assets ²			
Other non-financial assets			
Total assets			
Liabilities			
Other financial liabilities ^{1,2}			
Other non-financial liabilities ²			
Total liabilities			

¹ Carrying value has been used where it closely approximates fair value, excluding non-financial instruments. Refer to the fair value section in accounting policy 4 – Fair value and key management assumptions for a description on how fair values are determined.

² The fair value of other financial assets and liabilities approximates the carrying value due to their short-term nature.

	FVOCI		Total fair value N\$'000	Amortised cost N\$'000	Other non-financial assets/ liabilities N\$'000	Total carrying amount N\$'000	Fair value ¹ N\$'000
	Debt instruments N\$'000	Equity instruments N\$'000					
			799 284	689 213		1 488 497	1 488 497
			73 326			73 326	73 326
			619 584			619 584	619 584
	3 929 703		5 631 120	39 426		5 670 546	5 670 546
				25 447 708		25 447 708	25 489 734
				100 513		100 513	100 513
					1 961 605	1 961 605	
	3 929 703		7 123 314	26 276 860	1 961 605	35 361 779	33 442 200
			70 576			70 576	70 576
			55 754			55 754	55 754
				1 475 255		1 475 255	1 475 255
				26 766 825		26 766 825	26 894 645
				1 961 123		1 961 123	1 961 123
				422 886		422 886	422 886
					214 549	214 549	
			126 330	30 626 089	214 549	30 966 968	30 880 239
				312 401		312 401	312 401
				37 763		37 763	37 763
					921 986	921 986	
				350 164	921 986	1 272 150	350 164
				14 021		14 021	14 021
					195	195	
				14 021	195	14 216	

18. Classification of assets and liabilities continued

	Note	FVTPL	
		Held-for-trading N\$'000	FVTPL - default N\$'000
GROUP			
2020 – Restated¹			
Assets			
Cash and balances with the central bank	1		730 494
Derivative assets	2	372 288	
Trading assets ³	3	417 542	
Pledged assets	4	520 956	
Financial investments	5		2 516 620
Loans and advances ³	6		
Other financial assets ²			
Other non-financial assets			
Total assets		1 310 786	3 247 114
Liabilities			
Derivative liabilities	2	362 123	
Trading liabilities ³	13	34 532	
Deposits and current accounts with banks	15		
Deposits and current accounts with customers	15		
Debt securities issued	16		
Other financial liabilities ²			
Other non-financial liabilities			
Total liabilities		396 655	
COMPANY			
2020			
Assets			
Cash balances	1		
Other financial assets ²			
Other non-financial assets			
Total assets			
Liabilities			
Other financial liabilities ²			
Other non-financial liabilities			
Total liabilities			

¹ Carrying value has been used where it closely approximates fair value, excluding non-financial instruments. Refer to the fair value section in accounting policy 4 – Fair value and key management assumptions for a description on how fair values are determined.

² The fair value of other financial assets and liabilities approximates the carrying value due to their short-term nature.

³ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities and on fair value adjustments to staff loans.

	Fair value through OCI		Total fair value N\$'000	Amortised cost N\$'000	Other non-financial assets/ liabilities N\$'000	Total carrying amount N\$'000	Fair value ¹ N\$'000
	Debt instruments N\$'000	Equity instruments N\$'000					
			730 494	305 478		1 035 972	1 035 972
			372 288			372 288	372 288
			417 542			417 542	417 542
			520 956			520 956	520 956
	1 728 321		4 244 941	54 732		4 299 673	4 299 673
				24 148 391		24 148 391	24 193 098
				102 049		102 049	102 049
					1 941 498	1 941 498	
	1 728 321		6 286 221	24 610 650	1 941 498	32 838 369	
			362 123			362 123	362 123
			34 532			34 532	34 532
				1 909 497		1 909 497	1 909 497
				24 210 318		24 210 318	24 220 526
				1 620 305		1 620 305	1 657 018
				262 483		262 483	262 483
					258 567	258 567	
			396 655	28 002 603	258 567	28 657 825	
				194 115		194 115	194 115
				43 600		43 600	
					921 986	921 986	
				237 715	921 986	1 159 701	
				16 284		16 284	
					4 305	4 305	
				16 284	4 305	20 589	

19. Assets and liabilities at fair value

19.1 Financial assets and liabilities measured at fair value

The table below sets out the financial assets and liabilities measured at fair value for the group.

	2021				2020 Restated ¹			
	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
GROUP								
Assets								
Cash and balances with the central bank	799 284			799 284	730 494			730 494
Derivative assets		73 326		73 326		372 288		372 288
Trading assets	619 584			619 584	417 542			417 542
Pledged assets					520 956			520 956
Financial investments	3 929 703	1 701 417		5 631 120	1 728 321	2 516 620		4 244 941
Total	5 348 571	1 774 743		7 123 314	3 397 313	2 888 908		6 286 221
Liabilities								
Derivative liabilities		70 576		70 576		362 123		362 123
Trading liabilities	55 754			55 754	34 532			34 532
Total	55 754	70 576		126 330	34 532	362 123		396 655

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities.

Assets and liabilities transferred between level 1 and level 2

During the year no significant assets or liabilities were transferred between level 1 and level 2 (2020: nil).

19. Assets and liabilities at fair value continued**19.1 Financial assets and liabilities measured at fair value** continued

		Valuation technique	Observable input		Valuation and level	
Derivatives	Options	Black-Scholes model and discounted cash flow model or combination of both	Market discount rate and curves	Spot prices of underlying transactions and correlation factors	Standard derivative contracts are valued using market-accepted models and quoted parameter inputs	Level 2
	Swaps	Discounted cash flow model	Market discount rates and curves	Spot prices of underlying transactions	A forward curve is used to calculate future cash flows and then discounted using a discount curve over the contractual period	Level 2
	Forward agreements	Discounted cash flow model	Market discount rates and curves	Spot prices of underlying transactions	A forward curve is used to calculate future cash flows and then discounted using a discount curve over the contractual period	Level 2
Financial investments and trading securities	Treasury bills	Broker quotes	Market discount rates and curves	Interest rate curve	Based on broker quotes	Level 2
	Money market funds	Discounted cash flow model	Market discount rates and curves	JIBAR rate and spread	Future cash flows are discounted using a market-related interest rate	Level 2
Liabilities	Negotiable certificates of deposit	Discounted cash flow model	Market discount rates and curves	JIBAR rate and spread	Future cash flows are discounted using a market-related interest rate	Level 2
	Promissory notes	Discounted cash flow model	Market discount rates and curves	JIBAR rate and spread	Future cash flows are discounted using a market-related interest rate	Level 2

19. Assets and liabilities at fair value continued

19.2 Assets and liabilities not measured at fair value for which fair value is disclosed

19.2.1 Fair value hierarchy of items for which fair value is disclosed

	2021				2020 Restated ¹			
	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
GROUP								
Assets								
Cash and balances with the central bank	689 213			689 213	305 478			305 478
Financial investments	39 426			39 426	54 732			54 732
Loans and advances			25 489 734	25 489 734		24 193 098		24 193 098
Other financial assets			100 513	100 513			102 049	102 049
Total	728 639		25 590 247	26 318 886	360 210		24 295 147	24 655 357
Liabilities								
Deposits from banks		1 475 255		1 475 255		1 909 497		1 909 497
Deposits from customers		26 894 645		26 894 645		24 220 526		24 220 526
Debt issued securities		1 961 123		1 961 123		1 657 018		1 657 018
Provisions and other liabilities			422 886	422 886			262 483	262 483
Total		30 331 023	422 886	30 753 909		27 787 041	262 483	28 049 524

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatement of fair value adjustments to staff loans.

	2021				2020			
	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000	Level 1 N\$'000	Level 2 N\$'000	Level 3 N\$'000	Total N\$'000
COMPANY								
Assets								
Cash balances	312 401			312 401	194 115			194 115
Total	312 401			312 401	194 115			194 115

The hierarchy of levels is explained below:

- Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Significant unobservable inputs

The fair value of level 3 assets and liabilities is determined using valuation techniques that include reference to recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants. However, such techniques typically have unobservable inputs that are subject to management judgement. These inputs include credit spreads on illiquid issuers, implied volatilities on thinly traded stocks, correlation between risk factors, prepayment rates and other illiquid risk drivers.

Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are reflective of the relatively low liquidity of the underlying risk driver;
- raising day one profit provisions in accordance with IFRS;
- quantifying and reporting the sensitivity to each risk driver;
- limiting exposure to such risk drivers; and
- analysing this exposure on a regular basis.

20. Financial instruments subject to offsetting, enforceable master netting arrangements or similar agreements

IFRS requires a financial asset and a financial liability to be offset and the net amount presented in the statement of financial position when, and only when, the company has a current legally enforceable right to set off recognised amounts, as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

There are no instances where the group has a current legally enforceable right to offset as well as the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The prior year information has been restated to reflect that there are no financial instruments subject to offsetting, enforceable master netting arrangements or similar agreements.

21. Maturity analysis of assets

21.1 Financial assets

The following table discloses the maturity analysis of the group and company's financial assets on a contractual discounted basis.

	Note	Redeemable on demand N\$'000	Maturing within 1 year N\$'000	Maturing within 1 to 5 years N\$'000	Maturing after five years N\$'000	Total N\$'000
GROUP						
2021						
Cash and balances with the central bank ¹	1	1 488 497				1 488 497
Derivative assets	2		73 326			73 326
Trading assets	3		619 584			619 584
Pledged assets	4					
Financial investments	5	1 701 417	3 825 059	130 380	13 690	5 670 546
Loans and advances	6	4 142 332	3 453 033	4 504 119	14 312 421	26 411 905
Other financial assets	7	100 513				100 513
		7 432 759	7 971 002	4 634 499	14 326 111	34 364 371
2020 Restated²						
Cash and balances with the central bank ¹	1	1 035 972				1 035 972
Derivative assets	2		337 941	34 347		372 288
Trading assets	3		417 542			417 542
Pledged assets	4		520 956			520 956
Financial investments	5	2 516 618	1 735 127	44 015	3 913	4 299 673
Loans and advances	6	2 651 881	2 986 821	4 818 331	14 492 647	24 949 680
Other financial assets	7	102 049				102 049
		6 306 520	5 998 387	4 896 693	14 496 560	31 698 160

¹ On demand cash and balances with the central bank includes notes and coins.

² Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities and on fair value adjustments to staff loans.

	Note	Redeemable on demand N\$'000	Maturing within 1 year N\$'000	Maturing within 1 to 5 years N\$'000	Maturing after five years N\$'000	Total N\$'000
COMPANY						
2021						
Cash balances	1	312 401				312 401
Other financial assets		37 763				37 763
		350 164				350 164
2020						
Cash balances	1	194 115				194 115
Other financial assets		43 600				43 600
		237 715				237 715

21. Maturity analysis of assets continued

21.2 Non-financial assets

The following table discloses the maturity analysis of the company's non-financial assets on a contractual discounted basis.

	Note	Less than 12 months after reporting period N\$'000	More than 12 months after reporting period N\$'000	Total N\$'000
GROUP 2021				
Current tax asset			138 521	138 521
Property and equipment and right-of-use assets	9		1 027 366	1 027 366
Goodwill and other intangible assets	10		547 857	547 857
Deferred tax asset	14	389	1 171	1 560
Other assets	7	246 301		246 301
		246 690	1 714 915	1 961 605
2020 Restated¹				
Current tax asset			99 525	99 525
Property and equipment and right-of-use assets	9		1 083 502	1 083 502
Goodwill and other intangible assets	10		500 769	500 769
Deferred tax asset	14		23 450	23 450
Other assets	7	234 252		234 252
		234 252	1 707 246	1 941 498

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of deferred tax assets and deferred tax liabilities.

22. Maturity analysis of liabilities

22.1 Financial liabilities

The following table discloses the maturity analysis for the company's financial liabilities on a contractual discounted basis.

	Note	On demand N\$'000	Maturing within 1 month N\$'000	Maturing between 1 – 6 months N\$'000	Maturing between 6 – 12 months N\$'000	Maturing after 12 months N\$'000	Total N\$'000
GROUP 2021							
Derivative liabilities	2	12 045	27 808	14 857	15 865		70 575
Trading liabilities	13		10 020	21 715	24 020		55 755
Deposits and current accounts	15	21 004 959	205 520	3 525 168	2 155 477	1 350 956	28 242 080
Debt securities issued	16					1 961 123	1 961 123
Provision and other liabilities	17		391 539	5 483	8 057	17 807	422 886
		21 017 004	634 887	3 567 223	2 203 419	3 329 886	30 752 419
2020 Restated¹							
Derivative liabilities	2				333 901	28 222	362 123
Trading liabilities	13		14 503	12 940	7 089		34 532
Deposits and current accounts	15	15 854 221	848 961	1 797 117	5 873 125	1 746 391	26 119 815
Debt securities issued	16			1 216 583		403 722	1 620 305
Provision and other liabilities	17		240 634	8 100	5 794	7 955	262 483
		15 854 221	1 104 098	3 034 740	6 219 909	2 186 290	28 399 258

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill assets and treasury bill liabilities.

Refer to Annexure B for funding and liquidity risk information.

22. Maturity analysis of liabilities continued**22.2 Non-financial liabilities**

	Note	Less than 12 months after reporting period N\$'000	More than 12 months after reporting period N\$'000	Total N\$'000
GROUP				
2021				
Provisions and other liabilities	17	93 476	108 905	202 381
Deferred tax liability	14	6 797	5 371	12 168
		100 273	114 276	214 549
2020				
Provisions and other liabilities	17	144 097	112 685	256 782
Deferred tax liability	14	5 356		5 356
		149 453	112 685	262 138
COMPANY				
2021				
Provisions and other liabilities	17	195		195
		195		195
2020				
Provisions and other liabilities	17	196		196
		196		196

23. Contingent liabilities and commitments**23.1 Contingent liabilities**

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Letters of credit	14 371	25 432		
Guarantees	1 825 266	1 767 877		
Unutilised borrowing facilities	2 251 174	4 683 065		
Total	4 090 811	6 476 374		

23.2 Capital commitments

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Contractual capital expenditures	18 842	30 702		
Total	18 842	30 702		

The expenditure relates to property and equipment and will be funded from internal resources.

23. Contingent liabilities and commitments continued

23.3 Lease commitments

23.3.1 The future minimum payments under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Low value assets and short-term leases				
Within one year	6 756	5 306		
After one year but within five years	7 579	2 788		
Total	14 335	8 094		

23.4 Legal proceedings

In the ordinary course of business, the group is involved as a defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of defended legal proceedings. Nevertheless, based on management's knowledge from investigation, analysis and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being 'likely to succeed and material' or 'unlikely to succeed but material should they succeed'. The group is also the defendant in some legal cases for which the group is fully indemnified by external third parties, none of which are individually material. Management is accordingly satisfied that the legal proceedings currently pending against the group should not have a material adverse effect on the group's consolidated financial position and the directors are satisfied that the group has adequate insurance programmes and, where required in terms of IFRS for claims that are probable, provisions in place to meet claims that may succeed.

24. Interest income

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Effective interest rate income on:				
Financial investments	147 761	163 324		
Loans and advances	1 732 268	1 929 430		
Interest income on credit impaired financial assets	92 818	79 963		
Total	1 972 847	2 172 717		
Comprising:				
Interest income on items measured at amortised cost	1 825 086	2 009 393		
Interest income on items measured at FVOCI	147 761	163 324		

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for details of restatements on fair value adjustments on staff loans and the impact on interest income.

25. Interest expense

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Interest on current accounts	29 070	58 339		
Interest on savings and deposit accounts	78 865	91 937		
Interest on lease liabilities	3 655	2 316		
Interest on other interest-bearing liabilities ¹	624 575	851 085		
Total	736 165	1 003 677		
Comprising:				
Interest expense on items measured at amortised cost	736 165	1 003 677		

¹ Includes interest expense charges relating to the JSE listed bonds detailed in note 16.

26. Fee and commission revenue

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Account transaction fees	277 181	312 331		
Card-based commission	241 456	197 187		
Electronic banking fees	338 664	285 103		
Foreign currency service fees	25 563	21 134		
Documentation and administration fees	96 151	95 938		
Custody fees	34 202	32 115		
Trustees and executors' fees	6 353	10 079		
Arrangement fees	25 151	18 033		
Guarantees commission	19 788	19 785		
Agent's commission fees	45 326	29 596		
Other	51 873	45 552		
Total	1 161 708	1 066 853		

All fee and commission revenue reported above relates to financial assets or liabilities not carried at FVTPL for the group.

27. Fee and commission expense

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Account transaction fees	11 452	13 398		
Card-based commission	97 490	80 088		
Documentation and administration fees	126 739	103 020		
Electronic banking fees	25 680	18 512		
Other fees		2 571		
Total	261 361	217 589		

All fee and commission expenses reported above relate to financial assets or liabilities not carried at FVTPL for the group.

28. Trading revenue

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Foreign exchange	92 553	79 536		
Net fair value adjustments on held-for-trading financial assets	21 382	20 025		
Total	113 935	99 561		

29. Other revenue

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Property-related revenue	650	775		
Commission revenue from insurance broking services	46 226	43 188		
Commission income from insurance	42 429	47 384	42 429	47 384
Other non-banking related revenue	16 447	12 156	1 250	
Dividends on unlisted financial investments ¹	631	1 940	236 917	232 684
Total	106 383	105 443	280 596	280 068

¹ Included in dividends on unlisted financial investments for the company is dividend income from subsidiary companies.

30. Other gains on financial instruments

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Fair value gains on financial instruments measured at FVTPL – default	88 141	138 404		
Total	88 141	138 404		

31. Credit impairment charges

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Net ECL raised and released	324 705	285 069		
Financial investments (note 5)	(1 938)	1 131		
Loans and advances (note 6.3)	328 163	284 391		
Letters of credit, bank acceptances and guarantees	(1 520)	(453)		
Recoveries on loans and advances previously written off	(35 954)	(31 159)		
Total	288 751	253 910		

The group only transacts with entities that are rated the equivalent of investment grade. Cash and balances with central bank, financial investments, other financial assets, and off balance sheet exposures as detailed in notes 1, 5, 7 and Annexure B, reflect balances where the group transacted with counterparties with low credit risk for the purpose of impairment assessment.

32. Operating expenses

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated ¹ N\$'000	2021 N\$'000	2020 N\$'000
Auditor's remuneration	6 839	6 424	116	112
Audit fees	6 537	6 252	116	112
Other services	302	172		
Amortisation	49 449	39 804		
Communication expenses	14 954	17 968		
Depreciation	140 920	127 642		
IT expenses	225 149	188 898		
Lease rentals on operating leases	15 570	10 189		
Professional fees	137 158	140 061	3 491	409
(Profit)/loss on sale of property and equipment and modifications/terminations of leases	(703)	756		
Impairment loss on property and equipment	2 016			
Premises costs	45 026	44 170		
Staff costs	838 915	799 416		
Salaries and allowances	751 374	715 467		
Post-employment benefits- pension- defined contribution plan	69 882	68 131		
Post-employment benefits – medical expenses	17 659	15 818		
Other expenses ^{2,3}	111 511	122 540	1 425	1 879
Total	1 586 804	1 497 868	5 032	2 400

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for details of restatements on fair value adjustments on staff loans and the impact on interest income.

² Other expenses mainly comprise marketing and advertising expenses, operational risk losses, security expenses and travel and entertainment expenses.

³ See Annexure C for details of the directors' remuneration.

