



SBN Holdings Limited

# Annual report

for the year ended 31 December 2022

NAMIBIA IS OUR HOME,  
WE DRIVE HER GROWTH

Kunene River – Namibia

SBN Holdings Limited

Annual report for the year ended 31 December 2022



Standard  
Bank

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

Standard Bank  
Also trading as Stanbic Bank

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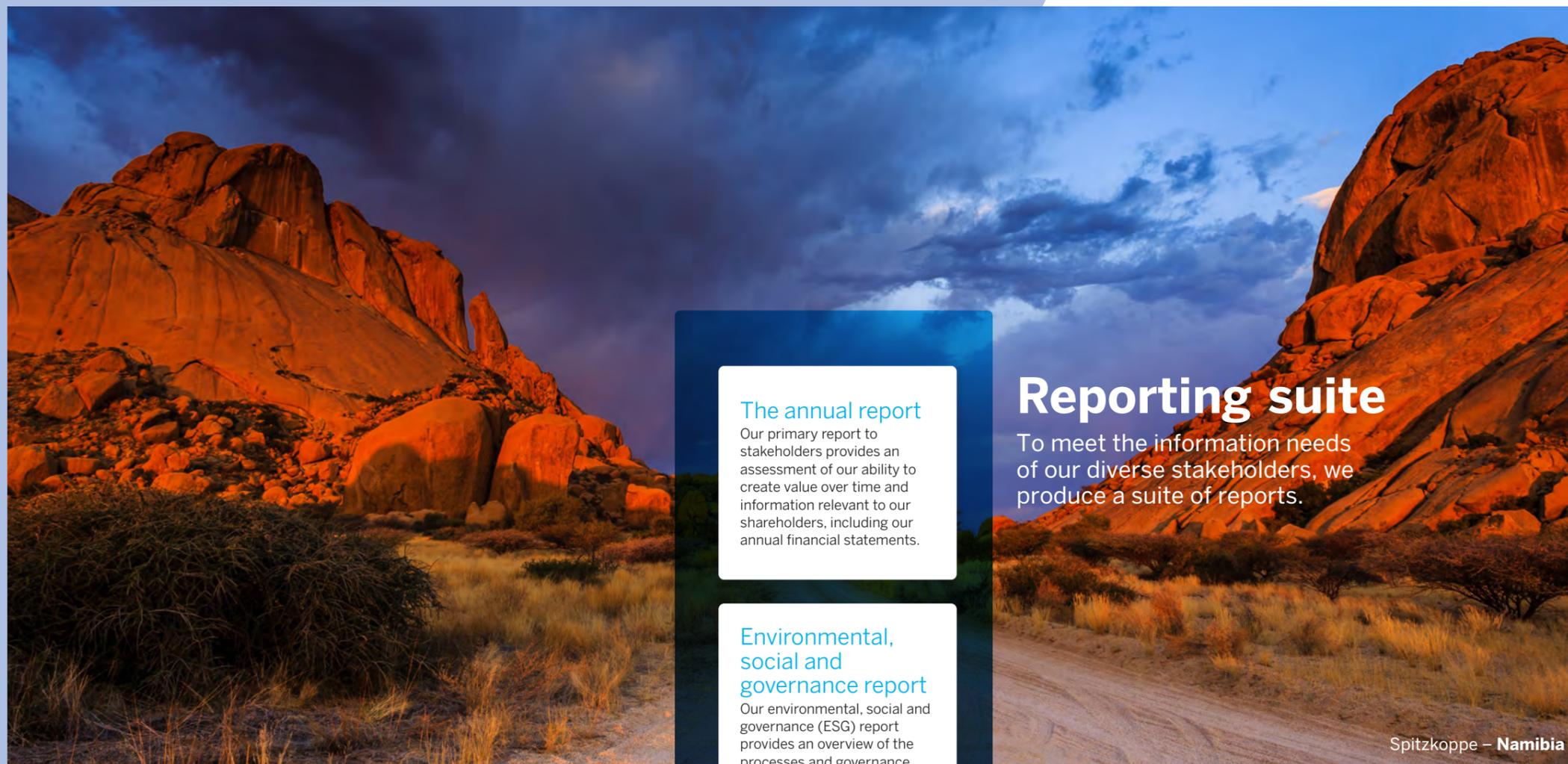
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Spitzkoppe – Namibia

### 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 environmental, social and governance (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. To ensure we meet the needs of our stakeholders, we merged our report to society and ESG report into a single report to provide a comprehensive review of our activities for the year.

