



SBN HOLDINGS LIMITED

# ANNUAL REPORT

for the year ended 31 December 2023

SNB Holdings Limited

Annual report for the year ended 31 December 2023



[www.standardbank.com.na](http://www.standardbank.com.na)

Namibia  
Rock Arch

# NAMIBIA IS OUR HOME, WE DRIVE HER GROWTH

We are purpose-led and deliberate in executing our strategy to create value for our stakeholders over the long term.

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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 provides an assessment of our ability to create value over time, and information relevant to our shareholders, including our annual financial statements.


### Environmental, social and governance report

Our ESG report provides an overview of the processes and governance structures that relate to social and environmental matters, together with an assessment of our social, economic and environmental (SEE) impacts.

## NAVIGATING THIS REPORT

-  Refers readers to further information within this report
-  Refers readers to additional information in our suite of reports

**Additional reports and other financial information can be found online on our website at:**

-  <https://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 (the board) for approval.

The board approved the report on 12 March 2024.

## FEEDBACK

We welcome the views of our stakeholders on the reports in our reporting suite.

Please contact us at:  
[InvestorR@standardbank.com.na](mailto:InvestorR@standardbank.com.na)

# Introduction WHO WE ARE

We are purpose-led and are one of the oldest companies operating in Namibia. When we opened our first branch in Lüderitz in 1915, we wanted to improve how we understand our customers and how we can better connect borrowers to lenders. Our commitment to Namibia is born from our deep understanding of our clients' needs and aspirations, backed by the service and relationships we have built over the years.

**Our purpose is clear:**  
Namibia is our home, we drive her growth.

We employ people with a strong knowledge of local business conditions to support our strong Standard Bank brand and footprint in Namibia. We have always lived up to the promise of bringing banking to the nation. This vision has created the foundation for who we are today and underpins the qualities our customers and clients expect from us.

We are proud to be part of the Standard Bank Group, a financial services organisation with a 160-year legacy that operates across 20 sub-Saharan African countries. This association benefits our local and international clients by enabling us to offer services beyond our borders and with access to a group with a presence in 20 African countries and strong international links. We can interact, advise and assist global companies investing in Namibia.

Growing from a few employees to over 1 400 today, we are committed to making banking available and accessible to all Namibians. We have a wide network of branches and ATMs across Namibia and have evolved and adapted with our customers to grow a rich heritage while nurturing and protecting our reputation.

### Our physical footprint

Branches (including in-store)

**55**

2022: 60

ATMs<sup>1</sup>

**433**

2022: 436

### Digital transaction volumes

Internet Banking

**4 502 125**

2022: 4 308 342

USSD<sup>2</sup>

**1 122 629**

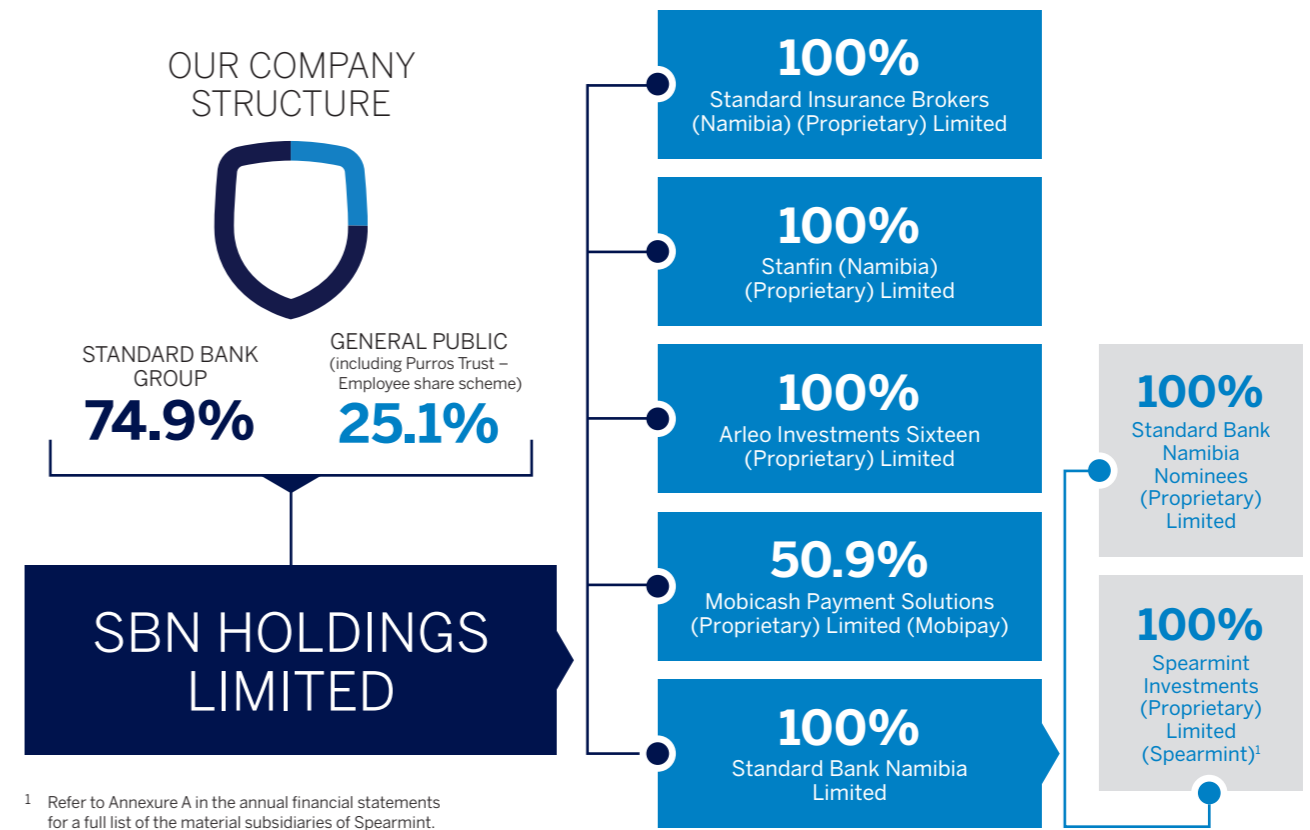
2022: 1 122 250

PayPulse

**1 054 105**

2022: 1 075 537

<sup>1</sup> ATM: Automated teller machine  
<sup>2</sup> USSD: Unstructured supplementary service data.



# Our value creation story

## OUR APPROACH TO VALUE CREATION

Our ability to achieve our purpose and strategy is central to how we deliver sustainable growth and value for all our stakeholders. Our approach is underpinned by integrated thinking that connects the emerging trends, risks and opportunities, relationships and resources that we consider when executing our strategy.



# OUR STAKEHOLDER PRIORITIES

Our stakeholders are the individuals, groups and organisations that materially affect or could be affected by our business activities, products, services and performance. They include our clients, employees, regulators, shareholders, partners, service providers, and the communities in which we operate.

We are committed to listening and engaging constructively with all legitimate stakeholders on matters of relevance. Proactive engagement with our stakeholders provides us with insights that help shape our strategy, informs the identification of our material issues, and ultimately enables us to manage and respond to stakeholder concerns and minimise reputational risk. The board oversees our stakeholder relations, ensuring that the group provides a proper response to our stakeholder issues.

Read more about our stakeholder engagements and relationships in the [ESG report online](#).

## CLIENTS AND CUSTOMERS

### How we engage

Client surveys, online communication channels and in person at our branch network.

#### How we measure the quality of the relationship

- Net promoter score (NPS) and client satisfaction index (CSI).

#### Concerns and responses

- We offer personalised solutions for individuals and businesses.
- We have omni-channel options that balance digital convenience and human interaction when needed.
- Our services are accessible, affordable and relevant.
- We continually improve our system stability and reliability.
- We invest in cyber and data security protection and awareness campaigns to reduced fraud and cybercrime.

#### Value outcomes we hope to achieve

- We understand our clients and provide them with the products and services they need to make life better.
- We treat our clients fairly.
- We put their interests at the centre of decisions we make.
- We deliver brilliant basics.
- Our systems are reliable, resilient and trusted.
- We are here for you when you need us.

## EMPLOYEES

### How we engage

Employee surveys, online communication channels and in person sessions.

#### How we measure the quality of the relationship

- Employee NPS (eNPS)
- Emotional promoter score
- Organisational alignment score
- Work satisfaction scores
- Workforce diversity
- Turnover data and exit interviews
- Average learning hours per person
- Workforce return on investment.

#### Concerns and responses

- We invest in the development of our people, focusing on digital and technology skills and career progression.
- We support diversity and inclusion and have targeted initiatives in place to improve leadership diversity.
- We offer qualifying employees opportunities to pursue bespoke training programs, multi-country experience across the Standard Bank Group and bursaries for tertiary studies.

#### Value outcomes we hope to achieve

- Our people believe in our purpose and their role in achieving it.
- Our people are productive, motivated, engaged, feel valued and respected.
- Our people reflect the diversity of the communities in which we work.
- Our people strive to learn, grow and adapt to the changing world of work.

## REGULATORS

### How we engage

Online communication channels and in person sessions.

#### How we measure the quality of the relationship

- Constructive and positive engagements with our regulators.

#### Concerns and responses

- We have robust financial crime controls, anti-money laundering and combatting the financing of terrorism (AML/CFT) mechanisms in place.
- Ongoing engagement on key matters to ensure alignment of expectations.
- We use technology, including automation and machine learning to improve risk management.
- We engage on climate and environmental risks and the role of banks.

#### Value outcomes we hope to achieve

- We are a responsible corporate citizen.
- We operate with integrity and hold ourselves to high ethical standards.
- We understand the risks and opportunities facing our business and have robust policies and processes in place to manage them.

## SHAREHOLDERS AND INVESTORS

### How we engage

Online communication channels and in person sessions, investor and market participant feedback, AGM, presentations.

#### How we measure the quality of the relationship

- Shareholder value created – ROE, earnings growth, net asset value growth and dividends
- Investor and other market participants feedback
- AGM voting outcomes
- ESG disclosures and ratings and sustainable finance solutions.

#### Concerns and responses

- We have a competitive client and value proposition to deliver growth through sustainable strategies.
- Our risk management is underpinned by strong governance, ethics, market conduct, internal controls.
- We focus on ensuring system stability.
- We have strong ESG and climate risk management in place.
- Our employee value proposition is strong and provides access to appropriate skills and talent to ensure market share growth.

#### Value outcomes we hope to achieve

- We deliver sustainable value to our shareholders.

## COMMUNITIES

### How we engage

Online communication channels and in person discussions.

#### How we measure the quality of the relationship

- Constructive engagements and media monitoring.

#### Concerns and responses

- We drive positive social and environmental impact through our business activities.
- We are positively impacting the quality of life for disadvantaged Namibians.
- We partner with businesses to create and monitor effective socioeconomic interventions and create partnerships that address local issues and enable financial education.

#### Value outcomes we hope to achieve

- We add value for our clients and communities by supporting financial inclusion, enterprise growth and job creation, access to energy and infrastructure development and climate change mitigation and adaptation.
- We balance economic, social and environmental considerations to drive sustainable growth.

# OUR MATERIAL MATTERS

Our material issues are those that matter most to our internal and external stakeholders and providers of capital and that impact on our ability to create value in the short, medium and long term.

They take into account the diverse views of our stakeholders, allowing us to understand their perceptions of how the group is creating value and to identify focus areas to ensure social legitimacy.

## 2023 MATERIALITY ASSESSMENT PROCESS

We measure our strategic progress against our six value drivers and have identified the material issues that are most likely to have an impact on them and therefore our ability to achieve our strategic aspirations.

We use the concept of double materiality to ensure that we have considered how material issues may impact on our business, across our six value drivers, and how our business materially impacts society. This approach is crucial to ensure we deliver both financial outcomes and positive SEE (social, economic, and environmental) impacts.

While these issues evolve over time, the broad themes are relatively stable. To identify and adequately interrogate our material issues, we undertake research and engagement on a range of information, including the consideration of:

- Risks, threats and opportunities identified through our enterprise risk process
- Stakeholder engagement and reputation risk analysis
- Issues raised through engagements including the AGM
- Material issues identified by peer banks.

## Our material issues

Based on our understanding of our strategic aspirations and stakeholder priorities, our material issues are as follows:



# OUR TOP ENTERPRISE RISKS

Our top enterprise risks are the issues that could have a material impact on our ability to achieve our strategic objectives. They are risks from all categories in our risk universe and can be prevalent or emerging risks.

The top enterprise risks are identified through a robust process that includes content gathering from internal and external sources, followed by detailed analysis and duration of the information and then prioritisation and reflect a view of top risks for the medium-term.

No significant changes to the top enterprise risks have been identified for the near term and, while all risks are pertinent and managed as part of our operations, we prioritise these for extra focus.

## TOP MEDIUM-TERM ENTERPRISE RISKS

Severe			1		
Major				2, 6, 3, 7, 5, 8	9
Moderate			10		4
	Rare	Unlikely	Possible	Likely	Certain

LEGEND Strategic risk Non-financial risk

## OUR TOP ENTERPRISE RISKS

**1 Fitness to execute our strategy**

The lack of appropriate infrastructure, including funding organisational processes, technology, leadership and operating skills, may hinder the execution our strategy, delay or prevent the transformation of the way we operate and increase operating and governance costs.

**IMPACT**

- 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 organisation
- Credibility loss due to failure to achieve the strategy.

**TREATMENT**

- Workstreams and skilled teams appointed to manage strategic transformation
- 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.

**IMPACT**

- 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.

**TREATMENT**

- Client value propositions are carefully tailored to support their journeys
- Design and scale competitive solutions for client needs
- Ongoing relevant investor and stakeholder communications.

### 3 Technology instability

Recurring unavailability of digital services erodes customer trust in the 'always on' promise that is core to the platform organisation value proposition.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Frustrated clients switch over to competitors</li> <li>Temporary loss of transaction volumes and revenue</li> <li>Reputation damage and reduced customer trust in our ability to operate a platform.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Incident management and analysis</li> <li>IT landscape simplification and resilience programme</li> <li>Enhanced scenario analysis and system testing</li> <li>Improved business resilience capability.</li> </ul>
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### 4 Fraud via digital channels

Clients are defrauded by external parties on the digital channel we promoted as part of the digital strategy.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Customer loss as customer culpability is not covered and the lack of resolution options frustrates clients and customer-facing employees</li> <li>Negative perceptions circulate on social media</li> <li>Customer trust is impaired.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Increase customer awareness on fraud scams and methods, and use of digital security</li> <li>Increase transaction monitoring to identify suspicious activity and minimise losses.</li> </ul>
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### 5 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.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Overwhelmed employees contribute to poor service delivery and inflated costs</li> <li>Non-delivery of strategic initiatives results in opportunity losses and failure to achieve strategic objectives.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Lessons learnt support future development</li> <li>Monitoring of external environment to ensure continued relevance of changes.</li> </ul>
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### 6 Threat posed from major and emerging technology companies

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.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Inability to scale disruptive products on legacy systems</li> <li>High number of market misses and innovation write-offs</li> <li>Unrestrained by regulations, competitors' market innovative new products faster</li> <li>Loss of customers to competitors.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Accelerated decommissioning of legacy systems</li> <li>Innovation and Client Solutions teams building competitive solutions</li> <li>Strategic partnerships to build a platform organisation</li> <li>Participation in regulation development.</li> </ul>
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### 7 Resourcing for ESG risk management

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. This may increase the cost or limit the availability of capital in international markets.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Slow development and implementation of ESG risk management processes</li> <li>Flight of international capital to entities with established climate risk management</li> <li>Client environmental and social requirement breaches not tracked and reported.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Increased board focus on ESG issues</li> <li>Strengthening ESG risk management.</li> </ul>
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### 8 Operational dependence on third parties

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.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Limited internal capacity may cause lengthy disruption of payment or platform services</li> <li>Unauthorised access and use of data may compromise the integrity of the group's data</li> <li>Partners could leverage their position to exert undue influence during performance disputes.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Identify risk exposures and establish third-party management framework</li> <li>Cross-skill employees as subject matter experts</li> <li>Increase due diligence processes</li> <li>Perform regular business continuity exercises and disaster recovery testing.</li> </ul>
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### 9 Technology and data skills scarcity and talent war

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.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Talent shortage and sub-par recruitments may limit strategic transformation</li> <li>Rising consultant costs to fill skills gaps</li> <li>Employee costs may exceed market rate</li> <li>Securing scarce skills may impact local employment metrics</li> <li>Competition for skills leads to bidding wars and high employee turnover.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Aggressive recruitment and retention of scarce skills</li> <li>Future-ready skills development</li> <li>Increase focus on internal talent pipeline.</li> </ul>
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### 10 Ransomware attacks

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.

<b>IMPACT</b>	<ul style="list-style-type: none"> <li>Loss of client and transaction data</li> <li>Corrupted, inaccessible or unusable data</li> <li>Disruptions of critical client services</li> <li>Client information may be used to commit crime</li> <li>Fines or penalties from multiple regulators, reputation damage and loss of trust</li> <li>Reputation damage.</li> </ul>	<b>TREATMENT</b>	<ul style="list-style-type: none"> <li>Maintain information asset register</li> <li>Regular data back-ups on-site and off-site</li> <li>Business continuity plans</li> <li>Cyber insurance to enable quick access to services.</li> </ul>
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# OUR STRATEGY

Our strategy is underpinned by our purpose. Our strategic priorities will enable us to better fulfil our purpose as we deliver our 2025 Ambition and achieve our financial targets.



# OUR DELIVERY MODEL

Our operating model enables us to manage our resources and relationships responsibly to deliver the best outcomes for our stakeholders. It is client led and structured around our business units who are responsible for designing and executing the client value proposition.

## Our inputs

**FINANCIAL CAPITAL**  
Our large, well-balanced portfolio, appropriate risk appetite mandate and robust capital structure provide the resilience and flexibility to deliver growth.

**INTELLECTUAL CAPITAL**  
Our recognised brand strength and legitimacy supports our value proposition by offering relevant, competitive and innovative solutions through our omni-channel platforms.

**HUMAN CAPITAL**  
Our strong executive and leadership teams, deeply skilled and experienced people, and high-performance, client centric and ethical culture are rooted in our purpose and we invest in equipping our people with the mindset and skills needed to execute our strategic priorities.

**MANUFACTURED CAPITAL**  
Our physical branch network and access points are complemented by our modernised digital backbone and increasingly simplified systems architecture, allowing us to deliver better client and employee experiences and higher levels of efficiency.

**SOCIAL AND RELATIONSHIP CAPITAL**  
Our trust-based relationships with all our stakeholders underpin our ability to deliver our purpose and strategy. Our social and economic impacts are embedded into our business strategy and decision-making processes, enabling us to deliver positive impacts in the communities in which we operate.

**NATURAL CAPITAL**  
We are driving sustainable investment by embedding SEE as a commercial strategy, aligned to Namibia's wellbeing. We partner with clients and other stakeholders to create and implement climate smart solutions.

## Our business activities and outputs

Business units own the client relationship and create multi-product client experiences distributed through our client engagement platforms.

**Banking**  
We lend money to our clients, provide transactional banking facilities and knowledge-based services as well as market access and risk mitigation solutions.

**Insurance and asset management**  
We provide long- and short-term insurance brokerage services, investment products and advisory services.

**Beyond**  
We derive revenue from non-financial services and solutions and strategic investments

## OUR TRADE-OFFS AND CONSTRAINTS

### CLIENT FOCUS

- The stability of our digital platforms and cyber security remains a top priority.
- Growing scale in selected segments as competition from non-traditional financial services providers continues to intensify.

### EMPLOYEE ENGAGEMENT

- Competition for skills in financial services continues to increase.
- Accelerating our people's ability to grow and adapt, as we evolve the way we operate.
- Supporting the wellbeing of our people by nurturing healthy relationships and creating a safe work environment.

### RISK AND CONDUCT

- Managing the natural tension between client convenience, the speed at which we can fulfil their needs, and the parameters of our mature and continually evolving regulatory, supervisory and control environment.

### OPERATIONAL EXCELLENCE

- Delivering digital capabilities that improve client experience and efficiency while solving the correct client needs requires accelerated investment in digitisation to achieve a lower cost to serve over time.

### FINANCIAL OUTCOME

- To continue to attract the capital needed to fund growth, we must provide an appropriate rate of return to our providers of capital, while still creating value for our other stakeholders. This requires we balance our ability to generate revenue with the costs incurred to do so.

### POSITIVE SEE IMPACT

- Embedding positive impact into our business strategy to deliver positive social and economic outcomes.

## OUR OUTCOMES



- Strong relationships with diverse and growing client base
- Recognised brand strength and legitimacy
- Strong partnerships that support excellent client experience
- Physical and digital presence supports distribution capability.

- Strong executive and leadership teams
- Deeply skilled and experienced people
- High-performance, ethical culture connected to our purpose.

- Trusted relationships with stakeholders
- Mature governance and control systems
- Well-developed financial risk and capital management framework

- Strategic partnerships and future-ready capabilities support developing innovative solutions
- Digital capabilities focused on providing 'always on, always secure' services
- Increasingly simplified systems architecture.

- Large and well-balanced portfolio
- Robust capital structure and strong balance sheet
- Future-focused resource allocation.

- Well-developed sustainability strategy to deliver focused positive impact
- Develop a climate policy that supports a just energy transition.

## Distributing value

Inflows from clients  
**N\$3.26 billion**  
(2022: N\$2.73 billion)

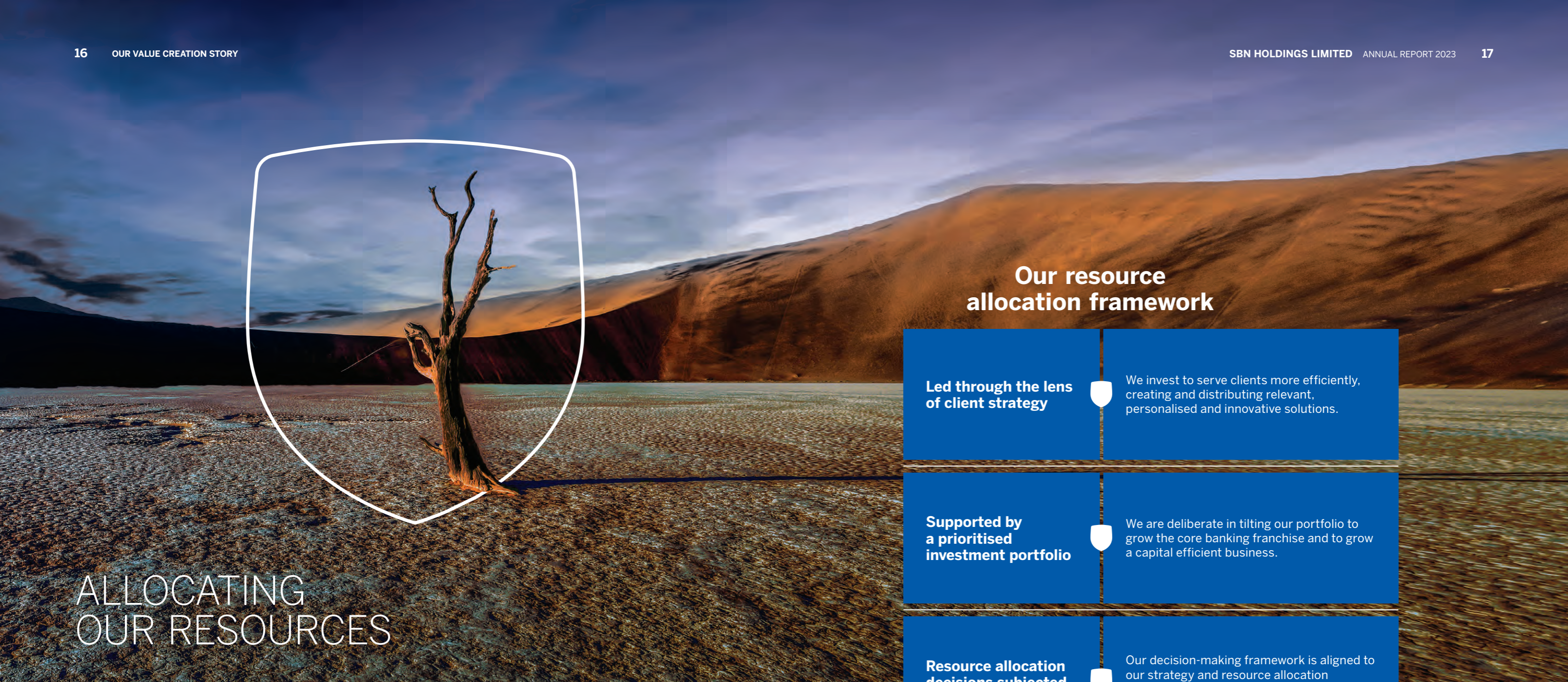
Invested in our people  
**N\$855.3 million**  
(2022: N\$812.6 million)

Direct and indirect taxes to governments and regulators  
**N\$345.8 million**  
(2022: N\$263.7 million)

Invested in our operations, suppliers and third parties  
**N\$1.12 billion**  
(2022: N\$866.1 million)

Returns to shareholders  
**N\$459.8 million**  
(2022: N\$182.9 million)

Reinvesting in the business  
**N\$206.0 million**  
(2022: N\$464.8 million)



# ALLOCATING OUR RESOURCES

We are careful when we allocate our resources to ensure that we address specific client needs and drive sustainable growth and value.

Our resource allocation framework uses the capital, funding, capabilities and expertise available to us, together with our strategic value drivers, to direct our focus and investment in areas that will deliver sustainable growth and value over the short, medium and long term.

Once specific client needs have been identified, gated hurdle rates are applied to assess the soundness of the investment required. If the investment meets these hurdles, targeted metrics ensure that our rates of return are met as the solution is implemented. Detailed scenario-based thinking allows us to anticipate and plan for volatility and complexity and frames the allocation process.

## Our resource allocation framework

<p><b>Led through the lens of client strategy</b></p>	<p>We invest to serve clients more efficiently, creating and distributing relevant, personalised and innovative solutions.</p>
<p><b>Supported by a prioritised investment portfolio</b></p>	<p>We are deliberate in tilting our portfolio to grow the core banking franchise and to grow a capital efficient business.</p>
<p><b>Resource allocation decisions subjected to gated hurdle rates</b></p>	<p>Our decision-making framework is aligned to our strategy and resource allocation requests are subject to hurdle rates of return.</p>
<p><b>Allocation tested against risk appetite</b></p>	<p>We regularly review and amend our risk appetite across segments and solutions.</p>
<p><b>Progress measured against set targets</b></p>	<p>We develop, refine and track metrics that are easy to understand and measure, are actionable and aligned to our strategy.</p>

## Our performance

# CHAIRMAN'S REPORT

Herbert Maier, Chairman



“Our consistent and focused efforts continue to position us well to deliver strategic progress in the year, achieving a strong financial performance and taking further steps in fulfilling our purpose ‘**Namibia is our home, we drive her growth.**’”

### Operating environment

Namibia's gross domestic product (GDP) growth is estimated to decline to 3.9% from 7.6% GDP of 2022. The slowdown in domestic GDP growth is mainly due to weaker demand in global and domestic economies, underpinned by ongoing high inflation and high interest rates that have a negative impact on consumer spending. In addition, the high base effects from the mining industry, due to expansion in diamond mining and other and quarrying in 2022 were not repeated resulting in further decline in growth in 2023.

Growth in the global economy slowed down in 2023 compared to 2022, because of slower growth in some advanced economies. Weaker growth was noted for major economies such as China, Japan, the Eurozone area, and the United Kingdom. This was a combined effect of the contractionary monetary policy stances taken to curb rising inflation and slower trading – partner demand. The impact of this slowdown is a weaker global demand which negatively impacted the growth of many economies. Notwithstanding the noted economic challenges, a recovery in consumer demand and commodity prices is expected for Namibia bringing a turnaround in the domestic GDP.

### Delivering our strategic objectives

Delivering our 2025 ambition and fulfilling our purpose requires us to consistently focus on transforming our clients' experience, executing operations with excellence, and driving sustainable growth that creates lasting value for our various stakeholders. We continue to invest and develop products and solutions that meet our clients' needs. Our client-centric approach to business

helps us have a deeper understanding of the challenges our clients face and how to solution for these.

Our financial results reflect the success of our efforts and show strong performance and year on year growth. I am pleased to share that, profit after tax grew by 23.3% and ROE increased to 15.6% from 13.7%, 190 basis points (bps) better than in 2022. Headline earnings improved by 25.9% to N\$784 million in the current year.

We would not have achieved these great results without the tireless effort of our people who execute with excellence. Transforming our client's experience requires an engaged people and we acknowledge the close relationship between our people and culture and strategy delivery. Employee engagement is therefore one of our priorities, with initiatives that not only support the wellbeing of our people, but also include leadership and culture transformation, talent management and reskilling and upskilling our people to have future ready skills.

In living our purpose – Namibia is our home, we drive her growth – our success extends beyond our economic contribution to how we interact with the communities in which we operate and stakeholders with whom we choose to interact. Our commitment to sustainable growth, therefore, also considers the environmental and social impact of our decisions, and the actions, views, and preferences of our stakeholders. We contribute to community development in various sectors, including health, education, socioeconomic development, and sport, through our long-established corporate social investment (CSI) programmes.

### Changes to the board

There were significant changes in the composition of our board of directors during the year. I would like to take this opportunity to welcome to the board Mr Erwin Tjipuka, who has joined the group as the new chief executive officer (CEO) from 1 October 2023, taking over from Mrs Mercia Geises who stepped down from the position on 31 July 2023. We also welcome Mr Arlington Tendai Matenda who has been appointed as chief financial officer and to the board as an executive director of SBN Holdings Limited and Standard Bank Namibia Limited with effect from 2 February 2024. He takes over the position from Mrs Letitea du Plessis who resigned in 2023. Mr Matenda previously held the position of chief risk officer in the group. We also welcome the following new non-executive board members to the board. Appointed during the year were Mrs Nangosora Ashley Tjipitua, Mr Josephat Mwatotele and Mr Jens Gerald Riedel. Mr Siphwe Themba Bruce Madonsela was appointed subsequent to year end. We welcome them and look forward to their contributions to the success of the board.

We also bid farewell to some of our board members in the year 2023. As previously mentioned, Mrs Mercia Geises and Mrs Letitea du Plessis resigned as executive directors of the board and Mrs Suné Brugman resigned as a non-executive director of the board. The following non-executive board members retired after serving on the SBN board for more than 10 years, in line with the group's board succession plan for directors – Adv Natasha Bassingthwaighe and Ms Brigitte Rossouw. Mrs Maria Dax reached the age of 70 years and retired at the 2023 AGM to comply with requirements of BID -1. We thank them for their contribution to the group.

Last year, I mentioned that I will be retiring from the board along with the other board members who have also served the SBN board for more than 10 years. It is my pleasure to announce that Isac Tjombonde has been appointed as the board chairman of SBN Holdings Limited and Standard Bank Namibia Limited with effect from 1 April 2024. From this date, I will remain as an independent non-executive director of the board and will retire from the board of directors of SBN Holdings Limited and Standard Bank Namibia effectively on 23 April 2024.

Final dividend per share

**58 cents** ▲ 26.1%

2022: 46 cents

Total capital adequacy ratio

**20.7%** ▲ 300bps

2022: 17.7%

ROE

**15.6%** ▲ 190bps

2022: 13.7%

### Looking ahead

Global economic growth is projected to stabilise at 3.1% in 2024 and 2023 according to the IMF's World Economic Outlook (WEO) January 2024 update. This is a result of the success of tight monetary policy stances to curb inflation, partly offset by the deterioration in financial conditions, ongoing war in Ukraine, as well as growing geo-economic disintegration.

Namibia's GDP growth is projected to slow in 2024, mainly due to the weak global demand and anticipated contraction in agriculture in the wake of inconsistent rainfall patterns. Real GDP growth is estimated to decline to 3.4% in 2024 down from a projected 3.9% in 2023. Namibia's economic performance is, however, expected to continue on a positive trajectory with stable growth expected over the remainder of the forecast period to 2027. Growth will be supported by a broader and more sustained recovery across most sectors of the economy, while structural reforms implemented by the sovereign will continue to aid growth over the mid-term. Namibia's emerging green economy provides opportunities for Standard Bank to develop a range of sustainable financial solutions and funding mechanisms for our stakeholders, underpinned by our purpose to drive Namibia's growth.

### Appreciation

I would like to express my deep gratitude and appreciation to our clients, our employees and the executive management team, my board colleagues, regulators and numerous other stakeholders for their ongoing support, tireless work and dedicated effort to produce these pleasing and improved results in continued challenging times. Without your valuable support, these results would not be possible. You faced the year courageously and this enabled us to achieve significant progress in the delivery of our strategic priorities.

# CHIEF EXECUTIVE'S REVIEW

Erwin Tjipuka, CE Standard Bank, Namibia



## Introduction

I am filled with an indescribable sense of pride and purpose as I share my inaugural review as the newly appointed CE of SBN Holdings. On 1 October 2023, I stepped into a role that has been held by generations of great leaders, a legacy that spans far beyond my years, over 100 years and counting. It is an exceptional honour.

I acknowledge the weight of responsibility that comes with leading an organisation that is deeply rooted in its purpose, supported by its commitment to transforming client experiences, executing with excellence, fostering sustainable growth, and generating value for our shareholders and the larger society.

'Namibia is our home, we drive her growth' is an ambitious statement, and I have come to find that Standard Bank Namibia is an organisation filled with ambitious and dedicated people. At the heart of our mission lies a dedication to excellence, a commitment that echoes throughout every facet of our operations.

We measure our achievements not solely in monetary terms, but in the profound impact we have on those we serve. From creating exceptional client experiences to nurturing a culture where our people are not just employees but empowered stewards of our purpose, every endeavour is a testament to our unwavering commitment to doing the right business the right way. We do this, by focusing on three key priorities of transforming client experience, executing with excellence, and driving sustainable growth and value. 2023 was no different in our pursuit to becoming the financial institution of choice for our current and prospective clientele. We remained steadfast in our goals, and I am proud of what we were able to achieve.

## Our priorities

### Transforming client experience

In 2023, our Personal & Private Banking (PBB) business embarked on a journey to get back to basics and reintroduce our client value proposition (CVP). After a process of extensive client engagement, we identified their real needs and we were able to

evolve our existing offerings and enhance our solutions to bring about a more personalised approach to our products and services, promising to simplify banking and meet the individual needs of our clients rather than deliver mass-produced solutions.

We became aware that a majority of people were not aware of the value adds that came with being a Standard Bank client, and the different offerings that exist to help them meet their personal and financial goals in the different areas such as, but not limited to; student loans, personal loans, business loans and access to networks and resources. The reintroduced CVP also includes the addition of embedded free funeral cover and an optional life cover benefit, offering one-stop solutions to our clients for their financial needs.

Namibia is in a state of continuous transformation. The slow but steady journey towards full digital integration is also a part of the bank's digital strategy. We have, therefore, reduced traditional service points and ushered our clients toward our digital service channels, promising them a seamless banking experience. The bold move to digital offerings has been received positively by our clients resulting in a 13% increase in digital adoption, testament to our pursuit of growth.

We have proudly witnessed a significant improvement in our client recommendation ratings as measured through our net promoter score (NPS), which improved from 20 to 32, highlighting clients' appreciation of our well-crafted, data driven personalised offerings guided by meaningful engagements, informed decisions, and inspired actions.

2023 has once again proved to be a stellar year for our Corporate & Investment Banking (CIB) business. Our CIB business is a marketing leading business, and it continues to push the boundaries of providing innovative and bespoke solutions for our clients, supported by strong relationships and a sector focused approach.

CIB received the Best Investment Bank award from EMEA for the second year running. With growth in profit after tax at an astounding 41%, CIB continues to be the biggest contributor to headline earnings for the group in 2023. The introduction of our

### Profit for the year

**N\$770 million** ▲ 23.3%

2022: N\$624 million

### Net interest margin

**5.2%** ▲ 80bps

2022: 4.4%

### Credit loss ratio

**0.59%** ▲ 1bps

2022: 0.60%

foreign exchange banking solution and further process automation, particularly in the client onboarding process, is a demonstration of yet another leap in our digital journey.

We remained at the forefront of developments in the oil and gas sector through consistent and proactive engagement with the relevant stakeholders. The CIB team attended the International Energy Conference and Expo in Guyana to enhance our understanding of the sector. We continued to build and enhance our expertise in the energy sector as well as developing bespoke value propositions for this sector. In collaboration with the Ministry of Mines and Energy, we will be performing a macroeconomic study of the oil and gas sector in Namibia. The future of CIB continues to shine bright, and the impact of the business holds strong potential, not only for Standard Bank, but also for the growth and prosperity of Namibia.

Our Business & Commercial Banking (BCB) serves as a cornerstone in enabling entrepreneurs and supporting the vital role of small and media size businesses in driving the growth of the economy and job creation. We understand the significance of small- and medium-size businesses as engines of economic development, innovation, and employment opportunities within our society. In line with this understanding, we started revising our credit risk appetite to facilitate targeted and responsible credit growth for BCB clients, ensuring that businesses have access to the necessary financial resources to thrive and expand. Our commitment to leveraging innovative solutions such as scorecard lending is aimed at streamlining the credit decision-making process, enabling faster access to credit for deserving businesses. By empowering entrepreneurs and small businesses

through tailored financial solutions and efficient credit assessments, we aim to catalyse sustainable growth, foster economic resilience, and contribute to the overall prosperity of Namibia.

We have made good progress in the development of our Salesforce Disruptor award-winning Blu-Market platform, a digital marketplace that will unlock trade opportunities for our clients.

For BCB, our focus remains on forging fruitful ecosystems in pivotal sectors such as oil and gas, renewable energy, and smart agriculture, while also strengthening Namibia's trade landscape through innovative solutions. We pledge to nurture the enterprise segment, laying the groundwork for sustainable success and leaving a permanent mark on Namibian commerce.

The successes mentioned above and the aspirations we look to achieve are only as attainable as the fulfilment of the people who are the driving force of Standard Bank Namibia. The success of our people is our success and Standard Bank Namibia is a product of the men and women who wake up each morning and show up to deliver their best.

As part of our culture journey and fostering truly client- and partner-centric mindsets and behaviours among all our people, we launched a leadership and culture articulation journey in 2023. This is a journey to solidify the objective of transforming the leadership culture and enable greater future-readiness of our leaders, through practical tools and learning insights, with the ambition of making Standard Bank the brand of leaders.

To achieve this, we developed and defined culture principles to be instilled across the group. Observable leadership behaviours were defined and cascaded across all business units, and culture influencers were identified, upskilled, and empowered to champion a new culture in their respective business ecosystems.

We introduced the highly acclaimed MY DREAM initiative, a series of engaging in-person masterclasses spanning three months, designed to inspire our employees to actively pursue personal growth and align their aspirations with tangible development solutions. The success of this initiative is evident not only in the enthusiastic participation it garnered, but also in the remarkable improvement across all our employee engagement metrics. Our annual 'Are You A Fan' survey revealed an impressive 35% improvement in the overall employee net promoter score (eNPS), alongside positive shifts in both organisational alignment and employee engagement dimension scores. These results are a testament to our unwavering commitment to fostering a culture of growth, empowerment, and purpose among our dedicated team members.

### Executing with excellence

Information technology (IT) stability remains a focus area to reduce friction on our systems and create seamless experiences for our clients. With an average uptime of 99% across our systems, and zero critical IT incidents logged over a period of more than two years, as well as the successful delivery of two disaster recovery tests during the current year, this is testimony to our commitment to using technology and data to better serve and protect our clients. As part of the group's cyber resilience and hygiene programme, the bank has implemented controls used to detect, prevent, and respond to cyber incidents, including cyber simulation exercises and a cyber security framework that is aligned with the business continuity management process. In addition to that, the bank has an IT security awareness program to educate and train employees about the cyber threat landscape and social engineering.



The current economic conditions have seen increased pressure on clients, and we continue to innovate and drive our non-performing loans (NPL) strategy to curb the further inflows into NPL. However, despite this, our overall NPL ratio marginally decreased to end the year at 5.61% (2022: 5.71%).

The non-performing property portfolio acquired in the previous year is in the process of being disposed of, and substantial progress has been made in disposing of these with the aim of meeting the regulatory deadline set.

The regulatory landscape shifted significantly during 2023. A new Banking Institutions Act, Act 13 of 2023 (BIA) was introduced. The new BIA significantly alters the manner in which banking institutions operate, with emphasis on local decision-making. In addition, foreign shareholding in banking institutions have also been capped. SBN Holdings' foreign shareholding is currently in line with the stipulated regulatory requirements, and appropriate governance and process changes have been affected to ensure compliance with new requirements. Legislative changes have also been introduced in relation to the overall Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Framework (AML/CFT/CPF). Among these are amendments to the Financial Intelligence Act, 2012; the Companies Act, 2004; the Close Corporation Act, 1988 as well as the introduction of a new Payment System Management Act, 2023; Trust Administration Act, 2023; and Virtual Assets Act, 2023.