33. Taxation

33.1 Indirect taxation

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Value-added tax	34 041	20 728		
Duties and other	9 315	9 906		
Total	43 356	30 634		

33.2 Direct taxation

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Normal taxation	127 603	139 189		
Current year charge	133 727	134 125		
Adjustments to prior years	(6 124)	5 064		
Deferred taxation	27 752	17 321		
Current year charge	27 752	17 321		
Total	155 355	156 510		

Income tax recognised in OCI

The table below sets out the amount of income tax relating to each component within OCI:

	Before tax N\$'000	Tax (charge)/ credit N\$'000	After tax N\$'000
GROUP			
2021			
Change in fair value of post-employment benefit obligations	12 784	(4 091)	8 693
Change in fair value of FVOCI debt financial assets – IFRS 9	(12 047)	3 141	(8 906)
Total	737	(950)	(213)
2020			
Change in fair value of post-employment benefit obligations	22 627	(7 241)	15 386
Change in fair value of FVOCI debt financial assets – IFRS 9	6 694	(2 013)	4 681
Total	29 321	(9 254)	20 067

Namibian tax rate reconciliation

	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
Direct taxation – statutory rate	32.0	32.0	32.0	32.0
Permanent differences:	(2.5)	(4.9)	(32.1)	(32.0)
Non-taxable income – dividends	(5.7)	(6.3)	(27.5)	(26.8)
Non-taxable income – other ¹	(0.1)	(0.1)	(5.1)	(5.5)
Non-deductible expenses	0.5	0.5	0.5	0.3
Other ²	2.8	1.0		
Effective direct taxation rate	29.5	27.1	(0.1)	

¹ Comprises non-taxable interest income for the group and profit-share income for the company.

² Includes N\$30.7 million deferred tax asset on assessed losses relating to a subsidiary which was derecognised during the year.

34. Statement of cash flows notes

34.1 Non-cash items and other adjustments included in the income statement

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated N\$'000	2021 N\$'000	2020 N\$'000
Depreciation of property, equipment and right-of-use assets (note 9)	140 920	127 642		
Impairment of property and equipment (note 9)	2 016			
Amortisation of intangible assets (note 10)	49 449	39 804		
ECL raised and released (note 31)	324 705	285 069		
Interest income (note 24) ¹	(1 972 847)	(2 172 717)		
Interest expense (note 25)	736 165	1 003 677		
Fair value adjustments trading assets and financial investments	20 202	(5 200)		
Indirect taxation (note 33.1)	(43 356)	(30 634)		
(Profit)/loss on disposal of property and equipment (note 34.5)	(703)	756		
Gains on modifications/terminations of leases	(7 228)			
Dividend income (note 29)	(631)	(1 940)	(236 917)	(232 684)
Total	(751 308)	(753 543)	(236 917)	(232 684)

¹ In the current year low-interest staff loans were fair valued for the first time. Comparatives have been restated. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section for further information.

34.2 (Increase)/decrease in income-earning assets

	GROUP		COMPANY	
	2021 N\$'000	2020 Restated N\$'000	2021 N\$'000	2020 N\$'000
Financial investments	(1 422 566)	(245 142)		
Pledged assets	520 956	59 142		
Trading assets ¹	(178 485)	(130 415)		
Loans and advances ²	(1 625 323)	1 042 842		
Derivative assets	298 962	(222 378)		
Other assets ^{1,2}	(10 513)	784 197	5 837	(16 046)
Total	(2 416 969)	1 288 246	5 837	(16 046)

¹ In the current year certain trading instruments were disaggregated into separate financial asset and financial liabilities. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section for further information.

² In the current year low-interest staff loans were fair valued for the first time. Comparatives have been restated. Refer to the restatement narrative included in the 'Accounting policy elections and restatements' section for further information.

34.3 Increase/(decrease) in deposits and other liabilities

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Deposit and current accounts	2 150 150	(1 672 132)		
Trading liabilities ¹	21 222	19 651		
Derivative liabilities	(291 547)	219 612		
Provisions and other liabilities	122 365	(781 714)	(2 264)	(186 463)
Total	2 002 190	(2 214 583)	(2 264)	(186 463)

¹ In the current year certain trading instruments were disaggregated into separate financial asset and financial liabilities. Comparatives have been restated. Refer to the restatement narrative included in 'Accounting policy elections and restatements' section above for further information.

34.4 Direct taxation paid

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Current tax at beginning of the year	99 525	80 181	(4 109)	(5 400)
Recognised in income statement	(127 603)	(139 189)		
Current tax at end of the year	(138 521)	(99 525)		4 109
Total	(166 599)	(158 533)	(4 109)	(1 291)

34. Statement of cash flows notes continued**34.5 Proceeds from the sale of property and equipment**

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Net book value of disposals	958	2 016		
Profit/(loss) on disposal	703	(756)		
Total	1 661	1 260		

34.6 Proceeds from the sale of intangible assets

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Net book value of disposals		396		
Total		396		

34.7 Dividends paid

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Dividend declared during the year	(156 742)	(252 720)	(156 742)	(252 720)
Movement in accrual for dividend	100	225	100	225
Total	(156 642)	(252 495)	(156 642)	(252 495)

35. Post-employment benefits

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Amounts recognised as a liability in the statement of financial position				
Post-employment healthcare benefit medical aid	108 905	109 114		
Amounts recognised as expenses in profit and loss for the year				
Retirement fund	66 246	68 131		
Post-employment healthcare benefit medical aid	18 404	15 818		
Total	84 650	83 949		

35.1 Retirement fund

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
All eligible full-time employees are members of the Standard Bank Namibia Pension Fund, which has been registered in Namibia in accordance with the requirements of the Pension Funds Act. The fund is a defined contribution fund and is governed by the Pension Funds Act of 1956, and is actuarially valued every three years. An actuarial valuation was conducted as at 31 December 2021 and the actuary certified the fund as being financially sound as at that date. Members of the fund comprise 99% of the full-time staff. The contribution to the pension fund is based on a percentage of pensionable earnings and charged to income as incurred.				
Employer's contribution for the year	66 246	68 131		

35. Post-employment benefits

35.2 Post-employment healthcare benefits

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Post-employment medical scheme				
The liability represents a post-employment healthcare benefit scheme that covers all employees who joined on or before 1 March 2009. The liability is unfunded and is valued every year using the projected unit credit method. The latest full statutory actuarial valuation was performed on 31 December 2021.				
Expected premiums to post-employment medical schemes for the year ending 31 December 2021 are N\$4.41 million.				
Movement in the present value of defined medical scheme benefit obligation:				
Balance at beginning of the year	109 114	120 010		
Current service cost	2 963	3 027		
Interest cost	13 902	12 791		
Remeasurement of post-employment benefit obligations relating to change in actuarial assumptions	(12 784)	(22 627)		
Changes in financial assumptions	7 568	(24 522)		
Changes in demographic assumptions	(17 157)	4 913		
Changes in other assumptions	(3 195)	(3 018)		
Contributions by employer	(4 290)	(4 087)		
Balance at end of the year	108 905	109 114		
Consisting of:				
Present value of unfunded obligations	108 905	109 114		
Obligation recognised in the statement of financial position				
	108 905	109 114		
The amounts recognised in profit or loss are determined as follows:				
Current service cost	2 963	3 027		
Interest cost	13 902	12 791		
Included in staff costs	16 865	15 818		
The amounts recognised in statements of other comprehensive income				
Remeasurement of post-employment benefit obligations relating to changes in actuarial assumptions, before tax	(8 451)	(22 627)		
The principal actuarial assumptions used for accounting purposes were:				
Discount rate	12.12%	14.10%		
Medical inflation	9.44%	10.35%		
Remaining service life of employees (years)	18.0 – 22.5	18.0 – 22.5		
Mortality rates used:				
During employment: SA85-90 (Light) ultimate table				
Post-employment: PA (90) ultimate table rated down two years plus 1% improvement per annum (from a base year of 2006).				
Current active employee members:				
Particulars in respect of the current employee members belonging to the medical scheme for which there is a post-retirement medical aid liability as at the reporting date are as follows:				
Number of employees	264	307		
Average age (years)	44.0	43.9		
Current pensioner members				
Details of the current pensioner members belonging to the medical aid fund are as follows:				
Number of employees	103	98		
Average age (years)	68.3	67.1		

35. Post-employment benefits

35.2 Post-employment healthcare benefits

Sensitivity analysis

Assumption	Change in assumption	% change in obligation			
		GROUP		COMPANY	
		2021	2020	2021	2020
Healthcare cost inflation:	1% increase	16.20	15.30		
	1% decrease	(13.20)	(12.50)		
Mortality rate:	PA (90)-1	3.10	2.80		
Discount rate:	1% increase	(13.10)	(12.00)		
	1% decrease	16.40	14.00		

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the statement of financial position.

Through its defined post-employment medical plan, the company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities.
Inflation risk	The company post-employment medical obligation is linked to inflation, and higher inflation will lead to higher liabilities.
Life expectancy	The company post-employment medical obligation is to provide benefits for the life of the member, so an increase in life expectancy will result in an increase in the plan's liabilities.

Assumed medical inflation rates have a significant effect on the amounts recognised in profit or loss. The aggregate current service cost and interest cost is N\$16.9 million (2020: N\$15.8 million) and the defined benefit obligation is N\$108.9 million (2020: N\$109.1 million). A one percentage point change in the medical inflation rate would have the following effects on the amounts recognised:

GROUP AND COMPANY	2021		2020	
	1% increase N\$m	1% decrease N\$m	1% increase N\$m	1% decrease N\$m
Sensitivity analysis for post-employment medical aid fund				
Effect on the aggregate of the current service cost and interest cost	2.8	(2.3)	2.8	(2.3)
Effect on the defined benefit obligation	17.8	(14.4)	15.5	(12.8)

36. Related party disclosures

36.1 Parent

SBN Holdings Limited is a subsidiary of Standard Bank Group Limited.

36.2 Subsidiaries and joint venture

Refer to note 8.1 and Annexure A for further disclosure on investments in subsidiaries. Also refer to note 8.2 for further disclosure on the investment in joint venture.

36.3 Key management personnel

Key management personnel has been defined as directors of the group companies and executive management of Standard Bank Namibia Limited. Non-executive directors are included in the definition of key management personnel as required by IFRS. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercises control or joint control. Close members of family are those family members who may be expected to influence, or be influenced by, that person in their dealings with Standard Bank Namibia Limited. They may include the individual's domestic partner and children, the children of the person's domestic partner, and dependents of the individual or the individual's domestic partner.

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Key management compensation				
Salaries and other short-term benefits	35 574	41 716		
Post-employment benefits	69	156		
IFRS 2 value of share options and rights expensed	3 220	5 879		
	38 863	47 751		
The transactions below are entered into in the normal course of business.				
Loans and advances				
Loans outstanding at beginning of the year	30 120	27 330		
Change in key management structure	(3 523)	(1 331)		
Net loans (repaid)/granted during the year	(3 066)	4 121		
Loans outstanding at end of the year	23 531	30 120		
Loans include mortgage loans, vehicle and asset finance and credit cards. No specific impairments have been recognised in respect of loans granted to key management in the current or prior year.				
The mortgage loans and vehicle and asset finance are secured by the underlying assets. All other loans are unsecured.				
Deposit and current accounts				
Deposits outstanding at beginning of the year	2 493	4 878		
Change in key management structure	(791)	(1 553)		
Net deposits received/(withdrawn) during the year	3 050	(832)		
Deposits outstanding at end of the year	4 752	2 493		

Interest received on loans and advances, and interest paid on deposit and current accounts is in the ordinary course of business, except for staff loans which are charged at preferential rates.

Deposits include current and savings accounts.

36. Related party disclosures

36.4 Purchase/(rendering) of services

	Relationship	Type	GROUP	
			2021 N\$'000	2020 N\$'000
Standard Bank of South Africa (SBSA)	Fellow subsidiary	Royalty fees	(73 354)	(70 137)
SBSA	Fellow subsidiary	Information technology	(47 926)	(20 885)
SBSA	Fellow subsidiary	License fees	(61 258)	(34 168)
SBSA	Fellow subsidiary	Other services	(3 749)	1 592
SBSA	Fellow subsidiary	Training	(619)	(233)
Stanbic Bank Kenya Limited	Fellow subsidiary	Other services		56
Stanbic Bank Uganda	Fellow subsidiary	Other services		38
			(186 906)	(123 737)

36.5 Commissions and dividends received/(paid)

	Relationship	Type	GROUP	
			2021 N\$'000	2020 N\$'000
SBSA	Fellow subsidiary	Commission paid	(15 156)	(10 052)
SBSA	Fellow subsidiary	Commission received	23	865
SBSA	Parent company	Dividends paid	(189 287)	(189 287)
Purros Investments	Employee share trust	Dividends paid	(21 892)	(21 892)
			(226 312)	(220 366)

36.6 Interest income/(expense)

	Relationship	Type	GROUP	
			2021 N\$'000	2020 N\$'000
SBSA	Fellow subsidiary	Interest income	32 427	32 453
SBSA	Fellow subsidiary	Interest expense	(37 049)	(51 602)
			(4 622)	(19 149)

36.7 Trading income

	Relationship	Type	GROUP	
			2021 N\$'000	2020 N\$'000
SBSA	Fellow subsidiary	Trading income	188 397	202 959
			188 397	202 959

36.8 Contributions to funds

	Relationship	Type	GROUP	
			2021 N\$'000	2020 Restated N\$'000
Standard Bank Namibia Pension Fund	Defined contribution plan	Contributions	66 246	68 131
			66 246	68 131

Transfer pricing arrangements for 2021 and 2020

The company entered into various transfer pricing agreements with other SBG subsidiaries. These agreements have all been entered into on an arm's length basis in accordance with the pricing principles contained in the Organisation for Economic Co-operation and Development Guidelines and relevant domestic legislation. The nature of the agreements are such that the related parties performing relevant functions, assuming relevant risks and owning relevant assets in the day-to-day business activities of the group and company, are compensated on an arm's length basis. The integrated business model, in relation to functional, risk and asset profile and in accordance with the nature of the agreement, resulted in payments being made by both SBSA and fellow subsidiaries during the 2021 and 2020 financial years.

36. Related party disclosures continued

36.9 Related party year end balances

	Relationship	Type	GROUP	
			2021 N\$'000	2020 N\$'000
Receivables from related parties				
SBSA	Fellow subsidiary	Trading assets	23 190	
SBSA	Fellow subsidiary	Loans and advances	1 932 415	1 131 591
Stanbic Bank Botswana Limited	Fellow subsidiary	Loans and advances	1 173	1 282
Stanbic Bank Zambia Limited	Fellow subsidiary	Loans and advances	1 173	342
Stanbic Bank Kenya Limited	Fellow subsidiary	Loans and advances	50	104
SBSA	Fellow subsidiary	Derivatives	62 373	307 332
SBSA	Fellow subsidiary	Other assets	5 820	20 634
Stanbic Bank Zimbabwe Limited	Fellow subsidiary	Other assets	90	90
Standard Bank Mauritius	Fellow subsidiary	Other assets	33	31
Stanlib (Proprietary) Limited	Fellow subsidiary	Other assets	23	23
Purros Investment (Proprietary) Limited	Sister company	Other assets	4 183	4 183
			2 030 523	1 465 612

The loans issued to subsidiaries and fellow subsidiaries are repayable on demand. Interest is charged based on the prevailing market rate. The loans are unsecured and the loans are fully performing.

Derivatives are carried at fair value.

Sundry receivables with subsidiaries and fellow subsidiaries are repayable on demand and attract no interest. All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

	Relationship	Type	GROUP	
			2021 N\$'000	2020 N\$'000
Payables to related parties				
SBSA	Fellow subsidiary	Deposits and current accounts	1 290 132	1 057 023
Stanbic Bank Botswana Limited	Fellow subsidiary	Deposits and current accounts	26	26
Stanbic Bank Zambia Limited	Fellow subsidiary	Deposits and current accounts	12	
Standard Bank Angola	Fellow subsidiary	Deposits and current accounts	20	53
Purros Investment (Proprietary) Limited	Employee share trust	Deposits and current accounts		900
SBSA	Fellow subsidiary	Derivatives	10 697	64 109
SBSA	Fellow subsidiary	Other liabilities	11 217	26 902
Stanbic Bank Zimbabwe Limited	Fellow subsidiary	Other liabilities	60	60
SBSA	Fellow subsidiary	Subordinated debt	101 181	101 179
			1 413 345	1 250 252

Deposit and current accounts held with subsidiaries and fellow subsidiaries are repayable on demand. Interest is charged based on the prevailing market rate. Sundry payables with subsidiaries and fellow subsidiaries are repayable on demand and attract no interest.

37. Equity-linked transactions

37.1 Share-based payments

The group's share incentive schemes enable key management personnel and senior employees to benefit from the performance of Standard Bank Group Limited and shares.

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Summary of the company's share incentive schemes and expenses recognised in staff costs:				
Deferred bonus schemes	4 344	5 177		
Total expense recognised in staff costs	4 344	5 177		
Summary of liabilities recognised in other liabilities:				
Deferred bonus schemes	5 206	2 821		
Total liability recognised in other liabilities	5 206	2 821		

37.2 Equity compensation plans

The group has two equity compensation plans, namely the Group Share Incentive Scheme (GSIS) and the Equity Growth Scheme (EGS). The GSIS, which is equity-settled, confers rights to employees to acquire ordinary shares at the value of the SBG share price at the date the option is granted. The EGS, which is cash-settled, was implemented in 2005 and represents appreciation rights allocated to employees. The eventual value of the right is effectively settled by the issue of shares equivalent in value to the value of the rights.

The two schemes have five different sub-types of vesting categories as illustrated by the table below:

Vesting categories	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 years
Type B	5, 6, 7	50, 75, 100	10 years
Type C	2, 3, 4	50, 75, 100	10 years
Type D	2, 3, 4	33, 67, 100	10 years
Type E	3, 4, 5	33, 67, 100	10 years

37.2.1 Equity-settled share-based payments

Group Share Incentive Scheme

A reconciliation of the movement of share options is detailed below:

	Option price range (N\$)		Number of rights	
	2021	2020	2021	2020
Options outstanding at beginning of the year			6 250	6 250
Transferred in/(out)			(6 055)	
Options outstanding at the end of the year			195	6 250

Share options were exercised regularly throughout the year. The weighted average share price for the year was ZAR131.30 (2020: ZAR116.16).

The following options granted to employees, including executive directors, had not been exercised at 31 December 2021:

Number of ordinary shares	Option price	Weighted average price	Option expiry year
195	98.8	98.8	Year to 31 December 2023

37. Equity-linked transactions continued

37.2 Equity compensation plans continued

37.2.2 Cash-settled share-based payments

All employees granted an annual performance award over a threshold and who is in employment in a company entity domicile outside of South Africa have part of their award deferred. In addition the company makes special awards to qualifying employees in employment of a company entity. The awards are classified as cash-settled awards.

The award units are denominated in employee's host countries' local currency, the value of which moves parallel to the changes in the price of the SBG shares listed on the JSE and accrue notional dividends over the vesting period which are payable on vesting.

Awards vest in three equal tranches at 18 months, 30 months and 42 months from the date of award. Final pay-out is determined with reference to SBG share price on vesting date.