## Reporting suite

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

### Navigating our report

 Refers readers to information within this report.

 Refers readers online, to information across our suite of reports.

**Additional reports and other financial information, including the notice of annual general meeting (AGM), can be found online 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 22 March 2023.

#### Feedback

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

Please contact Thea Maas at [InvestorRelations@standardbank.com.na](mailto:InvestorRelations@standardbank.com.na)

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## Who we are

Namibia is our home, we drive her growth.

## Our history

Operating in Namibia for over 100 years, Standard Bank is one of the country's oldest companies.

Our original vision when our first branch opened in Lüderitz in 1915 was to better understand our customers and better connect borrowers to lenders, employing people with a strong knowledge of local business conditions. Standard Bank has a strong presence in Namibia and has always lived up to the promise of bringing banking to the nation. This vision has created the foundation for the bank we would become and the qualities our customers and clients can expect.

We are proud to be part of the Standard Bank Group, a financial services organisation with a 160-year legacy of operations across 20 sub-Saharan African countries.

Growing from a few employees to over 1 300 today, we are committed to making banking available 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.

## Transactional volumes on our digital platforms

**Internet Banking**  
4 308 342  
2021: 3 591 280



**PayPulse**  
1 075 537  
2021: 962 963



**USSD**  
1 122 250  
2021: 1 136 606



## Our physical footprint

**Branches (including in-store)**  
60  
2021: 62



**ATMs**  
436  
2021: 409



ATM: Automated teller machine  
USSD: Unstructured supplementary service data.

## Our company structure



<sup>1</sup> Please refer to Annexure A in the annual financial statements for a full list of the material subsidiaries of Spearmint Investments (Pty) Ltd.

# Our approach to value creation

Our approach is underpinned by integrated thinking, connecting the emerging trends affecting our business and the issues that may impact our strategic execution and our ability to deliver sustainable growth and value for all our stakeholders.



## Accounting to our stakeholders

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

# 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.

## Clients and customers

### How we engage

- Two-way engagement methods that can include client surveys, online communication channels and in person at our branch network.

### How we measure the quality of the relationship

#### Key metrics to assess relationship

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

### Priorities and concerns

- Personalised solutions relevant for individuals and businesses
- Omnichannel options, speed, and straight-through-processing
- Digital convenience and human interaction when needed
- Accessibility, affordability and relevance of services
- System stability and reliability, data security protection from fraud and cybercrime
- Integrity and confidentiality

### Our response

- Truly digital, truly human approach
- Differentiated personalised offers for retail customers on our digital channels informed by data analytics
- Implementation of a small- to medium-sized enterprise (SME) scoring capability drawing on non-traditional data sources to assess credit worthiness and enable loan disbursements for small-scale traders
- Improved system stability and resilience, and significantly improved response and recovery times
- Increased customer awareness of cyber and fraud risks through targeted campaigns
- Further strengthened anti-financial crime controls
- Offering feedback mechanism to ensure that issues are managed and resolved.

## Employees

### How we engage

- Two-way engagement methods that can include employee surveys, online communication channels and in person sessions.

### How we measure the quality of the relationship

#### Key metrics to assess relationship

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

### Priorities and concerns

- Digital skills development, career growth
- Work-life balance
- Recognition, appreciation, good communication
- Compensation and benefits
- Diversity and inclusion
- Opportunities for advancements expected at a major financial institution
- Training and opportunities to undertake approved tertiary education programmes
- Financial assistance to reach educational goals.