These Acts, among others, enhance the beneficial ownership disclosure requirements, suspicious transactions reporting obligations, measures related to prominent influential persons (PIPs), and regulation of virtual assets and trusts. The bank has amended its AML/CFT/CPF programme and relevant policies to align with the amended requirements. Efforts to enhance frameworks and processes to combat financial crime, with a strong focus on AML/CFT compliance, remain a significant area of focus.

Despite these efforts, Namibia was grey listed on Friday, 23 February 2024, by the Financial Action Task Force's (FATF) Plenary and placed under increased monitoring, due to concerns over remaining effective implementation compliance with international AML, CFT, and CPF standards.

SBN Holdings remains committed in supporting Namibia, through the National Focal Committee, to timeously address the remaining identified shortcomings and fast-track progress towards full compliance with international AML/CFT/CPF standards. The agreed-upon Action Plan will ensure Namibia's rapid exit from the FATF grey listing.

### Drive sustainable growth and value

The group headline earnings were N\$784 million, 26% higher than in 2022. The return on equity (ROE) was 15.6%, an improvement on 13.7% recorded 2022 and above the cost of equity of 15.3%.

Total net income grew by 19.3% to N\$3.3 billion and income after credit impairments increased by 20.5% year on year. Credit impairments increased marginally by 1.4% year on year, due to the current economic environment placing increased pressure on clients. Operating expenses increased by 17.7%, mainly driven by impairment of the investment in subsidiaries, Spearmint property companies and Mobipay, as well as higher increase in information technology costs incurred to enhance client experience. Due to strong income growth, the group achieved a difference between income growth and cost growth (JAWS) of 160 bps. The group's cost-to-income ratio improved to 60.7% (normalised 57.6%) from 61.7% in 2022.

At the heart of our journey lies a story of purpose. The driving force behind why we show up every morning and execute our duty. The most fulfilling feeling is that of having an impact on the lives of others. Being a Standard Bank Namibia employee or client means directly contributing to the growth of the Namibian

nation. All our stakeholders are enablers of the positive impact Standard Bank Namibia has been able to make in the communities we operate in through our corporate social investment (CSI). Moreover, greater impact is reached when partnering with like-minded people and entities who share our values and our vision. We have been fortunate to collaborate with various organisations throughout the year to drive the development of this great nation.

Our partnership with the Motor Vehicle Accident Fund has been a journey spanning over two years, resulting in the transformation of the largest casualty ward in the country at the Katutura State Hospital at a cost of N\$12.5 million, contributed equally by both institutions.

Through our flagship initiative, Buy-A-Brick, in collaboration with the Shack Dwellers' Federation of Namibia, we have built dreams into reality, constructing 60 homes during the year, adding to our total of 733 houses across Namibia since the programme's inception. This endeavour speaks volumes of our commitment to enriching the lives of fellow Namibians, embodying the essence of our purpose: 'Namibia is our home, we drive her growth', quite literally building homes for our people to the value of N\$27.8 million over the years.

2023 stands out as an exceptional chapter for our brand. With humility, we accept the accolades bestowed upon us, including two esteemed EMEA awards for the Best Bank and Best Investment Bank in Namibia. The gleaming Golden Arrow awards, received in both BCB and PPB at the PMR Africa Awards, as well as the coveted Diamond Arrow award in the credit card domain, underscores our commitment to excellence. Furthermore, we were honoured with the prestigious Bank of the Year Award from The Bankers' magazine in London, a testament to our relentless pursuit of distinction and service.

### Conclusion

I would like to express my deepest gratitude to the dedicated employees, loyal customers, supportive board of directors, committed shareholders, regulators, and all stakeholders for their unwavering support throughout the year. Your collective efforts have been instrumental in the success of Standard Bank Namibia.

As we reflect on the year gone by, I am filled with optimism for the future of our bank and our country. The recent discovery of oil reserves, although subject to commercial viability appraisals, holds great promise for Namibia's economic growth. Additionally, the potential of green hydrogen presents exciting opportunities for sustainable development and innovation in our nation.

Looking ahead, our strategic focus areas of transforming client experience, executing with excellence, and driving sustainable growth and value for all stakeholders will guide our actions. We recognise the vital role that the bank plays in society, and we are committed to fulfilling that role with integrity and purpose.

Our purpose, 'Namibia is our home, we drive her growth,' encapsulates our dedication to contributing to the prosperity and well-being of our nation. It is our pledge to bring this purpose to life in everything we do, ensuring that our efforts are aligned with the advancement of Namibia and its people.

With a strong foundation, a clear vision and strategy, and a steadfast commitment to our values, I am confident that Standard Bank Namibia is well-positioned to embrace the opportunities of tomorrow and continue to make a positive impact in our community and beyond. Together, we will chart a path towards a brighter and more prosperous future for all.

# FINANCIAL REVIEW

**Elizabeth du Toit**  
Interim chief financial officer (acting until 2 February 2024)



**Arlington Matenda**  
Chief financial officer (incoming)



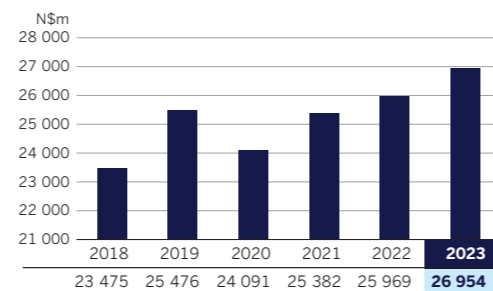
The group's profit after tax for the year 2023 grew by 23.3% to N\$769.7 million. The positive endowment effect from repo rate increases, higher trading and transactional volumes have contributed to strong performance growth in 2023.

**3.8%** ▲  
AVERAGE INTEREST EARNING ASSETS

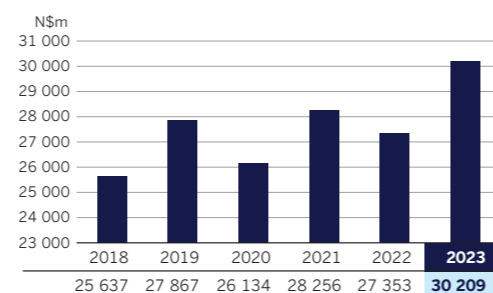
**10.4%** ▲  
AVERAGE INTEREST EARNING LIABILITIES

**0.8%** ▲  
NET INTEREST MARGIN

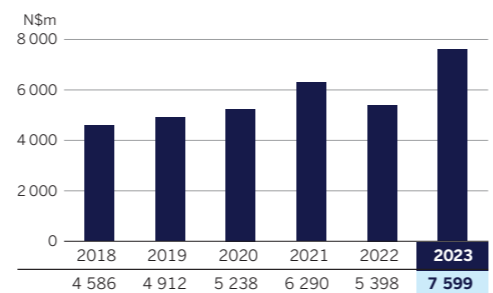
### Net loans and advances



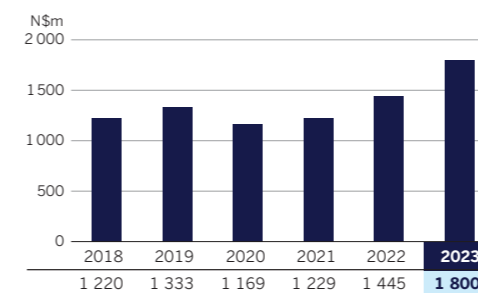
### Deposits from customers and banks



### Trading assets, pledged assets and financial investments



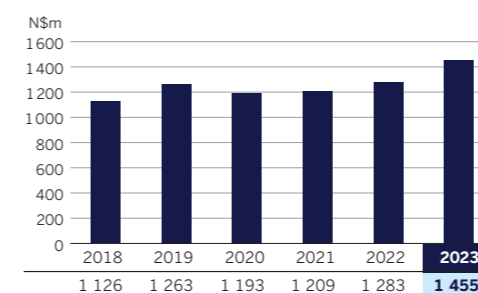
### Net interest income



**Net interest income (NII)** grew by 24.6% to N\$1 800 million year on year. This was due to an improved net interest margin from 4.4% in 2022 to 5.2% in 2023 driven by balance sheet growth and the positive endowment effect ensuing from continued repo rate increases, which increased by 100 basis points (bps) from 6.75% to 7.75%.

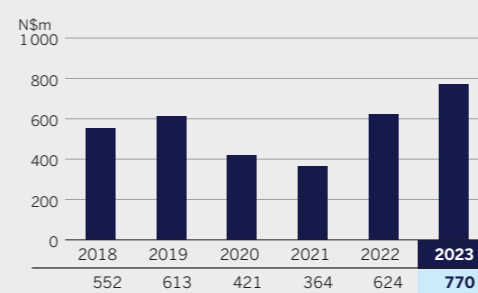
Interest income was up 39.1%, driven by the increase in interest rates, growth in loans and advances issued under vehicle and asset finance and in CIB. Interest expense increased by 60.9%, due to the repo rate increases coupled with an increase in deposits from customers of 15.7%.

### Non-interest revenue



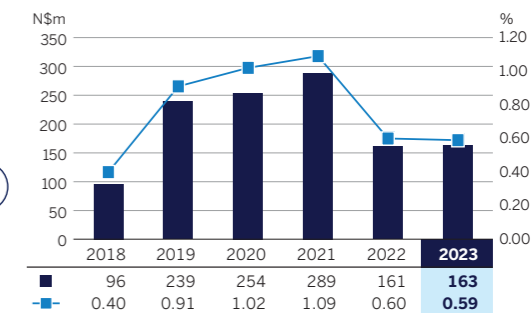
**Non-interest revenue (NIR)** increased by 13.4% to N\$1 455 million, driven by a 32.2% growth in trading revenue due to increased client flows and volatility in currency markets. Other revenue grew to N\$199 million from N\$146 million year on year. This 36.6% growth is mainly due to a 28.5% increase in bancassurance revenue, and an increase of N\$27 million in property-related revenue earned mostly from the Spearmint property portfolio.

### Profit for the year



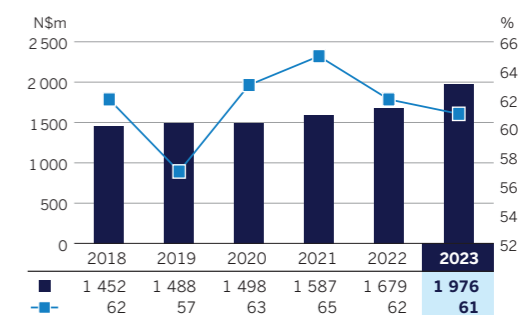
**Profit for the year** increased by 23.3%, up from N\$624 million to N\$770 million. Main contributors to this growth are the increase in net interest income of 24.6% due the positive endowment effect ensuing from continued repo rate increases, 32.2% growth in trading revenue, 28.5% increase in bancassurance and an increase in property related revenues of N\$27 million.

### Impairment charges



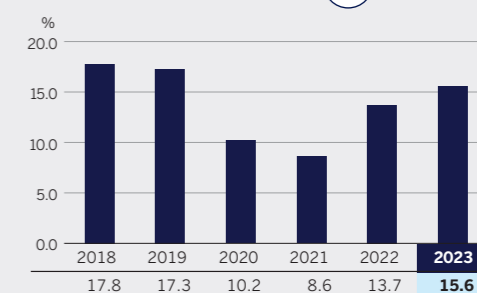
**Credit impairments** increased marginally by 1.4% year on year, as a result of the current economic environment placing increased pressure on clients. The credit loss ratio (CLR) decreased marginally to 0.59% compared to 0.60% in prior year. The group continues to closely monitor the CLR and its short- and long-term strategic initiatives on non-performing loans.

### Operating expenses



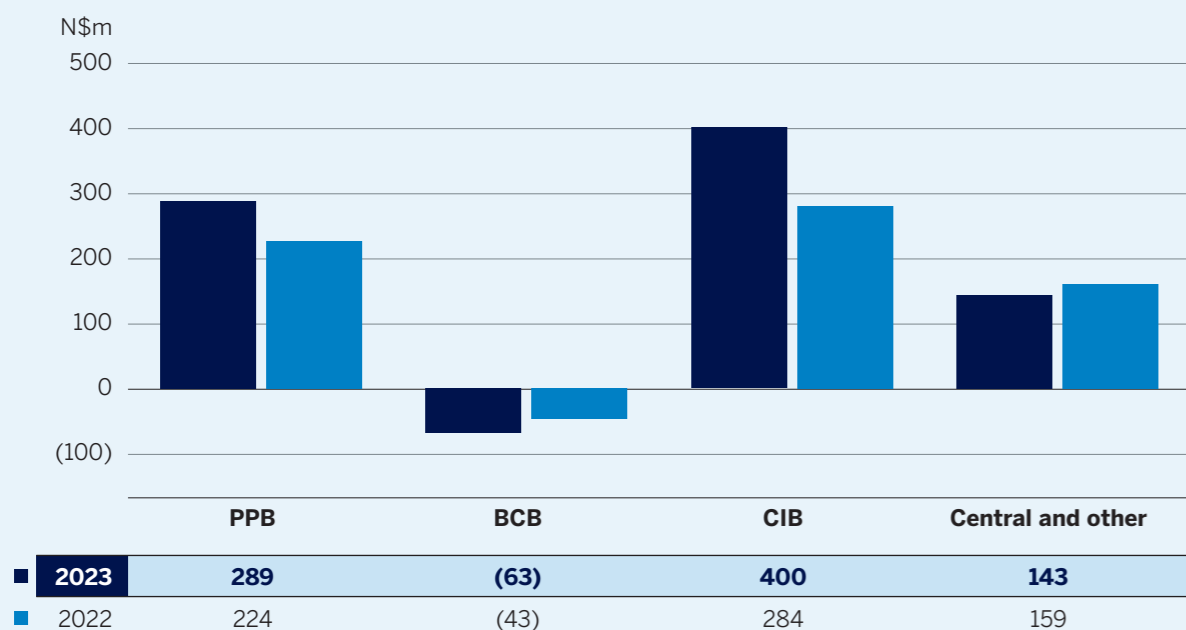
**Operating expenses** increased by 17.7% (normalised 11.7%) when compared to 2022. The increase in operating expenses is underpinned by a 5.3% increase in staff costs in line with inflation and a 29.4% increase in other operating expenses, driven by increases in IT expenses of 35.5% to support client growth strategies and once off expenses incurred for the impairment of the underlying Spearmint properties to net realisable value and goodwill. The net impact of the above is a marginal decrease of the cost to income ratio to 61% (normalised 58%) from 62% in prior year.

### Return on equity



The **ROE** improved to 15.6% from 13.7%. The group is tracking ahead of its ROE target of a minimum of 15% by 2025.

## Profit for the year (segmented)



## Personal &amp; Private Banking (PPB)

Profit for the year increased by 29.4 % mainly due to increases in repo rate and an increase in the vehicle and asset finance loan book. Increase in costs (12.4%) above inflation was due to a reallocation of costs between PPB, BCB and CIB and increases in IT costs incurred to support client growth strategies.

NII grew by 19.6% driven by improved liquidity management. Credit impairments decreased by 26.7% due to focused actions to manage impairments and curb further inflows to non-performing loans.

NIR increased by 12.2% mainly due to insurance driven commission and increases in transaction volumes.

## Business &amp; Commercial Banking (BCB)

We reported a profit of N\$12.9million in prior year for BCB, however due to changes in reporting responsibilities for individual cost centres and divisions, the prior year segmented amounts were restated to reflect this change (refer to note 37 – segment reporting). As a result of the restatement, BCB made a loss of N\$43 million in the prior year. In the current year, this loss increased by 47.6% to a loss of N\$63 million. The main cause of the loss in the current year was a write down of the underlying Spearmint property companies to net realisable value due to decreases in the value of the properties and an increase in impairments of 79.1%. Total income increased by 35.9%, however this was not significant to offset the increases noted in total expenses.

## Corporate &amp; Investment Banking (CIB)

CIB's profit for the year increased significantly by 41.0% year on year due to a combined impact of the increases in repo rate, asset growth and an improved JAWS ratio.

NII grew to N\$605 million up from N\$452 million in the previous year mainly due to repo rate increases and an increase in customer volumes. NIR increased by 20.2% driven by trading revenue which grew as a result of increase in mining sector production and foreign exchange rate fluctuations.

CIB continues to be in the forefront and offer tailored financial solutions to clients in key sectors such as the NBF, Mining & Metals, Consumer, Oil & Gas and Power & Infrastructure.

## INCOME STATEMENT

for the year ended 31 December 2023

	Change %	2023 N\$'000	2022 N\$'000
Net interest income	24.6	1 800 015	1 444 802
Non-interest revenue	13.4	1 455 093	1 283 086
Net fee and commission revenue	4.4	952 929	912 644
Trading revenue	32.2	198 510	150 178
Other revenue	36.6	199 312	145 901
Other gains and losses on financial instruments	40.3	104 342	74 363
<b>Total net income</b>	19.3	<b>3 255 108</b>	2 727 888
Credit impairments	1.4	(163 411)	(161 213)
<b>Income before operating expenses</b>	20.5	<b>3 091 697</b>	2 566 675
Operating expenses	17.7	(1 976 192)	(1 678 675)
Staff costs	5.3	855 303	812 550
Other operating expenses	29.4	1 120 888	866 125
<b>Net income before tax</b>	25.6	<b>1 115 505</b>	888 000
Taxation (indirect and direct)	31.1	(345 792)	(263 720)
<b>Profit after tax</b>	23.3	<b>769 713</b>	624 280

## STATEMENT OF FINANCIAL POSITION

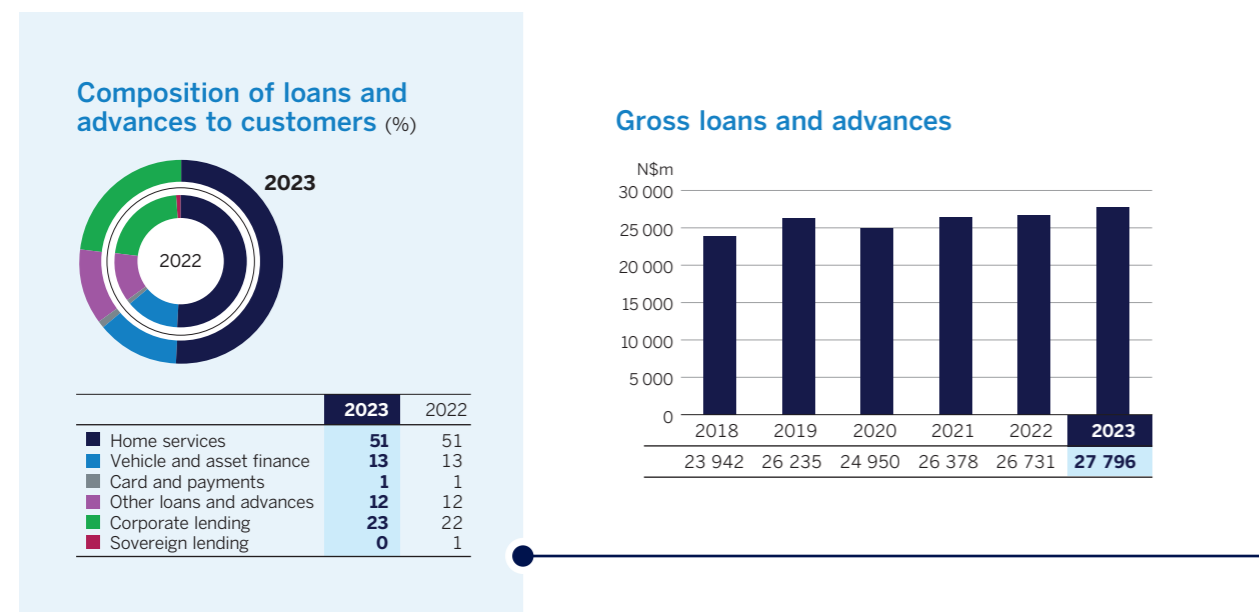
as at 31 December 2023

	Change %	2023 N\$'000	2022 N\$'000
<b>Assets</b>			
Cash and balances with central banks	0.1	1 675 382	1 673 337
Trading assets and financial investments	40.8	7 598 611	5 397 635
Loans and advances to banks	46.2	5 430 842	3 714 600
Loans and advances to customers	(3.3)	21 523 048	22 254 850
Properties in possession	(10.6)	439 255	491 154
Other assets	(6.6)	2 002 452	2 143 121
<b>Total assets</b>	8.4	<b>38 669 590</b>	35 674 697
<b>Liabilities</b>			
Deposits from banks	(84.1)	227 038	1 430 532
Deposits from customers	15.7	29 982 379	25 922 875
Debt securities issued	(11.8)	2 230 957	2 528 252
Other liabilities	13.0	1 141 426	1 010 046
<b>Total liabilities</b>	8.7	<b>33 581 800</b>	30 891 705
<b>Equity</b>	6.4	<b>5 087 791</b>	4 782 992
<b>Total equity and liabilities</b>	8.4	<b>38 669 590</b>	35 674 697

LOANS AND ADVANCES

	Change %	2023 N\$'000	2022 N\$'000
<b>BCB and PPB</b>	(3.0)	<b>17 166 365</b>	17 692 082
Home services	(4.1)	<b>11 341 479</b>	11 822 800
Vehicle and asset finance	3.7	<b>3 001 340</b>	2 893 913
Card and payments	0.9	<b>141 333</b>	140 088
Other loans and advances	(5.4)	<b>2 682 213</b>	2 835 281
<b>CIB</b>	(2.4)	<b>5 199 093</b>	5 324 551
Corporate lending	1.6	<b>5 138 039</b>	5 057 176
Sovereign lending	(77.2)	<b>61 054</b>	267 375
<b>Gross loans and advances to customers</b>	(2.8)	<b>22 365 458</b>	23 016 633
Banks	46.2	<b>5 430 842</b>	3 714 600
<b>Gross loans and advances</b>	4.0	<b>27 796 300</b>	26 731 233
Credit impairments on loans and advances	10.6	<b>(842 810)</b>	(761 783)
<b>Net loans and advances</b>	3.8	<b>26 953 890</b>	25 969 450

**Gross loans and advances to customers** (excluding banks) decreased to N\$22.4 billion from \$23.0 billion last year. The CIB portfolio decreased by 2.4% to N\$5.2 billion, mainly due to early redemption of preference shares in the current period. The PPB and BCB portfolios declined by 3.0% to N\$17.2 billion. Significant decreases were noted in the home services (4.1%) and other loans and advances (5.4%) categories. Vehicle and asset finance grew by 3.7% following successful campaigns run throughout the year.



FUNDING AND LIQUIDITY

	Change %	2023 N\$'000	2022 N\$'000
<b>Deposits from banks</b>	(84.1)	<b>227 038</b>	1 430 532
<b>Deposits from customers</b>	15.7	<b>29 982 381</b>	25 922 875
Demand deposits	28.9	<b>24 475 425</b>	18 989 429
Card creditors	5.6	<b>28 552</b>	27 037
Savings deposits	1.2	<b>610 247</b>	603 177
Term deposits	(3.1)	<b>2 924 839</b>	3 018 670
Negotiable certificates of deposit	(40.8)	<b>1 943 318</b>	3 284 562
<b>Deposits from customers and banks</b>	10.4	<b>30 209 417</b>	27 353 407
Debt securities	(11.8)	<b>2 230 957</b>	2 528 252
<b>Total funding</b>	8.6	<b>32 440 374</b>	29 881 659

There was a significant increase in **deposits from customers and banks** of 10.4 % to N\$30.2 billion, mainly driven by an increase in demand deposits offset by a decrease in negotiable certificates of deposits (NCDs). These changes reflect our efforts to change our deposit mix to meet strategic goals. Debt securities decreased by 11.8% following the redemption at maturity of the SBKN23 bond with an issuance volume of N\$300 million during the year. The group's liquidity position remained strong and within approved risk appetite and tolerance limits. The group continuously ensures that it has sufficient marketable assets available in its portfolio to meet the outflow demand in both business as usual as well as stressed circumstances.



# OUR POSITIVE CSI IMPACT

Our commitment to corporate social responsibility (CSR) signifies a profound dedication to fostering socioeconomic advancement through purpose-driven projects and initiatives.

Through our corporate social investment (CSI) endeavors, Standard Bank Namibia aims to forge enduring and meaningful partnerships, enriching the communities we serve while fortifying our own business ethos.

We believe that uplifting the socioeconomic fabric of the regions we operate in, not only elevates our corporate standing, but also uplifts the spirit of our workforce. It underscores our dedication to being locally attuned and responsive to the social and economic pulse of our communities. CSI is ingrained in the foundation of our business. We exist to plough into the community and contribute to the country's growth guided by our purpose "Namibia is our home, we drive her growth".

## Three pillars of our CSI initiatives



The following criteria are considered when selecting social partners:

- Projects must result in meaningful socioeconomic development and community wellness or upliftment.
- Funding must be directed at historically disadvantaged communities or incumbents.
- Projects should align to the Namibian Government's priorities and national development objectives, as far as possible.
- Programmes should preferably provide a platform for increased staff involvement.

As a testament to our unwavering commitment, we dedicate 1% of our net profit after tax to CSI initiatives, a proportion higher than what is stipulated by the Namibian Financial Sector Charter. This dedicated allocation receives the seal of approval from the board's Social, Environment and Economic (SEE) sub-committee, ensuring every investment resonates with purpose and impact.

Through our various branches across the country we have access to all the communities and in an effort to reach as many people as possible, we often engage with our staff across the country to identify causes in their communities where they believe we can offer a positive impact through our resources.

Total CSI spend for 2023  
**N\$7.2 million**  
 (2022: 2.7 million)



## Community upliftment/ entrepreneurship

### Buy-a-Brick – footprint socks fundraising campaign

We believe that every person regardless of their economic and social background deserves the right to dignity and deserves to live in a home. A home that provides security, comfort, and warmth. A home that will withstand the test of time, and age gracefully through the years along with its owner. A home made of bricks. Our vision is to create a shack free Namibia and restore the pride of our people.

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.

In 2020, we launched the Buy-a-Brick Footprint Socks campaign, selling specially designed socks to raise funds. The socks feature several attractive designs but the common feature on all of them is the Buy-a-Brick logo. The name 'Footprint socks' was chosen to encourage and motivate Namibians to leave a footprint in the lives of families living in shacks by helping them to acquire affordable houses.

Since its inception in 2015, the Buy-a-Brick Initiative has raised more than N\$20 million. In the current year, 21 houses were completed and handed over to Namibian families who had previously lived in shacks.



## Hockey development programme

Our commitment to youth and leadership development and job creation is reflected in our support of the Junior Hockey Development Programme which is a collaboration with the Hockey School of Excellence. Beyond simply nurturing hockey dreams, the programme focuses on empowering youth from disadvantaged communities by diverting their focus from the streets and teaching them valuable life skills and helping to shape and nurture them to become future leaders within government or the corporate realm.

The aims and objectives of the Standard Bank Namibia Junior Hockey initiative are:

- To produce national players for the Youth Olympics and Indoor World Cup
- To develop Indoor hockey and Hockey5's throughout Namibia
- To equip players, coaches and umpires with skills
- Create jobs and keep children off the streets.

In 2023, we reaffirmed our support for the programme by contributing N\$500 000 for the third year in a row. Since its launch in 2021, the programme has introduced hockey to 16 towns spanning all 14 regions of Namibia. It has trained 136 coaches, engaged 1 360 learners, empowered 50 umpires and equipped over 68 primary schools nationwide.

*"Sport is a catalyst for national unity and transforms young lives. It provides hope and opportunities, paving the way for a promising future. The impact of sports development wouldn't be possible without partners like Standard Bank Namibia. The lives of many young Namibians are transformed through this invaluable support."*

**Mr Handura**  
 Founder of the Standard Bank Namibia Junior Hockey Programme.



## Hope Village

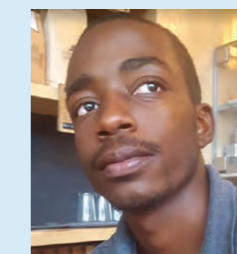
Standard Bank Namibia has been a steadfast pillar of support for Hope Village since 2007.

This enduring commitment has been instrumental in providing a nurturing environment for orphans, abandoned children, and those affected by HIV/AIDS, ensuring they find not just a home, but love and care. Our support over the years has ensured the continued growth of the Village, which has been dedicated to bettering the lives of these children so that they can have a better future. Today, it houses 42 children from an initial 12. Later SBN, together with Liberty Life, donated an 18-seater bus. Hope Village is able to transport the children to several schools in the area using the Combi SBN donated. In 2023, SBN extensively renovated the Girls' House and assisted with N\$320 000, including funding the salary of an operations manager appointed to run the house when House Mother and founder, Marietjie de Klerk, was diagnosed with breast cancer six years ago, and without whose support the Village would have eventually closed.

Standard Bank lived to its promise by awarding the first child of Hope Village to finish grade 12, a full scholarship. This scholarship was awarded to Julius Kamati who studied Hospitality and Tourism and today is the hospitality manager at B2Gold of Welwitchia Catering and Cleaning Services.

*"I want to thank Standard Bank Namibia for their vision, commitment, support and encouragement through all these years, not only for the children but for me personally. Hope Village is in essence the birth child of SBN. I firmly believe that SBN is one of only very few companies that really are committed to bettering the lives of our orphaned and abandoned children, consistently making sure these kids have the best possible future ahead. May God bless you and may we continue to save and change the lives of our orphans."*

**Marietjie de Klerk**  
 Founder and Director: Hope Village.



James Kamati



Girls' house



School bus





### Project Never Walk Alone puts shoes on kids' feet

This charity is committed to providing shoes to children, many of whom walk for miles to school without shoes. Our funding supports 4 813 children in the Kunene region who share shoes with their siblings so that each day of the week they take turns wearing the same pair of shoes. We have assisted 1 273 children to date so that they no longer face social bullying, diseases transmitted through cuts on their feet, low self-esteem and confidence and dropping out of school. As part of our commitment to support localisation, 80% of the material to produce the shoes is sourced locally while the shoes are made locally.

### MycoHab

#### The 'bio' bricks that could change the future for thousands of Namibians

Linked to our commitment to providing decent housing and addressing rising unemployment, we have been involved in the innovative MycoHab project, which combines Standard Bank Namibia's financial support, input from MIT researchers in the United States (US), and Redhouse Studio, a leading US architectural designer. The spin-off from the MycoHab project is enormous and could offer employment and other opportunities as the various initiatives move to scale. While we are concentrating on using the fibres for housing, the Journal of Fungi has reported that 160 patents were published between 2006 and 2021 for mycelium- and fungi-based products. The growing interest has led to research on its use in clothing, packaging, diet, and construction.

### Internship Programme in partnership with MTC

Our commitment to the development of our youth to ensure they can easily transition into the labour market has led to the support of a new initiative driven by Mobile Telecommunications Company (MTC), which facilitates workplace learning opportunities for graduates. We allocated N\$200 000 to MTC to ensure 22 students completed their internships. During the internship, each student receives an allowance of N\$3 000. This investment ensures that the youth are ready to improve their employability. It is also part of our strategy of building a pipeline as we see graduates and interns as possible future employees.

### Financial Literacy Initiative

We continue to support this initiative which has been spearheaded by the Ministry of Finance to improve the financial capacity of all Namibians – including micro and small enterprises – through financial education. This intervention is not only directed at ordinary citizens but also to help grow a sustainable micro and small enterprise sector which is the backbone of our economy which faces low success rates. Hence, support to this sector is critical and SBN supports not only this initiative but partners with other organisations and vocational institutions to provide non-financial business development support through financial literacy programmes, business knowledge toolkits and trade toolkits.



## Health

In the heart of Namibia, the call for universal access to quality healthcare rings loudly.

It is a call not just for change but for a commitment to the very essence of humanity: the right to health. Standard Bank Namibia understands that the health of a nation is a driving factor towards its success and that access to quality healthcare is at the very essence of humanity. Our current programmes include the renovations of the Katutura Hospital emergency unit and partnership with NamPharm for cleft-palate corrective medical procedures.

### Katutura Hospital Emergency Unit Renovation (Project 9682)

The number 9682 refers to the MVA Fund's emergency number – it is about our pledge to the people of Namibia that their well-being matters, and that their health is not a privilege but a fundamental right. This promise to the people of Namibia translated into a public and private partnership between SBN and the Motor Vehicle Accident Fund (MVA) and delivered a state-of-the-art emergency unit for Katutura Hospital, a state-owned hospital. The revamped emergency unit – one of the busiest in the country seeing up to 200 patients a day – was made possible by the joint partnership between SBN and MVA. SBN's contribution (total N\$6 227 135) was matched by the MVA. At the opening, the late Namibian President, Dr Hage Geingob, commended the partnership and urged other corporates to follow our lead.

Join us in this journey towards a healthier and more promising Namibia.

### Standard Bank and NamPharm Foundation partnership

We have continued with our annual support of N\$200 000 to this partnership over the last five years, ensuring that vulnerable Namibian children are given the opportunity to have a fair chance to lead fulfilling and productive lives free of physical and emotional pain. Nampham Foundation provides free facial reconstruction surgery for children who are born with cleft palates and whose families do not have the resources to access such health care. In 2023, this support led to 10 more children being able to smile properly for the first time in their lives. Some of the smiles created are shown below.



## Education

Standard Bank believes that education is the only key to unlock doors for the future. Access to quality education is critical if we are to develop our youth and provide them with the possibility of a future where they can access employment or other income-generating opportunities.

This is critical in view of the high levels of youth unemployment and the need to build social cohesion. Our focus on education is part of our commitment to supporting the government in terms of the implementation of the Harambee Prosperity Plan. We support several initiatives aimed at improving access to quality education for youth – including orphans, vulnerable children and deserving students in need.

### Investing in academic excellence

The bank has partnered with the Ministry of Education to encourage exceptional academic excellence at secondary schools in the country.

Through the partnership with the Ministry of Education, which has been in existence since 2011, Standard Bank rewards the top three best performing Grade 10 and Grade 12 learners in each region.



### Brighter day initiatives

In partnership with the Brighter Day Hope Foundation, Standard Bank continues to assist with the provision of psychosocial support and holistic education across the country. Through our support, the Brighter Day Hope Foundation continues to provide psychosocial support to learners and teachers across a range of topics in: Karas, Hardap, Erongo, Kunene, Otjozondjupa, Kavango East, Kavango West and Zambezi regions. We visited and engaged more than 50 schools, addressing more than 20 000 students and around 300 teaching and support personnel. This initiative is endorsed by the Ministry of Education, Arts and Culture and was initiated to address the impact of the Covid pandemic. Through an approved budget of N\$500 000, the project aims to build resilience in children and their families to cope with adversity by discussing issues which most people are not comfortable talking about focusing on:

- The process of bereavement and counselling
- Coping Strategies: management of anxiety and stress
- Holistic well-being in dealing with academic pressure, workload, and time management strategies.
- Workplace adjustments for teachers and support staff
- Substance use and mental health awareness
- Teenage pregnancy
- Suicide prevention.

The program has plans to host a career fair and roll out a year-end fatigue initiative in 2024.

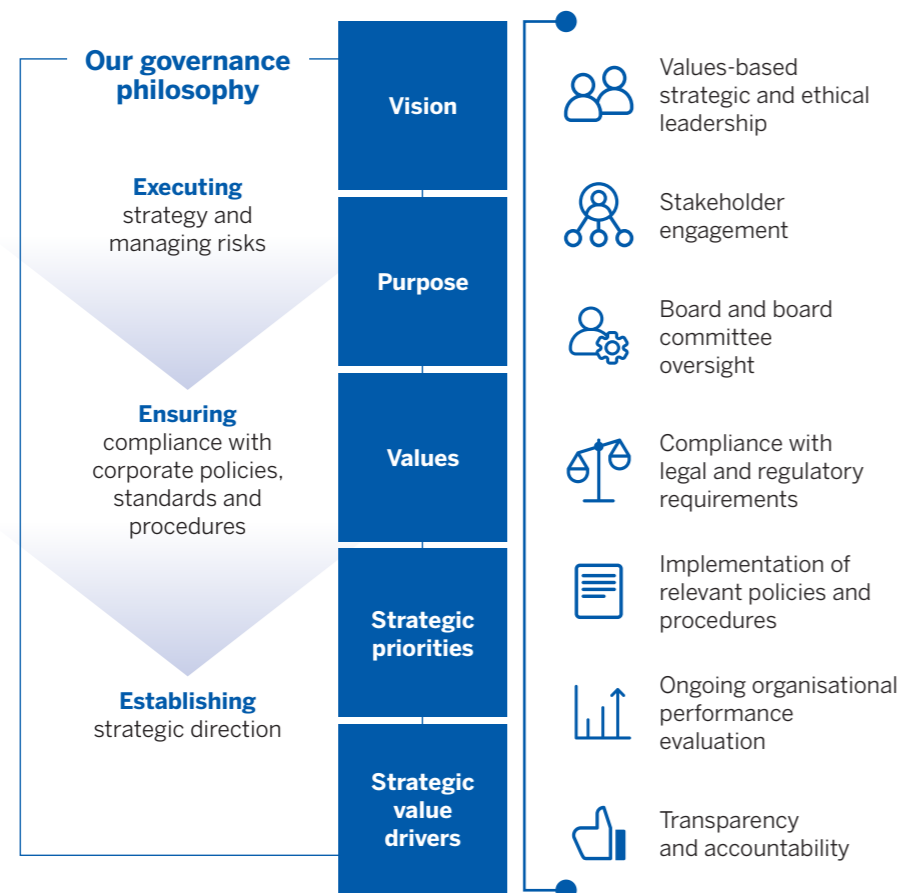
# CORPORATE GOVERNANCE REPORT

## Overview

The board believes that sound governance practices are fundamental to earning and keeping the trust of stakeholders and is fundamental to sustaining performance and preserving shareholder value.

## Our governance philosophy

Our board-approved governance framework is designed to provide clear direction for responsive decision-making and to support responsible behaviour. It enables the board to balance its role of providing risk oversight and strategic directives and advice and ensuring adherence to regulatory requirements and risk tolerance. The board is committed to upholding the fundamental tenets of governance, which include integrity, 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 and King IV inform the governance framework and practices of the group and its subsidiaries.

## Governance framework

The governance framework ensures the orderly execution of strategy and appropriate delegation of responsibility, while holding directors and employees accountable for their actions.

### Our corporate governance approach rests on the following clear commitments:

- 
**Promoting** transparency, accountability and empathy in managing our stakeholder relationships
- 
**Delivering** a positive impact on society, the economy and the environment through our business activities
- 
**Adhering** to applicable regulatory and governance standards
- 
**Instilling** an ethical and risk conscious culture that recognises that the trust our stakeholders have in us is the foundation of our legitimacy and the basis on which we are able to compete, collaborate and change.

This is achieved through the following mechanisms:

- Internal controls**  
 Adherence to frameworks, standards, mandates and policies, and the articles of association, which cover all aspects of the group's activities.
- External regulations**  
 Compliance with all applicable regulatory requirements.

## 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.

### Entrenching an ethical culture

The chief executive and the People and Culture function are the formal custodians of the group code of ethics and supporting policies, and ultimately responsible for its implementation.

### Ethics governance structures

Ethics incidents are reported via the ethics and fraud hotline, people and culture department, risk department, financial crime control department and 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 (BAC).

Ethical practices and adherence to the code of ethics are underpinned by the following interventions:

- Training and awareness on the internal policies and processes, consequence management, and other measures to embed ethical practices. This includes awareness raising on the whistleblowing policy and its application and internal processes applicable to all employees.

### Conflicts of interest and obligations of directors

The board is committed to acting in the best interests of the group, in good faith and without undue personal conflicts of interest. The group conflicts of interest policy aims to ensure that the group and all employees comply with the applicable statutory and regulatory obligations by ensuring that all reasonable steps have been taken to prevent or fairly manage potential conflicts of interest and mitigate the effect that these may have on the group.

All board members declare any conflicts of interest in respect of matters on the agenda at each meeting and, where conflicts have been identified, directors recuse themselves from the meeting when the board considers any matters in which they may be conflicted. A register of directors interests is maintained and any changes are submitted to the board as and when they occur.

### 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 BAC and board risk 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.

### Combating financial crime

A zero-tolerance approach is taken to financial crime, including money laundering, corruption and bribery. The group implements programmes to combat financial crime, which are designed and managed by the compliance department.

All employees, board members and contractors are required to undertake mandatory compliance training to ensure awareness of our anti-financial crime policies and processes.

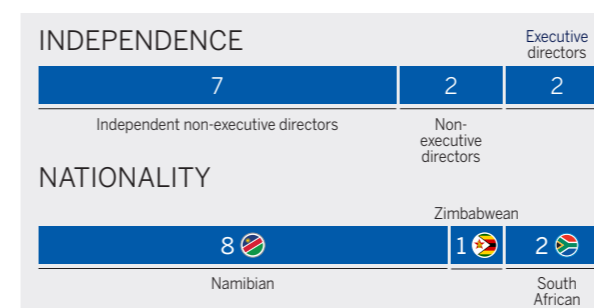
### Ethics initiatives for 2023 and future focus areas for the board

 Read more in the [ESG report](#).