Currency	Weighted average fair value at grant date	Expected life at grant date (years)	2021 units					
			Opening balance	Granted	Exercised	Forfeited	Transferred between group companies	Outstanding
NAD	143.77	2.51	41 687	14 647	(8 144)		679	48 869
NAD	152.64	2.51		4 348		(689)	700	4 359

Currency	Weighted average fair value at grant date	Expected life at grant date (years)	2020 units					
			Opening balance	Granted	Exercised	Forfeited	Transferred between group companies	Outstanding
NAD	152.64	2.51	42 336	29 292	(22 085)	(7 856)		41 687

37.3 Deferred bonus scheme (DBS)

It is essential for the group to retain key skills over the longer term. This is done particularly through share-based incentive plans. The purpose of these plans is to align the interests of the group, its subsidiaries and employees, as well as to attract and retain skilled, competent people.

The group has implemented a scheme to defer a portion of incentive bonuses over a minimum threshold for key management and executives. This improves the alignment of shareholder and management interests by creating a closer linkage between risk and reward, and also facilitates retention of key employees.

The purpose of the Deferred Bonus Scheme 2012 is to encourage a longer-term outlook in business decision making and closer alignment of performance with long-term value creation.

All employees granted an annual performance award over a threshold have part of their award deferred. The award is indexed to the group's share price and accrues notional dividends during the vesting year, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final pay-out is determined with reference to the group's share price on vesting date.

	Units	
	2021	2020
Reconciliation		
Units outstanding at beginning of the year		7 821
Exercised	(63)	(7 821)
Transfers	63	
Units outstanding at end of the year		

37. Equity-linked transactions continued

37.4 Performance reward plan

The Performance reward plan (PRP) is performance-driven share plan which rewards value delivered against specific targets.

The PRP incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive marketplace for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the EGS, DBS, and other share incentive schemes.

The awards are indexed to the group's share price and accrues notional dividends during the vesting period, which are payable on vesting. Shares that vest (if any), and that are delivered to the employee, are conditional on the pre-specified performance metrics. These awards have been partially hedged through the use of equity forwards.

Awards are issued to individuals in employment of a group entity domiciled outside of South Africa are classified as cash-settled.

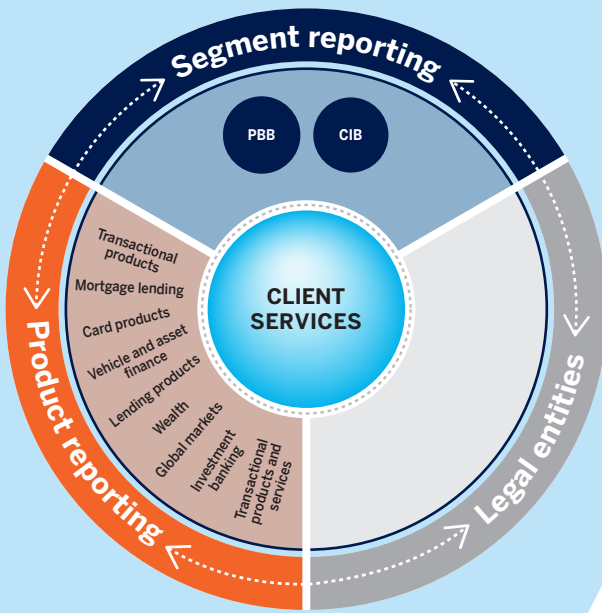
	Units	
	2021	2020
Movement summary		
Units outstanding at beginning of the year	35 600	38 400
Granted		13 200
Exercised		(16 000)
Lapsed	(11 400)	
Units outstanding at end of the year	24 200	35 600
Weighted average fair value at grant date (N\$)	152.64	152.64
Expected life (years)	3.07	3.07

38. Segment reporting

The company is organised on the basis of products and services and the segments have been identified on this basis. The principal business units in the company are as follows:

SEGMENTAL STRUCTURE FOR KEY BUSINESS LINES

OUR TRADITIONAL STRUCTURE TO 31 DECEMBER 2020

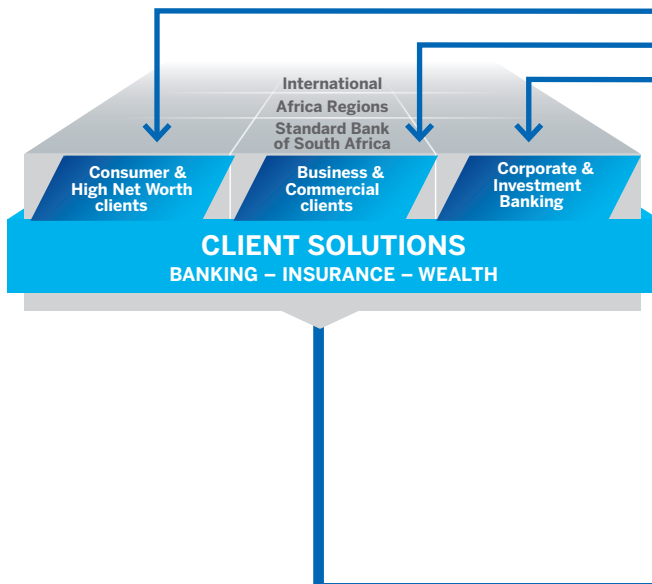


SBN Holdings Namibia

Client segments

We have shifted the business to be future-ready and client centric. Our reporting has changed to align to this principle. The client segments will be responsible for designing and executing the client value proposition strategy. Client segments will own the client relationship and create multi-product customer experiences to address life events distributed through our client engagement platforms.

New capability model from 1 January 2021



Consumer & High Net Worth clients

The consumer & high net worth (CHNW) client segment is responsible for the end-to-end lifecycle of clients. CHNW services individual clients across Sub-Saharan Africa. We enable our clients' daily lives by providing relevant solutions throughout their life journeys.

Business & Commercial clients

The business & commercial client (BCC) segment provides broad based client solutions for a wide spectrum of small- and medium-sized businesses as well as large commercial enterprises. Our client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth.

Corporate & Investment Banking

The Corporate & Investment Banking (CIB) segment serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients across Africa and internationally. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities and our access to global capital markets for advisory, transactional, trading and funding support.

38. Segment reporting continued


Client solutions

Client solutions support the client segments and the group as a whole. This team works in partnership with the client segments in pursuit of the client value proposition strategy. Client solutions provide products and services for banking, insurance and investments and will expand into non-financial services and solutions over time.

Banking

Home services Residential accommodation financing solutions, including related value added services.	Vehicle and asset finance Comprehensive finance solutions in instalment credit, fleet management and related services across our retail and business markets.	Card and payments Credit card facilities to individuals and businesses. Merchant acquiring services. Enablement of digital payment capabilities through various products and platforms. Mobile money and cross-border businesses.
Retail lending Comprehensive suite of lending products provided to individuals and small and medium-sized businesses.	Retail transactional Comprehensive suite of transactional, savings, payment and liquidity management solutions.	Global markets Trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities.
Investment banking Full suite of advisory and financing solutions, from term lending to structured and specialised products across equity and debt capital markets.	Transactional products and services Comprehensive suite of cash management, international trade finance, working capital and investor services solutions.	

Insurance
Short-term and long-term insurance activities

- Financial advisory and brokerage service activities:
 - Short-term: Homeowners' insurance, household contents, vehicle insurance and commercial all risk insurance.
 - Long-term: Life, disability, funeral cover and credit life offered in conjunction with related banking products.

Wealth management and trust administration services

- Wealth management, passive investments, international investments, structured products and social impact investing.
- Integrated fiduciary services including fiduciary advice, will drafting, custody services and trust and estate administration.

Central and other

- Group hedging activities.
- Unallocated capital.
- Liquidity earnings.
- Central costs.

38. Segment reporting continued

Scope of operations continued

The segment report includes the consolidated results of each business unit containing all the activities of the segments across the group. No geographical segment information is disclosed due to the fact that business activities predominantly relate to Namibia.

Client segments	Consumer & High Net Worth	
	2021 N\$'000	2020 Restated N\$'000
GROUP		
Net interest income	1 209 089	1 240 972
Inter-segment revenue	(468 634)	(565 255)
Non-interest revenue	725 360	713 642
Total income	1 465 815	1 389 359
Credit impairment charges	(150 513)	(163 765)
Income after credit impairment charges	1 315 302	1 225 594
Operating expenses	(902 271)	(848 131)
Net income	413 031	377 463
Loss on derecognition of equity-accounted investment		
Net income before indirect taxation	413 031	377 463
Indirect taxation	(12 695)	(9 221)
Profit/(loss) before direct taxation	400 336	368 242
Direct taxation	(108 292)	(110 358)
Profit/(loss) for the year	292 044	257 884
Operating information		
Total assets	15 222 603	14 284 712
Total liabilities	13 601 456	13 432 092
Other information		
Investment in associate		
Depreciation	(48 803)	(45 762)
Amortisation	(2 656)	(3 890)

Where reporting responsibility for individual cost centres and divisions within segments change, the segmental analyses' comparative figures are restated accordingly.

	Business & Commercial		CIB		Central & other		Total	
	2021 N\$'000	2020 Restated N\$'000	2021 N\$'000	2020 Restated N\$'000	2021 N\$'000	2020 Restated N\$'000	2021 N\$'000	2020 Restated N\$'000
	143 846	139 800	(109 706)	(212 652)	(6 547)	920	1 236 682	1 169 040
	55 678	67 487	405 547	497 421	7 409	347		
	218 289	187 247	309 516	339 522	(44 359)	(47 739)	1 208 806	1 192 672
	417 813	394 534	605 357	624 291	(43 497)	(46 472)	2 445 488	2 361 712
	(131 408)	(81 959)	(6 830)	(8 186)			(288 751)	(253 910)
	286 405	312 575	598 527	616 105	(43 497)	(46 472)	2 156 737	2 107 802
	(376 815)	(364 035)	(392 242)	(364 053)	84 524	78 351	(1 586 804)	(1 497 868)
	(90 410)	(51 460)	206 285	252 052	41 027	31 879	569 933	609 934
				(1 604)				(1 604)
	(90 410)	(51 460)	206 285	250 448	41 027	31 879	569 933	608 330
	(7 182)	(5 419)	(3 921)	(1 877)	(19 558)	(14 117)	(43 356)	(30 634)
	(97 592)	(56 879)	202 364	248 571	21 469	17 762	526 577	577 696
	32 860	20 047	(45 802)	(62 032)	(34 121)	(4 167)	(155 355)	(156 510)
	(64 732)	(36 832)	156 562	186 539	(12 652)	13 595	371 222	421 186
	3 715 995	3 284 865	12 184 336	11 542 551	4 237 285	3 720 886	35 360 219	32 833 014
	3 352 425	2 858 101	11 483 907	10 002 165	2 527 620	2 360 111	30 965 408	28 652 469
	(39 709)	(37 109)	(8 386)	(7 659)	(44 022)	(37 112)	(140 920)	(127 642)
	(657)	(500)	(1 634)	(1 276)	(44 502)	(34 138)	(49 449)	(39 804)

39. Earnings per share

The calculation of earnings per share is as follows:

	GROUP		COMPANY	
	2021	2020	2021	2020
The calculations of basic earnings and headline earnings per ordinary share are as follows:				
Basic earnings attributable to shareholders (N\$'000)	371 222	421 186		
Headline earnings (N\$'000) (note 40)	371 292	422 930		
Weighted average number of ordinary shares in issue ('000)	522 472	522 472		
Basic earnings per ordinary share (cents)	71	81		
Headline earnings per ordinary share (cents)	71	81		

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

40. Headline earnings

	2021				2020			
	Gross N\$'000	Tax N\$'000	Non-controlling interest N\$'000	Net N\$'000	Gross N\$'000	Tax N\$'000	Non-controlling interest N\$'000	Net N\$'000
GROUP								
Profit for the year	526 577	(155 355)	(823)	370 399	577 696	(156 510)	139	421 325
Headline earnings adjustments:	1 313	(420)		893	2 360	(755)		1 605
IAS 16 (Profit)/loss on sale of property and equipment	(703)	225		(478)	756	(242)		514
IAS 28 loss on derecognition of equity accounted joint venture					1 604	(513)		1 091
IAS 36 impairments on property and equipment	2 016	(645)		1 371				
Headline earnings	527 890	(155 775)	(823)	371 292	580 056	(157 265)	139	422 930

41. Dividends

	GROUP		COMPANY	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Ordinary dividends				
Final dividend declared	73 146	143 001	73 146	143 001
Interim dividend declared	83 596	109 719	83 596	109 719
Total dividends recognised in the statement of changes in equity	156 742	252 720	156 742	252 720

A final dividend of 15 cents per ordinary share was declared on 4 March 2022, payable on 27 May 2022 to all shareholders registered on 13 May 2022, bringing the total dividends declared in respect of 2021 profits earned to 31 cents per share (2020: 35 cents per share).

42. Events after the reporting period

No subsequent events occurred between the year end and the date of signing of the financial statements.

ANNEXURE A – SUBSIDIARIES

Material subsidiaries

Nature of operation	Issued share capital N\$	Effective holding		Net indebtedness by/(to) subsidiary		
		2021 %	2020 %	2021 N\$'000	2020 N\$'000	
Standard Bank Namibia Limited	Banking services	2 000 015	100	100	25 620	25 525
Arleo Investment Sixteen (Proprietary) Limited	Property holding company	1	100	100		
Standard Insurance Brokers (Namibia) (Proprietary) Limited	Insurance broking services	1	100	100		
Stanfin (Namibia) (Proprietary) Limited	Insurance broking services	2	100	100		
Mobicash Payment Solutions (Proprietary) Limited	Mobile and payment services	2 312	50.91	50.91		

All subsidiaries are incorporated and operate within Namibia. All subsidiary undertakings are included in the consolidation. The proportion of voting rights in the subsidiary undertakings held directly by the company does not differ from the proportion of ordinary shares held.

Non-controlling interests (NCI)

Set out below is summarised financial information for the subsidiary that has NCI that are material to the group. The amounts disclosed are before inter-company eliminations.

	MobiCash Payment Solutions (Proprietary) Limited	
	2021 N\$'000	2020 N\$'000
Summarised statement of financial position		
Current assets	36 251	36 462
Current liabilities	(18 509)	(23 184)
Current net assets	17 742	13 278
Non-current assets	5 645	6 961
Non-current liabilities		
Non-current net assets	5 645	6 961
Net assets	23 387	20 239
Accumulated NCI	14 853	14 030
Summarised income statement		
Fee and commission revenue	(48 218)	(39 273)
Fee and commission expense	30 511	22 688
Other revenue	(12 276)	(12 276)
Total comprehensive income	(1 676)	(1 737)
(Profit)/loss allocated to NCI	(823)	139
Summarised statement of cash flows		
Cash flows from operating activities	10 685	(181)
Cash flows from investing activities	(4 876)	23
Net increase/(decrease) in cash and cash equivalents	5 809	(158)

ANNEXURE B: RISK AND CAPITAL MANAGEMENT

Overview

Capital management

The group's capital management function is designed to ensure that regulatory requirements are met at all times and that the group and its principal subsidiaries are capitalised in line with the group's risk appetite and target ratios, both of which are approved by the board.

It further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the group's budget and forecasting process. The capital plan is tested under a range of stress scenarios as part of the group's annual ICAAP and recovery plan.

The capital management function is governed primarily by management level subcommittees that oversee the risks associated with capital management, namely the asset and liability committee (ALCO) and one of its subcommittees, the capital management committee. The principal governance documents are the capital management governance framework and the model risk governance framework.

Risk management

The group's activities give rise to various financial as well as insurance risks. Financial risks are categorised into credit, funding and liquidity and market risk.

The group's approach to managing risk and capital is set out in the group's risk, compliance and capital management (RCCM) governance framework approved by the group risk and capital management committee (GRCCM).

Climate-related emerging risks

The company's activities give rise to climate-related risks and opportunities, in respect of the group's own operations and, more significantly, in respect of financed emissions across our client portfolio. The group is working towards aligning our lending and investment portfolios with Africa's climate transition. This is based on the continent's fair contribution to reach the lower than 1.5°C climate goal.

The risk management committee (RMC), chaired by the group chief risk officer, oversees financial and operational related risk, including climate-related risk, and is responsible for embedding climate-related risk: identification, classification, analysis, monitoring and reporting in the enterprise-wide risk management system.

The group portfolio risk management committee (GPRMC) assesses composition of the group's portfolio, the implications thereof of stressed scenarios (which include climate-related risk scenarios) and sets concentration limits or thresholds of portfolios and risk appetite indicator guidelines for group.

Strategy

SBG supports a just transition that seeks to achieve the imperative for environmental sustainability in a manner that creates work opportunities and social inclusion, addresses Africa's energy poverty and acknowledges Africa's contribution to global emissions. We plan to reduce our financed emissions intensity while responsibly managing our exposure to fossil fuels, specifically where there is an energy transition roadmap that supports cleaner fuels.

SBG has adopted a phased and progressive approach to understanding our climate risk exposures and setting appropriate targets to reduce exposure and maximise opportunity and identified six sectors that face material climate-related risk and/or present significant opportunity, namely: sustainable finance, renewable energy, oil and gas, thermal power, coal mining and agriculture. We have undertaken a rigorous process of research, internal consultation and expert engagement to develop a clear understanding of risks and opportunities in each sector and to determine appropriate targets to manage portfolio risk and maximise opportunity.

Risk management

SBG will reduce its portfolio exposure to sectors classified as high climate risk over time, in line with our climate policy. This includes continuing to increase the proportion of our energy loan book committed to green energy and decreasing the proportion of finance committed to fossil fuels. Key risks include:

Transition risks

Exposure to policy risk – associated uncertain long-term demand for fossil fuels, especially coal, owing to regulatory changes and the associated risk of stranded assets and financial risk stemming from loss in value of clients' assets and collateral resulting in increased risk of client default / non-viability of business

Market risk in relation to: changing client expectations, impact on business opportunities, investor expectations and impact on access to capital.

Reputation risk arising from stakeholder sentiment and media coverage.

Physical risks

Both acute and chronic physical risks may impact the group's clients in the short to medium term due to water shortages, natural disasters as well as labour productivity and occupational health.

Opportunities

We continue to work with our clients and partners to help them address their climate impacts, lower their emissions and improve their resilience. We continue to expand our offering of sustainability linked lending solutions, green and social bonds. We support sustainable agricultural practices that promote reduced carbon emissions and improved resilience to climate risk.

Covid-19

Covid-19 continued to impact the operating environment but through robust risk management principles the company remained focused on resilient balance sheet management practices to ensure the preserving of the company's financial position. The company had a three-phase approach to respond to the effect of the Covid-19 pandemic. The first was the implementation to manage the immediate threat, the second was the facilitation of the return to growth which required the company's continue support to the economy through its client and surrounding communities while mitigating against an economic fallout. The third phase was about adapting to the current circumstance.

All three phases continued throughout 2021. In terms of phase one, which was implemented to manage the impact to the company's human element to protect the health, safety and livelihoods of staff and their families and to promote a positive societal impact, was instrumental during the third wave. The Namibian healthcare system was stretched to full capacity, with low levels of oxygen being reported across the country. Giving back to our communities remained a key priority and as such Standard Bank donated funds for the procurement of oxygen by the Government. Similarly, for our employees, we procured oxygen concentrators to ensure the availability of oxygen for our employees when needed and continued to provide them with care packages. We maintained our Pandemic Response Plan with an average of 64% of our total employee complement successfully working-from-home during 2021.

In terms of the second phase, we continued to provide support to the clients. Client relief programmes comprised of assisting clients with temporary liquidity constraints as a result of the impact of Covid-19, in the form of covenant relaxations and payment holidays. These relief programmes all came to an end during the last quarter of 2021. Phase three, adapting to the current circumstance continued throughout 2021. Covid-19 accelerated the adoption of work-from-home policy. In line with the company's commitment to its employees, the majority of employees were permitted to transition between working from the office premises and working from home interchangeably throughout 2021. Cost-saving initiatives as well as the successful raise of N\$1.5 billion of funding in the debt capital markets were all actions implemented to strengthen the funding and liquidity position of the company.