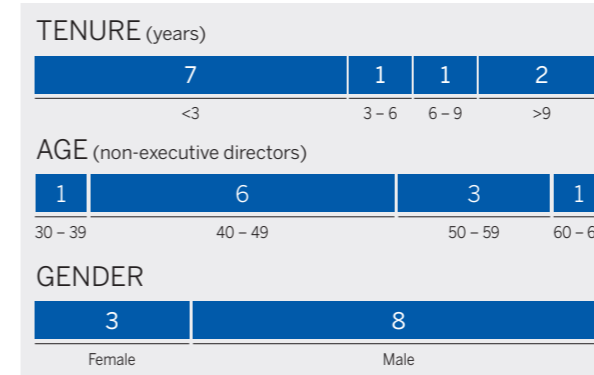
## Board of directors

The board 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 ensures a balance of power on the board, in order to ensure that no individual or group can dominate board processes or decision-making and ensures the appropriate level of challenge.

### Board composition



Overall board meeting attendance **94%**



### Non-executive directors

**Herbert Maier** <sup>62</sup>  
*Chairman and independent non-executive director*  
 Nationality: Namibian

 APPOINTED 2010

**TENURE**  
13 years

**QUALIFICATIONS**  
BCom (UCT), RSA (UCT), CTA, CA (SA), CA (Nam), Digital Savvy Board Certificate (MIT Sloan, USA)

**EXPERIENCE BROUGHT TO THE BOARD**  
Finance, leadership, strategy, responsible business, corporate advisory, governance, and stewardship.

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership 

### Executive directors

**Erwin Tjipuka** <sup>48</sup>  
*Chief executive*  
 Nationality: Namibian

 APPOINTED 2023

**TENURE**  
6 months

**QUALIFICATIONS**  
MBA (Maastricht School of Management), CA (Nam), Post-graduate Diploma in Accounting (University of Cape Town), Bachelor of Commerce (UNAM)

**EXPERIENCE BROUGHT TO THE BOARD**  
Financial management, external audit, corporate finance, management consulting, leadership and strategy

**OTHER LISTED DIRECTORSHIPS**  
None

**Arlington Matenda** <sup>41</sup>  
*Incoming Chief finance officer  
 Outgoing Chief risk officer*  
 Nationality: Zimbabwean

 APPOINTED 2024

**TENURE**  
1 month

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

**EXPERIENCE BROUGHT TO THE BOARD**  
Finance, leadership, audit and consulting, strategy, credit, restructuring, risk management, governance and people management.

**OTHER LISTED DIRECTORSHIPS**  
None

COMMITTEE MEMBERSHIPS ● BCC ● BIT ● BRC ● BAC ● SEE ● DAC ○ Committee chairman

COMMITTEE MEMBERSHIPS ● BCC ● BIT ● BRC ● BAC ● SEE ● DAC ○ Committee chairman

## Board of directors continued\*

### Non-executive directors continued

**Adv Natasha Bassingthwaite** <sup>46</sup>  
*Independent non-executive director*  
 Nationality: Namibian



APPOINTED 2011

**TENURE**  
12 years


**QUALIFICATIONS**  
BJuris, LLB (UNAM)

**EXPERIENCE BROUGHT TO THE BOARD**  
Leadership, strategy, responsible business, legal, compliance, risk management, governance

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ● ○ ● ● ● ● ●

**Isac Tjombonde** <sup>59</sup>  
*Independent non-executive director and incoming chairman*  
 Nationality: Namibian



APPOINTED 2015

**TENURE**  
8 years

**QUALIFICATIONS**  
Msc Information Systems (The American University of Washington, DC, USA), Bachelor of Business Administration (BBA) 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 BROUGHT TO THE BOARD**  
Public sector, leadership, strategy, responsible business, ICT

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ○ ● ● ● ● ● ●

**Peter Schlebusch** <sup>57</sup>  
*Non-executive director*  
 Nationality: South African



APPOINTED 2019

**TENURE**  
4 years

**QUALIFICATIONS**  
BCom (Wits), BCom (Hons), Accounting (Wits), CA(SA), Dip Banking Law (RAU), HDIP Tax Law (RAU), Senior Executive Program (Stanford University, USA)

**EXPERIENCE BROUGHT TO THE BOARD**  
Finance, leadership, risk, strategy, responsible business, operations, financial services, information technology, governance

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ● ● ● ● ● ● ●

**Gerald Riedel** <sup>48</sup>  
*Independent non-executive director*  
 Nationality: Namibian



APPOINTED 2023

**TENURE**  
1 year

**QUALIFICATIONS**  
BCom (Stellenbosch), BAcc(Hons) (UNISA), CA (Nam), Adv. Cert. VAT (UNISA)

**EXPERIENCE BROUGHT TO THE BOARD**  
Finance, leadership, risk, strategy, responsible business, operations, financial services, information technology, governance

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ○ ● ● ● ● ● ●

**Silke Hornung** <sup>47</sup>  
*Independent non-executive director*  
 Nationality: Namibian



APPOINTED 2022

**TENURE**  
2 years

**QUALIFICATIONS**  
BCom Hons Accounting Sciences; CA (Nam); Chartered Management Accountant FCMA CGMA; Admin of estates Diploma

**EXPERIENCE BROUGHT TO THE BOARD**  
Finance, leadership, audit and risk, strategy, responsible business, governance and stewardship

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ● ● ● ● ● ● ●

**Josephat Mwatotele** <sup>52</sup>  
*Independent non-executive director*  
 Nationality: Namibian



APPOINTED 2023

**TENURE**  
1 year

**QUALIFICATIONS**  
BA (Economics), Dana College, USA, MA (International Relations and Strategic Studies) Lancaster University, UK

**EXPERIENCE BROUGHT TO THE BOARD**  
Economics, leadership, risk, strategy, responsible business, business reorganisation, governance, investment management and corporate finance

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ● ● ● ● ● ● ●

**Ashley Nangosora Tjipitua** <sup>37</sup>  
*Independent non-executive director*  
 Nationality: Namibian



APPOINTED 2023

**TENURE**  
1 year

**QUALIFICATIONS**  
MBA (University of Stellenbosch) LLB (UNAM), BJuris (UNAM)

**EXPERIENCE BROUGHT TO THE BOARD**  
Legal, risk and compliance, leadership, strategy, organisational management, operations, financial services, regulation and governance.

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ○ ● ● ● ● ● ●

**Siphiwe Themba Bruce Madonsela** <sup>47</sup>  
*Non-executive director*  
 Nationality: South African



APPOINTED 2024

**TENURE**  
1 month

**QUALIFICATIONS**  
B Com (Acc) – University of KwaZulu Natal, B Com (Hons) – University of Johannesburg, CA (SA) SAICA, International Executive Development Programme, Gordon Institute of Business Science

**EXPERIENCE BROUGHT TO THE BOARD**  
Business Strategy, Financial Management & Accounting, External Audit, Corporate Finance, Banking and Financial Risk Management.

**OTHER LISTED DIRECTORSHIPS**  
None

Committee membership ○ ● ● ● ● ● ●

\* At publication.

\* At publication.

None of the directors have been involved in the disclosures pertaining to section 4.10(b)(ii) – (xii) of the JSE debt listing requirements.

## Board focus areas

Key matters considered by the board during the year included:

OUR VALUE DRIVERS	CLIENT FOCUS	EMPLOYEE ENGAGEMENT	RISK AND CONDUCT	OPERATIONAL EXCELLENCE	FINANCIAL OUTCOME	SEE IMPACT (BRAND AND SEE)
2023 priorities	<ul style="list-style-type: none"> <li>Client obsession – NPS &gt;16 and brand warmth &gt;7</li> <li>Client growth and creating client value – increased platform adoption</li> <li>Client engagement – growth in market share</li> <li>Revenue growth in chosen ecosystems</li> <li>Facilitating trade through digital solutions</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement eNPS &gt;0</li> <li>Future-ready talent and leadership transformation</li> <li>Culture for future readiness</li> <li>Succession management</li> <li>Employee experience redefined</li> </ul>	<ul style="list-style-type: none"> <li>The right business the right way – pro active risk culture, zero repeat findings</li> <li>Financial and non-financial risk management – operational losses &lt; 1 %</li> <li>Conduct risk – no regulatory breaches</li> <li>Delivery of signature projects</li> </ul>	<ul style="list-style-type: none"> <li>Always on, Always Secure systems</li> <li>Simplification of processes and automation</li> <li>IT costs reduction</li> <li>Productivity enhancement and decommissioning of legacy platforms</li> </ul>	<ul style="list-style-type: none"> <li>Headline earnings growth of 21%, ROE of 17%, JAWS of 5%; CTI ratio of 58%<sup>1</sup></li> <li>NPL ratio &lt;6%<sup>2</sup></li> <li>Loans and advances: N\$23 billion</li> <li>Deposits and current accounts: N\$31 billion</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnerships in impact areas</li> <li>Position SBN as a differentiated platform</li> <li>Increase Buy-a-Brick footprint</li> <li>Brand activism and brand ambassadorship through a culture of changemakers</li> <li>Grow our share of Heart – make the world a better place</li> </ul>
Looking forward	<ul style="list-style-type: none"> <li>Client obsession – NPS &gt;16 and brand warmth &gt;7</li> <li>Client growth and creating client value – increased platform adoption</li> <li>Client engagement – growth in market share</li> <li>Revenue growth in chosen ecosystems</li> <li>Facilitating trade through digital solutions</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement eNPS &gt;0</li> <li>Future-ready talent and leadership transformation</li> <li>Culture for future readiness</li> <li>Succession management</li> <li>Employee experience redefined</li> </ul>	<ul style="list-style-type: none"> <li>The right business the right way – pro active risk culture, zero repeat findings</li> <li>Financial and non-financial risk management – operational losses &lt; 1 %</li> <li>Conduct risk – no regulatory breaches</li> <li>Delivery of signature projects</li> </ul>	<ul style="list-style-type: none"> <li>Always on, Always Secure systems</li> <li>Simplification of processes and automation</li> <li>IT costs reduction</li> <li>Productivity enhancement and decommissioning of legacy platforms</li> <li>Positive impact on client experience</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing review of progress against set financial targets</li> <li>Dividend payout ratio 60%</li> <li>Basel III compliant</li> <li>100% green bond utilisation – renewable energy</li> <li>Shareholder value increase</li> <li>Increase in market share and market presence</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnerships in impact areas</li> <li>Position SBN as a differentiated platform</li> <li>Increase Buy-a-Brick footprint</li> <li>Brand activism and brand ambassadorship through a culture of changemakers</li> <li>Grow our share of Heart – make the world a better place</li> </ul>

CTI: cost-to-income. NPL: non-performing loans.

### Specific governance matters considered by the board and its committees

- Ensuring full compliance with local legislation, inclusive of implementation of the revised Banking Institutions Determination 1 (BID-1) amendments as well as the new Banking Institutions Act provisions.

### 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 that it 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 meetings

The board meets once per quarter. Ad hoc meetings were necessitated as a result of executive transitions to manage oversight during transition.

#### BOARD ATTENDANCE 2023

Composition	3			11							22			01				
	Mar Q1	17 Mar	22 Mar	12 Apr	17 Apr	26 Apr	24 May	12 Jun	10 Jul	11 Jul Q2	25 Jul	10 Aug	15 Aug	22 Aug Q3	28 Aug	15 Sept	22 Sept	01 Dec Q4
H Maier (chairperson)	✓	✓	a	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
I Tjombonde	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
P Schlebusch	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
N Bassingthwaighte	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Hornung	✓	✓	✓	✓	✓	✓	a	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
NA Tjipitua	-	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
B Rossouw	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	a	✓	a	-	-
JS Mwatotele	-	-	-	-	-	-	-	-	-	-	-	-	-	✓	✓	✓	✓	✓
JG Riedel	-	-	-	-	-	-	-	-	-	-	-	-	-	✓	✓	a	✓	✓
M Shivute Dax*	✓	a	✓	✓	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-
L Du Plessis*	✓	✓	✓	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-
M Geises*	✓	✓	✓	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-
S Brugman*	✓	✓	✓	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E Tjipuka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓

Key: ✓ Attended a Apologies - Not available \* Please refer to the changes to the board section on page 44 for more detail.

### How the board functions

#### 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.

The board has satisfied its responsibilities during the year under review.

The organisation has complied with the debt listing requirements of the JSE Limited (JSE) and in particular paragraph 7 (g).

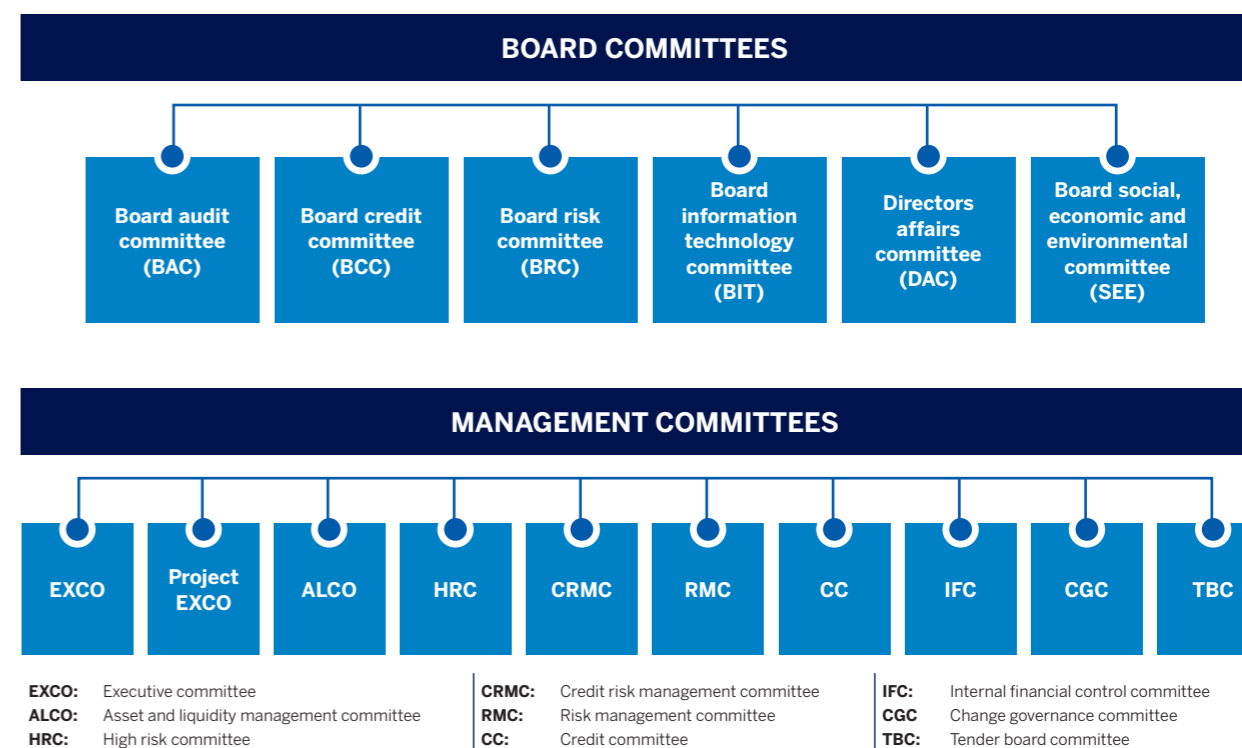
### Delegation of authority

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.

### Committees and reporting lines

#### SBN Holdings board



### Board governance practices

#### Board and committee agendas

The group secretary prepares the board and committee agendas, including routine items, in line with the board annual planning cycle and in consultation with the chairman and chief executive (CE). Care is taken to ensure that the board has sufficient time to consider all matters on the agenda, including compliance and governance matters.

#### Access to information and resources

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.

#### Composition, tenure and skills

Our board comprises of nine non-executive directors and two executive directors, with the necessary qualifications, collective skills and expertise required to lead the group ethically and effectively.

### Independence

The board reviews and confirms the classification of non-executive directors as independent annually. The criteria used is contained in the Subsidiary Governance Framework and also the principles set out in the Namcode and King IV. Seven non-executive directors are independent.

#### 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.

**Changes to the board**

During the year, the following changes to the composition of the board occurred:

Board member	Date	Nature of change	Impact on committees
Ms NA Tjipitua	10 March 2023	Appointed as independent non-executive director	Appointed to DAC, BAC and BRC
Mrs M Shivute Dax	24 April 2023	Retired as independent non-executive director	Retired DAC and SEE
Mrs L du Plessis	24 April 2023	Resigned as executive director	None
Mrs S Brugman	10 July 2023	Resigned as non-executive director	None
Mr JS Mwatotele	20 July 2023	Appointed as independent non-executive director	Appointed BCC, DAC and SEE
Mr JG Riedel	20 July 2023	Appointed as independent non-executive director	Appointed BIT, BAC and SEE
Mrs M Geises	31 July 2023	Resigned as executive director	None
Mrs B Rossouw	30 September 2023	Retired as non-executive director	Retired from BAC, BRC, BIT
Mr E Tjipuka	1 October 2023	Appointed as executive director	None
Adv N Bassingthwaighe	31 December 2023	Retired as independent non-executive director	Retired BCC, BRC, BAC and DAC
Mr STB Madonsela	2 February 2024	Appointed as non-executive director	
Mr AT Matenda	2 February 2024	Appointed as executive director	

**Succession planning**

Succession planning is a key focus, and the board considers its composition and that of its committees on an ongoing basis. The group 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.

Board retirement process is set out in the articles of association as well as the provisions contained in BID 1 and the Subsidiary Governance Framework that has been adopted by the board.

**Separation of roles and responsibilities**

The role of the chairman is separate from that of the chief executive. There is a clear division of responsibilities. Care is taken to ensure that not single director has unfettered powers in the decision-making process.

**CHAIRMAN**

- Sets the ethical tone for the board and group
- Leads the board and ensures its effective functioning
- Sets the board's annual work plan and agendas
- Builds and maintains stakeholder trust and confidence
- Conveys feedback in a balanced and accurate manner between the board and management
- Monitors the effectiveness of the board and assesses individual performance of directors.

**CHIEF EXECUTIVE**

- Develops and implements the board-approved strategy
- Establishes an organisational structure for the group that is appropriate for the execution of the strategy
- Appoints and ensures proper succession planning of the executive team and assesses their performance
- Reports to the board on the performance of the group, in line with approved risk appetite and its compliance with applicable laws and corporate governance principles.
- Is the face of the company and engages with material stakeholders on an ongoing basis.

**COMPANY SECRETARY**

- Provides professional and independent guidance to the board on corporate governance, ethics and the board's legal and compliance duties
- Supports and co-ordinates the functioning of the board and its committees
- Is not a board member and maintains an arm's length relationship with the board and its members
- Reports to the board via the chairman on all statutory duties and functions.

**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.

**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.

**Our stakeholders**

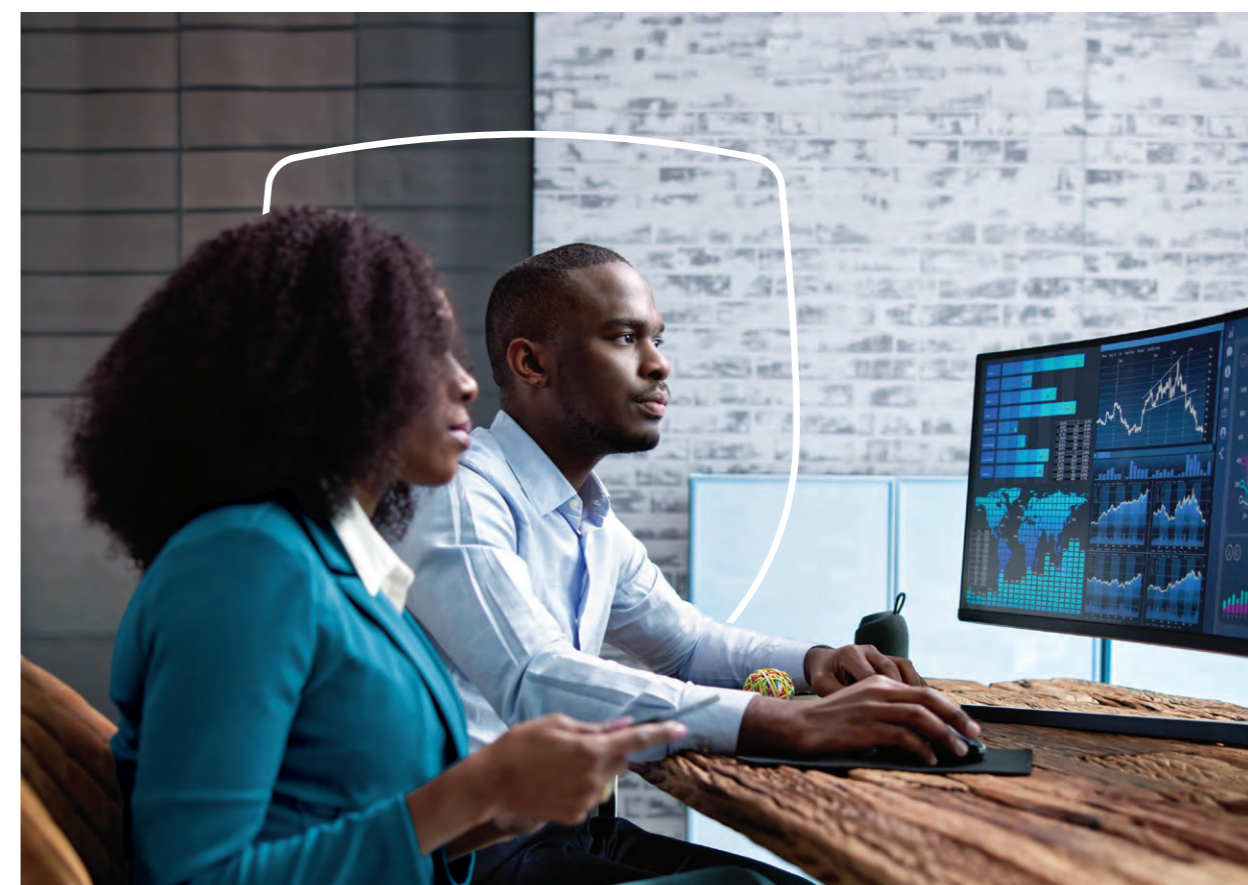
**Relationship with our stakeholders**

Regular, pertinent communication with stakeholders is part of the group's fundamental responsibility to create shareholder value and improve stakeholder relationships.

**Connecting with our stakeholders**

Standard Bank Namibia 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.

[Read more about our stakeholders on page 6.](#)



## Executive committee

**Erwin Tjipuka** <sup>48</sup>  
*Chief executive*




APPOINTED 2023

**QUALIFICATIONS**  
 MBA, Maastricht School of Management, CA (Nam), Post-graduate Diploma in Accounting (UCT), BCom (UNAM)

**Joined the group:** 2023

**Arlington Matenda** <sup>41</sup>  
*Incoming Chief financial officer  
 Outgoing Chief risk officer*



APPOINTED 2021

**QUALIFICATIONS**  
 BAcc (Hons) (UZ), BCompt Honours (UNISA), CA (Z), CA (Nam), Leadership Development Programme (GIBS)

**Joined the group:** 2021

**Roxzaan Witbooi** <sup>40</sup>  
*Head – Compliance*



APPOINTED 2014

**QUALIFICATIONS**  
 Baccalaureus Juris (UNAM), Bachelor of Laws (UNAM), Certified Anti-Money Laundering Specialist (CAMS)

**Joined the group:** 2012

**Socrates Dias** <sup>38</sup>  
*Head – Internal Audit*  
 Nationality: Namibian



APPOINTED 2023

**QUALIFICATIONS**  
 BAcc (UNAM), Post-Graduate Diploma in Accountancy (UNISA), CA (NAM)

**Joined the group:** 2023

**Jules Baruani** <sup>47</sup>  
*Head – Technology & Operations*



APPOINTED 2021

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

**Joined the group:** 2012

**Rejoice Itembu** <sup>45</sup>  
*Head – Insurance & Asset Management*




APPOINTED 2021

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

**Joined the group:** 2010

**Johanna Nghililewanga** <sup>41</sup>  
*Head – People and Culture (Acting)*




APPOINTED 2023

**QUALIFICATIONS**  
 Btech: Human Resources Management, Post Grad Diploma: Future Studies University of Stellenbosch, Data Analytics Certificate: University of Cape town

**Joined the group:** 2007

**Elizabeth du Toit** <sup>45</sup>  
*Chief financial officer (Acting)*  
 Nationality: Namibian




APPOINTED 2023

**QUALIFICATIONS**  
 BCom (Hons) Management Accounting (University of Stellenbosch), Accredited Chartered Management Accountant (ACMA)

**Joined the group:** 2012

**Nelson Lucas** <sup>41</sup>  
*Head – CIB*




APPOINTED 2020

**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

**Adv Sigrid Tjijorokisa** <sup>56</sup>  
*Head – Legal and governance and Group company secretary*



APPOINTED 2012

**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

**Tomas lindji** <sup>44</sup>  
*Head BCB (Incoming)*  
 Nationality: Namibian



APPOINTED 2024

**QUALIFICATIONS**  
 MBA (Regent Business School), Advanced Diploma Financial Services (UNISA), Certificate in Economic for Bankers (America Banker's Association), Senior Management Development Programme (University of Stellenbosch)

**Joined the group:** 2024

**Magreth Mengo** <sup>39</sup>  
*Head – Marketing communications and CSI*



APPOINTED 2019

**QUALIFICATIONS**  
 BCom, International Financial Management (Amsterdam School of Business)

**Joined the group:** 2019

**Karen van der Merwe** <sup>54</sup>  
*Head – PPB*



APPOINTED 2022

**QUALIFICATIONS**  
 BA (Hons), Business Management (Lincoln, UK)

**Joined the group:** 2011

## 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 2023 to take into account amendments to relevant legislation and the requirements of the Namcode.



# BOARD AUDIT COMMITTEE

S Hornung, Chair

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 approval
- 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 IFRS Accounting Standards
- 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.

The group has complied with the debt listing requirements of the JSE, and in particular paragraph 7 (g).

### BOARD AUDIT COMMITTEE ATTENDANCE 2023

Composition	21 Feb 2023 Q1	8 June 2023 Q2	10 Aug 2023 Q3	17 Aug 2023 Special	16 Nov 2023 Q4
S Hornung	✓	✓	✓	✓	✓
B Rossouw <sup>1</sup>	✓	✓	✓	a	-
N Basingthwaighte	✓	✓	✓	✓	✓
A Tjiputa <sup>2</sup>	-	✓	✓	✓	✓
G Riedel <sup>3</sup>	-	-	-	✓	✓

Key: ✓ Attended a Apologies - Not available 1 Retired 30 September 2023. 2 Appointed 10 March 2023. 3 Appointed 20 July 2023.

### Invited attendees

Members of executive management, as required and in alignment with the committee's mandate, are invited as standing attendees; and any other employee, as and when required. The following are standing attendees at board audit committee meetings:

- Engagement partners of the external auditors
- Head: internal audit
- Chief executive
- Chief financial officer
- Chief risk officer
- Head: compliance.

### Focus areas in 2023 and future focus areas

- Accounting and audit matters
- External audit
- Assurance and controls
- Reporting
- Training
- Ethics
- 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.



# BOARD CREDIT COMMITTEE

N Bassingthwaighe, Chair



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 ATTENDANCE 2023

Composition	20 Feb 2023 Q1	5 June 2023 Q2	14 Aug 2023 Q3	13 Nov 2023 Q4
N Bassingthwaighe	✓	✓	✓	✓
H Maier	✓	✓	✓	✓
P Schlebusch	✓	✓	✓	✓
S Hornung	✓	✓	✓	✓
J Mwatotele <sup>1</sup>	n/a	n/a	✓	a

Key: ✓ Attended a Apologies n/a Not available 1 Appointed 20 July 2023.

### Invited attendees

At the invitation of the Chairperson of the BCC, members of the bank's senior management and others may attend the BCC as is considered necessary. If necessary, and in accordance with the articles of association of the group, specialists may be co-opted members to the committee to provide advice.

The following are standing attendees at board credit committee meetings:

- Chief executive
- Chief financial officer
- Chief risk officer
- Head: compliance.

### Focus areas in 2023 and future focus areas

- Accounting and audit matters
- Credit portfolio and associated risks
- Risk appetite

# BOARD RISK COMMITTEE

A Tjipitua, Chair



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.

One member of the BRC shall be an independent non-executive director sitting on the BAC.

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

- risk matters that could have a significant impact on the bank's business.
- matters of regulatory and reputational risk including such areas as breaches, fines, material malfunctions, changes in legislation.
- the adequacy and overall effectiveness of the company's risk management function.
- consider company's practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impact.
- assess the risk philosophy and strategy for approval and adoption by the Board of Directors.
- consider risk policies including market risk, credit risk, liquidity risk and operational risk.
- monitor the compliance with the Namibian Companies Act, 2004, Banking Institutions Act, 1998, the NSX Listings Requirements and all other applicable legislation and Code of Corporate Practices and the Group's Code of Ethics.

## BOARD RISK COMMITTEE ATTENDANCE 2023

Composition	22 Feb 2023 Q1	7 June 2023 Q2	16 Aug 2023 Q3	18 Nov 2023 Q4
I Tjombonde	✓	✓	✓	✓
N Bassingthwaighe	✓	✓	✓	✓
B Rossouw <sup>1</sup>	✓	✓	a	n/a
P Schlebusch	✓	✓	✓	✓
A Tjipitua <sup>2</sup>	n/a	✓	✓	✓

Key: ✓ Attended a Apologies n/a Not available 1 Retired 30 September 2023. 2 Appointed 10 March 2023.

### Invited attendees

At the invitation of the chairperson of the BRC, members of the bank's senior management and others may attend the BRC as is considered necessary.

- Chief risk officer
- Head: compliance
- Head: Legal and Governance
- Chief financial officer
- Head: Internal Audit.

### Focus areas in 2023 and future focus areas

- Assurance and controls
- Financial and non-financial risks
- Risk appetite
- Compliance and governance matters
- Customer service and complaints

# BOARD IT COMMITTEE

I Tjombonde, Chair



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.

These include, but are not limited to the following:

- management's strategies relating to technology, their alignment with the overall strategy and objectives.
- management's strategies for developing or implementing new technologies and systems.
- to monitor and evaluate significant IT investments and expenditure, and consider the benefits realised from these investments.
- to review the assessment of risks associated with IT including disaster recovery, business continuity and IT security.
- to oversee the cultivation and promotion of an ethical IT governance and management culture and awareness.
- to review and adopt the IT Governance Standard, Policies and Operational Standards and provide assurance to the Board regarding adherence thereto.
- to ensure that the IT Governance Standard includes relevant structures, accountabilities, policies, standards, processes and mechanisms to enable the delivery of value to the business and the mitigation of risks and that adequate internal control frameworks are adopted.

## BOARD IT COMMITTEE ATTENDANCE 2023

Composition	22 Feb 2023 Q1	6 June 2023 Q2	15 Aug 2023 Q3	14 Nov 2023 Q4
I Tjombonde	✓	✓	✓	✓
B Rossouw <sup>1</sup>	✓	✓	a	n/a
P Schlebusch	a	✓	✓	✓
G Riedel <sup>2</sup>	n/a	n/a	✓	✓

Key: ✓ Attended a Apologies n/a Not available 1 Retired 30 September 2023. 2 Appointed 20 July 2023.

### Invited attendees

Standing invitees include:

- Chief executive
- Head technology and operations
- Head: BCB
- Head: PPB
- Chief risk officer
- Chief financial officer
- Head: CIB
- Information security officer.

If necessary, and in accordance with the articles of association of the group, specialists may be co-opted members to the committee.

### Focus areas in 2023 and future focus areas

- Technology strategy, cost and investment, and risk
- Information and cyber security
- Data and analytics
- IT governance and assurance

# DIRECTORS AFFAIRS COMMITTEE

H Maier, Chair



The DAC determines the appropriate group corporate governance structures and practices, establishes and maintains the board continuity programme, ensures compliance with all applicable governance-related laws, regulations and codes of conduct and ensures the effectiveness of the board and its committees. In addition, the committee will maintain compensation policies which will attract and retain the highest quality senior managers and will reward the senior managers for the group's progress and enhancement of shareholder value. The DAC will also consider and evaluate nominations made for the appointment of independent, non-executive and/or executive directors to the board and recommend fees for the directors.

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

- ensure that the board's composition and structure enable it to fulfil the obligations of the board mandate
- to provide recommendations on the quantum of fees payable to directors and to ensure that such fees are in line with the country's best practice

- to provide oversight on the remuneration of senior management and other key personnel and ensure that compensation is consistent with the company's culture, objectives, strategy and control environment
- to perform other duties related to the company's compensation structure in accordance with applicable law, rules, policies and regulations
- to maintain compensation policies, which will attract and retain the highest quality senior managers, which will reward the senior managers for the progress and enhancement of shareholder value
- assess and recommend successors to key positions in the bank as part of ensuring that a management succession plan is in place
- assess quarterly People and Culture reports on key people risks, workforce return on investment and employee engagement metrics and culture initiatives undertaken
- ensure that the bank is at all times in compliance with all applicable laws, regulations and codes of conduct and practices.

## DIRECTORS AFFAIRS COMMITTEE ATTENDANCE 2023

Composition	23 Feb 2023 Q1	8 June 2023 Q2	17 Aug 2023 Q3	18 Nov 2023 Q4
H Maier	✓	✓	✓	✓
I Tjombonde <sup>1</sup>	n/a	✓	✓	✓
M Dax <sup>2</sup>	✓	n/a	n/a	n/a
N Basingthwaighte	✓	✓	✓	✓
J Mwatotele <sup>3</sup>	n/a	n/a	✓	✓

Key: ✓ Attended a Apologies n/a Not available 1 Appointed 8 June 2023. 2 Retired 24 April 2023. 3 Appointed 20 July 2023.

### Invited attendees

At the invitation of the chairperson of the DAC, members of the bank's senior management and others may attend the DAC as is considered necessary.

The following executives are standing invitees to the meeting of the committee:

- Chief executive
- Head: People and culture.

If necessary, and in accordance with the articles of association of the group, specialists may be co-opted members to the Committee to provide advice.

### Focus areas in 2023 and future focus areas

- Corporate governance
- Succession planning
- Board performance review
- Executive performance reviews
- Compensation policies (read more about remuneration on page 56 and annexure C)
- People and Culture matters (risks; talent attraction and retention)

# BOARD SOCIAL, ENVIRONMENT AND ECONOMIC (SEE) COMMITTEE

G Riedel, Chair



The role of the board SEE committee is to:

- provide guidance and oversight of appropriate policies that appreciate that stakeholders' perceptions affect a company's reputation and promote proper decision-making.
- guide and monitor social, economic, environmental, ethical, transformation and consumer relationship initiatives in relation to the company's corporate citizenship.
- oversee the company's social, environmental and economic (SEE) strategic objectives.
- monitor the implementation of social, ethical, economic, environmental and transformation policies, practices and procedures across the company to ensure compliance with current and evolving legislation and related regulations with particular reference to the Employment Equity Act, the United Nations Global Compact principles, Equator Principles, and any other relevant legislation, regulations or codes in place from time to time.
- report on and provide oversight on sustainable development and responsible corporate citizenship.
- take overall accountability for the reputation management of all initiatives that impact the Standard Bank brand.

## BOARD SEE COMMITTEE ATTENDANCE 2023

Composition	22 Feb 2023 Q1	13 Nov 2023 Q4
M. Dax	✓	–
I Tjombonde	✓	–
G Riedel	–	✓
J Mwatotele	–	✓
S Hornung	–	✓

Key: ✓ Attended a Apologies – Not available

### Invited attendees

The following executives shall be standing invitees to the meeting of the committee:

- Chief executive
- Head: Marketing & Communications.

Members of executive management, as required and in alignment with the committee's mandate, are invited as standing invitees; and any other employee, as and when required.

If necessary, and in accordance with the articles of association of the company, specialists may be co-opted to the committee to provide advice.

### Focus areas in 2023 and future focus areas

#### Community upliftment

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

#### 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, which can be found in the SBN Holdings Limited ESG report.

#### 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.

## 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 emphasise 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.

### Executive directors

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

Read more about remuneration practices in **annexure C of the annual financial statements.**



# ANNUAL FINANCIAL STATEMENTS

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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 IFRS Accounting 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 Listings Requirements of the Namibian Stock Exchange (NSX) and of the JSE Limited (JSE), Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and fairly present the affairs of the group and company as at 31 December 2023, 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 group and company 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 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 2023 annual financial statements, which appear on pages 65 to 183 were approved by the board on 12 March 2024 and signed on its behalf by:

  
Mr H Maier  
Chairman

  
Mr E Tjipuka  
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 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting 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 65 to 183 comprise:

- the directors' report for the year ended 31 December 2023;
- the consolidated and separate statements of financial position as at 31 December 2023;
- 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, including material accounting policy information excluding the sections marked as unaudited in Appendix B page 136 to 137 and 152 to 155.

### 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.

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Practice Number 9406, VAT reg no. 00203281-015

### Our audit approach Overview

#### Overall Group materiality

- Overall Group materiality: N\$ 53 316 750 which represents 5% of consolidated profit before direct taxation.

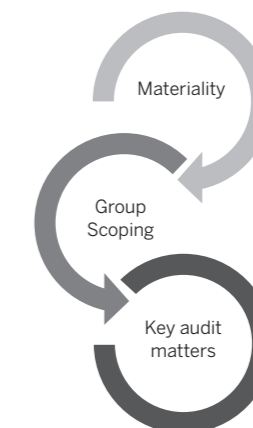
#### Group audit scope

The Group audit scope, in addition to the audit of SBN Holdings Limited, comprised the following:

- The audit of Standard Bank Namibia Limited, based on its financial significance to the Group;
- Specified procedures on material balances of the following components:
  - Arleo Investment Sixteen (Proprietary) Limited
  - Stanfin Namibia (Proprietary) Limited
  - Standard Insurance Brokers Namibia (Proprietary) Limited
  - Mobicash Payment Solutions (Proprietary) Limited

#### Key audit matters

- Expected credit losses (ECL) on loans and advances:
  - Corporate & Investment Banking (CIB); and
  - Business & Commercial Banking (BCB) Consumer and Personal and Private Banking (PPB).



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.

<b>Overall Group materiality</b>	N\$53 316 750
<b>How we determined it</b>	5% of consolidated profit before direct taxation
<b>Rationale for the materiality benchmark applied</b>	We chose profit before direct taxation 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. 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 is a consolidation of the Company and its five subsidiaries (each a "component") for purposes of our Group audit scope. A full-scope audit was performed on the Company and a component, Standard Bank Namibia Limited, based on its financial significance to the Group, in relation to its contribution to the Group's consolidated profit before direct taxation.