Capital management

The group manages its capital levels to support business, growth, maintain depositor and creditors confidence, create value for the shareholders and ensure regulatory compliance.

The main regulatory requirements to be complied with are those specified in the Banks Act and related regulations, which are aligned with Basel III.

Regulatory capital adequacy is measured through the following three risk-based ratios:

Common equity tier 1 (CET 1): ordinary share capital, share premium, retained earnings, other reserves and qualifying non-controlling interest less impairments divided by total risk weighted assets (RWA).

Tier 1: CET 1 and other qualifying non-controlling interest plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. Perpetual non-cumulative preference shares that comply with Basel I and Basel II rules are included in tier I capital but are currently subject to regulatory phase-out requirements over a 10-year period, which commenced on 1 January 2013.

Total capital adequacy: tier 1 plus other items such as general credit impairments and subordinated debt with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. Subordinated debt that complies with Basel I and Basel II rules is included in total capital but is currently subject to regulatory phase-out requirements, over a 10-year period, which commenced on 1 January 2013.

BASEL III REGULATORY CAPITAL (UNAUDITED)

	GROUP		BANK	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Tier I				
Ordinary share capital and premium	643 234	643 234	594 100	593 230
Ordinary shareholders' reserves	3 051 693	2 857 254	2 813 809	2 626 265
	3 694 927	3 500 488	3 407 909	3 219 495
Less: regulatory adjustments	(697 472)	(512 647)	(697 472)	(512 647)
Intangible assets	(397 932)	(271 073)	(397 932)	(271 073)
Deferred tax asset	(213 648)	(176 774)	(213 648)	(176 774)
Defined benefit pension fund assets and liabilities	(85 892)	(64 800)	(85 892)	(64 800)
	2 997 455	2 987 841	2 710 437	2 706 848
Tier II				
Subordinated debt	60 000	80 000	60 000	80 000
Current unappropriated profits	371 222	366 713	350 329	361 868
General allowance for credit impairments	254 151	274 618	254 151	274 618
	685 373	721 331	664 480	716 486
Total eligible capital (including unappropriated profits)	3 682 828	3 709 172	3 374 917	3 423 334

CAPITAL ADEQUACY RATIOS (UNAUDITED)

	Minimum regulatory requirement %	Target ratio %	Including unappropriated profits		Excluding unappropriated profits	
			2021 %	2020 %	2021 %	2020 %
Group						
Total capital adequacy ratio	10	11 – 12	15.00	14.66	15.00	14.66
Tier I capital adequacy ratio	7.5	8.5 – 9.5	13.72	13.26	12.21	11.81
Tier I leverage ratio	6	6.6 – 7.2	9.17	9.70	8.16	8.64
Bank						
Total capital adequacy ratio	10	11 – 12	13.67	13.53	13.67	13.53
Tier I capital adequacy ratio	7	7.7 – 8.2	12.39	12.13	10.98	10.70
Tier I leverage ratio	6	6.6 – 7.2	8.34	8.95	7.38	7.89

BASEL III RISK-WEIGHTED ASSETS (UNAUDITED)

	GROUP		BANK	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Credit risk	21 291 246	21 961 911	21 436 174	21 969 420
Market risk	412 104	468 351	412 104	468 351
Operational risk	2 846 650	2 875 358	2 846 650	2 868 295
Total risk-weighted assets	24 550 000	25 305 620	24 694 928	25 306 066

CREDIT RISK

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

Approach to managing and measuring credit risk

The group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. To the extent equity risk is held on the banking book, it is also managed under the credit risk governance framework, except in so far as approval authority rests with the board risk committee (BRC). The management of credit risk is aligned to the group's three lines of defence framework. The business function owns the credit risk assumed by the group and as the first line of defence is primarily responsible for its management, control and optimisation in the course of business generation.

The credit function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity. Further second-line oversight is provided by the group risk function through independent credit risk assurance.

The third line of defence is provided by group internal audit (GIA), under its mandate from the board audit committee (BAC).

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework
- identifying, assessing and measuring credit risk across the group, from an individual facility level through to an aggregate portfolio level
- defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions
- monitoring the group's credit risk exposure relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the group's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Credit risk mitigation

Wherever warranted, the group will attempt to mitigate credit risk, including CCR to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

In the case of collateral where the group has an unassailable legal title, the group's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including that it:

- is readily marketable and liquid
- is legally perfected and enforceable
- has a low valuation volatility
- is readily realisable at minimum expense
- has no material correlation to the obligor credit quality
- has an active secondary market for resale.

The main types of collateral obtained by the group for its banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- pledge and cession of financial assets
- bonds over plant and equipment
- the underlying movable assets financed under leases and instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivatives transactions where collateral support is considered necessary, the group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure (CSA).

Netting agreements, such as collateral under the CSA of an ISDA agreement, are only obtained where the group firstly, has a legally enforceable right to offset credit risk by way of such an agreement, and secondly, where the group has the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Wrong-way risk arises in transactions where the likelihood of default (i.e. the probability of default (PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels. The group has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e. specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the group implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Use of internal estimates

Our credit risk rating systems and processes differentiate and quantify credit risk across counterparties and asset classes. Internal risk parameters are used extensively in risk management and business processes, including:

- setting risk appetite
- setting concentration and counterparty limits
- credit approval and monitoring.

Corporate, sovereign and banking portfolios

Corporate entities include large companies, as well as small medium entities (SMEs) that are managed on a relationship basis. Corporate exposures also include specialised lending (project, object and commodity finance, as well as income-producing real estate (IPRE) and public sector entities).

Sovereign and bank borrowers include sovereign government entities, central banks, local and provincial government entities, bank and non-bank financial institutions. The creditworthiness of corporate (excluding specialised lending), sovereign and bank exposures is assessed based on a detailed individual assessment of the financial strength of the borrower. This quantitative analysis, together with expert judgement and external rating agency ratings, leads to an assignment of an internal rating to the entity. Specialised lending's creditworthiness is assessed on a transactional level, rather than on the financial strength of the borrower, in so far as the group relies only on repayment from the cash flows generated by the underlying assets financed.

Concentration risk management is performed to ensure that credit exposure concentrations in respect of obligors, countries, sectors and other risk areas are effectively managed. This includes concentrations arising from credit exposure to different entities within an obligor economic group, such as exposure to public sector and other government entities that are related to the same sovereign.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the group's master rating scale. Exposures within stage 1 and 2 are rated between 1 to 25 in terms of the group's master rating scale. The group uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below. These ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable PPB portfolios. The group distinguishes between through-the-cycle PDs and point-in-time PDs, and utilises both measures in decision-making, managing credit risk exposures and measuring impairments against credit exposures. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

Default

The group's definition of default has been aligned to its internal credit risk management definitions and approaches. While the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the Basel definition) as occurring at the earlier of:

- where, in the group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The group will not rebut IFRS 9's 90 DPD rebuttable presumption.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

	Gross carrying amount N\$'000	SB 1 – 12		SB 13 – 20	
		Stage 1 N\$'000	Stage 2 N\$'000	Stage 1 N\$'000	Stage 2 N\$'000
2021					
Loans and advances at amortised cost					
Home services	12 783 843			10 634 992	
Vehicle and asset finance	3 177 030	2 251		2 816 996	41 450
Card and payments	142 026			120 534	
Other loans and advances	3 120 025			2 589 730	
Personal unsecured lending	1 252 945			1 119 586	
Business lending and other	1 867 080			1 470 144	
Corporate lending	3 332 015	21 947		2 751 651	480 526
Sovereign lending	598 085	2 569		366 242	229 274
Bank lending	3 258 881	3 254 711		4 170	
Gross carrying amount	26 411 905	3 281 478		19 284 315	751 250
Less: total credit impairment on loans and advances	(964 197)				
Net carrying amount of loans and advances measured at amortised cost	25 447 708				
Financial investments measured at amortised cost					
Sovereign	39 426	39 426			
Gross carrying amount	39 426	39 426			
Less: total ECL for financial investments measured at amortised cost					
Net carrying amount of financial investments measured at amortised cost	39 426				
Financial investments at fair value through OCI					
Sovereign	3 929 703	3 929 703			
Gross carrying amount	3 929 703	3 929 703			
Add: Fair value reserve relating to fair value adjustments	(1 221)				
Total financial investment at fair value through OCI	3 928 482				
Off-balance sheet exposures					
Letters of credit and banker's acceptances	14 371	10 308		4 063	
Guarantees	1 825 266	1 159 085		661 085	
Irrevocable unutilised facilities	2 251 174	2 026 057		135 070	67 535
Total exposure to off-balance sheet credit risk	4 090 811	3 195 450		800 218	67 535
ECL for off-balance sheet exposures	(2 385)				
Net carrying amount of off-balance sheet exposures	4 088 426				
Total exposure to credit risk on financial assets subject to an ECL	33 504 042				
Add the following exposures not subject to ECL:					
Cash and balances with the central bank ¹	1 488 497				
Derivative assets ¹	73 326				
Other financial investments ¹	1 701 417				
Trading assets	619 584				
Other financial assets ²	100 513				
Total exposure to credit risk	37 487 379				

¹ These balances are not in scope of the ECL model as it is measured at fair value through profit or loss.

² Due to the short-term nature of these financial assets, historical experience and forward-looking information, other amortised cost financial assets are regarded as having a low PD.

	SB 21 – 25		Default	Total gross carrying amount of default exposures N\$'000	Securities and expected recoveries on default exposures N\$'000	IIS on default exposures N\$'000	Balance sheet ECL on default exposures— stage 3 N\$'000	Gross default coverage %	Non-performing exposures %
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000						
		421 057	1 727 794	1 727 794	1 328 387	(24 003)	443 529	24	14
		250 805	65 528	65 528	10 230		55 337	84	2
		16 361	5 131	5 131	(2 540)		7 671	100	4
		184 212	346 083	346 083	126 249	44 242	175 672	64	11
		93 523	39 836	39 836	4 536	812	34 568	89	3
		90 689	306 247	306 247	121 713	43 430	141 104	60	16
		67 570	10 321	10 321	(53)		9 798		
		940 005	2 154 857	2 154 857	1 462 273	20 239	692 007		

5 096
22 512
27 608

MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY continued

	Gross carrying amount N\$'000	SB 1 – 12		SB 13 – 20	
		Stage 1 N\$'000	Stage 2 N\$'000	Stage 1 N\$'000	Stage 2 N\$'000
2020 – Restated					
Loans and advances at amortised cost					
Home services	12 583 245			10 420 925	
Vehicle and asset finance	2 799 172			2 531 142	
Card and payments	158 960			140 906	
Other loans and advances	2 809 367			2 337 995	
Personal unsecured lending	1 489 775			1 401 827	
Business lending and other	1 319 592			936 168	
Corporate lending	3 555 265			3 001 468	224 190
Sovereign lending	805 245	2 806		795 814	6 625
Bank lending	2 238 427	36 293		2 080 349	121 580
Gross carrying amount	24 949 681	39 099		21 308 598	352 395
Less: total credit impairment on loans and advances	(801 290)				
Net carrying amount of loans and advances measured at amortised cost	24 148 391				
Financial investments measured at amortised cost					
Sovereign					
Gross carrying amount	54 732	54 732			
Less: total ECL for financial investments measured at amortised cost					
Net carrying amount of financial investments measured at amortised cost	54 732				
Financial investments at fair value through OCI					
Sovereign	1 728 321	1 728 321			
Gross carrying amount	1 728 321	1 728 321			
Add: Fair value reserve relating to fair value adjustments (before the ECL balance)	(7 672)				
Total financial investment at FVOCI	1 720 649				
Off-balance sheet exposures					
Letters of credit and banker's acceptances	25 432	16 613		8 819	
Guarantees	1 767 877	1 339 985		380 067	43 363
Irrevocable unutilised facilities	4 683 065	4 405 916		140 192	134 402
Total exposure to off-balance sheet credit risk	6 476 374	5 762 514		529 078	177 765
ECL for off-balance sheet exposures	(3 900)				
Net carrying amount of off-balance sheet exposures	6 472 474				
Total exposure to credit risk on financial assets subject to an ECL	32 396 246				
Add the following exposures not subject to ECL:					
Cash and balances with the central bank – held at fair value ¹	1 035 972				
Derivative assets ¹	372 288				
Other financial investments ¹	2 516 620				
Trading assets ¹	417 542				
Pledged assets	520 956				
Other financial assets ²	102 049				
Total exposure to credit risk	37 361 673				

1 These balances are not in scope of the ECL model as it is measured at fair value through profit or loss.

2 Due to the short-term nature of these financial assets, historical experience and forward-looking information, other amortised cost financial assets are regarded as having a low PD.

	SB 21 – 25		Default	Total gross carrying amount of default exposures N\$'000	Securities and expected recoveries on default exposures N\$'000	IIS on default exposures N\$'000	Balance sheet ECL on default exposures N\$'000	Gross default coverage %	Non-performing exposures %
	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000						
	621 677	1 540 644		1 540 644	1 235 616	37 120	285 963	21	12
	195 325	72 705		72 705	15 763		56 992	78	3
	14 040	4 014		4 014	(9 000)		13 014	324	3
	150 029	321 343		321 343	175 198	26 300	119 889	45	11
	64 283	23 665		23 665	2 810	847	20 052	88	2
	85 746	297 678		297 678	172 388	25 453	99 837	42	23
	324 204	5 403		5 403	2 903		2 500		
	205								
	1 305 480	1 944 109		1 944 109	1 420 480	63 420	478 358		

4 462

2 555

7 017

Credit impairment losses on loans and advances

Loans and advances are assessed for possible impairment at each reporting date. Before impairments are allocated to individual loans, consideration is first given to whether there is evidence of a decrease in expected cash flows from a portfolio of loans and advances. This will include estimations of the emergence period between the date of the occurrence of the loss event and the identification of that loss. Portfolio impairments are calculated for both performing and non-performing but not specifically impaired loans. Factors such as national- and industry-specific economic conditions, the extent of early arrears and any legislation that could affect recovery, are all considered when calculating the portfolio impairment charge.

For those non-performing loans (NPL) where there is objective evidence of default, specific impairments are calculated using methodologies that include inputs such as segmentation, modelled expected loss (EL) and PD. Estimates of future cash flows on individually impaired loans are based on historical loss experience for similar loans.

Concentration risk

Concentration risk is the risk of loss arising from an excessive concentration of exposure to a single counterparty, an industry, a product, a geography, maturity, or collateral. The group's credit risk portfolio is well-diversified. The group's management approach relies on the reporting of concentration risk along key dimensions, the setting of portfolio limits and stress testing.

IFRS: INDUSTRY SEGMENTAL ANALYSIS GROSS LOANS AND ADVANCES

	2021 N\$'000	2020 N\$'000
Agriculture	636 458	670 202
Construction	123 724	172 162
Electricity	272 429	1 066 959
Finance, real estate and other business services	7 657 225	5 863 584
Individuals	14 658 769	14 963 775
Manufacturing	1 474 257	956 474
Mining	445 522	587 567
Other services	713 714	428 749
Transport	108 348	80 775
Wholesale	321 459	159 434
Gross loans and advances	26 411 905	24 949 681

All loans are recorded in Namibia.

IFRS: SEGMENTAL ANALYSIS OF STAGE 3 ECL OF LOANS AND ADVANCES

	2021 N\$'000	2020 N\$'000
Agriculture	(81 129)	(63 476)
Construction	(8 977)	(7 884)
Electricity	(329)	(1 762)
Finance, real estate and other business services	(216 012)	(122 906)
Individuals	(350 577)	(267 905)
Manufacturing	(1 760)	(3 562)
Mining		(77)
Other services	(29 716)	(8 425)
Transport	(1 651)	(839)
Wholesale	(1 856)	(2 648)
Total ECL for stage 3 loans and advances excluding IIS	(692 007)	(479 484)

All impairments relate to loans that are recorded in Namibia.

Collateral

The table on the following pages shows the financial effect that collateral has on the group's maximum exposure to credit risk. The table is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel but that management takes into consideration in the management of the group's exposures to credit risk. All on- and off-balance sheet exposures that are exposed to credit risk, including NPL, have been included.

Collateral includes:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- pledge and cession of financial assets
- bonds over plant and equipment
- the underlying movable assets financed under leases and instalment sales.

Netting agreements, which do not qualify for offset under IFRS but which are nevertheless enforceable, are included as part of the group's collateral. All exposures are presented before the effect of any impairment provisions.

Of the group's total exposure, 10% (2020: 21%) is unsecured and mainly reflects short-term exposures to individuals.

	Total exposure N\$'000	Unsecured N\$'000	Secured N\$'000	Collateral coverage – Total collateral	
				1 to 50 % N\$'000	50 to 100% N\$'000
2021					
Corporate	4 055 210	729 765	3 325 445		3 325 445
Sovereign	598 085	1 665	596 420		596 420
Bank	4 113 827	4 503	4 109 324		4 109 324
Retail	21 735 594	3 337 914	18 397 680		18 397 680
Retail mortgage	12 783 843	513 761	12 270 082		12 270 082
Other retail	8 951 751	2 824 153	6 127 598		6 127 598
Total	30 502 716	4 073 847	26 428 869		26 428 869
Add: Financial assets not exposed to credit risk	7 952 466				
Less: Impairments for loans and advances	(964 197)				
Less: Unrecognised off-balance sheet items	(4 090 811)				
Total exposure	33 400 174				
Reconciliation to statement of financial position					
Cash and balances with central banks	1 488 497				
Derivative assets	73 326				
Trading assets	619 584				
Financial investments	5 670 546				
Loans and advances	25 447 708				
Other financial assets ¹	100 513				
Total	33 400 174				

¹ Other financial assets are included in other assets in the statements of financial position.

	Total exposure N\$'000	Unsecured N\$'000	Secured N\$'000	Collateral coverage – Total collateral	
				1 to 50 % N\$'000	50 to 100% N\$'000
2020 – Restated					
Corporate	6 174 248	3 555 265	2 618 983	2 618 983	
Sovereign	2 364 482		2 364 482		2 364 482
Bank	2 465 115		2 465 115		2 465 115
Retail	20 422 210	2 968 327	17 453 883		16 684 218
Retail mortgage	13 452 571		13 452 571		12 682 906
Other retail	6 969 639	2 968 327	4 001 312		4 001 312
Total	31 426 055	6 523 592	24 902 463	2 618 983	21 513 815
Add: Financial assets not exposed to credit risk	6 748 480				
Less: Impairments for loans and advances	(801 290)				
Less: Unrecognised off-balance sheet items	(6 476 374)				
Total exposure	30 896 871				
Reconciliation to statement of financial position					
Cash and balances with central banks	1 035 972				
Derivative assets	372 288				
Trading assets	417 542				
Pledged assets	520 956				
Financial investments	4 299 673				
Loans and advances	24 148 391				
Other financial assets ¹	102 049				
Total	30 896 871				

¹ Other financial assets are included in other assets in the statements of financial position.

FUNDING AND LIQUIDITY RISK

Definition

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Approach to managing liquidity risk

The nature of the group's banking and trading activities gives rise to continuous exposure to liquidity risk. Liquidity risk may arise where counterparties, who provide the group with short-term funding, withdraw or do not roll over that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

The group manages liquidity in accordance with applicable regulations and within the group's risk appetite framework. The group's liquidity risk management governance framework supports the measurement and management of liquidity across both the corporate and retail sectors to ensure that payment obligations can be met by the group's legal entities, under both normal and stressed conditions. Liquidity risk management ensures that the group has the appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times. The group manages liquidity risk as three interrelated pillars, which are aligned to the Basel III liquidity requirements.

The group maintains a prudent approach to liquidity management in accordance with the applicable laws and regulations. Appropriate liquidity buffers were held in excess of the minimum prudential liquid asset requirements as prescribed by the regulator.

Proactive liquidity management in line with group liquidity standards ensured that, despite volatile and constrained liquidity environments at the onset of the Covid-19 pandemic, adequate liquidity was maintained to fully support balance sheet strategies. This has been achieved through continuous engagements between treasury and capital management, risk and business units in which the liquidity risk with respect to on- and off-balance sheet positions was carefully monitored. At the same time consideration has been provided to the adequacy of contingent funding, ensuring sufficiency to accommodate unexpected liquidity demands. The group continues to leverage the extensive deposit franchises across the portfolio to ensure that it has the appropriate amount, tenor and diversification of funding to support its current and forecast asset base while minimising cost of funding.

The group manages its liquidity through an internal behavioural profiling of its portfolios. Through this mechanism, the group continuously ensure that it has sufficient marketable assets available in its portfolio to meet the outflow demand in both business as usual as well as stress circumstances.

Maturity analysis of financial liabilities by contractual maturity

The following table analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the group can be required to pay (except for trading liabilities and derivative liabilities, which are presented as redeemable on demand) and will, therefore, not agree directly to the balances disclosed in the consolidated Statement of financial position (SOFI).

Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. Management considers only contractual maturities to be essential for understanding the future cash flows of derivative liabilities that are designated as hedging instruments in effective hedge accounting relationships. All other derivative liabilities, together with trading liabilities, are treated as trading and are included at fair value in the redeemable on demand bucket since these positions are typically held for short periods of time.

The table also includes contractual cash flows with respect to off-balance sheet items. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

	Redeemable on demand N\$'000	Maturing within 1 month N\$'000	Maturing between 1 – 6 months N\$'000	Maturing between 6 – 12 months N\$'000	Maturing after 12 months N\$'000	Total N\$'000
GROUP						
2021						
Liabilities						
Derivative liabilities	12 046	27 808	14 857	15 865		70 576
Trading liabilities		10 040	20 990	24 742		55 772
Deposits and current accounts	20 581 625	1 973 071	2 716 309	1 889 013	1 164 617	28 324 635
Debt issued securities		9 050	41 901	50 951	2 186 364	2 288 266
Other financial liabilities	393 026	1 981	8 017	7 838	18 635	429 497
Total	20 986 697	2 021 950	2 802 074	1 988 409	3 369 616	31 168 746
Unrecognised financial liabilities						
Letters of credit and bankers' acceptances		14 371				14 371
Guarantees	1 825 266					1 825 266
Unutilised borrowing facilities	2 251 174					2 251 174
Total	4 090 811					4 090 811
2020 – Restated						
Liabilities						
Derivative liabilities ¹				333 901	28 222	362 123
Trading liabilities ¹		14 654	13 116	7 295		35 065
Deposits and current accounts	16 616 151	848 961	1 797 117	5 873 125	1 746 391	26 881 745
Debt issued securities		4 946	1 221 650	10 448	458 856	1 695 900
Provisions and other liabilities	3 900	1 626	8 100	7 188	6 023	26 837
Total	16 620 051	870 187	3 039 983	6 231 957	2 239 492	29 001 670
Unrecognised financial liabilities²						
Letters of credit and bankers' acceptances	25 432					25 432
Guarantees	1 767 877					1 767 877
Unutilised borrowing facilities	4 683 065					4 683 065
Total	6 476 374					6 476 374

¹ Refer to restatement narrative included in the 'Accounting policy elections and restatements' section for the restatements of treasury bill liabilities.

² The 2020 figures were reclassified to being 'redeemable on demand' which is true to the nature of these off-balance sheet items

MARKET RISK

Definition

Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The group's key market risks are

- trading book market risk
- Interest rate in the banking book (IRRBB)
- foreign currency risk

Trading book market risk

Definition

Trading book market risk is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

Approach to managing market risk in the trading book

The group's policy is that all trading activities are undertaken within the group's global markets' operations.

The market risk functions are independent of the group's trading operations and are overseen by the market risk committee which is accountable to the relevant legal entity ALCOs.

All value at risk (VaR) and stressed VaR (SVaR) limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level.

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

VaR and SVaR

The group uses the historical VaR and SVaR approach to quantify market risk under normal and stressed conditions.

For risk management purposes VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95%. The historical VaR results are calculated in four steps:

- calculate 250 daily market price movements based on 251 days' historical data. Absolute movements are used for interest rates and volatility movements; relative for spot, equities, credit spreads, and commodity prices
- calculate hypothetical daily profit or loss for each day using these daily market price movements
- aggregate all hypothetical profits or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days
- VaR is the 95th percentile selected from the 250 days of daily hypothetical total profit or loss.

Daily losses exceeding the VaR are unlikely to occur.

Limitations of historical VaR are acknowledged globally and include:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature
- the use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This will usually not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully
- the use of a 95% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

Trading book portfolio characteristics

VaR for the year under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the group's own account. In general, the group's trading desks have run increased levels of market risk throughout the year for all asset classes when compared to 2020 aggregate normal VaR, and aggregate SVaR.

TRADING BOOK NORMAL VAR ANALYSIS BY MARKET VARIABLE

	Normal VaR			
	Maximum ¹ N\$'000	Minimum ¹ N\$'000	Average N\$'000	Closing N\$'000
2021				
Foreign exchange risk	787	51	162	258
Interest rates	105	10	40	42
Aggregate¹	806	51	176	259
2020				
Foreign exchange risk	478	21	56	73
Interest rates	59	4	25	11
Aggregate¹	464	19	65	78

¹ The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different days.

TRADING BOOK STRESSED VAR ANALYSIS BY MARKET VARIABLE

	Stressed VaR			
	Maximum ¹ N\$'000	Minimum ¹ N\$'000	Average N\$'000	Closing N\$'000
2021				
Foreign exchange risk	3 134	138	525	772
Interest rates	4 810	362	962	473
Aggregate¹	4 850	440	1 131	899
2020				
Foreign exchange risk	1 558	114	197	215
Interest rates	1 408	173	698	631
Aggregate¹	1 559	245	745	684

¹ The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different days.

Approach to managing IRRBB

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (IRRBB) (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

The group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the group operates. The group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of ALCO.

Measurement

The analytical techniques used to quantify IRRBB include both earnings- and valuation-based measures. The analysis takes into account embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position.

The results obtained from forward-looking dynamic scenario analyses, as well as Monte Carlo simulations, assist in developing optimal hedging strategies on a risk-adjusted return basis.

INTEREST RATE SENSITIVITY ANALYSIS

	NAD	USD	TOTAL
2021			
Increase in basis points	200	100	
Sensitivity of annual net interest income (N\$'000)	217 124	36	217 160
Decrease in basis points	200	100	
Sensitivity of annual net interest income (N\$'000)	(274 478)	(14)	(274 492)
2020			
Increase in basis points	200	100	
Sensitivity of annual net interest income (N\$'000)	183 120	341	183 461
Decrease in basis points	200	100	
Sensitivity of annual net interest income (N\$'000)	(229 516)	(101)	(229 617)

Foreign currency risk

Definition

The group's primary non-trading-related exposures to foreign currency risk arise as a result of the intragroup foreign-denominated debt and foreign-denominated cash exposures and accruals.

Approach to managing foreign currency risk

The group foreign currency management committee, a subcommittee of the group capital management committee, manages the risk according to existing legislation, Namibian exchange control regulations and accounting parameters. It takes into account naturally offsetting risk positions and manages the group's residual risk by means of forward exchange contracts, currency swaps and option contracts.

Foreign currency risk sensitivity analysis

The table that follows reflects the expected financial impact, in N\$ equivalent, resulting from a 5% shock to foreign currency risk exposures, against N\$. The sensitivity analysis is based on net open foreign currency exposures arising from designated net investment hedges, other derivative financial instruments, foreign-denominated cash balances and accruals and intragroup foreign-denominated debt. The sensitivity analysis reflects the sensitivity to OCI and profit or loss on the group's foreign denominated exposures.

FOREIGN CURRENCY RISK SENSITIVITY IN N\$ EQUIVALENTS¹

		USD	Euro	GBP	Other	Total
GROUP						
2021						
Total net long/(short) position	N\$'000	10 047	4 506	252	6 753	
Sensitivity	%	5	5	5	5	
Impact on profit or loss/equity	N\$'000	502	225	13	338	1 078
Total net long/(short) position	N\$'000	10 047	4 506	252	6 753	
Sensitivity	%	(5)	(5)	(5)	(5)	
Impact on profit or loss/equity	N\$'000	(502)	(225)	(13)	(338)	(1 078)
2020						
Total net long/(short) position	N\$'000	3 297	1 746	122	2 730	
Sensitivity	%	5	5	5	5	
Impact on profit or loss/equity	N\$'000	165	87	6	137	395
Total net long/(short) position	N\$'000	3 297	1 746	122	2 730	
Sensitivity	%	(5)	(5)	(5)	(5)	
Impact on profit or loss/equity	N\$'000	(165)	(87)	(6)	(137)	(395)

¹ Before tax.

OPERATIONAL RISK – UNAUDITED

Introduction

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Reputational risk and strategic risk are, in line with general market convention, excluded from the definition of operational risk.

Operational risk exists in the natural course of business activity. It is not an objective to eliminate all exposure to operational risk as this would be neither commercially viable nor indeed possible. The group's approach to managing operational risk is to adopt fit-for-purpose operational risk practices that assist business line management in understanding their inherent risk and reducing their risk profile in line with the group's risk tolerance, while maximising their operational performance and efficiency.

Framework

The group has set minimum requirements for managing operational risk through the group operational risk governance standard. These requirements have been fully implemented and embedded across the group.

The framework sets out a structured and consistent approach for managing operational risk across the group. The risk management approach involves identifying, assessing, measuring, managing, mitigating, and monitoring the risks associated with operations, enabling comprehensive analysis and reporting of the group's operational risk profile.

The framework is based on the following core components:

- Risk identification and control methodology: Facilitates the identification of risks and the management thereof across each business and operational function. It comprises of the following key elements:
 - Risk and control self-assessments: Each business unit and group enabling function is required to analyse its business activities and critical processes to identify the key operational risks to which it is exposed, and assess the adequacy and effectiveness of its controls. For any area where management concludes that the level of residual risk is beyond an acceptable level, it is required to define action plans to reduce the level of risk. The assessments are facilitated, monitored and challenged by the relevant operational risk function aligned to each business unit and group enabling function.
 - Indicators: Based on the key risks and controls identified above, relevant indicators are used to monitor key business environment and internal control factors that may influence the group's operational risk profile. Each indicator has trigger thresholds to provide an early-warning indicator of potential risk exposures and/or a potential breakdown of controls.
 - Operational risk incidents: All areas are required to report operational risk incidents to their relevant operational risk function. The definition of operational risk incidents includes not only events resulting in actual loss, but those resulting in non-financial impacts and near misses. This process is intended to enable the root cause of individual incidents, or trends of incidents, to be analysed and actions taken to reduce the exposure or to enhance controls.

All incidents relating to the group are consolidated within a central group database, which is also integrated with risk and control self-assessments and indicators.
- Reporting: Operational risk reports are produced on both a regular and an event-driven basis. The reports include a profile of the key risks to business units' achievement of their business objectives, relevant control issues and operational risk incidents. Specific reports are prepared on a regular basis for the relevant business unit committees and for the board risk committee.

The primary responsibility for managing operational risk forms part of the day-to-day responsibilities of management and employees at all levels. Business line management is ultimately responsible for owning and managing risks resulting from their activities. The risks are managed where they arise.

The operational risk management function is independent from business line management and is part of the second line of defence. It is organised as follows:

- Individual teams are dedicated to each business unit and group enabling functions. These teams are based alongside their business areas and facilitate the business's adoption of the operational risk framework. As part of the second line of defence, they also monitor and challenge the business units' and group enabling functions' management of their operational risk profile.
- A central function, based at a group level, provides group wide oversight and reporting. It is also responsible for developing and maintaining the operational risk management framework.
- The primary oversight body for operational risk is ORCC, which reports to Exco, the BRC and ultimately the board. ORCC is chaired by the group head of risk and includes representation from group specialist functions and business units. ORCC is also responsible for approving group wide operational risk policies and methodologies.
- In addition to the operational risk management function, there are individual focus areas on particular aspects of operational risk, including:
 - specialist functions that are responsible for oversight of specific components of operational risk, including compliance, legal, financial crime, information security and business continuity management
 - an internal financial controls framework has been established to ensure the robust control over balance sheet substantiation and other key financial controls
 - within the group's IT and operations functions, there are dedicated areas focused on the day-to-day management of operations control and IT risk.

Measuring operational risk

The group continues to calculate capital based on the standardised approach in accordance with BoN requirements

Specialist operational risk types

The definition of operational risk is very broad. Operational risk contains specific sub-risks that are subject to management and oversight by dedicated specialist functions.

Model risk

The term model refers to a quantitative method, system or approach that applies statistical, economic, financial, or mathematical principles and processes to translate input data into quantitative estimates. The group uses models to measure risk across the various risk types. Examples include credit grading, pricing, valuation and risk appetite metrics.

Model risk is the potential for adverse consequences from measurement, pricing and management decisions based on incorrect or inappropriate use of models. Incorrect or inappropriate use of models may arise from incorrect assumptions, incomplete information, inaccurate implementation and limited model understanding leading to incorrect conclusions by the user.

The group's approach to managing model risk is based on the following principles:

- All new models, both internal and external, are subject to validation and independent review in which the various components of a model and its overall functioning are evaluated to determine whether the model is performing as intended.
- The three lines of defence governance model is adopted, being model development, independent model validation and internal audit oversight functions.
- Appropriateness and fit-for-purpose use of models in technical forums is challenged.
- Model validation summaries that highlight model limitations and recommend improvements.
- Implementation of approved models into production systems is controlled.
- Model performance, including requirements for an annual review process, is monitored on an ongoing basis.
- Data that is used as model inputs, which includes independent price testing of mark-to-market positions is reviewed and governed. Where this is not available, industry consensus services are used.
- Governance is achieved through committees with appropriate board and executive management members for material models, and through policies which deal with minimum standards, materiality, validation criteria, approval criteria, roles and responsibilities.
- Auditable, skilled and experienced pool of technically competent staff is maintained.

Taxation risk

In terms of the group tax policy, the group fulfils its responsibilities under tax law in each jurisdiction in which it operates, both in terms of domestic and international taxes with specific reference to transfer pricing principles across jurisdictions, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the group may have in relation to group taxes, personal taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that the group pays neither more nor less tax than tax law requires. The group continually reviews its existing and planned operations in this regard and ensures that, where clients participate in group products, these clients are either aware of the probable tax implications or are advised to consult with independent professionals to assess these implications, or both.

The framework to achieve compliance with the group tax policy comprises four elements:

- Identification and management of tax risk
- Human resources policies, including an optimal mix of staffing and outsourcing
- Skills development, including methods to maintain and improve managerial and technical competency
- Communication of information affecting tax within the group.

Good corporate governance in the tax context requires that each of these elements is in place, as the absence of any one would seriously undermine the others.

Legal risk

Legal risk is defined as exposure to the adverse consequences of non-compliance with legal or statutory responsibilities and/or inaccurately drafted contracts and their execution, as well as the absence of written agreements or inadequate agreements. This includes exposure to new laws, as well as changes in interpretations of existing law by appropriate authorities. This applies to the full scope of group activities and may also include others acting on behalf of the group.

Legal risk arises where:

- the group's businesses or functions may not be conducted in accordance with, or benefit from, applicable laws in the countries in which it operates
- regulatory requirements are incorrectly applied
- the group may be liable for damages to third parties
- contractual obligations may be enforced against the group in an adverse way, resulting from legal proceedings being instituted against it.

The following sub-categories of legal risk are recognised:

- Contract non-conclusion risk
- Contract unenforceability risk
- Security interest failure risk
- Netting and set-off disallowance risk
- Adverse tax and regulatory treatment risk
- Contract breach, damages and fines risk
- Copyright loss or contravention risk
- Litigation risk
- Anti-competitive behaviour risk.

The group has processes and controls in place to manage its legal risk. Failure to manage these risks effectively could result in legal proceedings impacting the group adversely, both financially and reputationally.

Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or damage to reputation that the group may suffer as a result of its failure to comply with laws, regulations, codes of conduct and standards of good practice that are applicable to its financial services activities.

Approach to compliance risk management

The group's approach to managing compliance risk is proactive and premised on internationally accepted principles of risk management, including those recommended by Basel. It is aligned with other group risk type methodologies. Group compliance supports business in complying with current and emerging regulatory developments, including money laundering and terrorist financing control, sanctions management, identifying and managing conflicts of interest and market abuse, TCF and mitigating reputational risk.

Framework and governance

Compliance risk management is a core risk management activity overseen by the BRC. The head of compliance has unrestricted access to the chief executive and to the chairman of the BAC, thereby ensuring the function's independence.

The group's compliance framework is based on the principles of effective compliance risk management, as outlined in the Banking Institutions Act, and recommendations from international policy-making bodies. Our business compliance model includes dedicated compliance support and advisory services to business which is supplemented by training.

A robust risk management reporting and escalation procedure requires both business unit and functional area heads to report monthly and quarterly on the status of compliance risk management in the group.

Money laundering and terrorist financing control

Legislation across SBN pertaining to money laundering and terrorist financing control imposes significant requirements in terms of:

- customer identification
- record keeping
- staff training
- obligations to detect, prevent and report money laundering and terrorist financing.

SBG minimum standards are implemented throughout the group. The group also subscribes to the principles of the Financial Action Task Force, an inter-governmental body developing and promoting policies to combat money laundering and terrorist financing, of which Namibia is a member country.

Compliance training

Employees are made aware of their responsibilities in terms of current and emerging legislative and regulatory requirements through ongoing training and awareness initiatives. Employees, including senior management, are made aware of their legislative responsibilities either through e-learning, face-to-face interventions or through targeted awareness campaigns. Training is key to embedding a culture of compliance in the group.

Regulatory change

The group aims to embed regulatory best practice in our operations in a way that balances the interests of various stakeholders, while supporting the long-term stability and growth in the markets where we have a presence.

The group operates in a highly regulated industry across multiple jurisdictions, including the need to comply with legislation with extra-territorial reach. The group's regulator is the Bank of Namibia (BoN). BoN supervises both the group and Standard Bank Namibia Limited, the banking entity, on a consolidated basis.

Environmental and social risk

Environmental and social risk assessment and management deals with two aspects, being those over which:

- we do not have control but which have potential to impact on our operations and those of our clients
- we have direct control such as waste management and the use of energy and water.

The SBG sustainability management unit develops the strategy, policy and management frameworks which enable the identification, management, monitoring and reporting of both of these aspects.

The uncontrolled aspects include threats to the global environment result from changing global climate and its impact on weather patterns, fresh water, infrastructure, economic growth and social resilience. The group uses two approaches to screen and process projects, namely the Equator Principles for project finance loans and an internally developed appraisal system for other financial product types. These tools are designed to identify the risks associated with a transaction and the customer's ability to manage environmental and social issues, as well as the risks associated with the transaction itself such as the nature and value of the loan, and the industry sector involved.