Specified procedures have been performed on material balances of the subsidiaries noted below, based on the significance of these balances and transactions to the Group's consolidated financial statement line items, being:

- Arleo Investment Sixteen (Proprietary) Limited
- Stanfin Namibia (Proprietary) Limited
- Standard Insurance Brokers Namibia (Proprietary) Limited
- Mobicash Payment Solutions (Proprietary) Limited

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 work 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.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><b>Expected credit losses on Corporate &amp; Investment Banking (CIB) loans and advances</b></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"> <li>■ Key management assumptions, Expected Credit Loss (ECL), ECL on financial assets – IFRS 9 drivers</li> <li>■ Note 5, Loans and advances;</li> <li>■ Note 30, Credit impairment charges;</li> <li>■ Annexure B – IFRS Risk and Capital Management, Credit Risk; and</li> <li>■ Annexure D, Detailed accounting policies, Impairment.</li> </ul> <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 by applying International Financial Reporting Standard (IFRS) 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 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"> <li>■ Evaluation of Significant Increase in Credit Risk ("SICR");</li> <li>■ Incorporation of macroeconomic inputs and forward looking information; and</li> <li>■ Input assumptions applied to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") within the ECL calculation.</li> </ul>	<p>We assessed the accounting policies applied to the CIB loans and advances with reference to the requirements of IFRS 9.</p> <p>Making use of our actuarial expertise, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL on CIB loans and advances, as follows below:</p> <p>We assessed the ECL methodology applied in determining the ECL recognised on CIB loans and advances with reference to the requirements of IFRS 9.</p> <p>We recalculated the ECL using management's models, inputs and assumptions, for mathematical accuracy.</p> <p>We evaluated the appropriateness of the credit rating allocated specifically to the CIB clients. In this evaluation, quantitative information was evaluated such as:</p> <ul style="list-style-type: none"> <li>■ Financial ratios</li> <li>■ Asset quality</li> <li>■ Operations and profitability ratios</li> <li>■ Liquidity and funding ratios</li> </ul> <p>We also evaluated quantitative factors to evaluate the CIB ratings such as:</p> <ul style="list-style-type: none"> <li>■ Client specific outlooks</li> <li>■ Operating environment status.</li> </ul> <p>We tested the inputs into the CIB ECL calculation. This included the inputs which determine the credit risk score of each client.</p> <p>We inspected the collateral which drives the LGD. We inspected loan origination documentation and approvals for existence.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Evaluation of SICR</b></p> <p>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.</p> <p><b>Macro-economic inputs and forward-looking information</b></p> <p>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 Group's macroeconomic outlook expectations on forward-looking information.</p> <p><b>Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b></p> <p>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.</p> <p><b>Expected credit losses on Business &amp; Commercial Banking (BCB) Consumer and Personal and Private Banking (PPB) loans and advances</b></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"> <li>■ Key management assumptions, Expected Credit Loss (ECL), ECL on financial assets – IFRS 9 drivers;</li> <li>■ Note 5, Loans and advances;</li> <li>■ Note 30, Credit impairment charges;</li> <li>■ Annexure B – Risk and Capital Management, Credit Risk; and</li> <li>■ Annexure D, Detailed accounting policies, Impairment.</li> </ul> <p>The ECL for PPB and BCB 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 PPB and BCB 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"> <li>■ Evaluation of SICR;</li> <li>■ Incorporation of macroeconomic inputs and forward looking information;</li> <li>■ Application of out-of-model adjustments into the ECL calculation;</li> <li>■ Assessment of ECL raised for individual exposures; and</li> <li>■ Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement.</li> </ul> <p><b>Evaluation of SICR</b></p> <p>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.</p>	<p><b>Evaluation of SICR</b></p> <p>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.</p> <p>We selected a sample of counterparties and assessed the appropriateness of their assigned credit rating by:</p> <ul style="list-style-type: none"> <li>■ 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</li> <li>■ 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.</li> </ul> <p><b>Macro-economic inputs and forward-looking information</b></p> <p>We selected a sample of counterparties and assessed the incorporation of macroeconomic inputs and forward-looking information into their assigned credit risk rating by obtaining an understanding of the forward-looking information which was considered for the counterparties.</p> <p><b>Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b></p> <p>Utilising our 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.</p> <p>We assessed the accounting policies applied to the PPB and BCB loans and advances with reference to the requirements of IFRS 9.</p> <p>Utilising our actuarial expertise, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL on PPB and BCB loans and advances, as follows below:</p> <p>We assessed the ECL methodology applied in determining the ECL recognised on PPB and BCB loans and advances with reference to the requirements of IFRS 9.</p> <p>We recalculated the ECL using management's models, inputs and assumptions, for mathematical accuracy.</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
<p><b>Macro-economic inputs and forward looking information</b></p> <p>Forward-looking expectations are included in the ECL for PPB and BCB loans and advances 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 judgement to predict the outcome based on the Group's macroeconomic outlook expectations.</p> <p>The Group's forward-looking economic expectations were applied in the determination of the ECL at the reporting date.</p> <p><b>Application of out-of-model adjustments into the ECL measurement</b></p> <p>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.</p> <p><b>Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b></p> <p>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.</p> <p><b>Assessment of ECL raised for individual exposures</b></p> <p>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</p>	<p><b>Evaluation of SICR</b></p> <p>Making use of our actuarial expertise, we re-performed the calculation of the significant deterioration roll rates per product category and compared these rates per product category to those used by management.</p> <p>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.</p> <p>We tested the overrides that are done before the SICR transfers mainly due to technical arrears.</p> <p>For a sample of stage 1, 2 and 3 exposures, we evaluated if the exposures are appropriately classified by recalculating the days in arrears.</p> <p><b>Macro-economic inputs and forward looking information</b></p> <p>We evaluated the appropriateness of forward-looking economic expectations included in the ECL model, by comparing the forward-looking expectations to independently sourced industry data.</p> <p><b>Application of out-of-model adjustments into the ECL measurement</b></p> <p>Through inquiries with management we have obtained an understanding of the out-of-model adjustments, and evaluated the reasonableness of the adjustments by assessing the key assumptions, judgements and methodology applied to the out of model adjustments.</p> <p><b>Input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement</b></p> <p>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.</p> <p><b>Assessment of ECL raised for individual exposures</b></p> <p>Regarding 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.</p> <p>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.</p> <p>We assessed the collateral valuation techniques applied by management against the Group's valuation guidelines. Making use of our valuation methodology, we performed an independent reasonability test to evaluate the valuation of collateral for a sample of loans in stage 3.</p>

## 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 Financial Statements for the year ended 31 December 2023". 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 IFRS Accounting 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*

**PricewaterhouseCoopers**  
**Registered Accountants and Auditors**  
 Chartered Accountants (Namibia)  
 Per: Hans Hashagen  
 Partner  
 Windhoek, Namibia  
 Date: 12 March 2024

# DIRECTORS' REPORT

for the year ending 31 December 2023

## Review of activities

### Main business and operations

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

It conducts its operations through the following businesses:

- Banking services through Standard Bank Namibia, 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 companies Arleo Investments Sixteen (Proprietary) Limited and Spearmint Investments (Proprietary) Limited as listed in Annexure A
- 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 (SBGL), a company registered in the Republic of South Africa and dual listed on the JSE and 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 from continuing operations of the group was N\$770 million (2022: N\$624 million) and of the company was N\$324 million (2022: N\$133 million), after taxation of N\$346 million (2022: N\$264 million) for the group and N\$nil (2022: N\$nil) for the company.

## Events after the reporting period

There were no material 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 8 to the annual financial statements.

## Dividends

	2023		2022	
	cents	N\$m	cents	N\$m
Interim dividend declared 15 August 2023 (2022: 30 August 2022) and paid 29 September 2023 (2022: 14 October 2022).	42.0	219.4	20.00	104.5
Final dividend declared 12 March 2024 (2022: 22 March 2023) and will be paid 31 May 2024 (2022: 26 May 2023).	58.0	303.0	46.00	240.3
<b>Total dividends declared and paid in respect of the annual financial year</b>	<b>100.0</b>	<b>522.4</b>	<b>66.00</b>	<b>344.8</b>

## Ownership

At 31 December 2023, Standard Bank Group Limited owned 74.9% (2022: 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	
	2023	2022
<b>Beneficial shares, all indirectly held</b>		
Mrs M Geises <sup>1</sup>		153 000
Adv N Bassingthwaighe <sup>2</sup>	118 395	118 395
Mr IH Tjombonde	118 395	118 395
Mrs L du Plessis <sup>3</sup>		2 385
	<b>236 790</b>	<b>392 175</b>

<sup>1</sup> Mrs M Geises resigned on 31 July 2023.

<sup>2</sup> Adv N Bassingthwaighe retired on 31 December 2023.

<sup>3</sup> Mrs L du Plessis resigned on 24 April 2023.

## Directors

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

Name	Nationality
<b>Executive directors</b>	
Mr E Tjipuka <sup>1</sup>	Namibian
Mr AT Matenda <sup>2</sup>	Zimbabwean
Mrs M Geises <sup>3</sup>	Namibian
Mrs L du Plessis <sup>4</sup>	Namibian
<b>Non-executive directors</b>	
Mr H Maier (Chairperson)	Namibian
Adv N Bassingthwaighte <sup>5</sup>	Namibian
Mrs S Brugman <sup>6</sup>	South African
Mrs S Hornung	Namibian
Mr STB Madonsela <sup>7</sup>	South African
Mr JS Mwatotele <sup>8</sup>	Namibian
Mr JG Riedel <sup>9</sup>	Namibian
Mrs B Rossouw <sup>10</sup>	Namibian
Mr P Schlebusch	South African
Mrs M Shivute Dax <sup>11</sup>	Namibian
Ms NA Tjipitua <sup>12</sup>	Namibian
Mr IH Tjombonde	Namibian

<sup>1</sup> Mr E Tjipuka was appointed on 1 October 2023.

<sup>2</sup> Mr AT Matenda was appointed on 2 February 2024.

<sup>3</sup> Mrs M Geises resigned on 31 July 2023.

<sup>4</sup> Mrs L du Plessis resigned on 24 April 2023.

<sup>5</sup> Adv N Bassingthwaighte retired on 31 December 2023.

<sup>6</sup> Mrs S Brugman resigned on 10 July 2023.

<sup>7</sup> Mr STB Madonsela was appointed on 2 February 2024.

<sup>8</sup> Mr JS Mwatotele was appointed on 20 July 2023.

<sup>9</sup> Mr JG Riedel was appointed on 20 July 2023.

<sup>10</sup> Mrs B Rossouw retired on 30 September 2023.

<sup>11</sup> Mrs M Shivute Dax retired on 24 April 2023.

<sup>12</sup> Ms NA Tjipitua was appointed on 10 March 2023.

 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 information about interest in subsidiaries.

## 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 annually by the group to ensure they are 'fit-for-purpose' in terms of the group and company's risk exposures.

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

Note	GROUP		COMPANY		
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000	
<b>Assets</b>					
Cash and balances with the central bank	1	1 675 382	1 673 337	121 461	291 326
Derivative assets	2	71 123	138 918		
Trading assets	3	494 985	474 621		
Financial investments	4	7 103 628	4 923 014		
Normal tax asset		92 749	49 351		
Properties in possession <sup>1</sup>	42	439 255	491 154		
Loans and advances	5	26 953 890	25 969 450		
Other assets	6	424 951	441 296	62 530	6 346
Interest in subsidiaries	7			896 101	921 986
Property, equipment and right-of-use assets	8	904 883	951 764		
Goodwill and other intangible assets	9	457 901	517 733		
Deferred tax asset	13	50 843	44 059		
<b>Total assets</b>		<b>38 669 590</b>	<b>35 674 697</b>	<b>1 080 092</b>	<b>1 219 658</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Equity attributable to the ordinary shareholders		5 087 791	4 782 992	1 073 180	1 208 505
Ordinary share capital	10	1 045	1 045	1 045	1 045
Ordinary share premium	11	642 189	642 189	642 189	642 189
Reserves		4 425 581	4 124 228	429 946	565 271
Non-controlling interest		18 976	15 530		
<b>Liabilities</b>		<b>33 581 799</b>	<b>30 891 705</b>	<b>6 912</b>	<b>11 153</b>
Derivative liabilities	2	69 048	140 763		
Trading liabilities	12	46 366	36 799		
Deposits and current accounts	14	30 209 417	27 353 407		
Debt securities issued	15	2 230 957	2 528 252		
Provisions and other liabilities	16	996 875	805 008	6 912	11 153
Deferred tax liability	13	29 136	27 476		
<b>Total equity and liabilities</b>		<b>38 669 590</b>	<b>35 674 697</b>	<b>1 080 092</b>	<b>1 219 658</b>

<sup>1</sup> During 2023, the group and company reassessed the order of liquidity within the statement of financial position and moved properties in possession above the loans and advances line on the face of the statements of financial position as these items were found to be more liquid than those that follow them in the above presentation. This had no impact on the associated amounts within these line items. The reorder has also been applied to the prior year and notes where the line items are listed.

## INCOME STATEMENTS

for the year ended 31 December 2023

	Note	GROUP		COMPANY	
		2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Net interest income</b>		<b>1 800 015</b>	1 444 802		
Interest income	23	<b>3 346 518</b>	2 406 153		
Interest expense	24	<b>(1 546 503)</b>	(961 351)		
<b>Non-interest revenue</b>		<b>1 455 093</b>	1 283 086	<b>352 325</b>	135 142
Net fee and commission revenue		<b>952 929</b>	912 644		
Fee and commission revenue	25	<b>1 288 708</b>	1 213 989		
Fee and commission expense	26	<b>(335 779)</b>	(301 345)		
Trading revenue	27	<b>198 510</b>	150 178		
Other revenue	28	<b>199 312</b>	145 901	<b>352 325</b>	135 142
Other gains on financial instruments	29	<b>104 342</b>	74 363		
<b>Total net income<sup>1</sup></b>		<b>3 255 108</b>	2 727 888	<b>352 325</b>	135 142
Credit impairment charges	30	<b>(163 411)</b>	(161 213)		
<b>Net income before operating expenses</b>		<b>3 091 697</b>	2 566 675	<b>352 325</b>	135 142
Operating expenses	31	<b>(1 976 192)</b>	(1 678 675)	<b>(27 875)</b>	(1 670)
<b>Net income before indirect taxation</b>		<b>1 115 505</b>	888 000	<b>324 450</b>	133 472
Indirect taxation	32	<b>(49 170)</b>	(29 137)		
<b>Profit before direct taxation</b>		<b>1 066 335</b>	858 863	<b>324 450</b>	133 472
Direct taxation	32	<b>(296 622)</b>	(234 583)		
<b>Profit for the year</b>		<b>769 713</b>	624 280	<b>324 450</b>	133 472
Attributable to ordinary shareholders		<b>766 267</b>	623 603	<b>324 450</b>	133 472
Attributable to non-controlling interest		<b>3 446</b>	677		
<b>Basic and diluted earnings per ordinary share</b>	38	<b>147</b>	119		

<sup>1</sup> Previously referred to as total income. Updated to reflect the nature of the sub-total being a net amount.

## STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Profit for the year</b>	<b>769 713</b>	624 280	<b>324 450</b>	133 472
<b>Other comprehensive (loss)/income – net of taxation<sup>1</sup></b>	<b>(5 139)</b>	3 337		
<b>Items that may be subsequently reclassified to profit or loss</b>				
Net change in fair value of debt financial assets measured at fair value through other comprehensive income (FVOCI)	<b>1 319</b>	(1 879)		
Net change in expected credit loss (ECL)	<b>1 454</b>	294		
Net change in fair value	<b>(135)</b>	(2 173)		
<b>Items that may not be subsequently reclassified to profit or loss</b>				
Fair value movement on post-employment benefits (note 34)	<b>(6 458)</b>	5 216		
<b>Total comprehensive income for the year</b>	<b>764 574</b>	627 617	<b>324 450</b>	133 472
Attributable to ordinary shareholders	<b>761 128</b>	626 940	<b>324 450</b>	133 472
Attributable to non-controlling interest	<b>3 446</b>	677		

<sup>1</sup> Income tax relating to each component of other comprehensive income is disclosed in note 32.2.

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2023

Note	Ordinary share capital and premium N\$'000	Share-based payment reserve N\$'000	Fair value through OCI reserve <sup>1</sup> N\$'000	Post-employment benefit reserve <sup>2</sup> 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
<b>GROUP</b>									
	643 234		(1 221)	43 902	133 383	3 504 125	4 323 423	14 853	4 338 276
<b>Balance at 1 January 2022</b>			(1 879)	5 216		623 603	626 940	677	627 617
<b>Total comprehensive income for the year</b>									
Profit for the year						623 603	623 603	677	624 280
Other comprehensive (loss)/income after tax for the year			(1 879)	5 216			3 337		3 337
<b>Transactions with the shareholders, recorded directly in equity</b>					(24 083)	(158 818)	(182 901)		(182 901)
Transfer between reserves					(24 083)	24 083			
Dividends paid	33.7					(182 901)	(182 901)		(182 901)
<b>Balance at 1 January 2023</b>	<b>643 234</b>		<b>(3 100)</b>	<b>49 118</b>	<b>109 300</b>	<b>3 968 910</b>	<b>4 767 462</b>	<b>15 530</b>	<b>4 782 992</b>
<b>Total comprehensive income for the year</b>			<b>1 319</b>	<b>(6 458)</b>		<b>766 267</b>	<b>761 128</b>	<b>3 446</b>	<b>764 574</b>
Profit for the year						766 267	766 267	3 446	769 713
Other comprehensive income/(loss) after tax for the year			1 319	(6 458)			(5 139)		(5 139)
<b>Transactions with the shareholders, recorded directly in equity</b>					100 498	(560 273)	(459 775)		(459 775)
Transfer between reserves					100 498	(100 498)			
Dividends paid	33.7					(459 775)	(459 775)		(459 775)
<b>Balance at 31 December 2023</b>	<b>643 234</b>		<b>(1 781)</b>	<b>42 660</b>	<b>209 798</b>	<b>4 174 904</b>	<b>5 068 815</b>	<b>18 976</b>	<b>5 087 791</b>

<sup>1</sup> The fair value through OCI reserve comprises the FVOCI reserve for debt financial investments (note 4).

<sup>2</sup> The post-employment benefit reserve comprises of the remeasurement of post-employment benefit obligations relating to changes in actuarial assumptions (note 34).

All balances are stated net of tax where applicable.

[Details relating to each reserve are provided in the accounting policies detailed in Annexure D.](#)

Note	Ordinary share capital and premium N\$'000	Retained earnings N\$'000	Total equity N\$'000
<b>COMPANY</b>			
	643 234	614 700	1 257 934
<b>Balance at 1 January 2022</b>		133 472	133 472
<b>Total comprehensive income for the year</b>			
Profit for the year		133 472	133 472
<b>Transactions with the shareholder, recorded directly in equity</b>		(182 901)	(182 901)
Dividends paid	33.7	(182 901)	(182 901)
<b>Balance at 1 January 2023</b>	<b>643 234</b>	<b>565 271</b>	<b>1 208 505</b>
<b>Total comprehensive income for the year</b>		<b>324 450</b>	<b>324 450</b>
Profit for the year		324 450	324 450
<b>Transactions with the shareholder, recorded directly in equity</b>		<b>(459 775)</b>	<b>(459 775)</b>
Dividends paid	33.7	(459 775)	(459 775)
<b>Balance at 31 December 2023</b>	<b>643 234</b>	<b>429 946</b>	<b>1 073 180</b>

All balances are stated net of tax where applicable.

[Details relating to each reserve are provided in the accounting policies detailed in Annexure D.](#)

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

	Note	GROUP		COMPANY	
		2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 Restated <sup>1</sup> N\$'000
<b>Net cash flow generated from/(used in) operating activities<sup>1</sup></b>		<b>2 301 109</b>	(87 195)	<b>289 910</b>	161 826
<b>Cash flows from operations</b>	33.1	<b>1 429 311</b>	1 356 237	<b>86 526</b>	67 221
Interest and commission receipts <sup>2</sup>		<b>4 622 667</b>	3 561 767	<b>88 516</b>	68 891
Interest payments		<b>(1 522 706)</b>	(952 923)		
Recoveries on loans previously written off	30	<b>37 751</b>	41 244		
Cash payments to suppliers and employees	33.4	<b>(1 708 401)</b>	(1 293 851)	<b>(1 990)</b>	(1 670)
<b>Net movement in operating assets and liabilities<sup>1</sup></b>		<b>1 213 839</b>	(1 271 187)	<b>(60 425)</b>	28 354
(Increase)/decrease in income-earning assets <sup>1</sup>	33.2	<b>(1 758 287)</b>	(601 702)	<b>(56 184)</b>	31 417
Increase/(decrease) in deposits and other liabilities	33.3	<b>2 972 126</b>	(669 485)	<b>(4 241)</b>	(3 063)
Dividends received				<b>263 809</b>	66 251
Direct taxation paid	33.5	<b>(342 041)</b>	(172 245)		
<b>Net cash flows used in investing activities</b>		<b>(92 095)</b>	(69 814)		
Capital expenditure on property and equipment	8	<b>(66 417)</b>	(50 196)		
Proceeds from the sale of property and equipment	33.6	<b>2 743</b>	5 045		
Capital expenditure on intangible assets	9	<b>(28 421)</b>	(24 663)		
<b>Net cash flows (used in)/from financing activities</b>		<b>(774 578)</b>	349 286	<b>(459 775)</b>	(182 901)
Principal element of lease payments	16.1	<b>(14 803)</b>	(17 813)		
Senior debt issued	33.8		400 000		
Subordinated debt issued	33.9		250 000		
Subordinated debt redeemed	33.9		(100 000)		
Senior debt redeemed	33.8	<b>(300 000)</b>			
Dividends paid	33.7	<b>(459 775)</b>	(182 901)	<b>(459 775)</b>	(182 901)
<b>Net increase/(decrease) in cash and cash equivalents<sup>1</sup></b>		<b>1 434 436</b>	192 277	<b>(169 865)</b>	(21 075)
Cash and cash equivalents at the beginning of the year	33.10	<b>4 783 533</b>	4 739 268	<b>291 326</b>	312 401
Effects of exchange rate changes on cash and cash equivalents		<b>38 840</b>	(148 012)		
<b>Cash and cash equivalents at the end of the year<sup>1</sup></b>	33.10	<b>6 256 809</b>	4 783 533	<b>121 461</b>	291 326

1 Company: During the year it was noted that an amount of N\$36.2 million was incorrectly included twice in the 2022 cash and cash equivalents balance. The balance was previously reported as N\$327.5 million, where the correct amount is N\$291.3 million. This balance has been restated accordingly. This restatement also had an impact on the increase in income-earning assets, previously reported as N\$67.6 million and the net decrease in cash balances, previously reported as a N\$15.1 million increase. This restatement had no impact on either the statement of financial position or income statement.

2 Included in the group interest and commission receipts is an amount of N\$3.3 billion (2022: N\$2.3 billion) that relates to interest received.

# 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 subsidiaries are accounted for at cost less accumulated impairment losses, where applicable, in the separate financial statements (accounting policy 1).
- 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).
- 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.

- IFRS 17 *Insurance Contracts* (IFRS 17) replaced 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. An entity may re-assess its classification and designation of financial instruments under IFRS 9 *Financial Instruments* (IFRS 9), on adoption of IFRS 17. The standard is effective for annual periods starting on or after 1 January 2023 and is required to be retrospectively applied. IFRS 17 did not have an impact on the group's annual financial statements.
- IAS 12 *Income Taxes (narrow scope amendment)*. The amendment introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and targeted disclosure requirements for affected entities. The amendment is effective for annual periods starting on or after 1 January 2023 and did not have a significant impact on the group's annual financial statements.

The group did not early adopt any amended standards during the current reporting period.

## Standards and interpretations issued not yet adopted or effective

The following new or revised standards, amendments and interpretations are not yet effective for the year ended 31 December 2023 and have not been applied in preparing these annual financial statements:

- IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)*  
**Effective date:** deferred the effective date for these amendments indefinitely  
**Background:** The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's financial statements.

■ **IAS 1 Presentation of Financial Statements (amendments)**

*Effective date:* 1 January 2024

*Background:* The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed at promoting 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. The impact on the annual financial statements has not yet been fully determined, however not expected to have a significant impact on the group.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments will be applied retrospectively and are not expected to have a material impact on the group's financial statements.

■ **IFRS 16 Leases (narrow scope amendments)**

*Effective date:* 1 January 2024

*Background:* The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the company's financial statements.

■ **IAS 21 Exchange Rates (amendments)**

*Effective date:* 1 January 2025

*Background:* The IASB issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.

 [Refer to Annexure D – detailed accounting policies.](#)

### Interest rate benchmarks and reference interest rate reform

The Financial Stability Board initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review sought 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 London interbank offered rate (LIBOR) which the bank was exposed to has been replaced by Secured Overnight Financing Rate (SOFR).

The bank ceased booking new LIBOR linked exposures from 1 October 2021, and new exposures have been booked using the ARRs. At 31 December 2023 the company did not have any LIBOR linked exposures.

In early November 2023, the South African Reserve Bank (SARB) designated the South African Rand Overnight Index Average (ZARONIA) as the successor rate to replace the Johannesburg interbank rate (JIBAR). The observation period for ZARONIA ended on 3 November 2023 and the SARB has indicated that market participants may use the published ZARONIA as a reference rate in pricing financial contracts going forward. The SARB has indicated that the transition from JIBAR to ZARONIA is a multi-year initiative and has not yet communicated a cessation date for JIBAR.

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

- **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.

Once the cessation date is announced, the group and company's treasury and capital management (TCM) team will develop the transition plan, detailing the process for transitioning of the JIBAR-linked exposures, and would comprise of the following work streams: risk management and measurement, legal, communications, accounting and systems. The group and company are ensuring that employees attend relevant training and receive the required updates and communication.

### Financial instruments impacted by the reform which are yet to transition

	JIBAR 2023 N\$'000
<b>Total assets recognised on the balance sheet subject to IBOR reform</b>	<b>801 964</b>
Loans and advances <sup>1</sup>	<b>801 964</b>
<b>Total liabilities recognised on the balance sheet subject to IBOR reform</b>	<b>4 595 305</b>
Deposits and debt funding	<b>4 595 305</b>

<sup>1</sup> Gross carrying amount excluding allowances for ECLs.

## 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. The local and global economic climate placed considerable strain on our clients, specifically retail and business 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 home services, vehicle and asset finance (VAF), card, personal, business lending and other products 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.
- Corporate, sovereign and bank 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 Corporate & Investment Banking (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, VAF, 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.

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 behavioural 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.

### 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 group's global outlook and its global view of commodities.

For home services, vehicle and asset finance, 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 (CRMC) 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 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 Business & Commercial Banking (BCB) and Personal & Private Banking (PPB) 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.

An exception to the above requirements is:

- 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.
- for CIB products, write-off are assessed on a case-by-case basis and approved by the CRMC 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 of 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 CRMC (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 2023, for inclusion in the group's forward-looking process and ECL calculation.

### Namibia economic expectation

#### Base scenario

The Namibian economy remained resilient in the face of weaker global growth, tighter financial conditions and rising geopolitical tensions. In the baseline scenario, Namibia's economic performance is expected to continue on a positive trajectory with stable growth expected over the remainder of the forecast period. Growth is expected to be anchored by steady performance in the mining industry. Most of the sectors in secondary and tertiary industries are similarly expected to show positive steady growth during 2024. Structural reforms implemented by the sovereign will continue to aid growth over the mid-term.

The spike in inflation seen towards the end of the year is expected to subside quickly with material inflationary pressure likely to have peaked. Inflation should slow further over the forecast period. A weaker rand and consequently the Namibian dollar as well as global oil prices pose upside risks for the outlook in the short term.

### Bear scenario

The risks of a bearish scenario materialising are largely predicated on persistent inflationary pressure, which sees policy rates heading higher than assumed under the baseline and global financial conditions tighten further. This scenario assumes adverse climate change-related events such as prolonged drought which will adversely affect key sectors such as agriculture and some mining activities. The sovereign also fails to successfully implement the structural and fiscal reforms needed to support sustained medium term growth, leading to a downside revision over the forecast period.

Economic recovery would be more protracted, leading to persistent structural growth constraints. Spill overs from the energy crisis in South Africa affect regional economic performance leading to reduced Southern African Customs Union countries transfers, which have historically accounted for over one third of government revenue. This affects fiscal sustainability leading to increased sovereign risk ratings agencies likely downgrading the outlook to negative in this scenario. Failure to contain inflationary pressure accompanied by a weaker rand (and by extension the Namibian dollar) would force BoN to raise policy rates, further hindering recovery efforts. In this scenario, growth is persistently lower and

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 in which the implementation of fiscal and structural reforms, which had started but continues at a slow pace in the baseline, gains momentum. This scenario assumes global inflation quickly unwinds and recessions are mostly avoided. Policy rates are at peak levels and an unwinding of rate increases can follow. This supports the growth rebound, including fixed investment and employment growth, as well as capital inflows. The scenario also assumes elevated terms of trade due to higher commodity prices.

A recovery in growth over the medium term would boost government revenues and accelerate the fiscal adjustment process leading to an improved fiscal outlook.

Domestic gross domestic product (GDP) growth would pick up significantly, averaging above 3.0% over the remaining forecast period. The turnaround would be supported by a recovery in consumer demand and commodity prices.

### 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 <sup>1</sup>	Remaining forecast period <sup>2</sup>	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>	Next 12 months <sup>1</sup>	Remaining forecast period <sup>2</sup>
<b>Macroeconomic factors 2023</b>						
<b>Namibia<sup>3</sup></b>						
Inflation (%)	4.95	4.55	6.10	5.19	4.60	3.88
Real GDP <sup>3</sup> (%)	2.90	2.52	1.48	1.70	3.28	3.01
Exchange rate (USD/NAD)	18.10	17.89	21.49	19.58	17.02	16.93
Prime (%)	10.75	10.75	12.50	12.00	10.75	10.25
<b>2022</b>						
<b>Namibia<sup>3</sup></b>						
Inflation (%)	5.60	4.61	5.99	5.16	4.84	3.96
Real GDP <sup>3</sup> (%)	3.10	2.56	1.54	1.67	3.93	3.31
Exchange rate (USD/NAD)	16.60	15.99	17.58	17.25	15.86	15.01
Prime (%)	11.00	10.54	12.00	11.40	10.75	10.25

<sup>1</sup> Next 12 months following 31 December 2023 is 1 January 2024 to 31 December 2024.

<sup>2</sup> The remaining forecast period is 2025 to 2027 (2022: 2024 to 2026).

<sup>3</sup> The scenario weighing for 2023 and 2022 is: Base at 55%, Bear at 30% and Bull at 15%.

<sup>4</sup> Gross domestic product.

### Sensitivity analysis of home services, VAF, 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 2023, 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.

	2023		2022	
	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 on the total ECL provision	142 744	74 492	68 252	(5 636)
<b>Scenarios</b>				
Base	135 705	(7 039)	60 214	(8 038)
Bear	160 207	17 463	157 872	89 620
Bull	133 626	(9 118)	327	(67 925)

Refer to note 5 for the carrying amounts of the loans and advances and the credit risk section of the IFRS risk and capital management disclosures for the company'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\$74 million for 2023 (2022: N\$5.6 million) was assessed by applying the same sensitivity analysis principles mentioned above. The impact on the total ECL provision for each scenario is N\$136 million (decrease of N\$7 million) (2022: N\$60 million, decrease of N\$8 million) for the base scenario, N\$160 million (increase of N\$17 million) (2022: N\$158 million, increase of N\$90 million) for the bear scenario and N\$134 million (decrease of N\$9 million) (2022: N\$0.3 million, decrease of N\$68 million) for the bull scenario.

The company's forward-looking scenarios remain aligned to base case (55%), bull (15%) and bear (30%). The forward-looking impact on the current period ECL provision increased from N\$68 million to N142 million due to the current economic outlook.

The ECL methodology for corporate, sovereign and bank products is based primarily on client-specific risk metrics, as such the forward-looking macroeconomic information is one of the components and/or drivers of the total reported ECL. Rating reviews of each client are performed at least annually, and entail credit analysts completing a credit scorecard and incorporating FLI at a client level. The weighting is reflected in both the determination of SICR as well as the measurement of the resulting expected credit loss for the individual client. Therefore the impact of forward-looking economic conditions is embedded into the total ECL for each client. Therefore the impact of forward-looking economic conditions is embedded into the total ECL for each client and cannot be stressed or separated out of the overall ECL provision.

### Management judgemental adjustments

Management judgemental adjustments are required in terms of IFRS 9 to take into account factors that do not form part of the normal modelling process. These additional factors may result from model or data limitations, recent events or expert credit judgement and are applied at a segment, industry or client level. These management judgemental adjustments are reviewed as part of the governance process surrounding credit risk and ECL. Management judgemental adjustments incorporated in the calculation of ECL amounted to N\$25.6 million (2022: N\$nil) for the year ended 31 December 2023. These adjustments resulted from additional impairments held for PPB and BCB to incorporate industry and macroeconomic factors, which were not included in the underlying modelling.

The above disclosures, including comparatives, have been included from 2023 to provide a more appropriate analysis of out-of-model adjustments, considering the nature and characteristics thereof.

### 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:

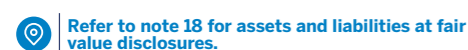
- credit spreads on illiquid issuers,
- implied volatilities on thinly traded instruments,
- correlation between risk factors,
- prepayment rates and
- other illiquid risk drivers.

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 relevant governance 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 18 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 11.69% – 12.01% (2022: 9.19% – 9.47%) and adding a credit spread of 2.0% – 3.0% (2022: 2.0% – 3.0%). The after tax cost of debt was derived after taking into account the Namibian tax at a rate of 32% (2022: 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 (Proprietary) Limited.

	Mobicash Payments Solutions (Proprietary) Limited	
	2023	2022
<b>Discounted cash flow</b>		
Discount rate (nominal) (%)	18.50	15.50
Forecast period (years)	5	5
Terminal growth (nominal) (%)	4.4	5.1

The application of these assumptions resulted in an impairment of N\$25.9 million (2022: N\$nil).

 Refer to note 7 for further details.

Sensitivity analysis illustrates how much variations in the values of the input above will impact the amount of goodwill impairment. A 1% increase in WACC would result in an impairment charge of N\$26.1 million and a 1% decrease in WACC will reduce the impairment amount to N\$25.6m. An increase of the terminal growth rate by 1% results in a reduced impairment charge of N\$25.8 million and a decrease by 1% has a marginal impact on the impairment charge which remains at a rounded amount of N\$25.9 million.

 Refer to note 7 for further details.

## 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 post-employment benefits obligation are set out in note 34.

## Properties in possession

As a result of default by a client, Standard Bank Namibia called upon the property owning entities of which the property were put up as collateral. These entities are presented under interest in subsidiary and initially measured at fair value on date of acquisition, since the cost approximated the fair value. The fair value was determined by reference to property valuation certificates obtained from independent valuers adjusted by Standard Bank management for events or conditions in existence at year end in accordance with the requirements of IFRS. The independent valuers determined the fair values considering, among other factors, whether the property within the property owning entity is commercial or residential, using the following methods as applicable:

### 1. Direct sales comparisons method

The sales comparison approach consists of comparing the subject property with sales of similar properties that have sold. It is based upon the principle of substitution and implies that a prudent investor will not pay more for an existing property than he will pay for an identical substitute property. Physical characteristics such as zoning, site location, access, land size, shape of earth, topography, drainage, nature of structure, quality and condition, age, features, problems, and orientation are factors that are considered to establish a comparative market value.

### 2. Land residual approach

This approach contains elements of the market and the income capitalisation approaches, as well as a cash flow analysis. It comprises an investor's model based on the concept that the land value is equivalent to the net present value of the difference between the income that will be derived from the sale of the sub-divided erven and the costs that would be incurred in producing that income, taking the development and sales periods into account.

Deducted from the total gross sell-out-value based on comparable sales will be marketing costs, constructions costs, service installation costs, professional fees, municipal costs and any other general costs associated with township development. This sell-out-value less holding costs is discounted over the time period it would take to sell all the serviced erven. The value takes the location and bulk services into consideration as well as the layout.

Specific aspects considered when determining a market value:

- Market conditions in terms of the demand for similar properties.
- The local economic outlook.
- The location of the subject property.
- Size of the land available for development.
- Cost related to the providing of bulk infrastructure services, considering the topography of the terrain.
- As applicable, that no development be allowed in a 50 year flood line and that a proper river crossing be designed by a registered professional engineer to at least be accommodative of a 50 year flood level.

### 3. Income capitalisation rate method

The income capitalisation approach assumes that a purchaser will not pay more for a property with a certain income flow than the amount for which he can obtain a similar income flow with a similar risk elsewhere. The conversion of the net income stream into a present value is known as capitalisation and the rate of conversion is known as the capitalisation rate. The rate of capitalisation is the initial yield obtained from the investment, i.e. the ratio between the net income and the present worth (value) or purchase price, expressed as a percentage on an annual basis. The rates applied for the applicable properties range between 5.2% and 12%.

Conditions in existence at year end, that were considered in accordance with the requirements of IFRS, include forced sale discounts estimated based on historical discounts which considers the time to sell.

 Refer to note 42 for further details.

## Computer software intangible assets

The group reviews its assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates, significant changes in macroeconomic circumstances or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to its carrying amount.

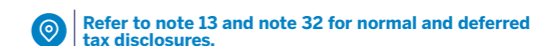
During 2023, the group's computer software assets' recoverable amounts were determined to be in line with the carrying values and resulted in no impairment (2022: N\$nil).

The review and testing of assets for impairment inherently require significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount.

 Refer to note 9 for intangible assets disclosures.

## Current and deferred tax

The group and company are subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The group recognises provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, disclosed in note 32 and note 13, respectively, in the period in which such determination is made. Uncertain tax positions are provided for in accordance with the criteria defined within IAS 12 Income Taxes (IAS 12) and IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23). Deferred tax assets are only recognised to the extent that sufficient taxable profits will be generated in order to realise the tax benefit. 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. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets.

 Refer to note 13 and note 32 for normal and deferred tax disclosures.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 1. Cash and balances with the central bank

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Coins and bank notes <sup>1</sup>	581 885	543 548		
Balances with the Bank of Namibia <sup>1,2</sup>	1 093 497	1 129 789		
Cash balances <sup>3</sup>			121 461	291 326
<b>Total</b>	<b>1 675 382</b>	<b>1 673 337</b>	<b>121 461</b>	<b>291 326</b>

<sup>1</sup> Coins and bank notes and the reserve balance with the BoN are classified as FVTPL while temporary excess balances with the BoN are classified at amortised cost.

<sup>2</sup> These balances primarily comprise reserving requirements levied by the 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.

<sup>3</sup> Cash balances for the company are classified at amortised cost.

## 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	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>GROUP</b>				
Held-for-trading	71 123	138 918	(66 804)	(136 263)
Held-for-hedging			(2 244)	(4 500)
<b>Total</b>	<b>71 123</b>	<b>138 918</b>	<b>(69 048)</b>	<b>(140 763)</b>

### 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 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 group also takes proprietary positions for its own account. Trading derivative products include the following:

	Fair value of assets		Fair value of liabilities		Notional amount <sup>1</sup>	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>GROUP</b>						
Foreign exchange derivatives	63 185	125 676	(66 804)	(123 021)	682 080	3 885 351
Interest rate derivatives	7 938	13 242	(2 244)	(13 242)	440 000	
<b>Total</b>	<b>71 123</b>	<b>138 918</b>	<b>(69 048)</b>	<b>(136 263)</b>	<b>1 122 080</b>	<b>3 885 351</b>

<sup>1</sup> 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		Maturity			Contract/ notional amount <sup>1</sup> N\$'000	Fair value gain/ (loss) N\$'000
	Assets N\$'000	Liabilities N\$'000	Net fair value N\$'000	Less than one year N\$'000	Between one and five years N\$'000		
<b>GROUP</b>							
<b>2023</b>							
<b>Interest rate risk fair value hedging relationships</b>							
Interest rate swaps <sup>2</sup>		(2 244)	(2 244)		(2 244)	84 607	(2 244)
<b>Total</b>		<b>(2 244)</b>	<b>(2 244)</b>		<b>(2 244)</b>	<b>84 607</b>	<b>(2 244)</b>
<b>2022</b>							
<b>Interest rate risk fair value hedging relationships</b>							
Interest rate swaps <sup>2</sup>		(4 500)	(4 500)		(4 500)	49 300	(4 500)
<b>Total</b>		<b>(4 500)</b>	<b>(4 500)</b>		<b>(4 500)</b>	<b>49 300</b>	<b>(4 500)</b>

<sup>1</sup> 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.

<sup>2</sup> The interest rate swap matures on 31 May 2027.

#### 2.3.2 Hedged items classified as fair value hedges

	Fair value liabilities N\$'000	Accumulated fair value (loss)/gain at 31 December N\$'000	Fair value (loss)/gain used to test hedge ineffectiveness N\$'000	Fair value hedge adjustments for the year N\$'000
<b>GROUP</b>				
<b>2023</b>				
<b>Interest rate risk fair value hedging relationships</b>				
Deposits and current accounts	(77 628)	2 408	277	277
<b>Total</b>	<b>(77 628)</b>	<b>2 408</b>	<b>277</b>	<b>277</b>
<b>2022</b>				
<b>Interest rate risk fair value hedging relationships</b>				
Deposits and current accounts	(47 169)	2 131	2 131	2 131
<b>Total</b>	<b>(47 169)</b>	<b>2 131</b>	<b>2 131</b>	<b>2 131</b>

## 2. Derivative instruments continued

### 2.3 Financial instruments held-for-hedging continued

#### 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 net interest income 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	
	2023 N\$'000	2022 N\$'000
<b>GROUP</b>		
<b>Fair value hedges</b>		
Interest rate risk fair value hedging relationships	(152)	(2 369)

Ineffectiveness relating to highly probable forecast transactions no longer expected to occur during both 2023 and 2022 amounted to N\$nil. There was no material ineffectiveness relating to basis in relation to foreign currency hedging relationships during 2023 and 2022.

## 3. Trading assets

### 3.1 Classification

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Treasury bills	494 985	474 621		
<b>Total</b>	<b>494 985</b>	<b>474 621</b>		

## 4. Financial investments

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Government bonds and treasury bills	5 313 436	3 742 926		
Mutual funds and unit-linked investments	1 790 192	1 180 088		
<b>Total</b>	<b>7 103 628</b>	<b>4 923 014</b>		
<b>Accounting classification:</b>				
<b>Net debt financial investments measured at amortised cost</b>	<b>433 460</b>	<b>39 415</b>		
Gross debt financial investments measured at amortised cost	434 276	39 415		
Less: ECL for debt financial investments measured at amortised cost <sup>1</sup>	(816)			
Financial investments measured at FVTPL	1 790 192	1 180 088		
Debt financial investments measured at FVOCI (statements of changes in equity)	4 879 976	3 703 511		
<b>Total</b>	<b>7 103 628</b>	<b>4 923 014</b>		

<sup>1</sup> Amount included in ECL raised on financial investments disclosed in note 30.