All project finance deals will in future be screened for climate change risk and human rights impacts. This is in addition to the more traditional environmental and social risks which include those associated with occupational health and safety, relocation of communities and the impact on livelihoods of individuals.

In relation to the controllable aspects, energy use, water use, waste production and carbon emissions resulting from our operations are recorded within an environmental management system. This is used both for improving efficiency and reporting to key stakeholders. Environmental efficiency targets have been set at a SBN level.

From a governance perspective, the group's material issues are companied into six broad categories which form the basis of engagement on sustainability issues with the group executive committee and the board. These are:

- sustainable long-term financial performance
- governance, regulation and stakeholder engagement
- sustainable and responsible financial services
- socioeconomic development
- a positive and consistent employee experience
- the environment.

Business continuity management and resilience

Business continuity management is defined as a holistic management process that identifies potential impacts that threaten the group and provides a basis for planning in mitigation to these operational impacts. It further provides a framework for building resilience and the capability for an effective response that safeguards the interests of key stakeholders, reputation, brand and value-creating activities.

The group has business resiliency and continuity plans in place to ensure its ability to operate on an ongoing basis and limit losses in the event of severe business disruptions.

Crisis management is based on a command and control process for managing the business through a crisis to full recovery. These processes may also be deployed to manage non-operational crises, including business crises, at the discretion of senior management.

Contingency and recovery plans for core services, key systems and priority business activities have been developed and are revisited as part of existing management processes to ensure that continuity strategies and plans remain relevant.

Information risk management

Information risk is defined as the risk of accidental or intentional unauthorised use, modification, disclosure or destruction of the group's information resources, which compromises confidentiality, integrity or availability. Information risk management deals with all aspects of information in its physical and electronic forms. It focuses on the creation, use, transmission, storage, disposal and destruction of information.

Information risk management is responsible for establishing an information security management system inclusive of an information risk management framework, and promotes information risk management policies and practices across the group.

The execution of these policies and standards is functionally overseen by the group chief information security officer.

Financial crime control

Financial crime includes fraud, money laundering, violent crime and misconduct by staff, customers, suppliers, business partners, stakeholders and third parties. The group will not condone any instance of financial crime and where these instances arise, the group takes timely and appropriate remedial action.

Financial crime control is defined as the prevention and detection of, and response to, all financial crime in order to mitigate economic loss, reputational risk and regulatory sanction.

The group's financial crime control unit is mandated by the BAC to provide capabilities which minimise the overall impact of financial crime on the group. This ensures the safety of our people and assets, and builds trust with our stakeholders.

The group's financial crime control function reports to the head of risk. This function enables a holistic view of the status and landscape of financial crime prevention, detection and response, including emerging threats. The group head of financial crime control has unrestricted access to executives and the chairperson of the BAC, thereby supporting the function's independence.

Occupational health and safety

The health and safety of all employees remains a priority. Training of health and safety officers and employee awareness is an ongoing endeavour. Group policies are being rolled out to all operations and the number of incidents being reported is reducing.

Other risks

Business risk

Business risk is the risk of loss due to operating revenue not covering operating costs and is usually caused by the following:

- inflexible cost structures
- market-driven pressures, such as decreased demand, increased competition or cost increases
- group-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

It includes strategic risk and post-retirement obligation risk.

Business risk is governed by Exco which is ultimately responsible for managing the costs and revenues of the group.

The group mitigates business risk in a number of ways:

- Extensive due diligence during the investment appraisal process is performed, in particular for new acquisitions.
- New product processes per business line through which the risks and mitigating controls for new and amended products and services are tabled and discussed.
- Stakeholder management ensures favourable outcomes from external factors beyond the group's control.
- The profitability of product lines and customer segments is consistently monitored.
- Tight control is maintained over the group's cost base, including the management of its cost-to-income ratio. This allows for early intervention and management action to reduce costs where necessary.
- Being alert and responsive to changes in market forces.
- There is a strong focus in the budgeting process on achieving headline earnings growth while containing cost growth. In addition, contingency plans are built into the budget that allow for costs to be significantly reduced in the event that expected revenue generation does not materialise.
- The group continually aims to increase the ratio of variable costs to fixed costs, allowing for more flexibility to proactively reduce costs during economic downturn conditions.

Strategic risk

Strategic risk is the risk that the group's future business plans and strategies may be inadequate to prevent financial loss or protect the group's competitive position and shareholder returns.

The group's business plans and strategies are discussed and debated by members of management and non-executive board members.

Post-retirement obligation risk

Post-retirement obligation risk is the risk to the group's earnings that arises from the requirement to contribute as an employer to an under-funded defined benefit plan. The risk arises due to either an increase in the estimated value of medical liabilities or a decline in the market value of the fund's assets or reduction in their investment returns.

The group operates a defined contribution plan. The group maintains a number of defined benefit pension and medical aid provider schemes for past and certain current employees, collectively termed post-retirement obligations. Refer to note 35.

Reputational risk

Reputational risk results from damage to the group's image which may impair its ability to retain and generate business. Such damage may result in a breakdown of trust, confidence or business relationships.

Safeguarding the group's reputation is of paramount importance. Each business line, legal entity or support function executive is responsible for identifying, assessing and determining all reputational risks that may arise within their respective areas of business. The impact of such risks is considered alongside financial or other impacts.

Matters identified as a reputational risk to the group will be reported to the group head of governance and assurance who, if required, will escalate these matters to exco.

Should a risk event occur, the group's crisis management processes are designed to minimise the reputational impact of the event. Crisis management teams are in place both at executive and business line level to ensure the effective management of any such events. This includes ensuring that the group's perspective is fairly represented in the media.

ANNEXURE C – EMOLUMENTS OF DIRECTORS

Executive directors and prescribed officers' emoluments

	Mrs M Geises ¹		Mr V Mungunda ²		Mrs L du Plessis		Total	
	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000	2021 N\$'000	2020 N\$'000
Cost to company package	2 574		1 818	4 120	2 124	2 034	6 516	6 154
Basic salary	1 135		1 293	2 397	1 682	1 610	4 110	4 007
Retirement contributions paid during the year	388		147	431	235	225	770	656
Other benefits and allowances	1 051		378	1 292	207	199	1 636	1 491
Short-term cash incentive			1 812	2 190	611	1 243	2 423	3 433
Total reward (excluding conditional long-term incentive awards)	2 574		3 630	6 310	2 735	3 277	8 939	9 587
DBS vesting cash and notional dividends	871		1 880	1 440	311	79	3 062	1 519
PRP vesting cash and notional dividends				1 980				1 980
Total reward (including conditional long-term incentive awards)	3 445		5 510	9 730	3 046	3 356	12 001	13 086

¹ Mrs M Geises was appointed as CEO on 1 May 2021.

² VJ Mugunda resigned as CEO on 30 April 2021.

Non-executive directors¹

Fixed remuneration

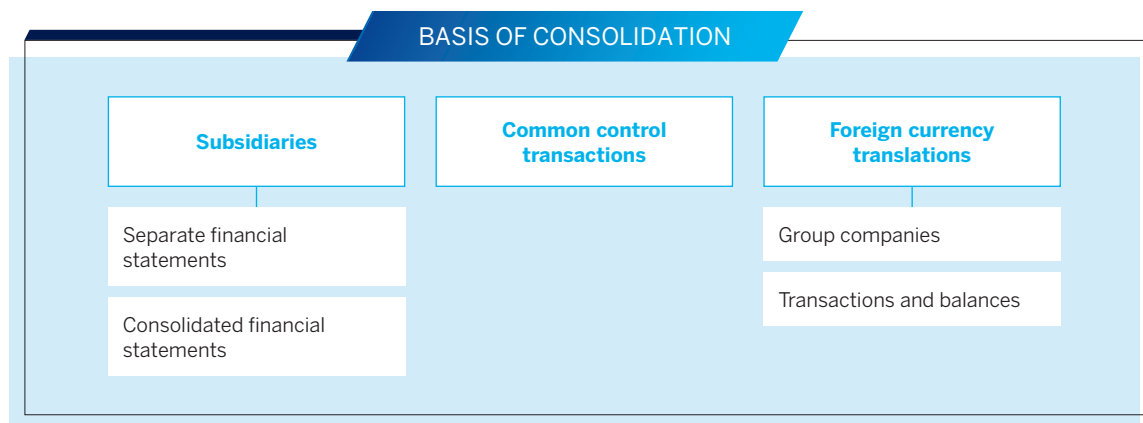
		Services as directors of SBN Holdings N\$'000	SBN Holdings committee fees N\$'000	Services as directors of subsidiaries N\$'000	Total compensation for the year N\$'000
Mr H Maier	2021	494	209		703
	2020	458	249		707
Mrs B Rossouw	2021	247	362	138	747
	2020	229	310	137	676
Mr IH Tjombonde	2021	247	276		523
	2020	229	274		503
Mr JL Muadinohamba	2021	247	153		400
	2020	229	123		352
Adv N Bassingthwaighe	2021	230	362	138	730
	2020	229	332	137	698
Mrs M Shivute Dax	2021	247	140		387
	2020	212	83		295
Total	2021	1 712	1 502	276	3 490
Total	2020	1 586	1 371	274	3 231

¹ Mr AN Mangale, Ms PM Nyandoro and Mr P Schlebusch have not been included as they are remunerated by Standard Bank Group Limited.

ANNEXURE D – DETAILED ACCOUNTING POLICIES

The following are the significant accounting policies which were applied in the preparation of the group and company financial statements.

1. Basis of consolidation



Subsidiaries

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the group conform to the group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary.

Subsidiaries are consolidated from the date on which the group acquires control up to the date that control is lost. Control is assessed on a continuous basis. For mutual funds the group further assesses its control by considering the existence of either voting rights or significant economic power.

Type	Description
Acquisitions	The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration includes any asset, liability or equity resulting from a contingent consideration arrangement. The obligation to pay contingent consideration is classified as either a liability or equity based on the terms of the arrangement. The right to a return of previously transferred consideration is classified as an asset. Transaction costs are recognised within profit or loss as and when they are incurred. Where the initial accounting is incomplete by the end of the reporting period in which the business combination occurs (but no later than 12 months since the acquisition date), the group reports provisional amounts. Where applicable, the group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of non-controlling interest recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in non-trading and capital related items). When a business combination occurs in stages, the previously held equity interest is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in non-trading and capital related items. Increases in the group's interest in a subsidiary, when the group already has control, are accounted for as transactions with equity holders of the group. The difference between the purchase consideration and the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.

Type	Description
Disposal of a subsidiary	A disposal arises where the group loses control of a subsidiary. When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the fair value of the consideration received (including the fair value of any retained interest in the underlying investee) and the carrying amount of the assets and liabilities and any non-controlling interest. Any gains or losses in OCI that relate to the subsidiary are reclassified to profit or loss at the time of the disposal. On disposal of a subsidiary that includes a foreign operation, the relevant amount in the FCTR is reclassified to profit or loss at the time at which the profit or loss on disposal of the foreign operation is recognised.
Partial disposal of a subsidiary	A partial disposal arises as a result of a reduction in the group's ownership interest in an investee that is not a disposal (i.e. a reduction in the group's interest in a subsidiary while retaining control). Decreases in the group's interest in a subsidiary, where the group retains control, are accounted for as transactions with equity holders of the group. Gains or losses on the partial disposal of the group's interest in a subsidiary are computed as the difference between the sales consideration and the group's proportionate share of the investee's net asset value disposed of and are accounted for directly in equity. On the partial disposal of a subsidiary that includes a foreign operation, a proportionate share of the balance of the FCTR is transferred to non-controlling interest.
Initial measurement of non-controlling interest	The group elects on each acquisition to initially measure non-controlling interest on the acquisition date at either fair value or at the non-controlling interest's proportionate share of the investees' identifiable net assets.

Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

Foreign currency translations

Group companies

The results and financial position of foreign operations that have a functional currency that is different from the group's presentation currency are translated into the group's presentation currency as follows:

- assets and liabilities (including goodwill, intangible assets and fair value adjustments arising on acquisition) are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rate; and
- all resulting foreign exchange differences are accounted for directly in a separate component of OCI, being the group's FCTR.

Transactions and balances

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions (in certain instances a rate that approximates the actual rate at the date of the transaction is utilised, for example an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

Foreign exchange gains and losses on equities (debt) classified as fair value through OCI are recognised in the fair value through OCI reserve in OCI (trading revenue) whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as part of other revenue (trading revenue).

Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future. In these cases the foreign currency gains and losses are recognised in the group's FCTR.

2. Interest in joint ventures

Joint ventures are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the group's share of the net assets of the joint venture (including goodwill).

Equity accounting is applied from the date on which the entity becomes a joint venture up to the date on which the group ceases to have joint control.

Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the group has an obligation or has made payments on behalf of the joint venture.

Unrealised profits from transactions are eliminated in determining the group's share of equity accounted profits. Unrealised losses are eliminated in the same way as unrealised gains (but only to the extent that there is no evidence of impairment).

Where there is an indicator of impairment the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount.

Impairment losses are recognised through non-trading and capital related items. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, net of equity accounted losses, if no impairment loss had been recognised.

For a disposal of a joint venture, being where the group loses joint control over a joint venture, the difference between the sales proceeds and any retained interest and the carrying value of the equity accounted investment is recognised as a gain or loss in non-trading and capital related items. Any gains or losses in OCI reserves that relate to the associate or joint venture are reclassified to non-trading and capital related items at the time of the disposal.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies of the group.

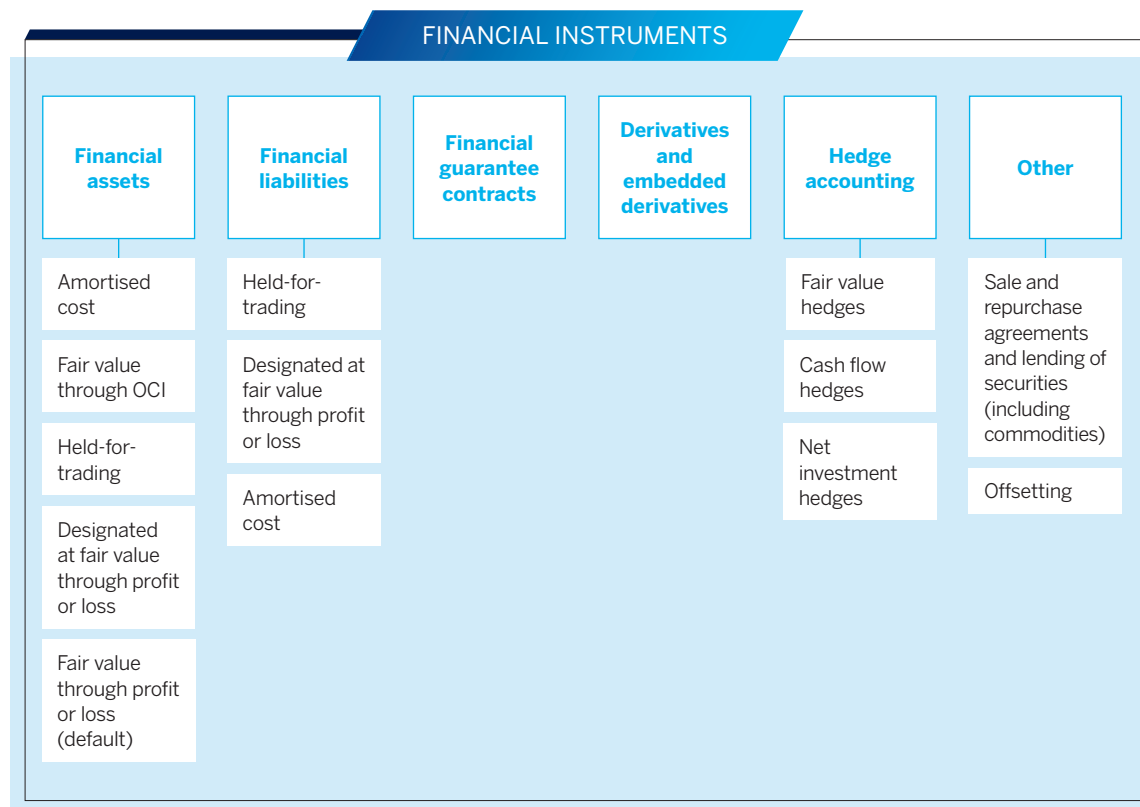
Private equity and venture capital investments

Private equity and venture capital investments, including mutual funds held by investment-linked insurance funds that are associates. These associates are either designated on initial recognition at fair value through profit or loss, or are equity accounted.

3. Financial instruments

Initial measurement – financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).



Financial assets**Nature**

Amortised cost	<p>A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):</p> <ul style="list-style-type: none"> • Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. <p>This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.</p>
Fair value through OCI	<p>A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):</p> <ul style="list-style-type: none"> • Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. <p>This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.</p> <p>Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.</p>
Held for trading	<p>Financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.</p> <p>Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.</p>
Designated at fair value through profit or loss	<p>Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.</p>
Fair value through profit or loss – default	<p>Financial assets that are not classified into one of the above mentioned financial asset categories.</p>

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairment losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest income.
Held for trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	Debt instruments: Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue. Equity instruments: Fair value gains and losses on the financial asset recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.

Impairment

ECLs are recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a SICR at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: <ul style="list-style-type: none"> • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

The key components of the impairment methodology are described as follows:

Significant increase in credit risk	<p>At each reporting date the group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset.</p> <p>Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.</p>
Low credit risk	<p>Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.</p>
Default	<p>The group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:</p> <ul style="list-style-type: none"> • significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider. <p>Exposures which are overdue for more than 90 days are also considered to be in default.</p>
Forward-looking information	<p>Forward-looking information is incorporated into the group's impairment methodology calculations and in the group's assessment of SICR. The group includes all forward looking information which is reasonable and available without undue cost or effort. The information will typically include expected macroeconomic conditions and factors that are expected to impact portfolios or individual counterparty exposures.</p>
Write-off	<p>Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.</p>

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	<p>Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.</p>
Off-balance sheet exposures (excluding loan commitments)	<p>Recognised as a provision within other liabilities.</p>
Financial assets measured at fair value through OCI	<p>Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.</p>

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the group changes its business model or managing financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

Financial liabilities

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: <ul style="list-style-type: none"> • to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed and their performance evaluated and reported on a fair value basis • where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liability's not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

	Derecognition	Modification
Financial assets	<p>Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.</p> <p>The group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements.</p> <p>When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate.</p> <p>In transfers where control over the asset is retained, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.</p>	<p>Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.</p> <p>If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).</p>
Financial liabilities	<p>Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.</p>	

Financial guarantee contracts

A financial guarantee contract is a contract that requires the group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts (that are not designated at fair value through profit or loss) are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee; or
- unamortised premium.

Derivatives and embedded derivatives

In the normal course of business, the group enters into a variety of derivative transactions for both trading and hedging purposes. Derivative financial instruments are entered into for trading purposes and for hedging foreign exchange, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the group in both trading and hedging activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The method of recognising fair value gains and losses on derivatives designated as a hedging instrument depends on the nature of the hedge relationship.

Hedge accounting

The group applied IAS 39 for all micro (hedge relationships that minimise/manage the risk exposure of a single instrument) for the 2020 reporting period. The group has no macro hedges. As of 1 January 2021, the group applied IFRS 9 to all micro hedge relationships. Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the group as follows:

Type of hedge	Nature	Treatment
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities or firm commitments.	<p>Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised immediately in profit or loss.</p> <p>If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.</p>

Hedge accounting risk management strategy

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value, cash flow, or net investment hedges for recognised financial assets or liabilities, and highly probable forecast transactions. The group and company apply hedge accounting in respect of the following risk categories.