## 5. Loans and advances

### 5.1 Classification

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Net loans and advances measured at amortised cost</b>	<b>26 953 890</b>	<b>25 969 450</b>		
<b>Gross loans and advances measured at amortised cost</b>	<b>27 796 300</b>	<b>26 731 233</b>		
Home services	11 341 479	11 822 800		
Vehicle and asset finance	3 001 340	2 893 913		
Card and payments	141 333	140 088		
Corporate lending	5 138 039	5 057 176		
Sovereign lending	61 054	267 375		
Bank lending <sup>1</sup>	5 430 842	3 714 600		
Other loans and advances <sup>2</sup>	2 682 213	2 835 281		
Expected credit losses (note 5.2)	(842 410)	(761 783)		
<b>Net loans and advances</b>	<b>26 953 890</b>	<b>25 969 450</b>		

<sup>1</sup> Included in bank lending is an amount of N\$4.6 billion (2022: N\$3.1 billion) relating to on-demand gross loans and advances to banks that qualifies as cash and cash equivalents (note 33.10).

<sup>2</sup> Comprises personal unsecured lending and business and other lending.

### 5.2 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 <sup>5</sup> N\$'000
<b>GROUP</b>				
<b>Opening ECL 1 January 2022</b>	76 525	174 849	744 065	995 439
<b>Transfers between stages<sup>1</sup></b>	13 606	(2 400)	(11 206)	
<b>Net ECL raised</b>	1 051	40 347	161 701	203 099
ECL on new exposures raised <sup>2</sup>	17 391	33 329	4 377	55 097
Subsequent changes in ECL	(15 305)	13 132	157 310	155 137
Change in ECL due to derecognition	(1 035)	(6 114)	14	(7 135)
Impaired accounts written off <sup>3</sup>			(456 442)	(456 442)
Exchange and other movements <sup>4</sup>	(751)	19	20 419	19 687
<b>Closing ECL 31 December 2022</b>	<b>90 431</b>	<b>212 815</b>	<b>458 537</b>	<b>761 783</b>
<b>Opening ECL 1 January 2023</b>	<b>90 431</b>	<b>212 815</b>	<b>458 537</b>	<b>761 783</b>
<b>Transfers between stages<sup>1</sup></b>	<b>66 915</b>	<b>(60 323)</b>	<b>(6 592)</b>	
<b>Net ECL (released)/raised</b>	<b>(88 294)</b>	<b>93 028</b>	<b>194 425</b>	<b>199 159</b>
ECL on new exposures raised <sup>2</sup>	16 758	8 472	5 584	30 814
Subsequent changes in ECL	(100 607)	95 111	191 130	185 634
Change in ECL due to derecognition	(4 445)	(10 555)	(2 289)	(17 289)
Impaired accounts written off <sup>3</sup>			(170 403)	(170 403)
Exchange and other movements <sup>4</sup>			51 871	51 871
<b>Closing ECL 31 December 2023</b>	<b>69 052</b>	<b>245 520</b>	<b>527 838</b>	<b>842 410</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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\$170 million (2022: N\$204 million).

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

<sup>5</sup> The ECL raised is for loans and advances and undrawn facilities.

## 5. Loans and advances continued

### 5.2 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 2023 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) <sup>5</sup> N\$'000	Impaired accounts written off N\$'000	Exchange and other movements <sup>5</sup> N\$'000	Closing ECL 31 December 2023 N\$'000
<b>GROUP</b>									
<b>Home services<sup>1</sup></b>	432 526	(22 633)	17 054	5 579		83 945	(81 781)	(32 267)	402 423
Stage 1	21 528		17 519	5 114	22 633	(31 286)			12 875
Stage 2	80 958	(17 519)		465	(17 054)	38 470			102 374
Stage 3 <sup>4</sup>	330 040	(5 114)	(465)		(5 579)	76 761	(81 781)	(32 267)	287 174
<b>Vehicle and asset finance</b>	111 577	(15 983)	15 850	133		5 135	(16 309)		100 403
Stage 1	7 920		14 208	1 775	15 983	(18 470)			5 433
Stage 2	39 675	(14 208)		(1 642)	(15 850)	3 152			26 977
Stage 3 <sup>4</sup>	63 982	(1 775)	1 642		(133)	20 453	(16 309)		67 993
<b>Card and payments</b>	12 059	(3 062)	3 211	(149)		1 539	(5 489)		8 109
Stage 1	2 692		3 039	23	3 062	(4 210)			1 544
Stage 2	7 965	(3 039)		(172)	(3 211)	(215)			4 539
Stage 3 <sup>4</sup>	1 402	(23)	172		149	5 964	(5 489)		2 026
<b>Corporate lending<sup>3</sup></b>	41 177	513	(513)			(8 535)		(1 818)	30 824
Stage 1	15 664		(513)		(513)	164		(150)	15 165
Stage 2	21 252	513			513	(7 202)		(1 668)	12 895
Stage 3 <sup>4</sup>	4 261					(1 497)			2 764
<b>Sovereign lending<sup>3</sup></b>	1 828	(535)	535			(1 440)		1 042	1 430
Stage 1	443		535		535	(379)		150	749
Stage 2	1 385	(535)			(535)	(1 061)		892	681
<b>Bank lending<sup>3</sup></b>	2 055					(1 837)		776	994
Stage 1	511					173			684
Stage 2	1 544					(2 010)		776	310
<b>Other loans and advances<sup>2</sup></b>	160 561	(25 215)	24 186	1 029		120 352	(66 824)	84 138	298 227
Stage 1	41 673		19 330	5 885	25 215	(34 286)			32 602
Stage 2	60 036	(19 330)		(4 856)	(24 186)	61 894			97 744
Stage 3 <sup>4</sup>	58 852	(5 885)	4 856		(1 029)	92 744	(66 824)	84 138	167 881
<b>Total</b>	<b>761 783</b>	<b>(66 915)</b>	<b>60 323</b>	<b>6 592</b>		<b>199 159</b>	<b>(170 403)</b>	<b>51 871</b>	<b>842 410</b>

<sup>1</sup> Comprises residential and commercial property loans.

<sup>2</sup> Comprises personal unsecured lending, business and other lending.

<sup>3</sup> "Corporate", "Sovereign" and "Bank" categories relate to ECL on CIB client loans and advances, while the remaining categories relate to ECL on PPB and BCB client loans and advances.

<sup>4</sup> Includes IIS.

<sup>5</sup> Includes IIS and balance sheet reallocations.

## 5. Loans and advances continued

### 5.2 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 2022 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 <sup>6</sup> N\$'000	Closing ECL 31 December 2022 N\$'000
<b>GROUP</b>									
<b>Home services<sup>1</sup></b>	588 608	(8 402)	(2 076)	10 478		164 496	(251 140)	(69 438)	432 526
Stage 1	19 097		998	7 404	8 402	(5 971)			21 528
Stage 2	51 135	(998)		3 074	2 076	27 747			80 958
Stage 3 <sup>4</sup>	518 376	(7 404)	(3 074)		(10 478)	142 720	(251 140)	(69 438)	330 040
<b>Vehicle and asset finance</b>	103 772	273	(1 782)	1 509		19 334	(11 426)	(103)	111 577
Stage 1	7 651		(163)	(110)	(273)	542			7 920
Stage 2	40 783	163		1 619	1 782	(2 890)			39 675
Stage 3 <sup>4</sup>	55 338	110	(1 619)		(1 509)	21 682	(11 426)	(103)	63 982
<b>Card and payments</b>	17 510	(159)	(137)	296		6 771	(10 705)	(1 517)	12 059
Stage 1	2 442		102	57	159	91			2 692
Stage 2	7 397	(102)		239	137	431			7 965
Stage 3 <sup>4</sup>	7 671	(57)	(239)		(296)	6 249	(10 705)	(1 517)	1 402
<b>Corporate lending<sup>3</sup></b>	39 695	(4 746)	4 746			5 652	(5 649)	1 479	41 177
Stage 1	10 572		4 746		4 746	123		223	15 664
Stage 2	19 325	(4 746)			(4 746)	6 036		637	21 252
Stage 3 <sup>4</sup>	9 798					(507)	(5 649)	619	4 261
<b>Sovereign lending<sup>3</sup></b>	1 665	124	(124)			(583)		746	1 828
Stage 1	1 046		(124)		(124)	(1 225)		746	443
Stage 2	619	124			124	642			1 385
<b>Bank lending<sup>3</sup></b>	4 502	2 142	(2 142)			(109)		(2 338)	2 055
Stage 1	3 882		(2 142)		(2 142)	491		(1 720)	511
Stage 2	620	2 142			2 142	(600)		(618)	1 544
<b>Other loans and advances<sup>2</sup></b>	239 687	(2 838)	3 915	(1 077)		7 538	(177 522)	90 858	160 561
Stage 1	31 835		2 078	760	2 838	7 000			41 673
Stage 2	54 970	(2 078)		(1 837)	(3 915)	8 981			60 036
Stage 3 <sup>4,5</sup>	152 882	(760)	1 837		1 077	(8 443)	(177 522)	90 858	58 852
<b>Total<sup>5</sup></b>	<b>995 439</b>	<b>(13 606)</b>	<b>2 400</b>	<b>11 206</b>		<b>203 099</b>	<b>(456 442)</b>	<b>19 687</b>	<b>761 783</b>

<sup>1</sup> Comprises residential and commercial property loans.

<sup>2</sup> Comprises personal unsecured lending, business and other lending.

<sup>3</sup> "Corporate", "Sovereign" and "Bank" categories relate to ECL on CIB client loans and advances, while the remaining categories relate to ECL on PPB and BCB client loans and advances.

<sup>4</sup> Includes IIS.

<sup>5</sup> The overall lower ECL is mainly driven by the realisation of management's strategic initiatives, as encompassed in our NPL reduction strategy, that was implemented in 2021 and the improvement in our after-write-off recoveries.

<sup>6</sup> Includes IIS and balance sheet reallocations.

## 5. Loans and advances continued

### 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\$30.8 million (2022: N\$55.1 million) primarily relates to the movement in the gross carrying amount of:
  - home services of N\$428 million (2022: N\$652 million)
  - vehicle and asset finance of N\$1.1 billion (2022: N\$1.1 billion)
  - other loans and advances of N\$374 million (2022: N\$500 million)
  - corporate lending of N\$5.4 billion (2022: N\$4.5 billion)

The decrease in ECL due to impaired accounts written off of N\$170 million (2022: N\$456 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 group's policy is to transfer between stages using opening ECL balances based on the exposures' ECL stage at the end of the reporting period.

#### 2023

- home services with a gross carrying amount of N\$277 million that was in stage 1 was transferred to stage 2.
- home services with a gross carrying amount of N\$142 million that was in stage 1 was transferred to stage 3.
- home services with a gross carrying amount of N\$85 million that was in stage 2 was transferred to stage 3.
- vehicle and asset finance with a gross carrying amount of N\$159 million that was in stage 2 was transferred to stage 1.
- vehicle and asset finance with a gross carrying amount of N\$15 million that was in stage 1 was transferred to stage 3.
- vehicle and asset finance with a gross carrying amount of N\$29 million that was in stage 2 was transferred to stage 3.
- card and payments with a gross carrying amount of N\$7 million that was in stage 2 was transferred to stage 1.
- card and payments with a gross carrying amount of N\$1 million that was in stage 1 was transferred to stage 3.
- card and payments with a gross carrying amount of N\$0.5 million that was in stage 2 was transferred to stage 3.
- other loans and advances with a gross carrying amount of N\$19 million that was in stage 1 was transferred to stage 2.
- other loans and advances with a gross carrying amount of N\$25 million that was in stage 1 was transferred to stage 3.
- other loans and advances with a gross carrying amount of N\$12 million that was in stage 2 was transferred to stage 3.
- corporate lending with a gross carrying amount of N\$541 million that was in stage 2 was transferred to stage 1.
- sovereign lending with a gross carrying amount of N\$6 million that was in stage 1 was transferred to stage 2.

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- home services with a gross carrying amount of N\$879 million that was in stage 1 was transferred to stage 2.
- home services with a gross carrying amount of N\$108 million that was in stage 1 was transferred to stage 3.
- home services with a gross carrying amount of N\$63 million that was in stage 2 was transferred to stage 3.
- vehicle and asset finance with a gross carrying amount of N\$201 million that was in stage 1 was transferred to stage 2.
- vehicle and asset finance with a gross carrying amount of N\$37 million that was in stage 1 was transferred to stage 3.
- vehicle and asset finance with a gross carrying amount of N\$9 million that was in stage 2 was transferred to stage 3.
- card and payments with a gross carrying amount of N\$8 million that was in stage 1 was transferred to stage 2.
- card and payments with a gross carrying amount of N\$1 million that was in stage 1 was transferred to stage 3.
- other loans and advances with a gross carrying amount of N\$89 million that was in stage 1 was transferred to stage 2.
- other loans and advances with a gross carrying amount of N\$37 million that was in stage 1 was transferred to stage 3.
- other loans and advances with a gross carrying amount of N\$20 million that was in stage 2 was transferred to stage 3.
- corporate lending with a gross carrying amount of N\$314 million that was in stage 2 was transferred to stage 1.
- sovereign lending with a gross carrying amount of N\$18 million that was in stage 1 was transferred to stage 2.
- bank lending with a gross carrying amount of N\$600 million that was in stage 1 was transferred to stage 2.

### 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\$3.0 billion (2022: N\$899 million). The increase from the prior year is attributable to technical arrears arising from group schemes, following interest rate changes, causing arrears that was rescheduled. Included in this amount is a total exposure for PPB and BCB clients amounting to N\$3.0 billion and for CIB clients amounting to N\$nil that underwent restructuring and covenant relaxation. Gross carrying amounts for loans and advances restructured in stage 2 is N\$153 million (2022: N\$nil) and gross carrying amounts of loans and advances restructured in stage 3 amounts to N\$9 million (2022: N\$nil). The modification gains and losses on loans and advances in stage 2 and stage 3 have netted off resulting in an insignificant net gain or loss amount.

## 6. Other assets

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Financial assets<sup>1</sup></b>	<b>199 368</b>	239 298	<b>62 530</b>	6 346
Trading settlement assets	<b>23 683</b>	5 174		
Other debtors <sup>2</sup>	<b>175 685</b>	234 124	<b>62 530</b>	6 346
<b>Non-financial assets</b>	<b>225 583</b>	201 998		
Prepayments	<b>54 655</b>	32 911		
Accrued income	<b>18 003</b>	17 959		
Prepaid staff employee benefit costs	<b>141 529</b>	141 056		
Items in the course of collection	<b>11 396</b>	10 072		
<b>Total</b>	<b>424 951</b>	441 296	<b>62 530</b>	6 346

<sup>1</sup> Due to the short-term nature of these assets and historical experience, other assets – bar prepaid staff employee benefit costs – are regarded as having a low PD. Therefore, the ECL has been assessed to be insignificant. Prepaid staff employee benefit costs have a low PD due to the employment relationships and debit order deductions in place.

<sup>2</sup> Other debtors mainly comprise of fees and commissions receivable and sundry debtors.


## 7. Interest in subsidiaries

	COMPANY	
	2023 N\$'000	2022 N\$'000
Interest in subsidiary companies (note 7.1)	<b>896 101</b>	921 986
<b>Total</b>	<b>896 101</b>	921 986

### 7.1 Interest in subsidiary companies

	COMPANY	
	2023 N\$'000	2022 N\$'000
Shares at cost	<b>896 101</b>	921 986
<b>Total</b>	<b>896 101</b>	921 986

Based on the impairment test performed, the interest in Mobicash Payment Solutions (Proprietary) Limited was impaired with N\$25.9 million (2022: N\$nil). Details on key management assumptions used to determine the recoverable amount are disclosed in the key management assumptions section.

 Further information about subsidiaries is disclosed in note 42 and Annexure A.

## 8. Property, equipment and right-of-use assets

	Property		Equipment				Right-of-use assets <sup>1</sup>			Total N\$'000
	Freehold N\$'000	Leasehold 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	
<b>GROUP</b>										
<b>Net book value 1 January 2022</b>	700 559	20 429	136 915	739	22 677	114 234	2 588	28 586	639	1 027 366
Cost	737 556	45 329	620 167	22 917	55 834	291 589	12 214	63 446	1 074	1 850 126
Accumulated depreciation and impairment	(36 997)	(24 900)	(483 252)	(22 178)	(33 157)	(177 355)	(9 626)	(34 860)	(435)	(822 760)
<b>Movements</b>	(16 400)	(8 290)	(25 018)	3 441	(2 270)	(21 460)	(1 742)	(3 514)	(349)	(75 602)
Additions	1 219	4 236	34 672	4 423	2 229	3 417		10 574		60 770
Modifications								2 863		2 863
Disposals/terminations	(1 528)		(17)		(74)					(1 619)
Impairments			(1 766)			(8)			(1)	(1 775)
Transfers			545	(545)	583	(583)				
Depreciation	(16 091)	(12 526)	(58 452)	(437)	(5 008)	(24 286)	(1 742)	(16 951)	(348)	(135 841)
<b>Net book value 31 December 2022</b>	<b>684 159</b>	<b>12 139</b>	<b>111 897</b>	<b>4 180</b>	<b>20 407</b>	<b>92 774</b>	<b>846</b>	<b>25 072</b>	<b>290</b>	<b>951 764</b>
Cost	736 951	49 566	376 233	24 636	55 177	291 016	1 689	52 685	1 074	1 589 027
Accumulated depreciation and impairment	(52 792)	(37 427)	(264 336)	(20 456)	(34 770)	(198 242)	(843)	(27 613)	(784)	(637 263)
<b>Movements</b>	<b>(16 031)</b>	<b>(8 551)</b>	<b>7 516</b>	<b>606</b>	<b>(2 521)</b>	<b>(19 966)</b>	<b>(560)</b>	<b>(7 084)</b>	<b>(290)</b>	<b>(46 881)</b>
Additions	404	647	58 128	3 018	1 981	2 239		5 898		72 315
Modifications								975		975
Disposals/terminations	(336)		(44)	(1 138)			(87)	(574)		(2 179)
Impairments <sup>2</sup>		(110)			(98)	(467)				(675)
Transfers										
Depreciation	(16 099)	(9 088)	(50 568)	(1 274)	(4 404)	(21 738)	(473)	(13 383)	(290)	(117 317)
<b>Net book value 31 December 2023</b>	<b>668 128</b>	<b>3 588</b>	<b>119 413</b>	<b>4 786</b>	<b>17 886</b>	<b>72 808</b>	<b>286</b>	<b>17 988</b>		<b>904 883</b>
Cost	736 866	47 227	434 023	25 122	55 541	286 145	1 473	57 416	1 074	1 644 887
Accumulated depreciation and impairment	(68 738)	(43 639)	(314 610)	(20 336)	(37 655)	(213 337)	(1 187)	(39 428)	(1 074)	(740 004)

<sup>1</sup> Right-of-use assets and corresponding liabilities are recognised for all rental contracts that meet the definition of a lease contract. The group 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.

<sup>2</sup> During the year, the company vacated some rented premises before the end of the lease term resulting in the writing off of leasehold properties amounting to N\$110 thousand. Impairment losses amounting to N\$98 thousand and N\$467 thousand were recognised for office equipment and furniture and fittings respectively. The losses relate to the carrying amounts of assets that were damaged and could not be repaired for continued use.

## 9. Goodwill and other intangible assets

### 9.1 Group

	Goodwill N\$'000	Customer relationships N\$'000	Computer software <sup>1</sup> N\$'000	Total N\$'000
<b>Net book value 1 January 2022</b>	39 020	6 567	502 270	547 857
Cost	39 020	10 103	684 754	733 877
Accumulated amortisation		(3 536)	(182 484)	(186 020)
<b>Movements</b>		(1 768)	(28 356)	(30 124)
Additions			24 663	24 663
Amortisation		(1 768)	(53 019)	(54 787)
<b>Net book value 31 December 2022</b>	<b>39 020</b>	<b>4 799</b>	<b>473 914</b>	<b>517 733</b>
Cost	39 020	10 103	709 417	758 540
Accumulated amortisation		(5 304)	(235 503)	(240 807)
<b>Movements</b>	<b>(25 885)</b>	<b>(1 768)</b>	<b>(32 179)</b>	<b>(59 832)</b>
Additions			28 421	28 421
Impairment	(25 885)		(40)	(25 925)
Amortisation		(1 768)	(60 560)	(62 328)
<b>Net book value – 31 December 2023</b>	<b>13 135</b>	<b>3 031</b>	<b>441 735</b>	<b>457 901</b>
Cost	39 020	10 103	737 798	786 921
Accumulated amortisation and impairment	(25 885)	(7 072)	(296 063)	(329 020)

<sup>1</sup> Computer software mainly comprises the company's core banking system, Finacle, with a carrying amount of N\$230 million (2022: N\$288 million) and a remaining amortisation period of eight years.

### 9.2 Goodwill composition

	2023			2022		
	Gross N\$'000	Accumulated impairment N\$'000	Total N\$'000	Gross N\$'000	Accumulated impairment N\$'000	Total N\$'000
<b>GROUP</b>						
Mobicash Payments Solutions (Proprietary) Limited	39 020	(25 885)	13 135	39 020		39 020
<b>Total</b>	<b>39 020</b>	<b>(25 885)</b>	<b>13 135</b>	<b>39 020</b>		<b>39 020</b>

Based on the impairment test performed, goodwill was impaired with N\$25.9 million (2022: nil). Details on key management assumptions used to determine the recoverable amount are disclosed in the key management assumptions section.

## 10. Ordinary share capital

### 10.1 Authorised

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
800 000 000 ordinary shares at N\$0.002 per share	1 600	1 600	1 600	1 600

### 10.2 Issued

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 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 (2022: no change).

## 10. Ordinary share capital continued

### 10.3 Unissued

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
277 528 090 ordinary shares at N\$0.002 per share	555	555	555	555

### 11. Ordinary share premium

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Share premium on issue of shares	642 189	642 189	642 189	642 189

### 12. Trading liabilities

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Treasury bills <sup>1</sup>	46 366	36 799		
<b>Total</b>	<b>46 366</b>	<b>36 799</b>		

<sup>1</sup> This relates to treasury bills sold to BCB and PPB clients that did not transfer to the clients, as the title of the instrument was not updated to the names of the BCB and PPB clients.

## 13. Deferred tax

### 13.1 Deferred tax analysis

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Originating/(reversing) temporary differences arising from:				
<b>Deferred tax asset</b>				
Property, equipment and intangible assets	(244 079)	(251 256)		
Right-of-use assets <sup>1</sup>	(118 203)	(144 807)		
Lease liability <sup>1</sup>	125 014	150 302		
Assets on lease	(17 124)	(7 477)		
Post-employment benefits	42 067	36 194		
Provision for loan impairment	128 838	125 471		
Provisions and other differences	45 109	48 040		
Tax losses	89 221	87 592		
<b>Deferred tax asset closing balance</b>	<b>50 843</b>	<b>44 059</b>		
Deferred tax asset	50 843	44 059		
<b>Deferred tax liability</b>				
Property, equipment and intangible assets	(61 364)	(48 433)		
Right-of-use assets <sup>1</sup>	112 355	(140 720)		
Lease liability <sup>1</sup>	(113 370)	142 149		
Goodwill	(1 724)	(2 048)		
Tax losses	34 967	21 575		
<b>Deferred tax liability closing balance</b>	<b>(29 136)</b>	<b>(27 476)</b>		
Deferred tax liability	(29 136)	(27 476)		

<sup>1</sup> Right-of-use assets and lease liability balances are disclosed separately. The 2022 disclosure was updated for comparability, but did not have an impact on the total balances.

### 13. Deferred tax continued

#### 13.2 Deferred tax reconciliation

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Deferred tax asset</b>				
<b>Deferred tax asset balance at the beginning of the year</b>	44 059	1 560		
<b>Temporary differences for the year:</b>	6 784	42 499		
Property, equipment and intangible assets	7 177	(186 182)		
Right-of-use assets <sup>1</sup>	26 604	(144 540)		
Lease liability <sup>1</sup>	(25 288)	150 028		
Assets on lease	(9 647)	(7 477)		
Post-employment benefits	5 873	35 671		
Provisions for loan impairments	3 367	125 471		
Provisions and other differences	(2 931)	47 413		
Tax losses	1 629	22 115		
<b>Deferred tax asset balance at the end of the year</b>	50 843	44 059		
<b>Deferred tax liability</b>				
<b>Deferred tax liability balance at the beginning of the year</b>	(27 476)	(12 168)		
<b>Temporary differences for the year:</b>	(1 660)	(15 308)		
Property, equipment and intangible assets	(12 932)	163 062		
Right-of-use assets <sup>1</sup>	253 075	(130 807)		
Lease liability <sup>1</sup>	(255 519)	132 868		
Assets on lease		10 782		
Provisions and other differences		(116 703)		
Provisions for loan impairments		(60 996)		
Post-employment benefits		(34 357)		
Goodwill	324	296		
Tax losses	13 392	21 575		
Other differences		(1 029)		
<b>Deferred tax liability balance at the end of the year</b>	(29 136)	(27 476)		
<b>Net deferred tax balance at the end of the year</b>	21 707	16 583		
<b>Temporary differences for the year comprise:</b>				
Recognised in profit or loss	(2 021)	(53 437)		
Recognised in OCI (note 32.2)	(3 103)	221		
Recognised on acquisition of subsidiary		26 025		
<b>Total</b>	(5 124)	(27 191)		

<sup>1</sup> Right-of-use assets and lease liability balances are disclosed separately. The 2022 disclosure was updated for comparability, but did not have an impact on the total balances.

### 14. Deposits and current accounts

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Deposits from banks</b>	227 037	1 430 532		
<b>Deposits and current accounts from customers</b>	29 982 380	25 922 875		
Current accounts	8 597 040	7 714 366		
Cash management deposits	1 508 940	1 334 140		
Card creditors	28 552	27 037		
Call deposits	14 369 445	9 940 923		
Savings accounts	610 247	603 177		
Term deposits	2 924 839	3 018 670		
Negotiable certificates of deposit	1 943 317	3 284 562		
<b>Total</b>	30 209 417	27 353 407		

### 15. Debt securities issued

Instrument name	Maturity date	Interest rate <sup>1</sup>	Carrying value <sup>2</sup>	Notional value <sup>2</sup>	Carrying value <sup>2</sup>	Notional value <sup>2</sup>
			2023 N\$'000	2023 N\$'000	2022 N\$'000	2022 N\$'000
<b>GROUP</b>						
SBKN23	2023/10/26	Three month JIBAR + 88 bps			304 041	300 000
SBNA24	2024/05/24	Three month JIBAR + 115 bps	347 913	344 500	347 304	344 500
SBN02 <sup>3</sup>	2024/08/02	Three month JIBAR + 149 bps	319 083	314 000	318 133	314 000
SBNG25	2025/07/05	Three month JIBAR + 139 bps	204 688	200 000	203 792	200 000
SBNG27	2027/07/05	Three month JIBAR + 169 bps	204 833	200 000	203 937	200 000
SBNA26	2026/05/25	Three month JIBAR + 137 bps	157 035	155 500	156 851	155 500
SBKN26	2026/07/13	Three month JIBAR + 144 bps	302 857	296 500	301 633	296 500
SBN03 <sup>3</sup>	2026/08/03	Three month JIBAR + 176 bps	440 082	433 000	438 804	433 000
Subordinated debt <sup>4</sup>	2032/11/01	Three month JIBAR + 233 bps	254 466	250 000	253 757	250 000
			<b>2 230 957</b>	<b>2 193 500</b>	2 528 252	2 493 500

<sup>1</sup> Interest is paid quarterly.

<sup>2</sup> The difference between the carrying and notional value represents transaction costs included in the initial carrying amounts and accrued interest.

<sup>3</sup> The debt securities are listed on the JSE.

<sup>4</sup> Basel III compliant tier 2 instrument which contain a contractual non-viability write-off feature qualifying as BoN regulatory capital. These liabilities are subordinated to the claims of depositors and other creditors of the issuer in the event of liquidation. The group did not have any defaults of principal or interest or other breaches with respect to its subordinated debt during the years ended 31 December 2022 and 2023.

## 16. Provisions and other liabilities

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Financial liabilities</b>	<b>615 918</b>	484 239	<b>5 016</b>	11 663
ECL for off-balance sheet exposures – guarantees and letters of credit	1 438	2 830		
Lease liabilities (note 16.1)	16 624	25 484		
Other liabilities and accruals <sup>1</sup>	597 856	455 925	5 016	11 663
<b>Non-financial liabilities</b>	<b>380 957</b>	320 769	<b>1 896</b>	(510)
Staff-related accruals	100 952	109 683		
Obligation toward post-employment benefits (note 34)	131 458	113 043		
Other liabilities and accruals <sup>2</sup>	148 547	98 043	1 896	(510)
<b>Total</b>	<b>996 875</b>	805 008	<b>6 912</b>	11 153

<sup>1</sup> Mainly comprise of unclaimed balances, accrued expenses and sundry creditors.

<sup>2</sup> Included in other non-financial liabilities are liabilities of a short-term nature such as VAT payable and sundry provisions. The group sundry provisions opening balance is N\$12.9 million (2022: N\$16.4 million) and closing balance is N\$41.2 million (2022: N\$12.9 million), resulting in a net provision raised of N\$28.3 million (2022: N\$3.5 million net release).

## 16.1 Reconciliation of lease liabilities

	Balance at 1 January 2023 N\$'000	Additions N\$'000	Modifications/ remeasure- ments N\$'000	Terminations/ cancellations N\$'000	Interest expense N\$'000	Payments <sup>1</sup> N\$'000	Balance at 31 December 2023 N\$'000
<b>GROUP</b>							
Buildings	941			(216)	15	(326)	414
Branches	24 144	5 898	975	(714)	986	(15 168)	16 121
ATM spacing and other	399				6	(316)	89
<b>Total</b>	<b>25 484</b>	<b>5 898</b>	<b>975</b>	<b>(930)</b>	<b>1 007</b>	<b>(15 810)</b>	<b>16 624</b>

	Balance at 1 January 2022 N\$'000	Additions N\$'000	Modifications/ remeasure- ments N\$'000	Terminations/ cancellations N\$'000	Interest expense N\$'000	Payments <sup>1</sup> N\$'000	Balance at 31 December 2022 N\$'000
<b>GROUP</b>							
Buildings	2 733				39	(1 831)	941
Branches	26 397	10 574	2 863		1 120	(16 810)	24 144
ATM spacing and other	730				14	(345)	399
<b>Total</b>	<b>29 860</b>	<b>10 574</b>	<b>2 863</b>		<b>1 173</b>	<b>(18 986)</b>	<b>25 484</b>

<sup>1</sup> These payments include the principal lease payments as disclosed in the statement of cash flows of N\$14.8 million (2022: N\$17.8 million) for the group. The remainder is the interest expense paid during the year.

16. Provisions and other liabilities continued  
16.2 Maturity analysis of discounted lease liabilities:

	2023			2022		
	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
<b>GROUP</b>						
Buildings	414		414	635	306	941
Branches	7 557	8 564	16 121	9 997	14 147	24 144
ATM spacing and other	89		89	399		399
<b>Total</b>	<b>8 060</b>	<b>8 564</b>	<b>16 624</b>	<b>11 031</b>	<b>14 453</b>	<b>25 484</b>

## Maturity analysis of undiscounted contractual cash flows:

	2023			2022		
	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
<b>GROUP</b>						
Buildings	303		303	543	292	835
Branches	10 701	8 940	19 641	12 505	14 605	27 110
ATM spacing and other	88		88	314		314
<b>Total</b>	<b>11 092</b>	<b>8 940</b>	<b>20 032</b>	<b>13 362</b>	<b>14 897</b>	<b>28 259</b>

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 2023 primarily related to new contracts entered for branch spaces that had expired and or early terminated.

 Refer to note 8 for the disclosure of the right-of-use asset and the related depreciation.

## 17. 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			FVOCI		Total fair value N\$'000	Amortised cost N\$'000	Other non-financial assets/ liabilities N\$'000	Total carrying amount N\$'000	Fair value <sup>1</sup> N\$'000
		Held-for-trading N\$'000	Designated at fair value N\$'000	Default N\$'000	Debt instruments N\$'000	Equity instruments N\$'000					
<b>GROUP</b>											
<b>2023</b>											
<b>Assets</b>											
Cash and balances with the central bank	1			922 067						1 675 385	1 675 385
Derivative assets	2	71 123								71 123	71 123
Trading assets	3	494 985								494 985	494 985
Financial investments	4			1 790 192		4 879 976				7 103 628	7 103 628
Loans and advances <sup>1</sup>	5						26 953 890			26 953 890	26 891 533
Other financial assets <sup>2</sup>	6						199 368			199 368	
Other non-financial assets								2 171 211		2 171 211	
<b>Total assets</b>		<b>566 108</b>		<b>2 712 259</b>		<b>4 879 976</b>		<b>28 340 036</b>	<b>2 171 211</b>	<b>38 669 590</b>	
<b>Liabilities</b>											
Derivative liabilities	2	69 048								69 048	69 048
Trading liabilities	12	46 366								46 366	46 366
Deposits from banks	14						227 037			227 037	227 037
Deposits and current accounts from customers	14						29 982 380			29 982 380	29 954 122
Debt securities issued	15						2 230 957			2 230 957	2 228 865
Other financial liabilities <sup>1,2</sup>	16						615 918			615 918	
Other non-financial liabilities <sup>2</sup>								410 093		410 093	
<b>Total liabilities</b>		<b>115 414</b>					<b>115 414</b>	<b>33 056 292</b>	<b>410 093</b>	<b>33 581 799</b>	
<b>COMPANY</b>											
<b>2023</b>											
<b>Assets</b>											
Cash balances	1							121 461		121 461	121 461
Other financial assets <sup>2</sup>	6						62 530			62 530	62 530
Other non-financial assets	7							896 101		896 101	
<b>Total assets</b>								<b>183 991</b>	<b>896 101</b>	<b>1 080 092</b>	
<b>Liabilities</b>											
Other financial liabilities <sup>2</sup>	16							5 016		5 016	5 016
Other non-financial liabilities <sup>2</sup>									1 896	1 896	
<b>Total liabilities</b>								<b>5 016</b>	<b>1 896</b>	<b>6 912</b>	

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 3 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 and the lease liability balance consists of the discounted rental expenses.

## 17. Classification of assets and liabilities continued

	Note	FVTPL			Fair value through OCI			Amortised cost N\$'000	Other non-financial assets/ liabilities N\$'000	Total carrying amount N\$'000	Fair value <sup>1</sup> N\$'000
		Held-for-trading N\$'000	Designated at fair value N\$'000	Default N\$'000	Debt instruments N\$'000	Equity instruments N\$'000	Total fair value N\$'000				
<b>GROUP</b>											
<b>2022</b>											
<b>Assets</b>											
Cash and balances with the central bank	1			882 874			882 874	790 463		1 673 337	1 673 337
Derivative assets	2	138 918					138 918			138 918	138 918
Trading assets	3	474 621					474 621			474 621	474 621
Financial investments	4			1 180 088	3 703 511		4 883 599	39 415		4 923 014	4 923 014
Loans and advances	5							25 969 450		25 969 450	26 574 783
Other financial assets <sup>2</sup>	6							239 298		239 298	239 298
Other non-financial assets									2 256 059	2 256 059	
<b>Total assets</b>		613 539		2 062 962	3 703 511		6 380 012	27 038 626	2 256 059	35 674 697	
<b>Liabilities</b>											
Derivative liabilities	2	140 763					140 763			140 763	140 763
Trading liabilities	12	36 799					36 799			36 799	36 799
Deposits from banks	14							1 430 532		1 430 532	1 430 532
Deposits and current accounts from customers	14							25 922 875		25 922 875	25 955 659
Debt securities issued	15							2 528 252		2 528 252	2 586 969
Other financial liabilities <sup>2</sup>	16							484 239		484 239	
Other non-financial liabilities									348 245	348 245	
<b>Total liabilities</b>		177 562					177 562	30 365 898	348 245	30 891 705	
<b>COMPANY</b>											
<b>2022</b>											
<b>Assets</b>											
Cash balances	1							291 326		291 326	291 326
Other financial assets <sup>2</sup>	6							6 346		6 346	
Other non-financial assets									921 986	921 986	
<b>Total assets</b>								297 672	921 986	1 219 658	
<b>Liabilities</b>											
Other financial liabilities <sup>2</sup>	16							11 663		11 663	
Other non-financial liabilities									(510)	(510)	
<b>Total liabilities</b>								11 663	(510)	11 153	

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 3 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 and the lease liability balance consists of the discounted rental expenses.

**18. Assets and liabilities at fair value****18.1 Financial assets and liabilities measured at fair value on a recurring basis**

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

	2023				2022			
	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
<b>GROUP</b>								
<b>Assets</b>								
Cash and balances with the central bank	922 067			922 067	882 874			882 874
Derivative assets		71 123		71 123		138 918		138 918
Trading assets <sup>1</sup>		494 985		494 985		474 621		474 621
Financial investments	77 103	6 593 065		6 670 168	84 223	4 799 376		4 883 599
<b>Total</b>	<b>999 170</b>	<b>7 159 173</b>		<b>8 158 343</b>	<b>967 097</b>	<b>5 412 915</b>		<b>6 380 012</b>
<b>Liabilities</b>								
Derivative liabilities		69 048		69 048		140 763		140 763
Trading liabilities <sup>1</sup>		46 366		46 366		36 799		36 799
<b>Total</b>		<b>115 414</b>		<b>115 414</b>		<b>177 562</b>		<b>177 562</b>

<sup>1</sup> The classification of trading assets and trading liabilities were changed from level 1 to level 2, after the nature of the Namibian market was assessed. Consequently the adjustment was made to 2022 as well to maintain comparability.

**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 (2022: nil).

**Input and valuation techniques**

		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

**18. Assets and liabilities at fair value continued****18.2 Assets and liabilities not measured at fair value for which fair value is disclosed****18.2.1 Fair value hierarchy of items for which fair value is disclosed**

	2023				2022			
	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
<b>GROUP</b>								
<b>Assets</b>								
Cash and balances with the central bank	753 318			753 318	790 463			790 463
Financial investments	433 460			433 460	39 415			39 415
Loans and advances			26 891 533	26 891 533			26 574 783	26 574 783
<b>Total</b>	<b>1 186 778</b>		<b>26 891 533</b>	<b>28 078 311</b>	<b>829 878</b>		<b>26 574 783</b>	<b>27 404 661</b>
<b>Liabilities</b>								
Deposits from banks		227 037		227 037		1 430 532		1 430 532
Deposits and current accounts from customers		29 954 122		29 954 122		25 955 659		25 955 659
Debt securities issued		2 228 865		2 228 865		2 586 969		2 586 969
<b>Total</b>		<b>32 410 024</b>		<b>32 410 024</b>		<b>29 973 160</b>		<b>29 973 160</b>

	2023				2022			
	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
<b>COMPANY</b>								
<b>Assets</b>								
Cash balances	121 461			121 461	291 326			291 326
<b>Total</b>	<b>121 461</b>			<b>121 461</b>	<b>291 326</b>			<b>291 326</b>

The hierarchy of levels is explained below:

- Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group 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.

**18. Assets and liabilities at fair value** continued**18.3 Third-party credit enhancements**

There were no significant liabilities measured at fair value that existed during the year which had been issued with inseparable third-party credit enhancements.

**19. 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.

The following table sets out the impact of offsetting, as well as the required disclosures for financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they have been offset in accordance with IFRS. It should be noted that the information below is not intended to represent the group and company's actual credit exposure, nor will it agree to that presented in the statement of financial position.

GROUP	Gross amount of recognised financial assets <sup>1</sup> N\$'000	Financial liabilities set off in the statement of financial position N\$'000	Net amount of financial assets subject to netting off agreements <sup>2</sup> N\$'000	Net amount N\$'000
<b>2023</b>				
<b>Assets</b>				
Derivative assets	21 087		21 087	21 087
Loans and advances <sup>3</sup>	356 346		356 346	356 346
	<b>377 433</b>		<b>377 433</b>	<b>377 433</b>
<b>2022</b>				
<b>Assets</b>				
Derivative assets	9 168		9 168	9 168
Loans and advances <sup>3</sup>	154 547		154 547	154 547
	163 715		163 715	163 715
<b>GROUP</b>				
<b>2023</b>				
<b>Liabilities</b>				
Derivative liabilities	5 640		5 640	5 640
Deposits and current accounts <sup>3</sup>	622 462		622 462	622 462
	<b>628 102</b>		<b>628 102</b>	<b>628 102</b>
<b>2022</b>				
<b>Liabilities</b>				
Derivative liabilities	18 280		18 280	18 280
Deposits and current accounts <sup>3</sup>	534 334		534 334	534 334
	552 614		552 614	552 614

1 Gross amounts are disclosed for recognised financial assets and financial liabilities that are either offset in the statement of financial position or are subject to an enforceable master netting arrangement or a similar agreement, irrespective of whether the IFRS offsetting criteria is met.