Foreign currency risk

The company operate internationally and are exposed to foreign exchange risk and translation risk.

Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the company. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the company for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

- Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the company. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the company for each respective currency.

The company use a combination of currency forwards, swaps and foreign denominated cash balances to mitigate against the risk of changes in the future cash flows and functional currency value on its foreign-denominated exposures. Under the company's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio.

The company elect for each foreign currency hedging relationship, using either foreign currency forwards and swaps, to include the currency forward points (basis) contained in the derivative instrument from the hedging relationship.

Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists. For hedges of foreign currency risk, the company enter hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the company use the hypothetical derivative method to assess effectiveness.

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (IRRBB) (net interest income and banking book mark-to-market profit or loss). The group and company's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the group and company operate.

The group and company's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of group ALCO. The group and company's interest rate risk management is predominantly controlled by a central treasury department (group treasury) under approved policies. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. ALCO provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management the group applies fair value hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- Specifically identified long-term fixed interest rate Loans and advances and Deposits and debt funding and Subordinated debt. To manage the risk associated with such risk exposures the group uses one or more cash collateralised fix for floating interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure.
- Specifically identified long-term interest rate basis risk (CPI vs. JIBAR) inherent in Loans and Advances. To manage the basis risk associated with such risk exposures the group uses one or more cash collateralised floating for floating basis interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure and
- Portfolio interest rate risk present within a designated portfolio of Loans and advances and Deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The hedge ratio and rebalancing frequency of portfolio hedges is determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with a exposure bucketing approach.

The group and company observe interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only.

The group and company use a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The group elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

Other

Sale and repurchase agreements and lending of securities (including commodities)

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

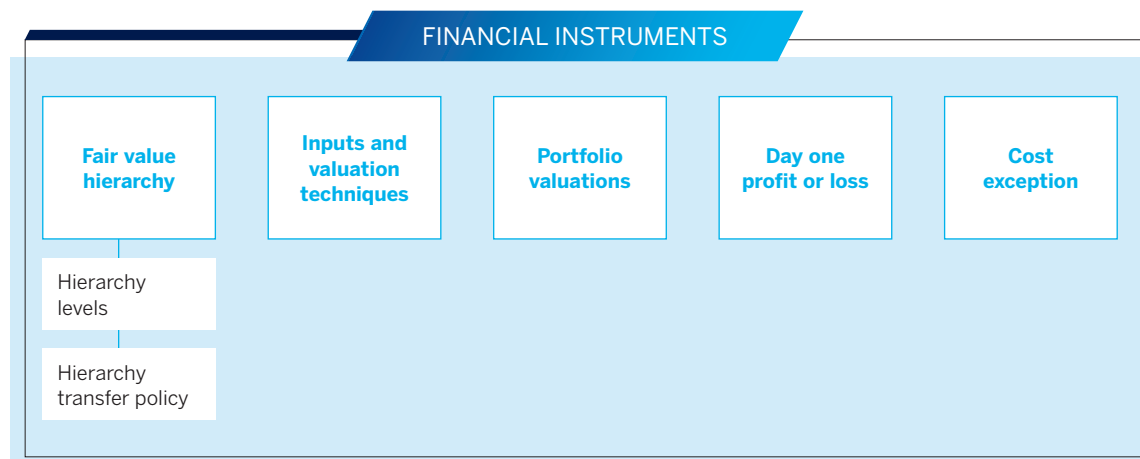
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

4. Fair value



In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value hierarchy

The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument:

Item and description	Valuation technique	Main inputs and assumptions
<p>Derivative financial instruments Derivative financial instruments comprise foreign exchange, interest rate, commodity, credit and equity derivatives that are either held-for-trading or designated as hedging instruments in hedge relationships.</p>	<p>Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include:</p> <ul style="list-style-type: none"> • Discounted cash flow model • Black-Scholes model • combination technique models. 	<p>For level 2 and 3 fair value hierarchy items:</p> <ul style="list-style-type: none"> • discount rate* • spot prices of the underlying • correlation factors • volatilities • dividend yields • earnings yield • valuation multiples.
<p>Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities.</p>	<p>Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.</p>	
<p>Pledged assets Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.</p>		
<p>Financial investments Financial investments are non-trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments, investments in debentures issued by the BoN, investments in mutual fund investments and unit-linked investments.</p>		

Item and description	Valuation technique	Main inputs and assumptions
<p>Loans and advances to banks and customers</p> <p>Loans and advances comprise:</p> <ul style="list-style-type: none"> • Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks • Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements). 	<p>For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.</p>	<p>For level 2 and 3 fair value hierarchy items:</p> <ul style="list-style-type: none"> • discount rate*
<p>Deposits and debt funding</p> <p>Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.</p>	<p>For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.</p>	<p>For level 2 and 3 fair value hierarchy items:</p> <ul style="list-style-type: none"> • discount rate*
<p>Third-party financial liabilities arising on the consolidation of mutual funds (included in other liabilities)</p> <p>These are liabilities that arise on the consolidation of mutual funds.</p>	<p>The fair values of third-party financial liabilities arising on the consolidation of mutual funds are determined using the quoted put (exit) price provided by the fund manager and discounted for the applicable notice period. The fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.</p>	<p>For level 2 and 3 fair value hierarchy items:</p> <ul style="list-style-type: none"> • discount rate*

* Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.

Portfolio valuations

The group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

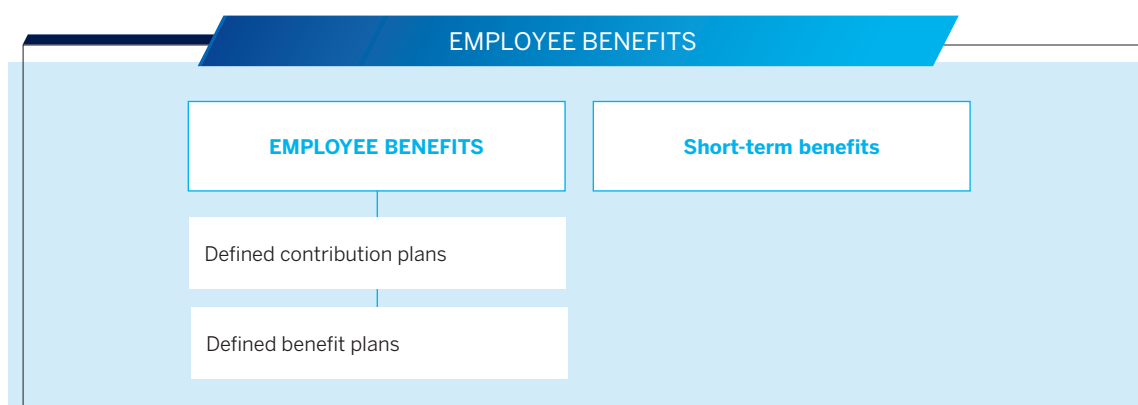
Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models that utilise non-observable market data as inputs.

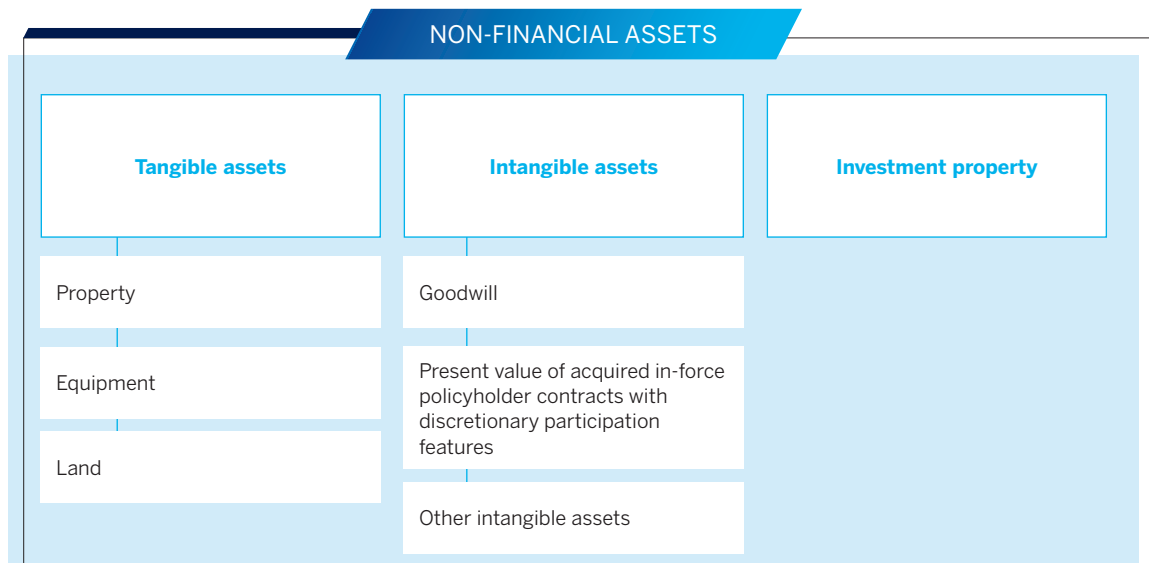
The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

5. Employee benefits



Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
<p>Defined contribution plans The group operates a number of defined contribution plans. See note 35 for more information.</p>	Accruals are recognised for unpaid contributions.	No direct impact.	Contributions are recognised as an operating expense in the periods during which services are rendered by the employees.
<p>Defined benefit plans The group operates a number of defined benefit retirement and post-employment medical aid plans. Employer companies contribute to the cost of benefits taking account of the recommendations of the actuaries. See note 35 for more information.</p>	<p>Assets or liabilities measured at the present value of the estimated future cash outflows, using interest rates of government bonds denominated in the same currency as the defined benefit plan (corporate bonds are used for currencies for which there is a deep market of high-quality corporate bonds), with maturity dates that approximate the expected maturity of the obligations, less the fair value of plan assets.</p> <p>A net defined benefit asset is only recognised to the extent that economic benefits are available to the group from reductions in future contributions or future refunds from the plan.</p>	Remeasurements of the net defined benefit obligation, including actuarial gains and losses, the return on plan assets (excluding interest calculated) and the effect of any asset ceiling are recognised within OCI.	<p>Net interest income/ (expense) is determined on the defined benefit asset/(liability) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset/ (liability).</p> <p>Other expenses related to the defined benefit plans are also recognised in operating expenses.</p> <p>When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in operating expenses.</p> <p>The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.</p>
<p>Short-term benefits Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions.</p>	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in operating expenses as the related service is provided.

6. Non-financial assets



Type and initial and subsequent measurement	Useful lives, depreciation or amortisation method or fair value basis	Impairment										
<p>Tangible assets (property, equipment and land)</p> <p>Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Land is measured at cost less accumulative impairment losses.</p> <p>Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the group and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred.</p> <p>Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.</p>	<p>Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values. Land is not depreciated.</p> <table border="0"> <tr> <td>Buildings</td> <td style="text-align: right;">40 years</td> </tr> <tr> <td>Computer equipment</td> <td style="text-align: right;">3 – 5 years</td> </tr> <tr> <td>Motor vehicles</td> <td style="text-align: right;">4 – 5 years</td> </tr> <tr> <td>Office equipment</td> <td style="text-align: right;">5 – 10 years</td> </tr> <tr> <td>Furniture</td> <td style="text-align: right;">5 – 13 years</td> </tr> </table> <p>Leased assets Shorter of useful life or lease term</p> <p>The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.</p>	Buildings	40 years	Computer equipment	3 – 5 years	Motor vehicles	4 – 5 years	Office equipment	5 – 10 years	Furniture	5 – 13 years	<p>These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.</p> <p>An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use.</p> <p>Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.</p> <p>In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.</p> <p>For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGUs).</p> <p>Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use.</p> <p>Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.</p>
Buildings	40 years											
Computer equipment	3 – 5 years											
Motor vehicles	4 – 5 years											
Office equipment	5 – 10 years											
Furniture	5 – 13 years											

Type and initial and subsequent measurement	Useful lives, depreciation or amortisation method or fair value basis	Impairment
<p>Goodwill</p> <p>Goodwill represents the excess of the consideration transferred and the acquisition date fair value of any previously held equity interest over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, associate or joint venture at the date of the acquisition. The group's interest in acquired subsidiaries takes into account any non-controlling interest.</p> <p>Goodwill arising on the acquisition of subsidiaries (associates or joint ventures) is reported in the statement of financial position as part of 'Goodwill and other intangible assets' ('Interest in associates and joint ventures').</p>	<p>Not applicable</p>	<p>The accounting treatment is generally the same as that for tangible assets except as noted below.</p> <p>Goodwill is tested annually for impairment and additionally when an indicator of impairment exists.</p> <p>An impairment loss in respect of goodwill is not reversed.</p>
<p>Computer software</p> <p>Costs associated with developing or maintaining computer software programmes and the acquisition of software licences are generally recognised as an expense as incurred.</p> <p>However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the group and have a probable future economic benefit beyond one year, are recognised as intangible assets.</p> <p>Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use.</p> <p>Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.</p>	<p>Amortisation is recognised in operating expenses on a straight line basis at rates appropriate to the expected lives of the assets (two to 15 years) from the date that the asset is available for use.</p> <p>Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary</p>	<p>Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists.</p> <p>The accounting treatment for impairments and reversals of impairments for computer software and other intangible assets is otherwise the same as for tangible assets.</p>
<p>Other intangible assets</p> <p>The group recognises the costs incurred on internally generated intangible assets such as brands, customer lists, customer contracts and similar rights and assets, in operating expenses as incurred.</p> <p>The group capitalises brands, customer lists, customer contracts, distribution forces and similar rights acquired in business combinations.</p> <p>Capitalised intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.</p>	<p>Amortisation is recognised in operating expenses on a straight-line basis over the estimated useful lives of the intangible assets, not exceeding 20 years, from the date that the asset is available for use.</p> <p>Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.</p>	
<p>Derecognition</p> <p>Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.</p>		

7. Property developments and properties in possession



Property developments

Property developments are stated at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and where applicable, development and borrowing costs during development.

Properties in possession

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

8. Equity-linked transactions



Equity-settled share-based payments

The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses.

9. Leases – Lessee accounting policies



Type and description	Statement of financial position	Income statement
Lessee accounting policies		
<p>Single lessee accounting model</p> <p>All leases are accounted for by recognising a right-of-use asset and a lease liability except for:</p> <ul style="list-style-type: none"> • leases of low value assets; and • leases with a duration of twelve months or less. 	<p>Lease liabilities:</p> <p>Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. The group's internal funding rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:</p> <ul style="list-style-type: none"> • Amounts expected to be payable under any residual value guarantee; • The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised; • Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised. <p>Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.</p>	<p>Interest expense on lease liabilities:</p> <p>A lease finance cost, determined with reference to the interest rate implicit in the lease or the group's incremental borrowing rate, is recognised within interest expense over the lease period.</p>
	<p>Right-of-use assets:</p> <p>Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:</p> <ul style="list-style-type: none"> • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset. <p>The group applies the cost model subsequent to the initial measurement of the right-of-use assets.</p>	<p>Depreciation on right-of-use assets:</p> <p>Subsequent to initial measurement, the right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the group at the end of the lease term, whereby the right-of-use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses.</p>
	<p>Termination of leases:</p> <p>When the group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised.</p>	<p>Termination of leases:</p> <p>On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.</p>

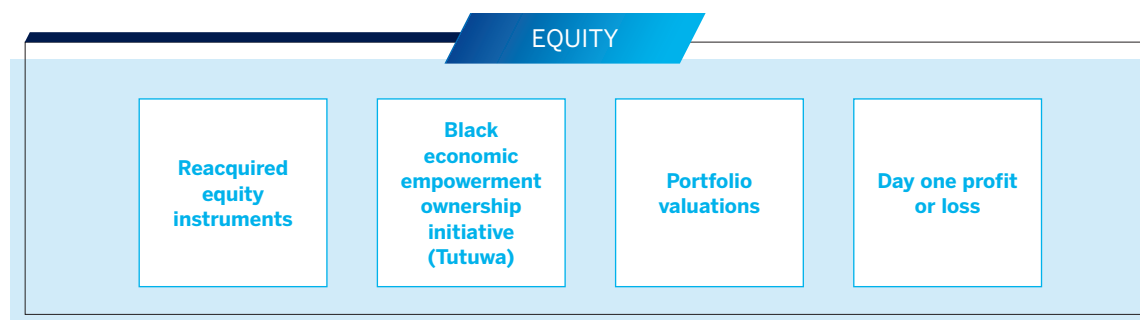
9. Leases – Lessee accounting policies continued

Type and description	Statement of financial position	Income statement
Lessee accounting policies continued		
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.
Reassessment and modification of leases	<p>Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:</p> <p>When the group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.</p> <p>For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss.</p> <p>For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.</p> <p>Lease modifications that are accounted for as a separate lease:</p> <p>When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. This accounting treatment equally applies to leases which the group elected the short-term lease exemption and the lease term is subsequently modified.</p>	
Separating components of a lease contract	The group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.	

9. Leases – Lessee accounting policies continued

Type and description	Statement of financial position	Income statement
Lessor accounting policies		
Finance leases Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases	Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transaction in backing activities, with rentals and instalments receivable, less unearned finance charges, being included in loans and advances.	Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.
Operating leases All leases that do not meet the criteria of a financial lease are classified as operating leases.	The asset underlying the lease continues to be recognised and accounted for in terms of the relevant group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised.	Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income. When an operating lease is terminated before the lease period has expired, any payment received/ (paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.
Lessor lease modifications		
Finance leases	When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.	
Operating leases	Modifications are accounted for as a new lease from the effective date of the modification.	

10. Equity



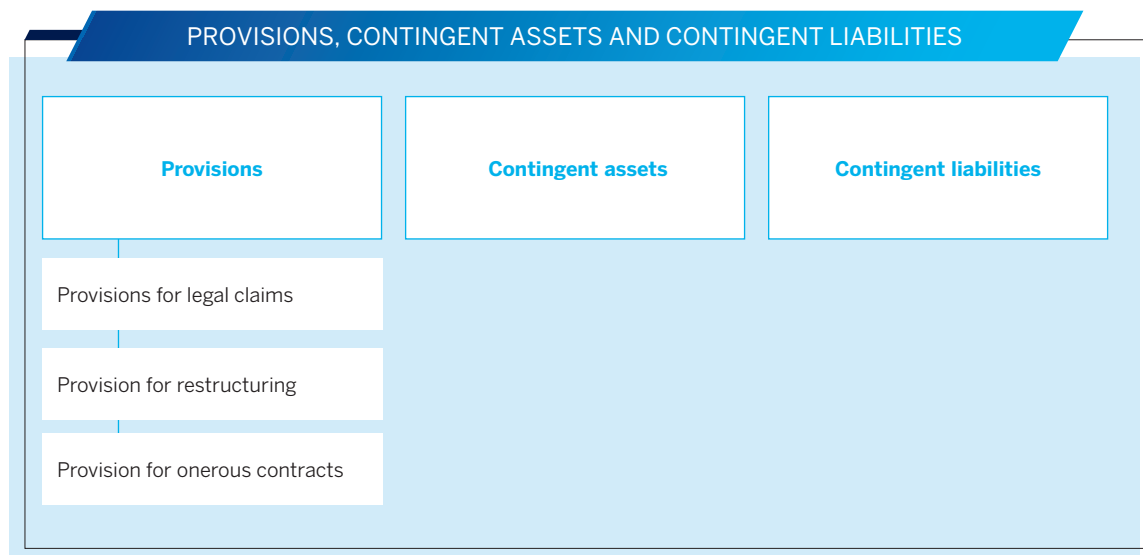
Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Dividends

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the annual financial statements.

11. Provisions, contingent assets and contingent liabilities



Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The group's provisions typically (when applicable) include the following:

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

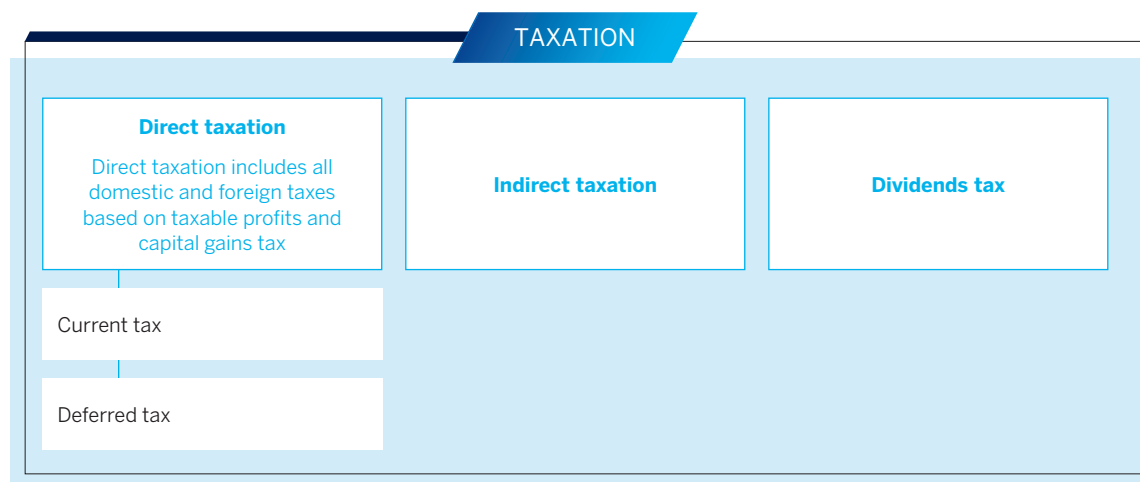
Contingent assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.

Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

12. Taxation



Type	Description, recognition and measurement	Offsetting
Direct taxation: current tax	<p>Current tax is recognised in the direct taxation line in the income statement except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.</p> <p>Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.</p>	<p>Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.</p>
Direct taxation: deferred tax	<p>Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.</p> <p>Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:</p> <ul style="list-style-type: none"> the initial recognition of goodwill; the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and investments in subsidiaries, associates and jointly controlled arrangements (excluding mutual funds) where the group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future. <p>The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.</p> <p>Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.</p> <p>Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the group the ability to control the reversal of the temporary difference.</p> <p>Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.</p>	
Indirect taxation	<p>Indirect taxes, including non-recoverable value-added tax (VAT), skills development levies and other duties for banking activities, are recognised in the indirect taxation line in the income statement.</p>	Not applicable
Dividend tax	<p>Taxes on dividends declared by the group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the group. Dividends tax withheld by the group on dividends paid to its shareholders and payable at the reporting date to the Namibian Receiver of Revenue (where applicable) is included in 'Other liabilities' in the statement of financial position.</p>	Not applicable

13. Revenue and expenditure

Description	Recognition and measurement
Net interest income	<p>Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.</p> <p>Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income.</p> <p>When a financial asset is classified as stage 3 impaired, interest income is calculated on the impaired value (gross carrying amount less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only credit impairments when the financial asset is reclassified out of stage 3. Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income.</p>
Net fee and commission revenue	<p>Fee and commission revenue, including accounting transaction fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, custody fees, trustees and executors' fees, arrangement fees, guarantee fees and agent's commission are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.</p> <p>Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.</p> <p>Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.</p>
Trading revenue	Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.
Customer loyalty programmes	The group's banking activities operate a customer loyalty programme in terms of which it undertakes to provide goods and services to certain customers. The reward credits are accounted for as a separately identifiable component of the fee and commission income transactions of which they form a part. The consideration allocated to the reward credits is measured at the fair value of the reward credit and is recognised over the period in which the customer utilises the reward credits. Expenses relating to the provision of the reward credits are recognised in fee and commission expenses as and when they are incurred.
Dividend income	Dividends are recognised in interest income (other revenue) for debt (equity instruments) when the right to receipt is established. Scrip dividends are recognised as dividends received where the dividend declaration allows for a cash alternative.
Other gains/ losses on financial instruments	<p>Includes:</p> <ul style="list-style-type: none"> • Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default). • The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI. • Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost. • Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value. • Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost. • Fair value gains and losses on designated financial liabilities.
Other revenue	Other revenue comprises of revenue that is not included in any of the categories mentioned above. This could include dividends on equity financial assets, underwriting profit from the group's short-term insurance operations and related insurance activities and re-measurement gains and losses from contingent consideration on disposals and purchases.

Offsetting

Income and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a group of similar transactions.

14. Other significant accounting policies

Segment reporting

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to the chief operating decision maker.

Fiduciary activities

The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.

Statutory credit risk reserve

The statutory credit risk reserve represents the amount which BoN requires in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- gains and losses on disposal of subsidiaries, joint ventures and associates (including foreign exchange translation gains and losses)
- gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of joint ventures and associates
- impairment of investments in subsidiaries, property and equipment, and intangible assets
- other items of a capital related nature.

15. New standards and interpretations not yet adopted

The following new standards, and amendments are not yet effective for the year ended 31 December 2021 and have not been applied in preparing these annual financial statements.

Title: IFRS 17 Insurance Contracts

Effective date: 1 January 2023

This standard replaces IFRS 4 Insurance Contracts which provided entities with dispensation to account for insurance contracts (particularly measurement) using local actuarial practice, resulting in a multitude of different approaches. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. A general measurement model (GMM) will be applied to long-term insurance contracts and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows) and uses current estimates, informed by actual trends and investment markets. IFRS 17 establishes what is called a contractual service margin (CSM) in the initial measurement of the liability which represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract, but interest on the CSM is locked in at inception rates. The CSM will be utilised as a "shock absorber" in the event of changes to best estimate cash flows. On loss making (onerous) contracts, no CSM is set up and the full loss is recognised at the point of contract inception. The GMM is modified for contracts which have participation features, in which case the variable fee measurement approach (VFA) is used to measure the contract. An optional simplified premium allocation approach (PAA) is available for all contracts that are less than 12 months at inception. The PAA is similar to the current unearned premium reserve profile over time. The requirement to eliminate all treasury shares has been amended such that treasury shares held for a group of direct participating contracts or investment funds are not required to be eliminated and can be accounted for as financial assets. These requirements will provide transparent reporting about entities' financial position and risk and will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time. An entity may re-assess its classification and designation of financial instruments under IFRS 9, on adoption of IFRS 17. The implementation of IFRS 17 is not expected to be significant for the group. The financial impact of IFRS 17 has not yet been fully assessed and it is anticipated that the impact will only be quantified with reasonable certainty in 2022 (being a combination of transition values as well as expected future revenue recognition patterns). Initial indications from analysis completed to date and the various preliminary key judgements applied, is that the transition adjustments are unlikely to cumulatively result in a very significant net adjustment to net asset value at transition date.

Title: IAS 1 Presentation of Financial Statements (amendments)**Effective date: 1 January 2023**

The amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. However, these clarifications could result in reclassification of some liabilities from current to non-current, and vice versa. The amendment will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.

NOTICE OF ANNUAL GENERAL MEETING

SBN Holdings

SBN Holdings Limited
Registration number 2006/306
Incorporated in the Republic of Namibia
Share code (NSX): SNO
ISIN: NAO00A2PQ3N5

Notice is hereby given to all holders of ordinary shares in the Company that the annual general meeting (AGM) of the shareholders of the Company will be held at the Standard Bank Campus, 1 Chasie Street on **22 April 2022** at **09h00** for the following business:

1. Ordinary resolution 1: Approval of minutes of previous AGM

RESOLVED THAT the minutes of the previous AGM be, and hereby are, approved.

2. Ordinary resolution 2: Adoption of Annual Financial Statements

RESOLVED THAT the Annual Financial Statements for the year ended 31 December 2021 be adopted.

3. Special resolution 3: Approval of final dividend declared

RESOLVED THAT the final dividend declared on 4 March 2022 of 15 cents per ordinary share be, and hereby is, approved.

4. Ordinary resolution 4: Re-election of directors by way of separate resolution

To re-elect directors of the Company who retire in terms of the Company's Articles of Association ("the Articles") and who, being eligible, offer themselves for re-election. Biographical information of the directors to be re-elected is set out on pages 38 to 41 of this annual report.

- 4.1. Maria Dax (Independent non-executive director)
- 4.2. Natasha Bassingthwaighe (Independent non-executive director)
- 4.3. Isac Tjombonde (Independent non-executive director)
- 4.4. Jeremia Muadinohamba (Independent non-executive director)

5. Ordinary resolution 5: Election of director by way of separate resolution.

To elect Silke Hornung as an Independent Non-Executive Director of the Company subject to regulatory approval for the appointment being obtained.

Name: Silke Hornung

Qualifications: CA (NAM), ACMA CGMA, Dip (Estate Administration)

Silke is a Chartered Accountant and a Chartered Management Accountant. She is also a qualified financial executive with superior expertise in financial analyses and reporting from multinational corporates to SME's. She held numerous executive positions in the corporate world and serves on a number of public and private companies' boards of directors.

Directorships:

- Namibia Asset Management Limited
- Nampower
- JG Frontier Investment Fund
- JG Desert Stone Fund

6. Ordinary resolution 6: Control of SBN Employee Share Incentive Scheme ordinary Shares

RESOLVED THAT all the ordinary shares required for the purpose of carrying out the terms of the SBN Employee Share Incentive Scheme ("the scheme") be, and hereby are, specifically placed under the control of the trustees of the scheme, who are hereby authorised and shall have the power to allot and issue those shares as they become required for the purpose of carrying out and giving effect to the terms of the scheme.

7. Ordinary resolution 7: Control of unissued shares

RESOLVED THAT all the authorised but unissued shares in the capital of the Company be, and hereby are, placed under the control of the directors who are hereby authorised to allot or issue shares on such terms and conditions as they deem fit, subject to the provisions of the Banking Institution Act 2 of 1998, Companies Act 28 of 2004 ("the Act"), the Articles of the Company and the Listings Requirements of the Namibia Stock Exchange ("NSX"), which provide, inter alia, that:

- Such issue of shares shall not in the aggregate exceed 10% of the Company's shares in issue; and
- The resolution for the issue of shares must be approved by a 75% majority vote cast in favour of such resolution.

8. Ordinary resolution 8: Reappointment of external auditors

RESOLVED THAT PWC be reappointed as auditors of the Company and authorise the directors to determine the remuneration of the auditors.

9. Ordinary resolution 9: Approval of non-executive directors' remuneration

RESOLVED THAT the decision of the board of directors at the 4 March 2022 board meeting to increase board fees of independent non-executive directors by 4% be approved.

	No of Meetings per Annual	Proposed 2021/2022 Annual Fee	Calculated Fee per Meeting
Standard Bank Namibia Ltd & SBN Holdings Ltd			
Members	4	69 153	17 288
Chairperson	4	138 311	34 577
Standard Bank Namibia Ltd & SBN Holdings Ltd Retainer			
Members	4	84 075	21 018
Chairperson	4	167 951	41 988
Board Audit Committee			
Members	4	116 532	29 133
Chairperson	4	143 636	35 909
Board Risk Committee			
Member	4	116 532	29 133
Chairperson	4	143 636	35 909
Board People & Culture Committee			
Member	4	116 532	29 133
Chairperson	4	143 636	35 909
Board Credit Committee			
Member	4	116 532	29 133
Chairperson	4	143 636	35 909
Board IT Committee			
Member	4	116 532	29 133
Chairperson	4	143 636	35 909
Board Corporate Social Investment Committee			
Member	2	58 266	29 133
Chairperson	2	71 818	35 909
Stanfin (Namibia) (Pty) Ltd			
Member	4	116 532	29 133
Chairperson	4	143 636	35 909
Standard Insurance Brokers (Namibia) (Pty) Ltd			
Member	4	116 532	29 133
Chairperson	4	143 636	35 909

10. Ordinary resolution 10: Approval of existing remuneration policy

RESOLVED THAT the existing remuneration policy remain in force, that no changes are proposed to the current policy and shareholders ratify the current remuneration policy.

11. Ordinary resolution 11: Re-appointment of Audit Committee members

RESOLVED THAT the following directors be re-appointed as members of the Audit Committee:

11.1 B. Rossouw (Chairman)

11.2 N. Bassingthwaighte

12. Ordinary resolution 12: Authority to sign documentation

RESOLVED THAT any one of the directors and/or the Group Company Secretary be and are authorised to do all such things, sign all such documents, procure the doing of all such things and the signatures of all such documents as may be necessary or incidental to give effect to all of the resolutions proposed and passed at which meetings this resolution is proposed.

Voting

Kindly note that voting will be by proxy only. The exact process is set out in the full AGM notice published on our website www.standardbank.com.na. Proxy forms can be obtained there too. Our annual report, Report to Society, and ESG report have been placed on the website for your review. You are more than welcome to pose any questions in relation to the matters under discussion at the AGM. These questions will be responded to individually and a consolidated version will be placed on our website within two weeks of the meeting.

All holders of SBN Holdings Limited shares will be entitled to vote at the AGM. As a result of Covid-19 and the associated restriction on public gatherings, no physical attendance will be possible. Voters are required to submit their votes by proxy to the Transfer Secretaries of the Company who will submit their votes at the AGM on their behalf. The holders of ordinary shares will each be entitled to one vote for every ordinary share held.

Questions

Any questions on the financial performance of the Company during the period under review can be addressed to the Transfer Secretaries who will solicit a response in writing to the person raising the question from the Company Secretary.

Proof of identification required:

Kindly note that meeting participants (including proxies) are required to submit reasonably satisfactory proof of identification when submitting their votes to the Transfer Secretary. Forms of identification include valid identity documents and passports.

Proxies

The form of proxy for the AGM, which sets out the relevant instructions for its completion, accompanies this notice. In order to be effective, duly completed forms of proxy must be received at the office of the Transfer Secretary of the Company by no later than 15h00 on Monday, 18 April 2022.

By order of the board of SBN Holdings Ltd

Sigrid Tjijorokisa
Group Company Secretary
18 March 2022

Registered office transfer secretaries
Standard Bank Namibia Ltd
1, Chasie Street, Kleine Kuppe, Windhoek.

Transfer secretaries
Transfer Secretary (Proprietary) Limited
44 Robert Mugabe Avenue, Windhoek.

FORM OF PROXY

For completion by the registered ordinary shareholders who hold ordinary shares of the Company for their vote in respect of the items to be tabled for approval at the Annual General Meeting (AGM) of the Company to be held at the Standard Bank Head Office, 1 Chasie Street on **22 April 2022 at 09h00**.

I/We _____ (Name in full)

Holder number _____ Contact _____

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

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

Ordinary resolutions	For*	Against*	Abstain*
Ordinary resolution 1: Approval of minutes of previous Annual General Meeting			
Ordinary resolution 2: Adoption of Annual Financial Statements for the year ended 31 December 2021			
Special resolution 3: Approval of final dividend declared			
Ordinary resolution 4: Re-election of directors by way of separate resolution:			
4.1 Maria Dax (Independent non-executive director)			
4.2 Natasha Bassingthwaighe (Independent non-executive director)			
4.3 Isac Tjombonde (Independent non-executive director)			
4.4 Jeremia Muadinohamba (Independent non-executive director)			
Ordinary resolution 5: Election of director by way of separate resolution			
5.1 Silke Hornung			
Ordinary resolution 6: Control of SBN Employee Share Incentive Scheme ordinary shares			
Ordinary resolution 7: Control of unissued shares			
Ordinary resolution 8: Re-appointment of external auditors and authority to determine their remuneration			
Ordinary resolution 9: Approval of non-executive directors' remuneration			
Ordinary resolution 10: Approval of the existing remuneration policy			
Ordinary resolution 11: Re-appointment of Audit Committee members			
Ordinary resolution 12: Authority to sign documentation			

Insert an X in the appropriate space above to indicate how you wish your vote to be cast. However, if you wish to cast your vote in respect of less than all of the shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote.

Signed at _____ this _____ day of _____ 2022.

Assisted by (where applicable) _____

Signature _____

Notes

1. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of the shareholders' votes exercisable thereat. A shareholder or his/her proxy is no obligated to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
2. Forms of proxy must be received at the Company transfer secretaries. Transfer Secretary (Proprietary) Limited, 44 Robert Mugabe Avenue (entrance on Berg Street) Windhoek, (P O Box 2401) Windhoek, Namibia by no later than 15h00 on Monday, 18 April 2022. Alternatively forms of proxy may be send to the Company's transfer secretary by way of e-mail to ts@nsx.com.na provided that such e-mails are received by the transfer secretary by no later than 15h00 on Monday 18 April 2022.
3. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Transfer Secretary or waived by the chairperson of the AGM.
4. Any alteration or correction made to this form of proxy must be initiated by the signatory/ies.
5. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretary of the Company.
6. The chairperson of the AGM may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chairperson is satisfied as to the manner in which shareholder wishes to vote.
7. A proxy may not delegate his/her authority to any other person.

SHAREHOLDER ANALYSIS

Shareholder analysis

Spread of ordinary shareholders ('000)	2021		2020	
	Number of shares ('000)	% holding	Number of shares ('000)	% holding
Public	86 315	16.5	86 315	16.5
Non-public	436 157	83.5	436 157	83.5
Directors and prescribed offices of SBN Holdings Limited and its subsidiaries	606	0.1	606	0.1
Purros Investments (Proprietary) Limited	44 220	8.5	44 220	8.5
Standard Bank Group Limited	391 331	74.9	391 331	74.9
Total	522 472	100.0	522 472	100.0



Contact and other details

SBN Holdings Limited

Registration number: 2006/306
Country of incorporation: Republic of Namibia

Head office switchboard

+26 461 294 2000

Registered address

Standard Bank Campus
No 1 Chasie Street,
Kleine Kuppe, Windhoek

Postal address

PO Box 3327, Windhoek,
Namibia

Chief financial officer

Letitea du Plessis Tel: +26 461 294 2237

Head: Legal and Governance

S Tjijorokisa Tel: +26 461 294 2036

Please direct all **annual report** queries and comments to:
Letitea.duPlessis@standardbank.com.na

Please direct all **customer-related** queries and comments to:
Marathe.Goliath@standardbank.com.na

Please direct all **investor relations** queries and comments to:
Lloyd.Londt@standardbank.com.na

www.standardbank.com.na

Disclaimer

This document contains certain statements that are 'forward-looking' with respect to certain of the group's plans, goals and expectations relating to its future performance, results, strategies and objectives. Words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "aim", "outlook", "believe", "plan", "seek", "predict" or similar expressions typically identify forward-looking statements. These forward-looking statements are not statements of fact or guarantees of future performance, results, strategies and objectives, and by their nature, involve risk and uncertainty because they relate to future events and circumstances which are difficult to predict and are beyond the group's control, including but not limited to, domestic and global economic conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities (including changes related to capital and solvency requirements), the impact of competition, as well as the impact of changes in domestic and global legislation and regulations in the jurisdictions in which the group and its affiliates operate. The group's actual future performance, results, strategies and objectives may differ materially from the plans, goals and expectations expressed or implied in the forward-looking statements. The group makes no representations or warranty, express or implied, that these forward-looking statements will be achieved and undue reliance should not be placed on such statements. The group undertakes no obligation to update the historical information or forward-looking statements in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon.



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