2 Related amounts not offset in the statement of financial position that are subject to an enforceable master netting arrangement or similar agreement.

3 This relates to the cash management accounts that allow holding companies (or central treasury functions) to manage the cash flows of its group by linking the current accounts of multiple legal entities within a group, subject to an enforceable master netting arrangement (or similar agreement).

**19. Financial instruments subject to offsetting, enforceable master netting arrangements or similar agreements** continued

The table below sets out the nature of agreements and the types of rights relating to items which do not qualify for offsetting but that are subject to a master netting arrangement or similar agreement.

	Nature of agreement	Related rights
Derivative assets and derivative liabilities	International swaps and derivatives association agreement	The agreement allows for offsetting in the event of default.
Loans and advances	Customer agreement and Banking Institutions Act	In the event of liquidation or bankruptcy, offsetting shall be enforceable subject to all applicable laws and regulations.
Deposits and debt funding	Customer agreement and Banking Institutions Act	In the event of liquidation or bankruptcy, offsetting shall be enforceable subject to all applicable laws and regulations.

The above disclosures, including comparatives, have been included from 2023. There was no impact on the balances in the primary statements and related notes.

**20. Maturity analysis of assets**  
**20.1 Financial assets**

The following table discloses the maturity 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
<b>GROUP</b>						
<b>2023</b>						
Cash and balances with the central bank <sup>1</sup>	1	1 675 382				1 675 382
Derivative assets	2		71 123			71 123
Trading assets	3		494 985			494 985
Financial investments	4	1 791 317	4 940 185	363 666	8 460	7 103 628
Gross loans and advances	5	9 217 681	4 566 427	5 295 656	8 716 536	27 796 300
Other financial assets	6		199 368			199 368
		<b>12 684 380</b>	<b>10 272 088</b>	<b>5 659 322</b>	<b>8 724 996</b>	<b>37 340 786</b>
<b>2022</b>						
Cash and balances with the central bank <sup>1</sup>	1	1 673 337				1 673 337
Derivative assets	2		138 918			138 918
Trading assets	3		474 621			474 621
Financial investments	4	1 180 088	3 627 971	72 372	42 583	4 923 014
Gross loans and advances	5	6 780 414	4 403 783	6 265 460	9 281 576	26 731 233
Other financial assets	6		239 298			239 298
		9 633 839	8 884 591	6 337 832	9 324 159	34 180 421

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

2 The maturity of other financial assets was corrected to the "Maturing within 1 year" bucket for the current year. The 2022 maturity was also corrected, but this did not have an impact on any amounts included within other financial assets.

**20. Maturity analysis of assets** continued**20.1 Financial assets** continued

Note	Redeemable on demand N\$'000	Maturing within 1 year N\$'000	Maturing within 1 to 5 years N\$'000	Maturing after 5 years N\$'000	Total N\$'000
<b>COMPANY 2023</b>					
Cash balances	121 461				121 461
Other financial assets		62 530			62 530
	<b>121 461</b>	<b>62 530</b>			<b>183 991</b>
<b>2022</b>					
Cash balances	291 326				291 326
Other financial assets		6 346			6 346
	291 326	6 346			297 672

**20.2 Non-financial assets**

The following table discloses the maturity of the group'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
<b>GROUP 2023</b>			
Normal tax asset <sup>1</sup>	92 749		92 749
Property, equipment and right-of-use assets <sup>1</sup>	187 265	717 618	904 883
Goodwill and other intangible assets <sup>1</sup>	62 328	395 573	457 901
Deferred tax asset		50 843	50 843
Properties in possession <sup>2</sup>	439 255		439 255
Other assets	225 580		225 580
	<b>1 007 177</b>	<b>1 164 034</b>	<b>2 171 211</b>
<b>2022</b>			
Normal tax asset <sup>1</sup>	49 351		49 351
Property, equipment and right-of-use assets <sup>1</sup>	206 888	744 876	951 764
Goodwill and other intangible assets <sup>1</sup>	54 787	462 946	517 733
Deferred tax asset		44 059	44 059
Properties in possession <sup>2</sup>	491 154		491 154
Other assets	201 998		201 998
	1 004 178	1 251 881	2 256 059

1 During 2023 the group assessed the disclosure of the maturity of normal tax asset, property, equipment and right-of-use assets and intangible assets and enhanced the disclosure to split out the balances maturing less than 12 months after the reporting period. The 2022 disclosure was also updated for comparability. There was no impact on the total balances.

2 The disclosure of the maturity of property in possession was assessed to be 12 months. The 2022 disclosure was also updated for comparability. There was no impact on the total balances.

Company non-financial assets consists of interest in subsidiaries, which is considered to mature more than 12 months after the reporting period.

**21. Maturity analysis of liabilities****21.1 Financial liabilities**

The following table discloses the maturity of the group's financial liabilities on a contractual discounted basis.

Note	On demand N\$'000	Maturing within 1 month N\$'000	Maturing between 1 to 6 months N\$'000	Maturing between 6 to 12 months N\$'000	Maturing after 12 months N\$'000	Total N\$'000
<b>GROUP 2023</b>						
Derivative liabilities		31 709	27 449	9 890		69 048
Trading liabilities		12 574	28 654	5 138		46 366
Deposits and current accounts	25 383 516	1 120 630	2 642 242	597 065	465 964	30 209 417
Debt securities issued			347 913	319 083	1 563 961	2 230 957
Provision and other liabilities		598 810	996	2 523	13 589	615 918
	<b>25 383 516</b>	<b>1 763 723</b>	<b>3 047 254</b>	<b>933 699</b>	<b>2 043 514</b>	<b>33 171 706</b>
<b>2022</b>						
Derivative liabilities		32 310	108 453			140 763
Trading liabilities		8 075	25 942	2 782		36 799
Deposits and current accounts	21 217 184	319 444	2 512 200	2 426 957	877 622	27 353 407
Debt securities issued				304 041	2 224 211	2 528 252
Provision and other liabilities		457 388	5 596	5 769	15 486	484 239
	21 217 184	817 217	2 652 191	2 739 549	3 117 319	30 543 460

Refer to Annexure B for funding and liquidity risk information.

## 21. Maturity analysis of liabilities continued

### 21.2 Non-financial liabilities

The following table discloses the maturity of the group and company's non-financial liabilities 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
<b>GROUP</b>				
<b>2023</b>				
Provisions and other liabilities	16	249 499	131 458	380 957
Deferred tax liability	13		29 136	29 136
		249 499	160 594	410 093
<b>2022</b>				
Provisions and other liabilities	16	207 726	113 043	320 769
Deferred tax liability	13		27 476	27 476
		207 726	140 519	348 245
<b>COMPANY</b>				
<b>2023</b>				
Provisions and other liabilities	16	1 896		1 896
		1 896		1 896
<b>2022</b>				
Provisions and other liabilities	16	(510)		(510)
		(510)		(510)

## 22. Unrecognised financial liabilities, contingent liabilities and commitments

### 22.1 Unrecognised financial liabilities

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Letters of credit <sup>1</sup>	43 440	134 412		
Guarantees	1 859 899	1 677 317		
Unutilised borrowing facilities	2 223 438	2 981 232		
<b>Total</b>	<b>4 126 777</b>	<b>4 792 961</b>		

<sup>1</sup> Refer to note 30 for the impairment disclosure.

### 22.2 Capital commitments

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Contractual capital expenditures	18 577	11 531		
<b>Total</b>	<b>18 577</b>	<b>11 531</b>		

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

### 22.3 Lease commitments

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

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Low value assets and short-term leases</b>				
Within one year	7 701	7 083		
After one year but within five years	13 726	6 767		
<b>Total</b>	<b>21 427</b>	<b>13 850</b>		

### 22.4 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.

**23. Interest income**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Effective interest rate income on:</b>				
Financial investments	378 031	234 257		
Loans and advances	2 930 451	2 070 344		
Interest income on credit impaired financial assets	38 036	101 552		
<b>Total</b>	<b>3 346 518</b>	<b>2 406 153</b>		
<b>Comprising:</b>				
Interest income on items measured at amortised cost	2 968 487	2 171 896		
Interest income on items measured at FVOCI	378 031	234 257		

**24. Interest expense**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Interest on current accounts	96 993	48 144		
Interest on savings and deposit accounts	188 155	122 251		
Interest on lease liabilities	1 007	1 173		
Interest on other interest-bearing liabilities <sup>1</sup>	1 260 348	789 783		
<b>Total</b>	<b>1 546 503</b>	<b>961 351</b>		
<b>Comprising:</b>				
Interest expense on lease liabilities	1 007	1 173		
Interest expense on items measured at amortised cost	1 545 496	960 178		

<sup>1</sup> Includes interest expense charges relating to the JSE listed bonds detailed in note 15.

**25. Fee and commission revenue**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Account transaction fees	299 099	276 122		
Card-based commission	298 732	279 383		
Electronic banking fees	367 469	372 756		
Foreign currency service fees	34 041	27 560		
Documentation and administration fees	88 144	89 032		
Custody fees	24 735	29 487		
Trustees and executors' fees	6 346	6 705		
Arrangement fees	17 791	16 743		
Guarantees commission	14 916	17 470		
Agent's commission fees	72 484	54 882		
Other <sup>1</sup>	64 951	43 849		
<b>Total</b>	<b>1 288 708</b>	<b>1 213 989</b>		

<sup>1</sup> Other primarily comprises of fee and commission revenue earned on sundry services such as arrangement and agency fees as well as guarantee and commitment commissions.

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

**26. Fee and commission expense**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Account transaction fees	12 122	14 720		
Card-based commission	150 731	135 201		
Documentation and administration fees	146 973	132 128		
Electronic banking fees	25 953	19 296		
<b>Total</b>	<b>335 779</b>	<b>301 345</b>		

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

**27. Trading revenue**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Foreign exchange gains	156 802	117 484		
Net fair value adjustments on held-for-trading financial assets	41 708	32 694		
<b>Total</b>	<b>198 510</b>	<b>150 178</b>		

**28. Other revenue**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Property-related revenue	53 776	26 482		
Commission revenue from insurance broking services	46 943	43 000		
Profit share income	88 516	68 891	88 516	68 891
Other non-banking related revenue	10 077	7 528		
Dividends on unlisted financial investments <sup>1</sup>			263 809	66 251
<b>Total</b>	<b>199 312</b>	<b>145 901</b>	<b>352 325</b>	<b>135 142</b>

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

**29. Other gains on financial instruments**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Fair value gains on financial instruments measured at FVTPL – default	104 342	74 363		
<b>Total</b>	<b>104 342</b>	<b>74 363</b>		

**30. Credit impairment charges**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Net ECL raised</b>	<b>201 162</b>	202 457		
Financial investments (note 4)	<b>3 394</b>	(359)		
Loans and advances (note 5.2)	<b>199 159</b>	203 099		
Letters of credit, bank acceptances and guarantees (note 22.1)	<b>(1 391)</b>	(283)		
Recoveries on loans and advances previously written off	<b>(37 751)</b>	(41 244)		
<b>Total</b>	<b>163 411</b>	161 213		

Cash and balances with central bank, financial investments, other financial assets, and off-balance sheet exposures as detailed in notes 1, 4, 6 and Annexure B, reflect balances where the group transacted with counterparties with minimal credit risk for the purpose of impairment assessment.

**31. Operating expenses**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Auditor's remuneration	<b>21 871</b>	11 402	<b>425</b>	370
Audit fees	<b>20 573</b>	10 784	<b>400</b>	370
Other services <sup>1</sup>	<b>1 298</b>	618	<b>25</b>	
Amortisation (note 9)	<b>62 328</b>	54 787		
Communication expenses	<b>15 936</b>	13 508		
Depreciation (note 8)	<b>117 317</b>	135 841		
IT expenses	<b>374 941</b>	276 712		
Operating lease rentals <sup>2</sup>	<b>14 593</b>	19 762		
Professional fees	<b>188 504</b>	181 168	<b>593</b>	606
Profit on sale of property and equipment and modifications/ terminations of leases	<b>(1 225)</b>	(3 426)		
Impairment loss on property and equipment (note 8)	<b>675</b>	1 775		
Impairment loss on goodwill (note 9)	<b>25 895</b>			
Impairment loss on investment in subsidiary (note 7)			<b>25 885</b>	
Premises costs	<b>58 785</b>	49 780		
Staff costs <sup>3</sup>	<b>855 303</b>	812 550		
Salaries and allowances	<b>768 451</b>	725 942		
Post-employment benefits – pension – defined contribution plan (note 34)	<b>68 011</b>	68 887		
Post-employment benefits – medical expenses (note 34)	<b>18 841</b>	17 721		
Other expenses <sup>4</sup>	<b>241 269</b>	124 816	<b>972</b>	694
<b>Total</b>	<b>1 976 192</b>	1 678 675	<b>27 875</b>	1 670

<sup>1</sup> All fees for services paid to the group and company's auditors were considered and approved by the board audit committee in terms of its non-audit services policy.

<sup>2</sup> This relates to low value and short term lease payments.

<sup>3</sup> See Annexure C for details of the directors' remuneration.

<sup>4</sup> Other expenses mainly comprise marketing and advertising expenses, operational risk losses, security expenses, travel and entertainment expenses and expenses relating to properties in possession written down to net realisable value (note 42.1).

**32. Taxation**  
**32.1 Indirect taxation**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Value-added tax (VAT) <sup>1</sup>	<b>40 151</b>	20 855		
Duties and other	<b>9 019</b>	8 282		
<b>Total</b>	<b>49 170</b>	29 137		

<sup>1</sup> The group earns certain amounts of VAT exempt income which result in these amounts of VAT input not being able to be claimed from the revenue authorities.

**32.2 Direct taxation**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Normal taxation</b>	<b>298 643</b>	288 020		
Current year charge	<b>303 580</b>	263 032		
Prior year (credit)/charge	<b>(4 937)</b>	24 988		
<b>Deferred taxation</b>	<b>(2 021)</b>	(53 437)		
Current year credit	<b>(2 021)</b>	(53 437)		
<b>Total</b>	<b>296 622</b>	234 583		

**Income tax recognised in OCI**

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

	Tax (charge)/ credit		
	Before tax N\$'000	N\$'000	After tax N\$'000
<b>GROUP 2023</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Change in fair value of FVOCI debt financial assets – IFRS 9	<b>1 255</b>	<b>64</b>	<b>1 319</b>
<b>Items that may not be subsequently reclassified to profit or loss</b>			
Change in fair value of post-employment benefit obligations	<b>(9 497)</b>	<b>3 039</b>	<b>(6 458)</b>
<b>Total OCI tax credit</b>	<b>(8 242)</b>	<b>3 103</b>	<b>(5 139)</b>
<b>2022</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Change in fair value of FVOCI debt financial assets – IFRS 9	(4 113)	2 234	(1 879)
<b>Items that may not be subsequently reclassified to profit or loss</b>			
Change in fair value of post-employment benefit obligations	7 671	(2 455)	5 216
<b>Total OCI tax charge</b>	<b>3 558</b>	<b>(221)</b>	<b>3 337</b>

**32. Taxation continued****Namibian tax rate reconciliation**

	GROUP				COMPANY			
	2023 %	2023 N\$'000	2022 %	2022 N\$'000	2023 %	2023 N\$'000	2022 %	2022 N\$'000
<b>Direct taxation</b>								
– statutory rate	32.0	341 227	32.0	274 836	32.0	103 824	32.0	42 711
Permanent differences:	(4.2)	(44 605)	(4.7)	(40 253)	(32.0)	(103 824)	(32.0)	(42 711)
Non-taxable income								
– dividends	(6.2)	(66 482)	(4.2)	(35 682)	(34.7)	(112 744)	(32.4)	(43 245)
Non-taxable income								
– other <sup>1</sup>		(221)	(0.1)	(842)				
Non-deductible expenses	0.3	3 005	0.2	1 324	2.7	8 920	0.4	534
Properties in possession written down to net realisable value	1.6	17 338						
Impairment of goodwill	0.8	8 283						
Other	(0.7)	(6 528)	(0.6)	(5 053)				
<b>Effective direct taxation rate</b>	<b>27.8</b>	<b>296 622</b>	<b>27.3</b>	<b>234 583</b>				

<sup>1</sup> Comprises non-taxable interest income for the group and profit-share income for the company.

**33. Statement of cash flows notes****33.1 Cash flows from operations**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Net income before indirect tax	1 115 505	888 000	324 450	133 472
Impairment of investment in subsidiary (note 7)			25 885	
Depreciation of property, equipment and right-of-use assets (note 8)	117 317	135 841		
Impairment of property, equipment and right-of-use assets (note 8)	675	1 775		
Impairment of goodwill and other intangible assets (note 9)	25 925			
Amortisation of intangible assets (note 9)	62 328	54 787		
Foreign exchange differences on cash and cash equivalents	(38 840)	148 012		
ECL raised (note 30)	201 162	202 457		
Unwinding of discount element of loans and advances	(97 394)	(94 805)		
Properties in possession written down to net realisable value	54 647			
Movement in interest income accruals	84 835	36 430		
Movement in interest expense accruals	23 088	(8 701)		
Interest benefit on staff loans	8 200	8 843		
Movement in staff-related accruals	(8 731)	21 270		
Accrued interest on debt securities	709	2 576		
Accrued interest on subordinated debt	1 996	14 553		
Fair value adjustments	(71 447)	(19 375)		
Indirect taxation (note 32.1)	(49 170)	(29 137)		
Profit on disposal of property and equipment (note 33.6)	(1 225)	(3 426)		
Gain on modifications/terminations of leases	(269)	(2 863)		
Dividend income (note 28)			(263 809)	(66 251)
<b>Total</b>	<b>1 429 311</b>	<b>1 356 237</b>	<b>86 526</b>	<b>67 221</b>

**33. Statement of cash flows notes continued**  
**33.2 (Increase)/decrease in income-earning assets**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 Restated <sup>1</sup> N\$'000
Financial investments	(2 153 014)	730 459		
Trading assets	22 492	179 420		
Loans and advances <sup>2</sup>	299 043	(1 312 365)		
Properties in possession	(2 748)	(1 685)		
Derivative assets	67 795	(65 592)		
Other assets	8 145	(131 939)	(56 184)	31 417
<b>Total</b>	<b>(1 758 287)</b>	<b>(601 702)</b>	<b>(56 184)</b>	<b>31 417</b>

<sup>1</sup> Company: During the year it was noted that an amount of N\$36.2 million was incorrectly included twice in the 2022 cash and cash equivalents balance. The balance was previously reported as N\$327.5 million, where the correct amount is N\$291.3 million. This balance has been restated accordingly. This restatement also had an impact on the increase in income-earning assets, previously reported as N\$67.6 million, which has now been restated to N\$31.4 million. This restatement had no impact on the statement of financial position or income statement.

<sup>2</sup> Excludes on-demand gross loans and advances to banks that qualifies as cash and cash equivalents (note 33.10).

**33.3 Increase/(decrease) in deposits and other liabilities**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Deposits and current accounts	2 832 922	(893 778)		
Trading liabilities	9 567	(18 955)		
Derivative liabilities	(71 715)	70 187		
Provisions and other liabilities	201 352	173 061	(4 241)	(3 063)
<b>Total</b>	<b>2 972 126</b>	<b>(669 485)</b>	<b>(4 241)</b>	<b>(3 063)</b>

**33.4 Cash payments to suppliers and employees**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Cash payments to suppliers	(852 567)	(511 414)	(1 990)	(1 670)
Cash payments to employees	(855 834)	(782 437)		
<b>Total</b>	<b>(1 708 401)</b>	<b>(1 293 851)</b>	<b>(1 990)</b>	<b>(1 670)</b>

**33.5 Direct taxation paid**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Normal tax at beginning of the year	49 351	165 126		
Recognised in income statement	(298 643)	(288 020)		
Normal tax at end of the year	(92 749)	(49 351)		
<b>Total</b>	<b>(342 041)</b>	<b>(172 245)</b>		

**33.6 Proceeds from the sale of property and equipment**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Net book value of disposals	1 518	1 619		
Profit on disposal	1 225	3 426		
<b>Total</b>	<b>2 743</b>	<b>5 045</b>		

**33. Statement of cash flows notes** continued**33.7 Dividends paid**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Dividend paid during the year	(459 775)	(182 901)	(459 775)	(182 901)
<b>Total</b>	<b>(459 775)</b>	<b>(182 901)</b>	<b>(459 775)</b>	<b>(182 901)</b>

**33.8 Reconciliation of senior debt**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Balance at the beginning of the year	2 274 495	1 859 942		
Subordinated debt issued		400 000		
Subordinated debt redeemed	(300 000)			
Accrued finance movements	1 996	14 553		
<b>Balance at the end of the year</b>	<b>1 976 491</b>	<b>2 274 495</b>		

**33.9 Reconciliation of subordinated debt**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Balance at the beginning of the year	253 757	101 181		
Subordinated debt issued		250 000		
Subordinated debt redeemed		(100 000)		
Accrued finance movements	709	2 576		
<b>Balance at the end of the year</b>	<b>254 466</b>	<b>253 757</b>		

**33.10 Cash and cash equivalents**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 Restated <sup>1</sup> N\$'000
Cash and balances with the central bank (note 1)	1 675 382	1 673 337	121 461	291 326
On demand gross loans and advances to banks (note 5.1)	4 581 427	3 110 196		
<b>Total</b>	<b>6 256 809</b>	<b>4 783 533</b>	<b>121 461</b>	<b>291 326</b>

<sup>1</sup> Company: During the year it was noted that an amount of N\$36.2 million was incorrectly included twice in the 2022 cash and cash equivalents balance. The balance was previously reported as N\$327.5 million, where the correct amount is N\$291.3 million. This balance has been restated accordingly. This restatement had no impact on the statement of financial position or income statement.

**34. Post-employment benefits**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Amounts recognised as a liability in the statement of financial position</b>				
Post-employment healthcare benefit medical aid	131 458	113 043		
<b>Amounts recognised as expenses in profit and loss for the year</b>				
Retirement fund	68 011	63 378		
Post-employment healthcare benefit medical aid	18 841	17 721		
<b>Total</b>	<b>86 852</b>	<b>81 099</b>		

**34.1 Retirement fund**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 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 30 November 2023 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.				
<b>Employer's contribution for the year</b>	<b>63 601</b>	<b>63 378</b>		

### 34. Post-employment benefits continued

#### 34.2 Post-employment healthcare benefits

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Post-employment medical scheme</b>				
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 2023.				
Expected premiums to post-employment medical schemes for the year ending 31 December 2024 are N\$6.6 million.				
<b>Movement in the present value of defined medical scheme benefit obligation:</b>				
<b>Balance at beginning of the year</b>	<b>113 043</b>	108 905		
Current service cost	<b>2 616</b>	3 044		
Interest cost	<b>14 155</b>	12 932		
Remeasurement of post-employment benefit obligations relating to change in actuarial assumptions	<b>9 497</b>	(7 671)		
Changes in financial assumptions	<b>(6 007)</b>	(16 536)		
Changes in demographic assumptions	<b>10 732</b>	6 833		
Change in health care cost inflation	<b>5 477</b>	1 783		
Change in medical aid plans and income bands	<b>(705)</b>	249		
Contributions by employer	<b>(7 853)</b>	(4 167)		
<b>Balance at end of the year</b>	<b>131 458</b>	113 043		
<b>Consisting of:</b>				
Present value of unfunded obligations	<b>131 458</b>	113 043		
<b>Obligation recognised in the statement of financial position</b>	<b>131 458</b>	113 043		
<b>The amounts recognised in profit or loss are determined as follows:</b>				
Current service cost	<b>2 616</b>	3 044		
Interest cost	<b>14 155</b>	12 932		
<b>Included in staff costs</b>	<b>16 771</b>	15 976		
<b>The amounts recognised in statements of other comprehensive income</b>				
Remeasurement of post-employment benefit obligations relating to changes in actuarial assumptions, before tax	<b>9 497</b>	(7 671)		
<b>The principal actuarial assumptions used for accounting purposes were:</b>				
Discount rate (%)	<b>14.32</b>	12.84		
Healthcare cost inflation (%)	<b>10.28</b>	9.16		
Remaining service life of employees (years)	<b>18.0 – 22.5</b>	18.0 – 22.5		
<b>Mortality rates used:</b>				
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).				
<b>Current active employee members:</b>				
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	<b>226</b>	246		
Average age (years)	<b>46</b>	45		
<b>Current pensioner members:</b>				
Details of the current pensioner members belonging to the medical aid fund are as follows:				
Number of employees	<b>132</b>	117		
Average age (years)	<b>67</b>	67		

### 34. Post-employment benefits continued

#### 34.2 Post-employment healthcare benefits continued

##### Sensitivity analysis

GROUP	Assumption	Change in assumption	% change in obligation		% change in aggregate of service and interest cost	
			2023	2022	2023	2022
Healthcare cost inflation:		1% increase	<b>13.50</b>	14.60	<b>14.60</b>	15.30
		1% decrease	<b>(11.30)</b>	(12.00)	<b>(12.40)</b>	(13.70)
Mortality rate:		PA (90)-1	<b>2.80</b>	2.90	<b>2.60</b>	2.20
		1% increase	<b>(11.10)</b>	(11.90)	<b>(6.80)</b>	(7.70)
Discount rate:		1% increase	<b>(11.10)</b>	(11.90)	<b>(6.80)</b>	(7.70)
		1% decrease	<b>13.60</b>	14.60	<b>7.50</b>	7.70

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.

**35. Related party disclosures****35.1 Parent**

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

**35.2 Subsidiaries**

 Refer to note 7.1 and Annexure A for further disclosure on investments in subsidiaries.

**35.3 Key management personnel**

Key management personnel has been defined as directors of the group companies and executive management of SBN Holdings 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 SBN Holdings 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	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Key management compensation</b>				
Salaries and other short-term benefits	49 162	34 613		
IFRS 2 value of share options and rights expensed	2 461	1 612		
	<b>51 623</b>	36 225		
The transactions below are entered into in the normal course of business.				
<b>Loans and advances<sup>1</sup></b>				
Loans outstanding at beginning of the year	27 279	23 531		
Additions from change in key management structures	11 021			
Net loans granted during the year	4 507	3 748		
<b>Loans outstanding at end of the year</b>	<b>42 807</b>	27 279		
<b>Deposit and current accounts<sup>2</sup></b>				
Deposits outstanding at beginning of the year	1 718	4 752		
Additions from change in key management structures	3 849			
Net deposits withdrawn during the year	(826)	(3 034)		
<b>Deposits outstanding at end of the year</b>	<b>4 741</b>	1 718		

<sup>1</sup> Loans include mortgage loans, vehicle and asset finance and credit cards. All loans and advances in respect of loans granted to key management in the current or prior year follow the normal credit processes of the group and company. No impairments have been recognised 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.

<sup>2</sup> Deposits include cheque, current and savings accounts.

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.

**35. Related party disclosures continued****35.4 (Purchase)/rendering of services**

	Relationship	Type	GROUP	
			2023 N\$'000	2022 N\$'000
The Standard Bank of South Africa Limited (SBSA)	Fellow subsidiary	Royalty fees	(95 772)	(77 377)
SBSA	Fellow subsidiary	Information technology	(109 116)	(90 631)
SBSA	Fellow subsidiary	License fees	(9 660)	(17 217)
SBSA	Fellow subsidiary	Other services	5 704	5 103
SBSA	Fellow subsidiary	Training	(590)	(886)
			<b>(209 434)</b>	(181 008)

**35.5 Commissions and dividends received/(paid)**

	Relationship	Type	GROUP		COMPANY	
			2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
SBSA	Fellow subsidiary	Commission paid	(11 470)	(12 442)		
SBSA	Fellow subsidiary	Commission received	18	465		
SBSA	Parent company	Dividends paid	(344 372)	(136 966)	(344 372)	(136 966)
Purros Investments (Proprietary) Limited	Employee share trust	Dividends paid	38 949	24 349		
Standard Bank Namibia	Subsidiary	Dividends received			57 504	57 504
Stanfin (Namibia) (Proprietary) Limited	Subsidiary	Dividends received			1 102	1 102
Standard Insurance Brokers (Namibia) (Proprietary) Limited	Subsidiary	Dividends received			7 645	7 645
			<b>(316 875)</b>	(124 594)	<b>(278 121)</b>	(70 715)

**35.6 Interest income/(expense)**

	Relationship	Type	GROUP	
			2023 N\$'000	2022 N\$'000
SBSA	Fellow subsidiary	Interest income	325 630	86 691
SBSA	Fellow subsidiary	Interest expense	(63 875)	(55 771)
			<b>261 755</b>	30 920

**35.7 Trading income**

	Relationship	Type	GROUP	
			2023 N\$'000	2022 N\$'000
SBSA	Fellow subsidiary	Trading income	66 298	107 641
			<b>66 298</b>	107 641

### 35. Related party disclosures continued

#### 35.8 Contributions to funds

Relationship	Type	GROUP		
		2023 N\$'000	2022 N\$'000	
Standard Bank Namibia Pension Fund	Defined contribution plan	Contributions	63 601	63 378
			63 601	63 378

#### Transfer pricing arrangements for 2023 and 2022

The company entered into various transfer pricing agreements with other SBGL 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 utilising relevant assets in the day-to-day business activities of the group and company, are compensated on an arm's length basis. The differing levels of 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 2023 and 2022 financial years.

#### 35.9 Related party year end balances

Relationship	Type	GROUP		
		2023 N\$'000	2022 N\$'000	
<b>Receivables from related parties</b>				
SBSA	Fellow subsidiary	Loans and advances	2 500 182	1 545 004
Stanbic Bank Botswana Limited	Fellow subsidiary	Loans and advances	85	
Stanbic Bank Zambia Limited	Fellow subsidiary	Loans and advances	168	261
Stanbic Bank Kenya Limited	Fellow subsidiary	Loans and advances	244	35
Standard Bank (Mauritius) Limited	Fellow subsidiary	Loans and advances	558 251	
SBSA	Fellow subsidiary	Derivatives	33 066	41 052
SBSA	Fellow subsidiary	Other assets	5 362	6 931
Stanbic Bank Zimbabwe Limited	Fellow subsidiary	Other assets	90	90
Standard Bank (Mauritius) Limited	Fellow subsidiary	Other assets	39	36
Stanbic Bank Botswana Limited	Fellow subsidiary	Other assets	15	
			3 097 502	1 593 409

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		COMPANY	
		2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Payables to related parties</b>					
SBSA	Fellow subsidiary	Deposits and current accounts	112 402	1 242 229	
Stanbic Bank Botswana Limited	Fellow subsidiary	Deposits and current accounts		48	
Stanbic Bank Zambia Limited	Fellow subsidiary	Deposits and current accounts	1 599	12	
Standard Bank Angola, S.A.	Fellow subsidiary	Deposits and current accounts	12	19	
Standard Bank Namibia	Subsidiary	Deposits and current accounts		121 471	291 326
SBSA	Fellow subsidiary	Derivatives	38 573	100 729	
SBSA	Fellow subsidiary	Other liabilities	88 338	9 261	
Stanbic Bank Zimbabwe Limited	Fellow subsidiary	Other liabilities	60	60	
SBSA	Fellow subsidiary	Subordinated debt	254 466	253 757	
			495 450	1 606 115	121 471

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.

### 36. Equity-linked transactions

#### 36.1 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 shares.

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Summary of the company's share incentive schemes and expenses recognised in staff costs:</b>				
Deferred bonus schemes	4 410	5 509		
<b>Total expense recognised in staff costs</b>	<b>4 410</b>	<b>5 509</b>		
<b>Summary of liabilities recognised in other liabilities:</b>				
Deferred bonus schemes	6 506	9 515		
<b>Total liability recognised in other liabilities</b>	<b>6 506</b>	<b>9 515</b>		

#### 36.2 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 SBGL share price at the date the option is granted. The EGS 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.

##### 36.2.1 Equity-settled share-based payments

###### GSIS

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

	Number of rights	
	2023	2022
<b>Options outstanding at beginning of the year</b>	195	195
Lapsed	(195)	
<b>Options outstanding at the end of the year</b>		195

The weighted average share price for the year was ZAR177.59 (2022: ZAR161.11).

The following options granted to employees, including executive directors, had not been exercised at 31 December 2023:

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

**36. Equity-linked transactions** continued**36.3 Cash compensation plans****36.3.1 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 group 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 SBGL 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 payout is determined with reference to SBGL share price on vesting date.

2023 units								
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Forfeited	Transferred between group companies	Outstanding
NAD	165.57	2.51	37 056	21 038	(17 707)	(11 809)		28 578
XOF	142.00	2.51	82 824	18 619	(80 815)			20 628
ZAR			3 118		(3 118)			

2022 units								
Currency	Weighted average fair value at grant date	Expected life at grant date (years)	Opening balance	Granted	Exercised	Forfeited	Transferred between group companies	Outstanding
NAD	143.65	2.51	48 869	18 966	(30 779)			37 056
XOF					(59 576)		142 400	82 824
ZAR			4 359		(1 241)			3 118

**36.3.2 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 DBS 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 payout is determined with reference to the group's share price on vesting date.

			Units	
			2023	2022
<b>Reconciliation</b>				
<b>Units outstanding at beginning of the year</b>			<b>2 397</b>	
Awarded				1 310
Transferred between group companies <sup>1</sup>				4 373
Exercised			(617)	(3 286)
Forfeited			(1 371)	
<b>Units outstanding at end of the year</b>			<b>409</b>	2 397
Weighted average fair value at grant date				N\$143.65
Expected life (years)				2.51

<sup>1</sup> This was included in the "Awarded" units in the 2022 financial statements, but was split out for more accurate comparative disclosure.

**36. Equity-linked transactions** continued**36.4 Performance reward plan (PRP)**

The PRP is a 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 SBGL'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	
			2023	2022
<b>Movement summary</b>				
<b>Units outstanding at beginning of the year</b>			<b>13 200</b>	24 200
Condition bonus			3 300	
Exercised			(16 500)	
Lapsed				(11 000)
<b>Units outstanding at end of the year</b>				13 200
Weighted average fair value at grant date				N\$152.64
Expected life (years)				3.07

**37. 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 client segments and solutions

## CLIENT SEGMENTS

The client segments are responsible for designing and executing the client value proposition strategy. Client segments own the client relationship and create multi-product customer experiences to address life events distributed through our client engagement platforms.

### PERSONAL AND PRIVATE BANKING

The Personal and Private Banking (PPB) segment offers tailored and comprehensive banking, investment, insurance and beyond financial solutions. We serve clients across Namibia ranging from high net worth, affluent, and main market by enabling their daily lives throughout their life journeys.

### BUSINESS & COMMERCIAL BANKING

The Business & Commercial Banking (BCB) 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) client segment serves large companies (multinational, regional and domestic), governments, parastatals and institutional clients. 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.

**37. Segment reporting continued**

## FINANCIAL SOLUTIONS

### BANKING

<b>Home services</b> Residential accommodation financing solutions, including related value added services.	<b>Vehicle and asset finance</b> Comprehensive finance solutions in instalment credit, fleet management and related services across our retail, corporate and business markets.	<b>Card and payments</b> 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.
<b>Retail lending</b> Comprehensive suite of lending products provided to individuals and small- and medium-sized businesses.	<b>Retail transactional</b> Comprehensive suite of transactional, savings, payment and liquidity management solutions.	
<b>Investment banking</b> Full suite of advisory and financing solutions, from term lending to structured and specialised products across equity and debt capital markets.	<b>Transactional products and services</b> Comprehensive suite of cash management, international trade finance, working capital and investor services solutions.	<b>Global markets</b> Trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities.

### INSURANCE

<b>Financial advisory and brokerage service activities:</b> <ul style="list-style-type: none"> <li>Short-term: Homeowners' insurance, household contents, vehicle insurance and commercial all risk insurance.</li> </ul>	<ul style="list-style-type: none"> <li>Long-term: Life, disability, funeral cover and loan protection plans offered in conjunction with related banking products.</li> </ul>
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### WEALTH MANAGEMENT AND TRUST ADMINISTRATION SERVICES

<ul style="list-style-type: none"> <li>Wealth management, passive investments, international investments, structured products and social impact investing.</li> </ul>	<ul style="list-style-type: none"> <li>Integrated fiduciary services including fiduciary advice, will drafting and custody services as well as trust and estate administration.</li> </ul>
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### CENTRAL AND OTHER

<ul style="list-style-type: none"> <li>Group hedging activities.</li> <li>Unallocated capital.</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity earnings.</li> <li>Central costs.</li> </ul>
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### 37. Segment reporting 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.

	PPB		BCB		CIB		Central & Other		Total	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>GROUP</b>										
Net interest income	877 494	733 645	349 000	266 242	605 283	452 276	(31 762)	(7 361)	1 800 015	1 444 802
Inter-segment revenue	18 105	13 106	7 569	12 285	(25 674)	(25 391)				
	783 757	698 320	231 444	154 220	443 681	369 182	(3 789)	61 364	1 455 093	1 283 086
Non-interest revenue										
Net fee and commission revenue	636 607	641 620	171 418	154 847	146 747	135 617	(1 842)	(19 439)	952 930	912 645
Trading revenue	(1)	(13 106)		(12 285)	198 511	175 568		1	198 510	150 178
Other revenue	144 364	67 527	60 026	11 658	(3 132)	(14 085)	(1 947)	80 801	199 311	145 901
Other gains and losses on financial instruments	2 787	2 279			101 555	72 082		1	104 342	74 362
<b>Total net income</b>	<b>1 679 356</b>	<b>1 445 071</b>	<b>588 013</b>	<b>432 747</b>	<b>1 023 290</b>	<b>796 067</b>	<b>(35 551)</b>	<b>54 003</b>	<b>3 255 108</b>	<b>2 727 888</b>
Credit impairment charges	(74 203)	(101 300)	(98 987)	(55 280)	9 779	(4 633)			(163 411)	(161 213)
<b>Income after credit impairment charges</b>	<b>1 605 153</b>	<b>1 343 771</b>	<b>489 026</b>	<b>377 467</b>	<b>1 033 069</b>	<b>791 434</b>	<b>(35 551)</b>	<b>54 003</b>	<b>3 091 697</b>	<b>2 566 675</b>
Operating expenses	(1 164 506)	(1 036 003)	(556 057)	(418 567)	(472 609)	(384 874)	216 980	160 769	(1 976 192)	(1 678 675)
Amortisation and depreciation	(118 967)	(126 631)	(6 903)	(6 858)	(10 213)	(10 500)	(43 562)	(46 639)	(179 645)	(190 628)
IT expenses	(121 404)	(105 081)	(5 723)	(3 332)	(5 264)	(28 091)	(242 550)	(140 208)	(374 941)	(276 712)
Staff costs	(357 840)	(336 799)	(87 106)	(84 923)	(47 210)	(42 143)	(363 147)	(348 685)	(855 303)	(812 550)
Professional fees	(6 017)	(54 551)	(799)	(22 513)	(32 169)	(25 848)	(149 519)	(78 256)	(188 504)	(181 168)
Other	(560 278)	(412 941)	(455 526)	(300 941)	(377 753)	(278 292)	1 015 758	774 557	(377 799)	(217 617)
<b>Net income/(loss) before indirect taxation</b>	<b>440 647</b>	<b>307 768</b>	<b>(67 031)</b>	<b>(41 100)</b>	<b>560 460</b>	<b>406 560</b>	<b>181 429</b>	<b>214 772</b>	<b>1 115 505</b>	<b>888 000</b>
Indirect taxation	(23 679)	(9 138)	(5 123)	(1 059)	(1 888)	(3 534)	(18 480)	(15 406)	(49 170)	(29 137)
<b>Profit/(loss) before direct taxation</b>	<b>416 968</b>	<b>298 630</b>	<b>(72 154)</b>	<b>(42 159)</b>	<b>558 572</b>	<b>403 026</b>	<b>162 949</b>	<b>199 366</b>	<b>1 066 335</b>	<b>858 863</b>
Direct taxation	(127 492)	(74 889)	9 377	(377)	(158 381)	(119 159)	(20 126)	(40 158)	(296 622)	(234 583)
<b>Profit/(loss) for the year</b>	<b>289 476</b>	<b>223 741</b>	<b>(62 777)</b>	<b>(42 536)</b>	<b>400 191</b>	<b>283 867</b>	<b>142 823</b>	<b>159 208</b>	<b>769 713</b>	<b>624 280</b>
<b>Operating information</b>										
Total assets	15 206 290	16 236 825	2 615 183	3 386 934	18 872 601	16 108 259	1 975 516	(57 321)	38 669 590	35 674 697
Total liabilities	4 965 017	4 507 993	5 274 942	4 610 209	22 435 252	20 803 111	906 588	970 392	33 581 799	30 891 705
<b>Other information</b>	<b>(118 967)</b>	<b>(126 631)</b>	<b>(6 903)</b>		<b>(10 213)</b>		<b>(43 561)</b>		<b>(179 644)</b>	<b>(190 626)</b>
Depreciation	(72 413)	(84 443)	(6 724)	(6 678)	(4 488)	(4 775)	(33 692)	(39 945)	(117 317)	(135 841)
Amortisation	(46 554)	(42 187)	(180)	(180)	(5 725)	(5 725)	(9 869)	(6 695)	(62 328)	(54 787)

Where reporting responsibility for individual cost centres and divisions within segments change, the segmental analyses' comparative figures are restated accordingly. This does not have any impact on the group's total figures.

**38. Earnings per share**

The calculation of earnings per share is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
<b>The calculations of basic earnings and headline earnings per ordinary share are as follows:</b>				
Basic earnings attributable to ordinary shareholders (N\$'000)	766 267	623 603		
Headline earnings (N\$'000) (note 39)	783 522	622 480		
Weighted average number of ordinary shares in issue ('000)	522 472	522 472		
Basic earnings per ordinary share (cents)	147	119		
Headline earnings per ordinary share (cents)	150	119		

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

**39. Headline earnings**

	2023				2022			
	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
<b>GROUP</b>								
Profit for the year	1 066 335	(296 622)	(3 446)	766 267	858 863	(234 583)	(677)	623 603
<b>Headline earnings adjustments:</b>	25 375	(8 120)		17 255	(1 651)	528		(1 123)
IAS 16 – (Profit)/loss on sale of property and equipment	(1 225)	392		(833)	(3 426)	1 096		(2 330)
IAS 36 – Impairments on property and equipment	675	(216)		459	1 775	(568)		1 207
IFRS 3 – Goodwill impairment	25 925	(8 296)		17 629				
<b>Headline earnings</b>	<b>1 091 710</b>	<b>(304 742)</b>	<b>(3 446)</b>	<b>783 522</b>	857 212	(234 055)	(677)	622 480

**40. Dividends**

	GROUP		COMPANY	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Ordinary dividends</b>				
Final dividend declared	240 337	78 371	240 337	78 371
Interim dividend declared	219 474	104 530	219 474	104 530
<b>Total dividends recognised in the statement of changes in equity</b>	<b>459 811</b>	182 901	<b>459 811</b>	182 901

A final dividend of 58 cents per ordinary share was declared on 12 March 2024, payable on 31 May 2024 to all shareholders registered on 17 May 2024, bringing the total dividends declared in respect of 2023 profits earned to 100 cents per share (2022: 66 cents per share).

**41. Events after the reporting period**

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

**42. Acquisition of subsidiaries****42.1 Acquisition of Spearmint**

During 2022, the group acquired 100% shareholding in Spearmint, a property holding company that owns 100% of the total issued share capital of the property investment entities listed in Annexure A. This acquisition was as a result of a debt settlement transaction and represents the recovery of the corresponding credit impaired loans and advances provided to the counterparty. The effective date of the transaction was 3 August 2022.

Management performed an assessment to determine whether this was a business combination in terms of IFRS 3 or an asset acquisition. Management elected to apply the optional asset concentration test described in IFRS 3. In applying the asset concentration test, an entity determines whether all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If so, the set is not considered a business. Based on the assessment performed, substantially all of the fair value of the gross assets acquired by the group is concentrated in a single asset or group of similar assets (investment properties), the asset concentration test in terms of paragraph B7B of IFRS 3 was met and as a result, the group accounted for the acquisition as that of a group of assets. Since the group controls Spearmint, the group has consolidated Spearmint.

The fair value of the shares at initial recognition in the property companies in Standard Bank's stand-alone financial statements was determined in line with the requirements of IFRS 13 Fair Value. Management expert valuers were used by the group to provide guidance on the measurement of the fair value of the shares in Spearmint. The investment in Spearmint is subsequently measured at cost, in line with the current accounting policy. The cost at acquisition date represents the fair value of the underlying property companies.

ECL was raised on the loans receivable from the counterparty to the extent that loans receivable exceeded the fair value loans of the collateral, as determined by management expert valuers. The loans receivable and ECL were then derecognised and the investments in Spearmint's shares recognised at this value at a subsidiary level.

In the consolidated financial statements, the assets of the property investment entities are accounted for as properties in possession, being the fair value of the properties acquired as set out above. The properties in possession is subsequently measured in line with the current accounting policy, as set out in Annexure D.

	GROUP
	2022 N\$'000
<b>Purchase consideration:</b>	
Settlement of loans and advances	438 175
<b>Total non-cash consideration</b>	<b>438 175</b>
<b>The assets and liabilities recognised as a result of the acquisition are as follows:</b>	
Properties in possession	464 577
Other assets	227
Deferred tax liability	(26 025)
Other liabilities	(604)
<b>Net assets acquired</b>	<b>438 175</b>

All assets and liabilities were considered to be fairly valued at acquisition date.

 [Further information on the subsidiaries are disclosed in Annexure A.](#)

The acquisition of Spearmint caused a significant increase in the group's 2022 properties in possession value, as indicated in the table below:

**Properties in possession**

	GROUP	
	2023 N\$'000	2022 N\$'000
Properties in possession balance at the beginning of the year	491 154	24 892
Properties in possession acquired as part of the Spearmint transaction		464 577
Write down to net realisable value	(54 647)	
Other movements during the year	2 748	1 685
<b>Properties in possession balance at the end of the year</b>	<b>439 255</b>	491 154

## ANNEXURE A – SUBSIDIARIES

## Material subsidiaries

Nature of operation	Issued share capital N\$	Effective holding		Net indebtedness by/(to) subsidiary	
		2023 %	2022 %	2023 N\$'000	2022 N\$'000
<b>Subsidiaries of SBN Holdings</b>					
Standard Bank Namibia Limited	2 000 015	100	100		
Arleo Investment Sixteen (Proprietary) Limited	1	100	100		
Standard Insurance Brokers (Namibia) (Proprietary) Limited	1	100	100		
Stanfin (Namibia) (Proprietary) Limited	2	100	100		
Mobicash Payment Solutions (Proprietary) Limited	2 312	51	51		
<b>Subsidiaries of Standard Bank Namibia</b>					
Standard Bank Nominees (Proprietary) Limited	2	100	100		
Spearmint Investments (Proprietary) Limited	100	100	100		
<b>Subsidiaries of Spearmint Investments (Proprietary) Limited</b>					
Ardeco Accommodation (Proprietary) Limited	100	100	100		
Arleo Investments 27 (Proprietary) Limited	100	100	100		
Arleo Investments 28 (Proprietary) Limited	100	100	100		
Arleo Investments 29 (Proprietary) Limited	100	100	100		
Arleo Investments 30 (Proprietary) Limited	100	100	100		
Arleo Investments 31 (Proprietary) Limited	100	100	100		
Arleo Investments 32 (Proprietary) Limited	100	100	100		
Arleo Investments 33 (Proprietary) Limited	100	100	100		
Arleo Investments 34 (Proprietary) Limited	100	100	100		
Arleo Investments 35 (Proprietary) Limited	100	100	100		
Arleo Investments 36 (Proprietary) Limited	100	100	100		
Anastasis Property One (Proprietary) Limited	100	100	100		
Anastasis Property Two (Proprietary) Limited	100	100	100		
Anastasis Property Three (Proprietary) Limited	100	100	100		
Anastasis Property Four (Proprietary) Limited	100	100	100		
Anastasis Property Five (Proprietary) Limited	100	100	100		
Anastasis Property Six (Proprietary) Limited	100	100	100		
Anastasis Property Seven (Proprietary) Limited	100	100	100		
Anastasis Property Eight (Proprietary) Limited	100	100	100		
Anastasis Property Nine (Proprietary) Limited	100	100	100		
Ardeco Investments (Proprietary) Limited	100	100	100		
Graham Town 228 (Proprietary) Limited	100	100	100		
Graham Town 269 (Proprietary) Limited	100	100	100		
Tenbergen Investments 01 (Proprietary) Limited	100	100	100		
Tenbergen Investments 02 (Proprietary) Limited	100	100	100		
Tenbergen Investments 08 (Proprietary) Limited	100	100	100		
Tenbergen Investments 09 (Proprietary) Limited	100	100	100		
Tenbergen Investments 11 (Proprietary) Limited	100	100	100		
Tenbergen Investments 13 (Proprietary) Limited	100	100	100		

Nature of operation	Issued share capital N\$	Effective holding		Net indebtedness by/(to) subsidiary	
		2023 %	2022 %	2023 N\$'000	2022 N\$'000
Tenbergen Investments 14 (Proprietary) Limited	100	100	100		
Tenbergen Investments 15 (Proprietary) Limited	100	100	100		
Tenbergen Investments 16 (Proprietary) Limited	100	100	100		
Tenbergen Investments 20 (Proprietary) Limited	100	100	100		
Tenbergen Investments 21 (Proprietary) Limited	100	100	100		
Tenbergen Investments 23 (Proprietary) Limited	100	100	100		
Tenbergen Investments 24 (Proprietary) Limited	100	100	100		
Tenbergen Investments 26 (Proprietary) Limited	100	100	100		
Tenbergen Investments 29 (Proprietary) Limited	100	100	100		
Tenbergen Investments 31 (Proprietary) Limited	100	100	100		
Imandra Investments (Proprietary) Limited	100	100	100		
Reger Park Property Number One (Proprietary) Limited	100	100	100		
Reger Park Property Number Two (Proprietary) Limited	100	100	100		
Reger Park Property Number Three (Proprietary) Limited	100	100	100		
Reger Park Property Number Four (Proprietary) Limited	100	100	100		
Fish Eagle Real Estate 69 (Proprietary) Limited	100	100	100		
Fish Eagle Real Estate 70 (Proprietary) Limited	100	100	100		
Fish Eagle Real Estate 71 (Proprietary) Limited	100	100	100		
Fish Eagle Real Estate 72 (Proprietary) Limited	100	100	100		
Monte Piana Investments 05 (Proprietary) Limited	100	100	100		
Monte Piana Investments 13 (Proprietary) Limited	100	100	100		
Monte Piana Investments 14 (Proprietary) Limited	100	100	100		
Monte Piana Investments 15 (Proprietary) Limited	100	100	100		
Monte Piana Investments 16 (Proprietary) Limited	100	100	100		
Monte Piana Investments 17 (Proprietary) Limited	100	100	100		
Monte Piana Investments 22 (Proprietary) Limited	100	100	100		
Monte Piana Investments 23 (Proprietary) Limited	100	100	100		
Monte Piana Investments 24 (Proprietary) Limited	100	100	100		
Monte Piana Investments 25 (Proprietary) Limited	100	100	100		
Monte Piana Investments 26 (Proprietary) Limited	100	100	100		
Monte Piana Investments 27 (Proprietary) Limited	100	100	100		
Monte Piana Investments 30 (Proprietary) Limited	100	100	100		
Monte Piana Investments 39 (Proprietary) Limited	100	100	100		
Monte Piana Investments 40 (Proprietary) Limited	100	100	100		
Monte Piana Investments 44 (Proprietary) Limited	100	100	100		
Monte Piana Investments 45 (Proprietary) Limited	100	100	100		
African Precast Concrete Industries (Proprietary) Limited	100	100	100		
Barleo Investments Eight (Proprietary) Limited	100	100	100		
Barleo Investments Ten (Proprietary) Limited	100	100	100		
Barleo Investments Eleven (Proprietary) Limited	100	100	100		
Barleo Investments Fourteen (Proprietary) Limited	100	100	100		
Barleo Investments Twenty Three (Proprietary) Limited	100	100	100		
Barleo Investments Twenty Four (Proprietary) Limited	100	100	100		

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	
	2023 N\$'000	2022 N\$'000
<b>Summarised statement of financial position</b>		
Current assets	40 100	37 649
Current liabilities	(14 457)	(20 307)
<b>Current net assets</b>	<b>25 643</b>	17 342
Non-current assets	4 915	6 435
Non-current liabilities		
<b>Non-current net assets</b>	<b>4 915</b>	6 435
<b>Net assets</b>	<b>30 558</b>	23 777
Accumulated NCI	18 976	15 530
<b>Summarised income statement</b>		
Fee and commission revenue	84 725	60 737
Fee and commission expense	(43 806)	(37 271)
Other revenue	3 644	8 295
<b>Total comprehensive income</b>	<b>7 019</b>	1 379
Profit allocated to NCI	3 446	677
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	(6 724)	(10 434)
Cash flows from investing activities	(507)	(2 051)
Cash flows from financing activities		
<b>Net decrease in cash and cash equivalents</b>	<b>(7 231)</b>	(12 485)

## ANNEXURE B – IFRS RISK AND CAPITAL MANAGEMENT DISCLOSURES

### 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 forecasting process. The capital plan is tested under a range of stress scenarios as part of the group's annual internal capital adequacy assessment process (ICAAP) and recovery plan.

The capital management function is governed primarily by the management level subcommittee that oversees the risks associated with capital management, namely the asset and liability committee (ALCO). 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 risk management committee and ALCO.

### Climate-related financial risks

Standard Bank Namibia recognises the immense scale of the present and future expected environmental, social and economic impacts of climate change. Exposure to the risks associated with climate change arise for the company both in respect of its own activities and operations, but more materially through the transmission of climate risk drivers into credit, market, reputational and other risk exposures from the lending to, investing in and otherwise transacting with clients and counterparties. Two distinct climate risk drivers are recognised as primary sources of these risks for Standard Bank Namibia.

Firstly, the risk of financial loss arising through increasing severity and frequency of physical climate risk drivers. Such drivers may be more frequent and extreme climate change related weather events such as storms, wildfires, and other physical hazards. Such drivers may be more chronic longer term changes in climate, such as drought, rising sea levels and average temperature rises.

Secondly, the risk of financial loss arising through transition risk drivers, being changes associated with microeconomic (individual and corporate level) and macroeconomic (economy and country level) adjustments made in transitioning to a lower carbon emissions economy and business operating model. Such drivers include climate related changes in policies, legislation and regulations, changes due to technology improvements that support transition to a lower carbon economy, changes in market demand for products and services that support the transition, and reputational risks associated with changing customer preferences. The current and future expected costs, including for possible stranded assets that do not deliver an economic return because of changes associated with a transition to a lower carbon economy, are higher for clients and counterparties of the company that operate in sectors that are more vulnerable to these transition risk drivers.

#### Physical risks

Acute physical risks such as more frequent and more intense extreme weather events, pose a risk to Standard Bank Namibia's own operations and those of its customers in sectors Standard Bank Namibia has identified as being vulnerable, including agriculture and others. Chronic physical risks such as rising average temperatures and changing precipitation patterns over the medium to long term, that lead to heat stress, droughts, higher wildfire risks and water shortages, may impact Standard Bank Namibia's clients in affected sectors including mining, industrial, manufacturing and agriculture through water shortages, labour productivity, economic output and occupational health.

## 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 Banking Institutions 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.

**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.

### BASEL III REGULATORY CAPITAL (UNAUDITED)

	GROUP		BANK	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
<b>Tier 1</b>				
Ordinary share capital and premium	643 234	643 234	594 100	594 100
Ordinary shareholders' reserves	3 408 637	3 310 682	3 765 622	3 044 173
	<b>4 051 871</b>	3 953 916	<b>4 359 722</b>	3 638 273
<b>Less: regulatory adjustments</b>	<b>(640 202)</b>	(674 835)	<b>(586 167)</b>	(594 498)
Intangible assets	(457 901)	(517 733)	(436 623)	(468 554)
Deferred tax asset	(50 843)	(44 059)	(20 060)	(14 902)
Defined benefit pension fund assets and liabilities	(131 458)	(113 043)	(129 484)	(111 042)
<b>CET 1 capital/tier 1 capital</b>	<b>3 411 669</b>	3 279 081	<b>3 773 555</b>	3 043 775
<b>Tier 2</b>				
Subordinated debt	250 000	250 000	250 000	250 000
Current unappropriated profits	769 713	624 280	671 273	489 038
General allowance for credit impairments	269 760	275 730	269 760	275 730
	<b>1 289 473</b>	1 150 010	<b>1 191 033</b>	1 014 768
<b>Total eligible capital (including unappropriated profits)</b>	<b>4 701 142</b>	4 429 091	<b>4 964 588</b>	4 058 543

### CAPITAL ADEQUACY RATIOS (UNAUDITED)

	Minimum regulatory requirement %	Target ratio %	Including unappropriated profits		Excluding unappropriated profits	
			2023 %	2022 %	2023 %	2022 %
<b>Group</b>						
Total capital adequacy ratio	10	>11.5	<b>20.70</b>	17.73	<b>17.54</b>	15.56
Tier 1 capital adequacy ratio	7.5	>9.5	<b>18.20</b>	15.63	<b>15.04</b>	13.15
Tier 1 leverage ratio	6	>6.8	<b>11.17</b>	10.62	<b>9.23</b>	8.93
<b>Bank</b>						
Total capital adequacy ratio	10	>11.5	<b>17.84</b>	15.63	<b>15.61</b>	14.22
Tier 1 capital adequacy ratio	7	>8.5	<b>15.78</b>	13.60	<b>13.11</b>	11.72
Tier 1 leverage ratio	6	>6.8	<b>9.91</b>	9.56	<b>8.24</b>	8.24

### BASEL III RISK-WEIGHTED ASSETS (UNAUDITED)

	GROUP		BANK	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Credit risk	20 622 438	21 232 392	21 580 806	22 071 697
Market risk	17 898	717 964	17 898	717 964
Operational risk	3 704 661	3 190 989	3 583 385	3 178 996
<b>Total risk-weighted assets</b>	<b>24 344 997</b>	25 141 345	<b>25 182 089</b>	25 968 657

# 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 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.

Netting agreements, such as collateral under the credit support annexure 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 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- and medium-sized enterprises (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 – 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 home services, VAF, card, personal, business lending and other product 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 – 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		SB 21- 25		Default	Total gross carrying amount of default exposures N\$'000	Securities and expected recoveries on default exposures N\$'000	Interest in suspense 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 1 N\$'000	Stage 2 N\$'000	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000						
<b>2023</b>														
<b>Loans and advances at amortised cost</b>														
Home services	11 341 479			8 577 573			1 561 464	1 202 442	1 202 442	915 268	54 776	232 398	24	11
Vehicle and asset finance	3 001 340			2 716 524			202 237	82 579	82 579	14 307		67 992	82	3
Card and payments	141 333			131 702			7 219	2 412	2 412	386		2 026	84	2
Other loans and advances	2 682 213			2 233 416			190 949	257 848	257 848	78 248	47 302	119 789	65	10
Personal unsecured lending	1 348 724			1 231 762			74 692	42 270	42 270		2 792	26 969	70	3
Business lending and other	1 333 489			1 001 654			116 257	215 578	215 578	78 248	44 510	92 820	64	16
Corporate lending	5 138 039	638 457		3 534 353	955 579		6 886	2 764	2 764			2 764	100	
Sovereign lending	61 054	1 126		22 655	37 273									
Bank lending	5 430 842	2 229 566		3 200 826	413		37							
<b>Gross carrying amount</b>	<b>27 796 300</b>	<b>2 869 149</b>		<b>20 417 049</b>	<b>993 265</b>		<b>1 968 792</b>	<b>1 548 045</b>	<b>1 548 045</b>	<b>1 008 209</b>	<b>102 078</b>	<b>424 969</b>		
Less: total credit impairment on loans and advances	(842 410)													
<b>Net carrying amount of loans and advances measured at amortised cost</b>	<b>26 953 890</b>													
<b>Financial investments measured at amortised cost</b>														
Sovereign	434 276	434 276												
<b>Gross carrying amount</b>	<b>434 276</b>	<b>434 276</b>												
Less: total ECL for financial investments measured at amortised cost	(816)													
<b>Net carrying amount of financial investments measured at amortised cost</b>	<b>433 460</b>													
<b>Financial investments at FVOCI</b>														
Sovereign	4 879 976	4 879 976												
<b>Gross carrying amount</b>	<b>4 879 976</b>	<b>4 879 976</b>												
Add: fair value reserve relating to fair value adjustments	(1 781)													
<b>Total financial investment at FVOCI</b>	<b>4 878 195</b>													
<b>Off-balance sheet exposures</b>														
Letters of credit and banker's acceptances	43 440	43 173		267										
Guarantees	1 859 899	1 321 922		424 318	79 902		8 000	22 757	3 000					
Irrevocable unutilised facilities	2 223 438	759 094		1 380 867	40 158			43 319						
<b>Total exposure to off-balance sheet credit risk</b>	<b>4 126 777</b>	<b>2 124 189</b>		<b>1 805 452</b>	<b>120 060</b>		<b>8 000</b>	<b>66 076</b>	<b>3 000</b>					
ECL for off-balance sheet exposures	(1 438)													
<b>Net carrying amount of off-balance sheet exposures</b>	<b>4 125 339</b>													
<b>Total exposure to credit risk on financial assets subject to an ECL</b>	<b>36 390 884</b>													
<b>Add the following exposures not subject to ECL:</b>														
Cash and balances with the central bank <sup>1</sup>	1 675 382													
Derivative assets <sup>1</sup>	71 123													
Other financial investments <sup>1</sup>	1 790 192													
Trading assets <sup>1</sup>	494 985													
Other financial assets <sup>2</sup>	199 368													
<b>Total exposure to credit risk</b>	<b>40 621 934</b>													

<sup>1</sup> These balances are not in scope of the ECL model as it is measured at fair value through profit or loss.

<sup>2</sup> 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.

## MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY continued

	Gross carrying amount N\$'000	SB 1 - 12		SB 13 - 20		SB 21- 25		Default	Total gross carrying amount of default exposures N\$'000	Securities and expected recoveries on default exposures N\$'000	Interest in suspense 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 1 N\$'000	Stage 2 N\$'000	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 N\$'000						
<b>Loans and advances at amortised cost</b>														
Home services	11 822 800			9 469 760		1 288 712		1 064 328	1 064 328	782 667	40 430	237 311	26	9
Vehicle and asset finance	2 893 913			2 472 646		346 204		75 063	75 063	11 083		63 980	85	3
Card and payments	140 088			122 610		16 076		1 402	1 402			1 402	100	1
Other loans and advances	2 835 281			2 425 991		161 264		248 026	248 026	100 938	43 834	93 443	55	9
Personal unsecured lending	1 243 668			1 114 973		97 225		31 470	31 470		(1 706)	24 067	71	3
Business lending and other	1 591 613			1 311 018		64 039		216 556	216 556	100 938	45 540	69 376	53	14
Corporate lending	5 057 176	312 046		4 411 154	264 281									
Sovereign lending	267 375	1 707		208 672	56 996		65 493	4 202	4 202	(72)	13	4 261	102	
Bank lending	3 714 600	1 850 250		1 863 839	511									
<b>Gross carrying amount</b>	<b>26 731 233</b>	<b>2 164 003</b>		<b>20 974 672</b>	<b>321 788</b>		<b>1 877 749</b>	<b>1 393 021</b>	<b>1 393 021</b>	<b>894 616</b>	<b>84 277</b>	<b>400 397</b>		
Less: total credit impairment on loans and advances	(761 783)													
<b>Net carrying amount of loans and advances measured at amortised cost</b>	<b>25 969 450</b>													
<b>Financial investments measured at amortised cost</b>														
<b>Sovereign</b>	<b>39 415</b>	<b>39 415</b>												
Gross carrying amount	39 415	39 415												
Less: total ECL for financial investments measured at amortised cost														
<b>Net carrying amount of financial investments measured at amortised cost</b>	<b>39 415</b>													
<b>Financial investments at FVOCI</b>														
Sovereign	3 703 511	3 703 511												
<b>Gross carrying amount</b>	<b>3 703 511</b>	<b>3 703 511</b>												
Add: fair value reserve relating to fair value adjustments (before the ECL balance)	(3 100)													
<b>Total financial investment at FVOCI</b>	<b>3 700 411</b>													
<b>Off-balance sheet exposures</b>														
Letters of credit and banker's acceptances	134 412	134 412												
Guarantees	1 677 317	1 248 085		352 544	47 829		25 863	2 996						
Irrevocable unutilised facilities	2 981 232	274 488		2 624 285	82 166		293							
<b>Total exposure to off-balance sheet credit risk</b>	<b>4 792 961</b>	<b>1 656 985</b>		<b>2 976 829</b>	<b>129 995</b>		<b>26 156</b>	<b>2 996</b>						
ECL for off-balance sheet exposures	(2 829)													
<b>Net carrying amount of off-balance sheet exposures</b>	<b>4 790 132</b>													
<b>Total exposure to credit risk on financial assets subject to an ECL</b>	<b>34 499 408</b>													
<b>Add the following exposures not subject to ECL:</b>														
Cash and balances with the central bank – held at fair value <sup>1</sup>	1 673 337													
Derivative assets <sup>1</sup>	138 918													
Other financial investments <sup>1</sup>	1 180 088													
Trading assets <sup>2</sup>	474 621													
Other financial assets <sup>2</sup>	239 298													
<b>Total exposure to credit risk</b>	<b>38 205 670</b>													

<sup>1</sup> These balances are not in scope of the ECL model as it is measured at fair value through profit or loss.

<sup>2</sup> 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.

### 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 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

	2023 N\$'000	2022 N\$'000
Agriculture	728 679	522 934
Construction	36 491	136 921
Electricity	309 325	35 014
Finance, real estate and other business services	9 347 804	6 961 548
Individuals	14 938 354	15 201 703
Manufacturing	844 987	2 146 266
Mining	926 752	523 718
Other services	209 037	615 172
Transport	271 584	144 802
Wholesale	183 287	443 155
<b>Gross loans and advances</b>	<b>27 796 300</b>	<b>26 731 233</b>

All loans are recorded in Namibia.

#### IFRS: SEGMENTAL ANALYSIS OF STAGE 3 ECL OF LOANS AND ADVANCES

	2023 N\$'000	2022 N\$'000
Agriculture	(63 098)	(31 979)
Construction	(3 374)	(4 590)
Electricity	(197)	(366)
Finance, real estate and other business services	(55 221)	(60 773)
Individuals	(224 453)	(283 686)
Manufacturing	(4 779)	(4 043)
Mining	(103)	
Other services	(69 240)	(11 268)
Transport	(2 659)	(2 386)
Wholesale	(1 845)	(1 307)
<b>Total ECL for stage 3 loans and advances excluding IIS</b>	<b>(424 969)</b>	<b>(400 398)</b>

All impairments relate to loans that are recorded in Namibia.

### Collateral

The table on the following pages show 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, 8% (2022: 3%) is unsecured and mainly reflects short-term exposures to individuals.

	Gross exposure N\$'000	Impairments N\$'000	Unsecured N\$'000	Secured N\$'000	Collateral coverage – Total collateral	
					1 to 50 % N\$'000	50 to 100% N\$'000
<b>2023</b>						
Corporate	5 675 804	30 824	814	5 644 166		5 644 166
Sovereign	174 420	1 430	55	172 935		172 935
Bank	6 572 800	995	31	6 571 774		6 571 774
Retail	19 500 053	809 161	2 522 561	16 168 331		16 168 331
Retail mortgage	11 340 868	402 423		10 938 445		10 938 445
Other retail	8 159 185	406 738	2 522 561	5 229 886		5 229 886
<b>Total</b>	<b>31 923 077</b>	<b>842 410</b>	<b>2 523 461</b>	<b>28 557 206</b>		<b>28 557 206</b>
Add: Financial assets not exposed to credit risk	9 544 486					
Less: Impairments for loans and advances	(842 410)					
Less: Unrecognised off-balance sheet items	(4 126 777)					
<b>Total exposure</b>	<b>36 498 376</b>					
<b>Reconciliation to statement of financial position:</b>						
Cash and balances with central banks	1 675 382					
Derivative assets	71 123					
Trading assets	494 985					
Financial investments	7 103 628					
Loans and advances	26 953 890					
Other financial assets <sup>1</sup>	199 368					
<b>Total</b>	<b>36 498 376</b>					

<sup>1</sup> Other financial assets are included in other assets in the statements of financial position.

## FUNDING AND LIQUIDITY RISK

	Gross exposure N\$'000	Impairment N\$'000	Unsecured N\$'000	Secured N\$'000	Collateral coverage - Total collateral	
					1 to 50 % N\$'000	50 to 100% N\$'000
<b>2022</b>						
Corporate	5 137 652	41 177		5 096 475		5 096 475
Sovereign	267 375	1 828		265 547		265 547
Bank	2 169 311	2 055		2 167 256		2 167 256
Retail	23 949 856	716 723	140 235	23 092 898		23 092 898
Retail mortgage	11 774 737	432 526		11 342 211		11 342 211
Other retail	12 175 119	284 197	140 235	11 750 687		11 750 687
<b>Total</b>	<b>31 524 194</b>	<b>761 783</b>	<b>140 235</b>	<b>30 622 176</b>		<b>30 622 176</b>
Add: Financial assets not exposed to credit risk	7 449 188					
Less: Impairments for loans and advances	(761 783)					
Less: Unrecognised off-balance sheet items	(4 792 961)					
<b>Total exposure</b>	<b>33 418 638</b>					
<b>Reconciliation to statement of financial position</b>						
Cash and balances with central banks	1 673 337					
Derivative assets	138 918					
Trading assets	474 621					
Financial investments	4 923 014					
Loans and advances	25 969 450					
Other financial assets <sup>1</sup>	239 298					
<b>Total</b>	<b>33 418 638</b>					

<sup>1</sup> Other financial assets are included in other assets in the statements of financial position.

### 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 and will, therefore, not agree directly to the balances disclosed in the consolidated statement of financial position (SOFP) (with the exception of derivative liabilities).

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
<b>GROUP</b>						
<b>2023</b>						
<b>Liabilities</b>						
Derivative liabilities		31 709	27 449	9 890		69 048
Trading liabilities <sup>1</sup>		12 872	30 724	5 695		49 291
Deposits and current accounts <sup>1</sup>	25 405 890	1 407 949	3 215 887	735 330	92 654	30 857 710
Debt securities issued <sup>1,3</sup>		17 265	436 283	399 748	1 970 466	2 823 762
Other financial liabilities	599 294	1 153	5 217	4 722	8 940	619 326
<b>Total</b>	<b>26 005 184</b>	<b>1 470 948</b>	<b>3 715 560</b>	<b>1 155 385</b>	<b>2 072 060</b>	<b>34 419 137</b>
<b>Unrecognised financial liabilities</b>						
Letters of credit and bankers' acceptances		267	43 173			43 440
Guarantees <sup>2</sup>	1 859 899					1 859 899
Unutilised borrowing facilities	2 223 438					2 223 438
<b>Total</b>	<b>4 083 337</b>	<b>267</b>	<b>43 173</b>			<b>4 126 777</b>
<b>2022</b>						
<b>Liabilities</b>						
Derivative liabilities		32 310	108 453			140 763
Trading liabilities <sup>1</sup>		8 314	26 976	3 170		38 460
Deposits and current accounts <sup>1</sup>	20 464 299	174 122	3 429 019	1 528 150	1 754 772	27 350 362
Debt securities issued <sup>1,3</sup>		19 472	86 497	409 789	2 753 837	3 269 595
Other financial liabilities	458 755	1 981	8 017	7 838	14 897	491 488
<b>Total</b>	<b>20 923 054</b>	<b>236 199</b>	<b>3 658 962</b>	<b>1 948 947</b>	<b>4 523 506</b>	<b>31 290 668</b>
<b>Unrecognised financial liabilities</b>						
Letters of credit and bankers' acceptances			320	134 092		134 412
Guarantees <sup>2</sup>	1 677 317					1 677 317
Unutilised borrowing facilities	2 981 232					2 981 232
<b>Total</b>	<b>4 658 549</b>		<b>320</b>	<b>134 092</b>		<b>4 792 961</b>

1 In 2023, the trading liabilities, deposits and current accounts and debt securities issued balances have been updated to reflect the contractual maturity balances. 2022 was also updated for comparative purposes, but did not have any impact on the balances included in the primary statements and related notes.

2 In 2023, the maturity of the guarantees balances have been updated to "redeemable on demand". 2022 was also updated for comparative purposes, but did not have any impact on the total balances.

3 Included in the debt securities issued balance in the "maturing after 12 months" bucket, is an amount of N\$330.6 million (2022: N\$346.1 million) that will mature after five years.

## 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 risk 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 decreased levels of market risk throughout the year for all asset classes when compared to 2022 aggregate normal VaR, and aggregate SVaR.

#### TRADING BOOK NORMAL VAR ANALYSIS BY MARKET VARIABLE

	Normal VaR			
	Maximum <sup>1</sup> N\$'000	Minimum <sup>1</sup> N\$'000	Average N\$'000	Closing N\$'000
<b>2023</b>				
Foreign exchange risk	454	33	76	454
Interest rates	113	30	70	36
<b>Aggregate<sup>1</sup></b>	<b>452</b>	<b>52</b>	<b>105</b>	<b>452</b>
<b>2022</b>				
Foreign exchange risk	456	30	201	119
Interest rates	98	20	43	78
<b>Aggregate<sup>1</sup></b>	<b>450</b>	<b>54</b>	<b>219</b>	<b>155</b>

<sup>1</sup> 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 <sup>1</sup> N\$'000	Minimum <sup>1</sup> N\$'000	Average N\$'000	Closing N\$'000
<b>2023</b>				
Foreign exchange risk	1 486	62	229	1 486
Interest rates	1 562	227	427	462
<b>Aggregate<sup>1</sup></b>	<b>1 544</b>	<b>225</b>	<b>473</b>	<b>1 470</b>
<b>2022</b>				
Foreign exchange risk	1 359	81	608	269
Interest rates	1 955	136	443	1 566
<b>Aggregate<sup>1</sup></b>	<b>1 849</b>	<b>230</b>	<b>806</b>	<b>1 308</b>

<sup>1</sup> 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 (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<sup>1</sup>

	Local currency	Foreign currency	Total
<b>2023</b>			
<b>Increase in basis points</b>	200	100	
Sensitivity of annual net interest income (N\$'000)	137 472	1 714	139 186
<b>Decrease in basis points<sup>2</sup></b>	200	100	
Sensitivity of annual net interest income (N\$'000)	(144 069)	(1 614)	(145 683)
<b>2022</b>			
<b>Increase in basis points</b>	200	100	
Sensitivity of annual net interest income (N\$'000)	172 515	1 053	173 568
<b>Decrease in basis points<sup>2</sup></b>	200	100	
Sensitivity of annual net interest income (N\$'000)	(184 945)	(1 026)	(185 971)

<sup>1</sup> Before tax.

<sup>2</sup> A floor of 0% is applied to all interest rates under the decreasing interest rate scenario, resulting in asymmetric rate shocks in low rate environments.

### Foreign currency risk

#### Definition

The group's primary non-trading-related exposures to foreign currency risk arise as a result of the translation effect of the group's foreign-denominated financial assets and liabilities.

#### Approach to managing foreign currency risk

The group asset and liability 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 foreign-denominated financial assets and liabilities inclusive of derivative instruments, cash balances and accruals. The sensitivity analysis reflects the sensitivity to OCI and profit or loss on the group's foreign denominated exposures other than those trading positions for which sensitivity has been included in the trading book VaR analysis.

#### FOREIGN CURRENCY RISK SENSITIVITY IN N\$ EQUIVALENTS<sup>1</sup>

		USD	Euro	GBP	Other	Total
<b>GROUP</b>						
<b>2023</b>						
Total net long/(short) position	N\$'000	14 170	1 930	404	1 575	
Sensitivity	%	5	5	5	5	
<b>Impact on profit or loss/equity</b>	N\$'000	<b>709</b>	<b>97</b>	<b>20</b>	<b>79</b>	<b>905</b>
Total net long/(short) position	N\$'000	14 170	1 930	404	1 575	
Sensitivity	%	(5)	(5)	(5)	(5)	
<b>Impact on profit or loss/equity</b>	N\$'000	<b>(709)</b>	<b>(97)</b>	<b>(20)</b>	<b>(79)</b>	<b>(905)</b>
<b>2022</b>						
Total net long/(short) position	N\$'000	4 576	66	174	1 401	
Sensitivity	%	5	5	5	5	
<b>Impact on profit or loss/equity</b>	N\$'000	<b>229</b>	<b>3</b>	<b>9</b>	<b>70</b>	<b>311</b>
Total net long/(short) position	N\$'000	4 576	66	174	1 401	
Sensitivity	%	(5)	(5)	(5)	(5)	
<b>Impact on profit or loss/equity</b>	N\$'000	<b>(229)</b>	<b>(3)</b>	<b>(9)</b>	<b>(70)</b>	<b>(311)</b>

<sup>1</sup> Before tax.

A 5% appreciation in N\$ will have an equal and opposite impact on profit or loss to the amounts disclosed above.

# 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 RMC, which reports to Exco, the BRC and ultimately the board. RMC is chaired by the group chief risk officer and includes representation from group specialist functions and business units. RMC 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 employees 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, treating customers fairly 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 other determinations. 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 the group 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.

Minimum money laundering and terrorist financing control 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, 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:

- the group does not have control but has potential to impact on its operations and those of its clients
- the group has direct control such as waste management and the use of energy and water.

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.

From a governance perspective, the group's material issues are accompanied 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 34.

## 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 chief risk officer who, if required, will escalate these matters to Exco and/or the board.

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

# Linking remuneration and strategic progress

## Remuneration policy summary

People are at the heart of our business. To satisfy our clients, meet their needs and accelerate our strategy to achieve higher growth and efficiency, our people must be highly skilled, experienced and engaged.

Our responsibility to them is to ensure that they have the resources and advanced capabilities needed to support our ambitions and are recognised and rewarded for their performance and the value they create for our stakeholders.

The remuneration policy sets out our methodology, agreed by the board remuneration committee, to remunerate our employees and it ensures that value is appropriately shared among our shareholders, senior executives and employees.

### Key objectives guiding our remuneration policy

- 1 Measure and reward for value created for all stakeholders over the short, medium and long term.
- 2 Be competitive in the global marketplace for skill.
- 3 Reward our people fairly while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk-taking.
- 4 Promote and reward teamwork.

### Executive directors emoluments

	Mr E Tjipuka <sup>1</sup>		Mrs M Geises <sup>2</sup>		Mrs L du Plessis <sup>3</sup>		Total	
	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000	2023 N\$'000	2022 N\$'000
Cost to company package	1 282		2 917	3 918	716	2 209	4 916	6 127
Basic salary	747		2 216	1 815	607	1 753	3 570	3 568
Retirement contributions paid during the year	131		202	602	84	244	417	846
Other benefits and allowances	404		499	1 501	25	212	928	1 713
Short-term cash incentive	4 000		12 079	1 350	1 148	610	17 227	1 960
<b>Total reward (excluding conditional long-term incentive awards)</b>	<b>5 282</b>		<b>14 996</b>	<b>5 268</b>	<b>1 864</b>	<b>2 819</b>	<b>22 142</b>	<b>8 087</b>
DBS vesting cash and notional dividends			1 738	1 115		329	1 738	1 444
<b>Total reward (including conditional long-term incentive awards)</b>	<b>5 282</b>		<b>16 734</b>	<b>6 383</b>	<b>1 864</b>	<b>3 148</b>	<b>23 880</b>	<b>9 531</b>

<sup>1</sup> Mr E Tjipuka was appointed as chief executive on 1 October 2023.

<sup>2</sup> Mrs M Geises resigned as chief executive on 31 July 2023.

<sup>3</sup> Mrs L du Plessis resigned as chief financial officer on 24 April 2023.

### Non-executive directors<sup>1</sup>

#### 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 (Chairperson)	2023	824	263		1 087
	2022	474	258		732
Adv N Bassingthwaight <sup>2</sup>	2023	358	512	142	1 012
	2022	234	467	142	843
Ms S Hornung	2023	304	272	137	713
	2022	93			93
Mr JL Muadinohamba <sup>3</sup>	2023				
	2022	108	63		171
Mr JS Mwatotele <sup>4</sup>	2023	171	122		293
	2022				
Mr JG Riedel <sup>4</sup>	2023	153	160		313
	2022				
Mrs B Rossouw <sup>5</sup>	2023	265	217	74	556
	2022	220	380	142	742
Mrs MS Shivute Dax <sup>6</sup>	2023	74	65		139
	2022	254	179		433
Ms NA Tjipitua <sup>7</sup>	2023	286	281	99	666
	2022				
Mr IH Tjombonde	2023	377	419		796
	2022	254	242		496
<b>Total</b>	2023	<b>2 812</b>	<b>2 311</b>	<b>452</b>	<b>5 575</b>
<b>Total</b>	2022	1 637	1 589	284	3 510

<sup>1</sup> Mr P Schlebusch and Mrs S Brugman have not been included as they are remunerated by Standard Bank Group Limited.

<sup>2</sup> Retired 31 December 2023.

<sup>3</sup> Retired 22 April 2022.

<sup>4</sup> Appointed 20 July 2023.

<sup>5</sup> Retired 30 September 2023.

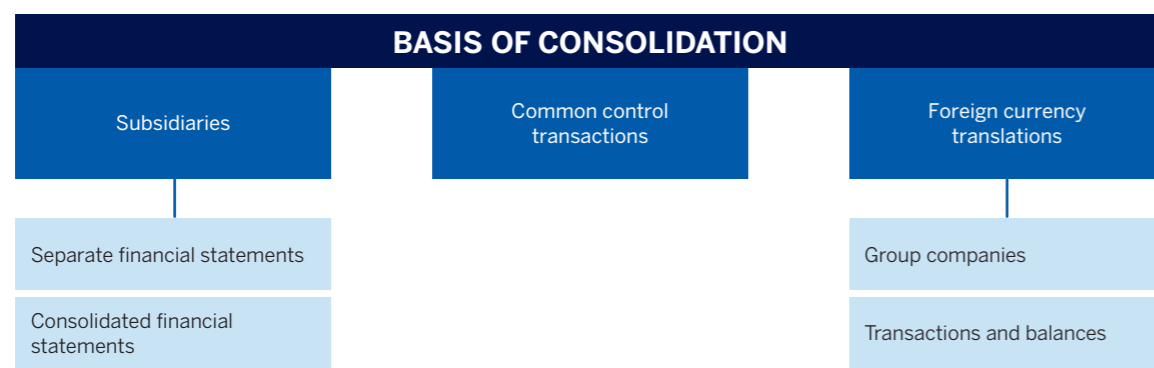
<sup>6</sup> Retired 24 April 2023.

<sup>7</sup> Appointed 10 March 2023.

# ANNEXURE D – DETAILED ACCOUNTING POLICIES

The following are the significant accounting policies that 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	

### 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 foreign currency translation reserve (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.

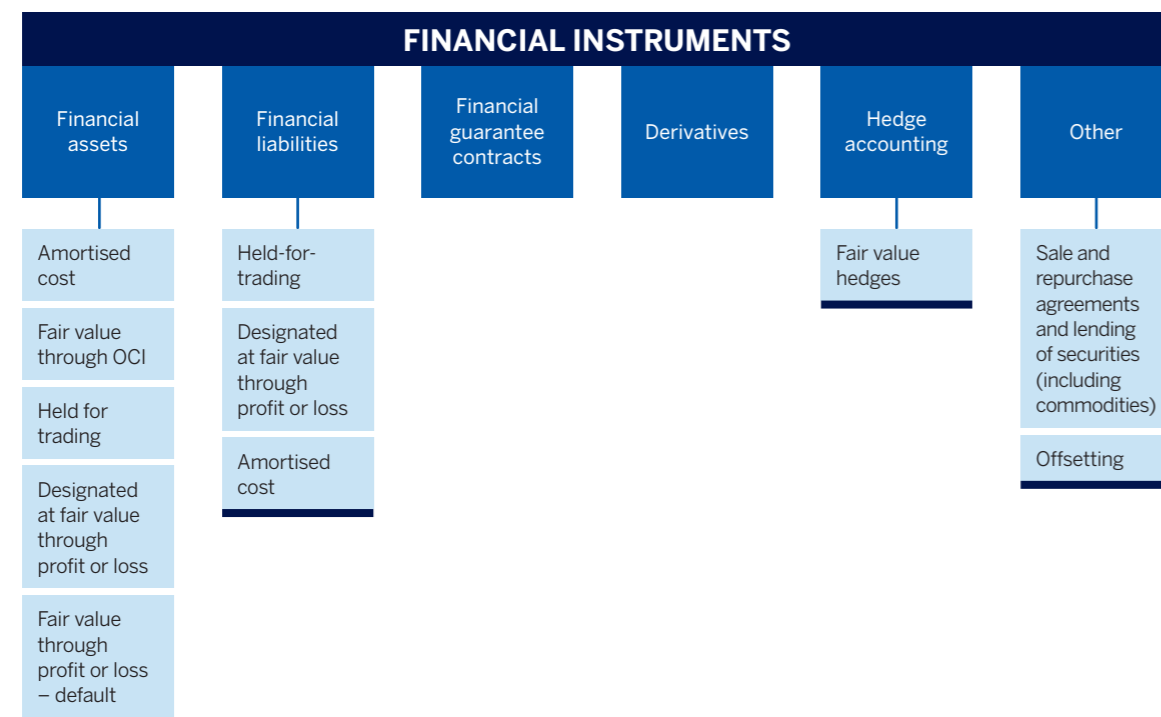
Foreign exchange gains and losses on equities (debt) classified as fair value through OCI are recognised in the fair value through OCI reserve in OCI (trading revenue) whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as 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. 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).



2. Financial instruments continued

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"> <li>■ Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and</li> <li>■ 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.</li> </ul> <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"> <li>■ 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</li> <li>■ 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.</li> </ul> <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>

## 2. Financial instruments continued

### 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	<p><b>Debt instrument:</b> 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 impairments 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.</p> <p><b>Equity instrument:</b> 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.</p> <p>Dividends received on equity instruments are recognised in other revenue within non-interest revenue.</p>
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	<p><b>Debt instruments:</b> Fair value gains and losses (including interest and dividends) on the financial asset recognised in profit or loss as part of other gains and losses on financial instruments within non-interest revenue.</p> <p><b>Equity instruments:</b> Fair value gains and losses on the financial asset recognised in profit or loss as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.</p>

### 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)	<p>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:</p> <ul style="list-style-type: none"> <li>■ default</li> <li>■ significant financial difficulty of borrower and/or modification</li> <li>■ probability of bankruptcy or financial reorganisation</li> <li>■ disappearance of an active market due to financial difficulties.</li> </ul>

## 2. Financial instruments continued

### Impairment continued

The key components of the impairment methodology are described as follows:

Significant increase in credit risk	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. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	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.
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"> <li>■ significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)</li> <li>■ a breach of contract, such as default or delinquency in interest and/or principal payments</li> <li>■ disappearance of active market due to financial difficulties</li> <li>■ it becomes probable that the borrower will enter bankruptcy or other financial reorganisation</li> <li>■ 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.</li> </ul> <p>Exposures which are overdue for more than 90 days are also considered to be in default.</p>
Forward-looking information	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.
Write-off	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.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	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.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	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.

### Cash and balances with the central bank

Cash and balances with the central bank comprise coins and bank notes and balances with BoN. Included in balances with central bank are balances that primarily comprise of reserving requirements held with the central bank which are readily convertible to a known amount of cash and available for use by the group and company within less than three months since initial deposit, subject to certain restrictions and limitations levied by the central bank, but are subject to an insignificant risk of changes in value.

Coins and bank notes and balances with central banks comprising reserving requirements are measured at fair value through profit or loss – default.

### Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with the central bank and on demand gross loans and advances to banks, which are readily convertible to a known amount of cash and available for use by the group and company within less than three months since initial deposit. The on demand gross loans and advances to banks are held to meet short-term cash commitments, rather than for investment purposes.

## 2. Financial instruments continued

### 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	<ul style="list-style-type: none"> <li>■ Financial liabilities are designated to be measured at fair value in the following instances:</li> <li>■ 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</li> <li>■ where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.</li> </ul>
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	<p>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.</p> <p>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.</p>
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

## 2. Financial instruments continued

### 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	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

### 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.

## 2. Financial instruments continued

### Hedge accounting

The group applies IFRS 9 to all its hedges.

Derivatives 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 group operates internationally and is 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 group. 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 group 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 group. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the group for each respective currency.

The group uses 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 group'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 group elects 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 group enters 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 group uses the hypothetical derivative method to assess effectiveness.

## 2. Financial instruments continued

### 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 operates.

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, 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 (consumer price index (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 hedge ratio is monitored on a daily basis and where necessary the portfolio is rebalanced using a dynamic approach.

The group observes 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 uses 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.

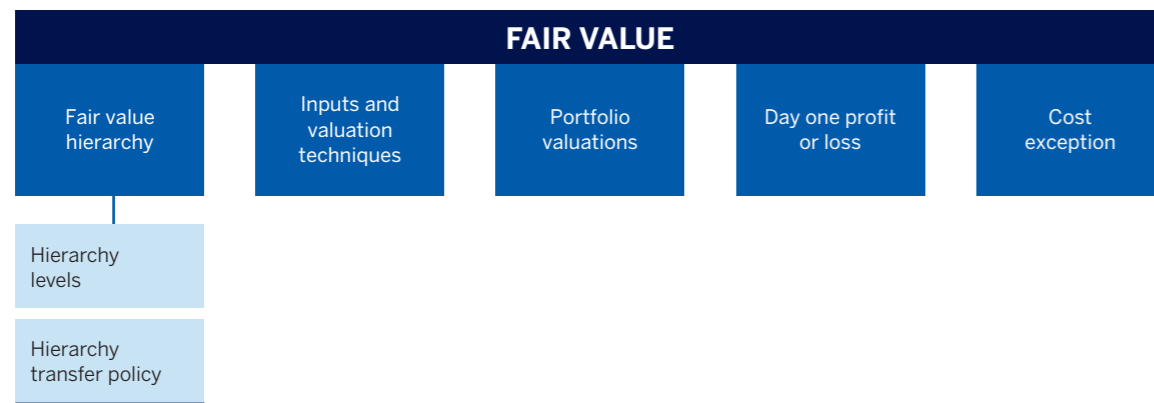
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements 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.

### 3. 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.

### 3. Fair value continued

#### 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
<b>Derivative financial instruments</b> 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.	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: <ul style="list-style-type: none"> <li>Discounted cash flow model</li> <li>Black-Scholes model</li> <li>Combination technique models.</li> </ul>	For level 2 and 3 fair value hierarchy items: <ul style="list-style-type: none"> <li>discount rate*</li> <li>spot prices of the underlying</li> <li>correlation factors</li> <li>volatilities</li> <li>dividend yields</li> <li>earnings yield</li> <li>valuation multiples.</li> </ul>
<b>Trading assets and trading liabilities</b> 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.	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.	
<b>Financial investments</b> 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 BoN, investments in mutual fund investments and unit-linked investments.		

\* 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 recover rates/LGD.

### 3. Fair value continued

#### Inputs and valuation techniques continued

Item and description	Valuation technique	Main inputs and assumptions
<p><b>Loans and advances to banks and customers</b> Loans and advances comprise:</p> <p>Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks</p> <p>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.	For level 2 and 3 fair value hierarchy items: <ul style="list-style-type: none"> <li>■ discount rate*</li> </ul>
<p><b>Deposits and current accounts</b> 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>	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.	For level 2 and 3 fair value hierarchy items: <ul style="list-style-type: none"> <li>■ discount rate*</li> </ul>
<p><b>Third-party financial liabilities arising on the consolidation of mutual funds (included in other liabilities)</b> These are liabilities that arise on the consolidation of mutual funds.</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.	For level 2 and 3 fair value hierarchy items: <ul style="list-style-type: none"> <li>■ discount rate*</li> </ul>

\* 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/LGD.

### 3. Fair value continued

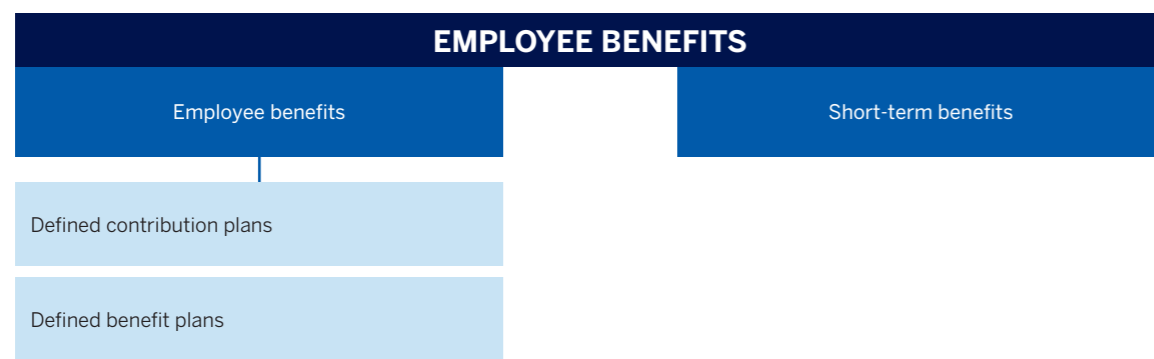
#### Day one profit or loss

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.

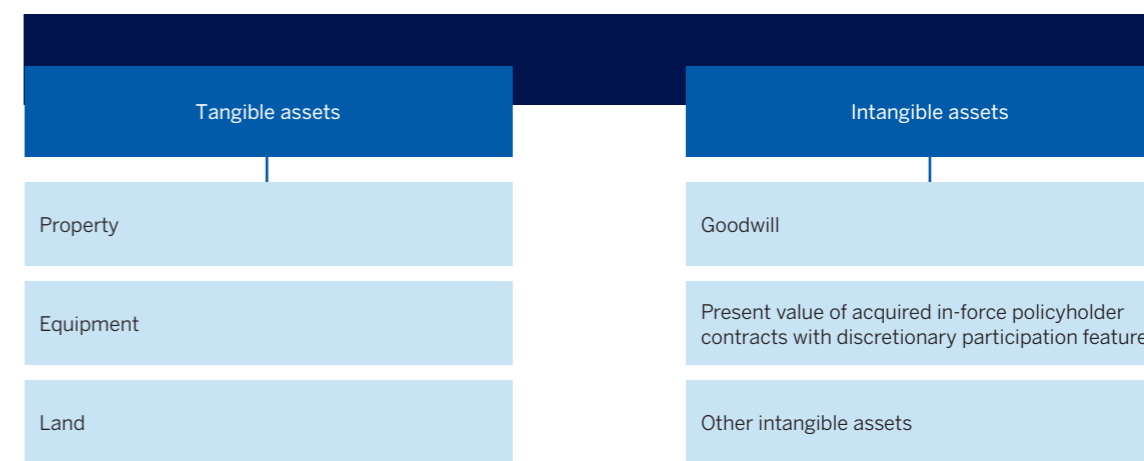
The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

#### 4. Employee benefits



Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
<p><b>Defined contribution plans</b> The group operates a number of defined contribution plans. See note 34 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><b>Defined benefit plans</b> 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 34 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>	<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>	<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><b>Short-term benefits</b> 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.

#### 5. Non-financial assets



Type and initial and subsequent measurement	Useful lives, depreciation or amortisation method or fair value basis	Impairment										
<p><b>Tangible assets (property, equipment and land)</b> 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="1"> <tr> <td>Buildings</td> <td>40 years</td> </tr> <tr> <td>IT equipment</td> <td>3 – 5 years</td> </tr> <tr> <td>Motor vehicles</td> <td>4 – 5 years</td> </tr> <tr> <td>Office equipment</td> <td>5 – 10 years</td> </tr> <tr> <td>Furniture</td> <td>5 – 13 years</td> </tr> </table> <p>Leased assets Shorter of useful life or lease term 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	IT 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											
IT equipment	3 – 5 years											
Motor vehicles	4 – 5 years											
Office equipment	5 – 10 years											
Furniture	5 – 13 years											

## 5. Non-financial assets continued

Type and initial and subsequent measurement	Useful lives, depreciation or amortisation method or fair value basis	Impairment
<p><b>Goodwill</b> 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>	Not applicable	<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><b>Computer software</b> 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><b>Other intangible assets</b> 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><b>Derecognition</b> 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>		

## 6. Property developments and properties in possession

PROPERTY DEVELOPMENTS AND PROPERTIES IN POSSESSION	
Property developments	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.

EQUITY COMPENSATION PLANS	
Equity-settled share-based payments	Cash-settled share-based payments

## 7. Equity-linked transactions

**Equity-settled share-based payments**

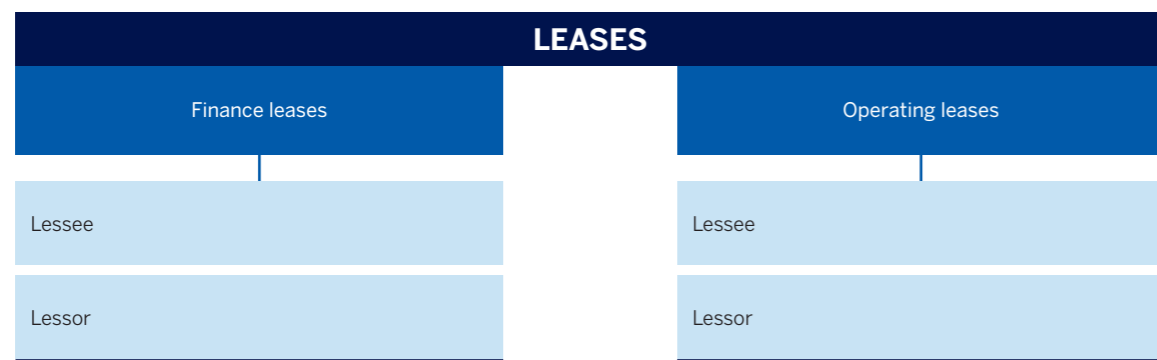
The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of 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.

8. Leases – lessee accounting policies



Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies</b>		
<p><b>Single lessee accounting model</b></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"> <li>leases of low value assets; and</li> <li>leases with a duration of twelve months or less.</li> </ul>	<p><b>Lease liabilities:</b></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"> <li>Amounts expected to be payable under any residual value guarantee;</li> <li>The exercise price of any purchase option granted in favour of the group, should it be reasonably certain that this option will be exercised;</li> <li>Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.</li> </ul> <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><b>Interest expense on lease liabilities:</b></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><b>Right-of-use assets:</b></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"> <li>lease payments made at or before commencement of the lease;</li> <li>initial direct costs incurred; and</li> <li>the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.</li> </ul> <p>The group applies the cost model subsequent to the initial measurement of the right-of-use assets.</p>	<p><b>Depreciation on right-of-use assets:</b></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><b>Termination of leases:</b></p> <p>When the group or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised.</p>	<p><b>Termination of leases:</b></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>	

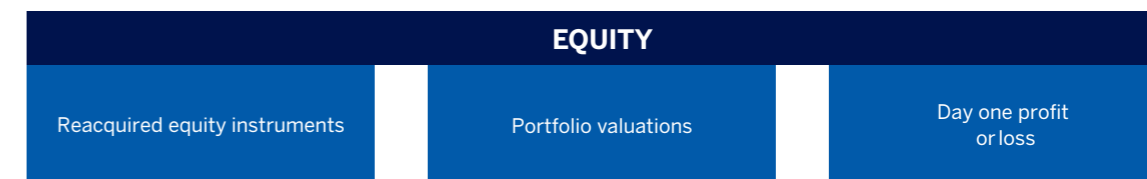
8. Leases – lessee accounting policies continued

Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies continued</b>		
<p>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.</p>	<p>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.</p>	<p>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.</p>
<p>Reassessment and modification of leases</p>	<p><b>Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:</b></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. 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. 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><b>Lease modifications that are accounted for as a separate lease:</b></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>	
<p>Separating components of a lease contract</p>	<p>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.</p>	

## 8. Leases – lessee accounting policies continued

Type and description	Statement of financial position	Income statement
<b>Lessor accounting policies</b>		
<b>Finance leases</b> 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.
<b>Operating leases</b> 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.
<b>Lessor lease modifications</b>		
<b>Finance leases</b>	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.	
<b>Operating leases</b>	Modifications are accounted for as a new lease from the effective date of the modification.	

## 9. Equity

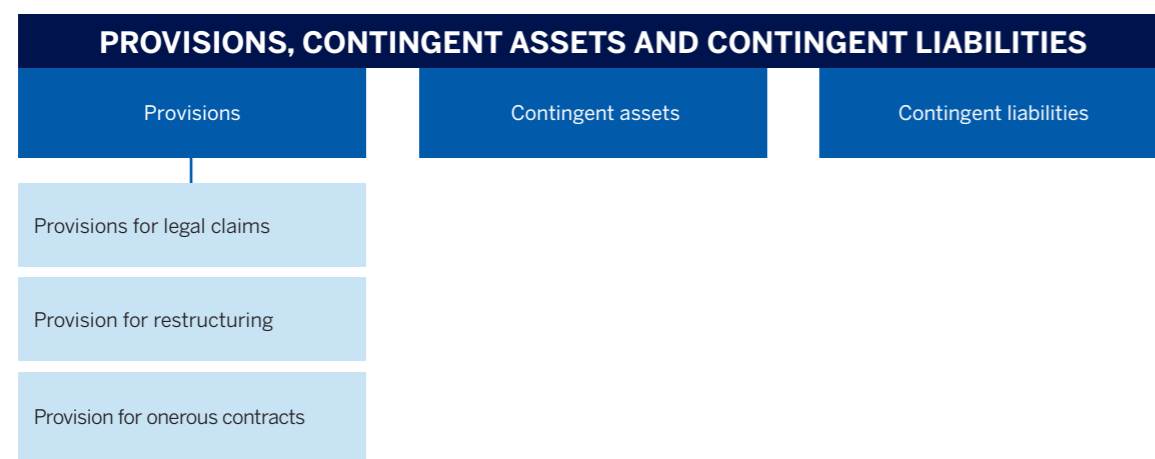
**Share issue costs**

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.

## 10. 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 include (when applicable) 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.

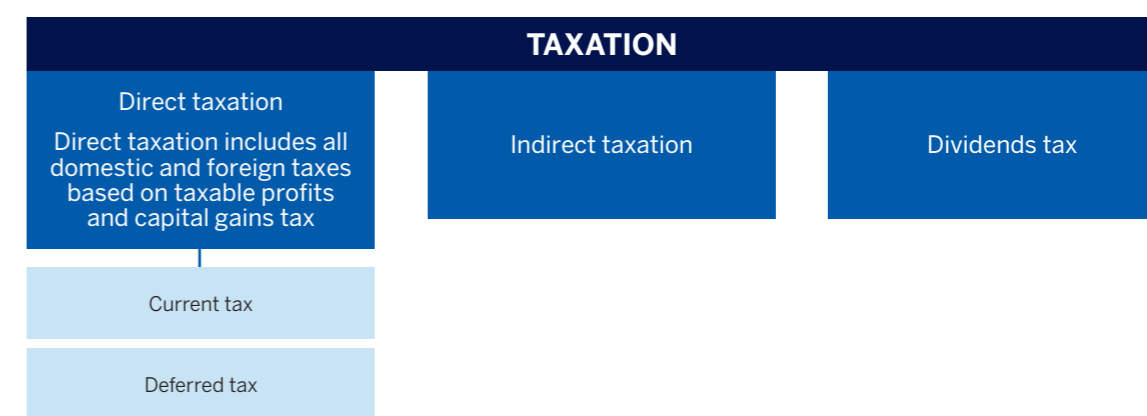
### Contingent assets

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.

## 11. Taxation



Type	Description, recognition and measurement	Offsetting
Direct taxation: normal tax	Normal 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.  Normal 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.	Normal and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset normal 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 normal tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
Direct taxation: deferred tax	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.  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: <ul style="list-style-type: none"> <li>the initial recognition of goodwill;</li> <li>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</li> <li>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.</li> </ul> <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. 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. 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. 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	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.	Not applicable

## 12. 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 recognised in 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 this 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"> <li>■ Fair value gains and losses on financial assets that are classified at fair value through profit or loss (designated and default)</li> <li>■ The gain or loss on the derecognition of a debt financial asset classified as at fair value through OCI</li> <li>■ Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost</li> <li>■ Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value</li> <li>■ Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost.</li> <li>■ Fair value gains and losses on designated financial liabilities</li> </ul>
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, re-measurement gains and losses from contingent consideration on disposals and purchases and property-related revenue from the group's underlying property companies.

## 12. Revenue and expenditure continued

### 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.

## 13. 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, comprising of the chief executive and members of Exco.

### 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.

# NOTICE OF ANNUAL GENERAL MEETING

## SBN Holdings Limited

(Incorporation in the Republic of Namibia)

(Registration number 206/306)

ISIN: NAO003475176

Share Code (NSX): SNO

SBN Holdings or the Company

Notice is hereby given to all holders of ordinary shares of SBN Holdings Limited (the Company) that the 2023 Annual General Meeting of the shareholders of the Company will be held at the Standard Bank Campus, 1 Chasie Street on **23 April 2024 at 09h00 (CAT)** for the following business:

### 1. Ordinary Resolution 1: Approval of minutes of previous Annual General Meeting

**RESOLVED THAT** the minutes of the previous Annual General Meeting 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 2023 be adopted.

### 3. Ordinary Resolution 3: Approval of final dividend declared

**RESOLVED THAT** the final dividend declared on 12 March 2024 of 58.0 cents per ordinary share be, and hereby is, approved.

### 4. Ordinary Resolution 4: Retirement from Board of Directors

In terms of the Company's Articles of Association, the following directors retired from the Company:

- 4.1 Ms. Birgit Rossouw (independent non-executive director) retired from the board of directors effective 30 September 2023.
- 4.2 Ms. Natasha Bassingthwaighte (independent non-executive director) retired from the board of directors effective 31 December 2023.
- 4.3 Mr. Herbert Maier (independent non-executive director) (Board Chairperson) was due to retire from the board of directors effective 31 December 2023. His term was extended from 1 January 2024 until the next Annual General Meeting of the Company to allow for the conclusion of the regulatory process for the appointment of his successor.
  - 4.3.1 Shareholders to ratify the extension of the term of Mr. Herbert Maier, Chairperson and independent non-executive director of the board of SBN Holdings Limited and Standard Bank Namibia Limited for the extended period.
  - 4.3.2 Mr. Herbert Maier (independent non-executive director) (Board Chairperson) now retires from the board of Directors as at effective date of this Annual General Meeting (23 April 2024).
- 4.4 Mr. Isac Tjombonde, Ms. Silke Hornung and Ms. Ashley Tjipitua retire as directors in accordance with Article 81 of the Articles of Association of the company.  
Mr. Isac Tjombonde, Ms. Silke Hornung and Ms. Ashley Tjipitua being eligible offer themselves for re-election as Independent Non-Executive Directors.

### 5. Ordinary Resolution 5: Ratification of appointment of directors

- 5.1 To ratify the appointment of the following independent non-executive directors of the Company who were appointed by the Board of Directors and approved by the Regulator effective 20 July 2023:
  - 5.1.1 Mr. Josephat Mwatotele (20 July 2023)
  - 5.1.2 Mr. Gerald Riedel (20 July 2023)
  - 5.1.3 Mr. Erwin Tjipuka (1 October 2023)
  - 5.1.4 Mr. Siphwe Themba Bruce Madonsela (2 February 2024)
  - 5.1.5 Mr. Arlington Tendai Matenda (2 February 2024)
- 5.2 To ratify the appointment of Mr. Isac Tjombonde who was appointed as the Board Chairman of SBN Holdings Limited and Standard Bank Namibia Limited with effect 01 April 2024. Regulatory approval for the appointment was obtained effective 05 February 2024.

Biographical information of the directors concerned is set out on pages 37 to 39 of the Annual Report.

### 6. Ordinary Resolution 6: Control of ordinary shares – SBN Employee Share Incentive Scheme

**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: Re-appointment of external auditors and authority to determine their remuneration

**RESOLVED THAT** PricewaterhouseCoopers Inc. be reappointed as auditors of the Company and authorise the directors to determine the remuneration of the auditors.

### 9. Ordinary Resolution 9: Approval of independent non-executive director's remuneration

**RESOLVED THAT** the decision of the board of directors to increase board fees of independent non-executive directors be approved.

### 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: Appointment of Audit Committee members

**RESOLVED THAT** the following independent non-executive directors be appointed as members of the Audit Committee:

- 11.1 Ms. Silke Hornung (Chairperson)
- 11.2 Ms. Nangosora Ashley Tjipitua
- 11.3 Mr. Gerald Riedel.

### 12. Ordinary Resolution 12: Delegation of Authority

**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 the resolutions proposed and passed at which meetings this resolution is proposed.

Kindly note that voting will be by proxy only and the exact process is set out in the full Annual General Meeting notice published on our website [www.standardbank.com.na](http://www.standardbank.com.na). Proxy forms can be obtained there too. Our annual report and our environmental, social and governance (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 Annual General Meeting. 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 shares will be entitled to vote by proxy prior to the Annual General Meeting. Voters are required to submit their votes by proxy to the Transfer Secretaries of the Company who will submit their votes at the Annual General Meeting 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 Annual General Meeting, which sets out the relevant instructions for its completion, accompanies this notice. In order to be effective, duly completed Forms of Proxy must be received at the office of the transfer secretary of the Company by no later than **15h00 (CAT) on Tuesday, 17 April 2024**.

By order of the board of SBN Holdings Limited

Adv Sigrid Tjijorokisa  
Group Company Secretary  
12 March 2024

### Transfer Secretaries (Pty) Ltd

44 Robert Mugabe Avenue (Entrance in Burg Street), Windhoek. Namibia  
Tel +264 61 227647, e-mail [ts@nsx.com.na](mailto:ts@nsx.com.na).

### Sponsor

IJG Securities (Pty) Ltd  
Member of the NSX  
4th Floor, 1@Steps  
c/o Grove and Chasie Street  
Kleine Kuppe  
P O Box 186, Windhoek, Namibia  
Registration No. 95/505

## 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 2023 Annual General Meeting of the Company to be held at the Standard Bank Head Office, 1 Chasie Street on **23 April 2024 at 09h00 (CAT)**.

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 Annual General Meeting (as the case may be) which will be held for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote on such 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*
<b>Ordinary Resolution 1:</b> Approval of minutes of previous Annual General Meeting				
<b>Ordinary Resolution 2:</b> Adoption of Annual Financial Statements for 31 December 2023				
<b>Ordinary Resolution 3:</b> Approval of final dividend declared				
<b>Ordinary Resolution 4:</b> Retirement from Board of Directors In terms of the Company's Articles of Association, the following directors retired from the Company.				
4.1	Ms. Birgit Rossouw (independent non-executive director) retired from the board of directors effective 30 September 2023.			
4.2	Ms. Natasha Bassingthwaighte (independent non-executive director) retired from the board of directors effective 31 December 2023.			
4.3	Mr. Herbert Maier (independent non-executive director) (Board Chairperson) was due to retire from the board of directors effective 31 December 2023. His term was extended from 1 January 2024 until the next Annual General Meeting of the Company to allow for the conclusion of the regulatory process for the appointment of his successor.			
4.3.1	Shareholders to ratify the extension of the term of Mr. Herbert Maier, Chairperson and independent non-executive director of the board of SBN Holdings Limited and Standard Bank Namibia Limited for the extended period.			
4.3.2	Mr. Herbert Maier now retires from the board of directors as at effective date of this Annual General Meeting (23 April 2024).			
4.4	Mr Isac Tjombonde, Ms. Silke Hornung and Ms. Ashley Tjipitua retire as directors in accordance with Article 81 of the Articles of Association of the company. Mr Isac Tjombonde, Ms. Silke Hornung and Ms. Ashley Tjipitua being eligible offer themselves for re-election as Independent Non-Executive Directors.			
<b>Ordinary Resolution 5:</b> Ratification of appointment of directors				
5.1	To ratify the appointment of the following directors of the Company who were appointed by the Board of Directors and approved by the Regulator as indicated below:			
5.1.1	Mr. Josephat Mwatotele (20 July 2023)			
5.1.2	Mr. Gerald Riedel (20 July 2023)			
5.1.3	Mr. Erwin Tjipuka (1 October 2023)			
5.1.4	Mr. Siphwe Themba Bruce Madonsela (2 February 2024)			
5.1.5	Mr. Arlington Tendai Matenda (2 February 2024)			
5.2	To ratify the appointment of Mr. Isac Tjombonde who was appointed as the Board Chairman of SBN Holdings Limited and Standard Bank Namibia Limited with effect 01 April 2024. Regulatory approval for the appointment was obtained effective 05 February 2024.			
<b>Ordinary Resolution 6:</b> Control of ordinary shares – SBN Employee Share Incentive				
<b>Ordinary Resolution 7:</b> Control of unissued shares				
<b>Ordinary Resolution 8:</b> Re-appointment of external auditors and authority to determine their remuneration				
<b>Ordinary Resolution 9:</b> Approval of Non-Executive Directors' remuneration				
<b>Ordinary Resolution 10:</b> Approval of the existing remuneration policy				
<b>Ordinary Resolution 11:</b> Appointment of Audit Committee members				
11.1	Ms. Silke Hornung (Chairperson)			
11.2	Ms. Nangosora Ashley Tjipitua			
11.3	Mr. Gerald Riedel			
<b>Ordinary Resolution 12:</b> Delegation of Authority				

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 \_\_\_\_\_ 2024.

Assisted by me (where applicable) \_\_\_\_\_

Signature \_\_\_\_\_

**NOTES**

1. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your vote in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of the 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, (PO Box 2401) Windhoek, Namibia by not later than **15:00 (CAT) on Tuesday, 17 April 2024**. 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 **15:00 (CAT) on Tuesday, 17 April 2024**.
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 Annual General Meeting
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 Annual General Meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the 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**

	2023		2022	
	Number of shares ('000)	% holding	Number of shares ('000)	% holding
Spread of ordinary shareholders ('000)				
<b>Public</b>	<b>88 804</b>	<b>17.0</b>	86 315	16.5
<b>Non-public</b>	<b>433 668</b>	<b>83.0</b>	436 157	83.5
Directors and prescribed officers of SBN Holdings Limited and its subsidiaries	237		606	0.1
Purros Investments (Proprietary) Limited	42 100	8.1	44 220	8.5
Standard Bank Group Limited	391 331	74.9	391 331	74.9
<b>Total</b>	<b>522 472</b>	<b>100.0</b>	522 472	100.0

## FINANCIAL AND OTHER DEFINITIONS

### SBN Holdings Limited

<b>Dividend payout ratio (%)</b>	Dividend per share divided by earnings per share.
<b>Dividend per share (cents)</b>	Dividends declared to ordinary shareholders divided by weighted average number of shares.
<b>Earnings per share (cents)</b>	Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.
<b>Profit attributable to ordinary shareholders (N\$'000)</b>	Profit for the year after distributions to non-controlling interests and other equity instrument holders.
<b>Profit for the year (N\$'000)</b>	Profit for the year attributable to ordinary shareholders, before non-controlling interests and other equity instrument holders.
<b>Return on equity (%)</b>	Earnings as a percentage of monthly average ordinary shareholders' equity.
<b>Risk-weighted assets (N\$'000)</b>	Determined by applying prescribed risk weightings to on-balance sheet and off-balance sheet exposures according to the relative risk of the counterparty.
<b>Shares in issue (number)</b>	Number of ordinary shares in issue listed on the NSX.
<b>Tangible net asset value (N\$'000)</b>	Equity attributable to ordinary shareholders, excluding goodwill and other intangible assets.
<b>Tier 1 capital adequacy ratio (%)</b>	Tier 1 regulatory capital as a percentage of total risk-weighted assets.
<b>Weighted average number of shares (number)</b>	The weighted average number of ordinary shares in issue during the year as listed on the NSX.

### Banking activities

<b>Cost-to-income ratio (%)</b>	Operating expenses as a percentage of total net income after revenue sharing agreements with group companies but before credit impairments.
<b>Credit loss ratio (%)</b>	Total income statement impairment charges on loans and advances, as a percentage of average daily and monthly gross loans and advances, excluding interest in suspense.
<b>Effective direct taxation rate (%)</b>	Direct taxation as a percentage of net income before direct taxation.
<b>Effective total taxation rate (%)</b>	Direct and indirect taxation as a percentage of net income before taxation.
<b>Gross stage 3 loans coverage ratio (%)</b>	Balance sheet (BS) impairments for credit impaired loans and off-balance sheet credit impaired exposures (O/BS) including interest in suspense (IIS), as a percentage of gross non-performing loans and advances (including IIS).
<b>Interest-earnings assets (N\$'000)</b>	Net loans and advances, financial investments, and cash and balances with central banks.
<b>Interest in suspense (N\$'000)</b>	Contractual interest on loans that have been classified as stage 3 and cannot be recognised in terms of IFRS 9.
<b>Net interest margin (%)</b>	Net interest income as a percentage of average interest-earning assets.
<b>Non-interest revenue to total net income (%)</b>	Non-interest revenue as a percentage of total net income.
<b>Stage 1 and stage 2 (N\$'000)</b>	Performing loans include credit exposures classified as follows: <ul style="list-style-type: none"> <li>■ Credit exposures for which there has been no default event and for which the credit risk has not significantly increased since recognition</li> <li>■ Credit exposures for which the credit risk has increase significantly since recognition, unless the credit risk is low in which case it remains classified as stage 1.</li> </ul>
<b>Stage 1 and 2 loans credit impairments (N\$'000)</b>	Impairment for latent losses inherent in groups of loans and advances that have not yet been classified as non-performing.
<b>Stage 3 loans (N\$'000)</b>	Credit exposures that are either in default or where default is imminent. There is a rebuttable presumption that the default does not occur later than when a financial asset is 90 days past due.
<b>Stage 3 loan credit impairments (N\$'000)</b>	Impairment for credit impaired (stage 3) loans, net of the present value of estimated recoveries.

### Abbreviations and acronyms

<b>ALCO</b>	Asset and liability committee	<b>LGD</b>	Loss given default
<b>ATM</b>	Automated teller machine	<b>N\$, NAD</b>	Namibia Dollar
<b>BAC</b>	Board audit committee	<b>NCI</b>	Non-controlling interests
<b>BCB</b>	Business & Commercial Banking	<b>NPL</b>	Non-performing loans
<b>BRC</b>	Board risk committee	<b>NSX</b>	Namibian Stock Exchange
<b>BoN</b>	Bank of Namibia	<b>OCI</b>	Other comprehensive income
<b>CAPM</b>	Capital asset pricing model	<b>PDs</b>	Probability of defaults
<b>CCR</b>	Counterparty credit risk	<b>PFE</b>	Potential future exposure
<b>CDS</b>	Credit default swaps	<b>PPB</b>	Personal & Private Banking
<b>CET 1</b>	Common equity tier 1	<b>PRP</b>	Performance reward plan
<b>CGU</b>	Cash-generating units	<b>PWOR</b>	Post-write off recoveries
<b>CIB</b>	Corporate & Investment Banking	<b>RCCM</b>	Risk, compliance and capital management
<b>Companies Act</b>	The Companies Act of Namibia	<b>RWA</b>	Risk-weighted assets
<b>DBS</b>	Deferred bonus scheme	<b>SARB</b>	South African Reserve Bank
<b>DPD</b>	Days past due	<b>SBGL</b>	Standard Bank Group Limited
<b>EAD</b>	Exposure at default	<b>SBN Holdings or the group or the company</b>	SBN Holdings Limited
<b>ECL</b>	Expected credit loss	<b>SBSA</b>	The Standard Bank of South Africa Limited
<b>EGS</b>	Equity Growth Scheme	<b>SICR</b>	Significant increase in credit risk
<b>Exco</b>	Executive committee	<b>SME</b>	Small- and medium-sized enterprises
<b>FVOCI</b>	Fair value through other comprehensive income	<b>SOFP</b>	Statement of financial position
<b>FVTPL</b>	Fair value through profit or loss	<b>SOFR</b>	Secured Overnight Financing Rate
<b>FLI</b>	Forward-looking information	<b>Spearmint</b>	Spearmint Investments (Proprietary) Limited
<b>GDP</b>	Gross domestic product	<b>Standard Bank Namibia</b>	Standard Bank Namibia Limited
<b>GIA</b>	Group Internal Audit	<b>SVaR</b>	Stressed value at risk
<b>GSIS</b>	Share Incentive Scheme	<b>The board</b>	Board of directors
<b>IAS</b>	International Accounting Standards	<b>TCM</b>	Treasury and capital management
<b>IASB</b>	International Accounting Standards Board	<b>TVM</b>	Time value of money
<b>IBORs</b>	Interbank offered rates	<b>USD</b>	United States Dollar
<b>ICAAP</b>	Internal capital adequacy assessment plan	<b>VAF</b>	Vehicle and Asset Finance
<b>ICAN</b>	The Institute of Chartered Accountants of Namibia	<b>VaR</b>	Value at risk
<b>IFRS</b>	IFRS Accounting Standards	<b>VAT</b>	Value-added taxation
<b>IIS</b>	Interest in suspense	<b>WACC</b>	Weighted average cost of capital
<b>IPRE</b>	Income-producing real estate	<b>ZARONIA</b>	South African Rand Overnight Index Average
<b>IRRBB</b>	Interest rate risk in the banking book		
<b>ISDA</b>	International Swaps and Derivatives Association		
<b>JIBAR</b>	Johannesburg interbank rate		
<b>JSE</b>	JSE Limited		
<b>LIBOR</b>	London interbank offered rate		