### Our response

- Invested in employee development, with a focus on digital and technology skills
- Further improved diversity metrics at senior and executive levels, through targeted leadership development initiatives
- Offering qualifying employees opportunities to pursue career advancement through bespoke training programmes, multi-country experience across the Standard Bank Group and bursaries for tertiary studies.

## Regulators

Including the Bank of Namibia (BoN), the South African Reserve Bank (SARB), Financial Intelligence Centre, Namibia Revenue Authority (NamRa), Namibia Financial Institutions Supervisory Authority (NAMFISA)

### How we engage

- Two-way engagement methods that can include online communication channels and in person sessions.

### How we measure the quality of the relationship

#### Key metrics to assess relationship

- Constructive and positive engagements with our regulators

### Priorities and concerns

- Financial crime controls, anti-money laundering and combatting the financing of terrorism (AML/CFT)
- Foreign exchange controls
- Cyber security and data protection and security
- FinTech, regulation of cryptocurrencies, digital platforms, open banking, cloud, outsourcing
- Financial inclusion and affordability
- Conduct and compliance with the Namibia Financial Sector Charter
- Adherence and compliance with regulations and statutes
- Management of customer complaints
- System stability
- Climate and environmental risks and the role of banks.

### Our response

- Engagement on key issues to ensure understanding of expectations, challenges
- Enhanced customer due diligence, record keeping, suspicious and unusual transaction reporting (STR) and risk management
- Strengthened internal reporting on conduct risk and metrics
- Automation and machine learning to improve risk management
- Our reporting on conduct metrics.

## Shareholders and investors

### How we engage

- Two-way engagement methods that can include online communication channels and in person sessions, investor and market participant feedback, AGM, presentations.

### How we measure the quality of the relationship

#### Key metrics to assess relationship

- Shareholder value created – return on equity (ROE), earnings growth, net asset value growth and dividends
- Investor and other market participant feedback
- AGM voting outcomes
- ESG disclosures and ratings and sustainable finance solutions.

### Priorities and concerns

- Competitiveness of offering
- Governance, ethics, market conduct, internal controls
- System stability
- SEE metrics and target setting
- Strength of ESG risk management and link to reward
- Climate risk management and ability to measure financed emissions
- Growth through sustainable strategies and increasing effective digitisation
- Access to appropriate skills and talent
- Availability of specialised skills to ensure market share growth.

### Our response

- Regular investor engagement on ESG, SEE and climate issues
- Engagement with ratings agencies
- Quarterly reporting of investor issues to executives and board.

## Communities

### How we engage

- Two-way engagement methods that can include online communication channels and in person discussions.

### How we measure the quality of the relationship

#### Key metrics to assess relationship

- Constructive engagements and media monitoring

### Priorities and concerns

- Social and environmental impacts of business activities
- Information on financed emissions and related targets
- Involving business in addressing social and economic inequalities
- Positively impacting the quality of life for disadvantaged Namibians
- Partnering with businesses to create and monitor effective socioeconomic interventions that address local issues and enable financial education.

### Our response

- Robust screening, due diligence and engagement to assess social, economic and environmental risks and opportunities associated business activities
- Dedicating 1% of net profit after tax to corporate social investment (CSI) programmes
- Identify primary needs in the housing, education, health and environmental sectors
- Support flagship projects (MycoHAB, Buy-A-Brick) on an ongoing basis.

# Our material matters

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

## 2022 material issues

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.

### Our materiality assessment process

We use the concept of double materiality which considers both internal and external factors to ensure that we have considered how material issues may impact internally on our business, across our six value drivers, and how our business materially impacts externally on society. This approach is crucial to ensure we deliver both financial outcomes and positive SEE impacts. To identify and adequately interrogate our material issues, we consider:

- Our key impacts on society and the environment
- The expectations and concerns of our stakeholders regarding our impacts
- The economic, social and environmental context in which we operate
- The risks and opportunities facing our business, as identified through our enterprise risk process.

## Our material issues

Based on our understanding of our strategic aspirations and stakeholder priorities, our material issues for 2022 are as follows:

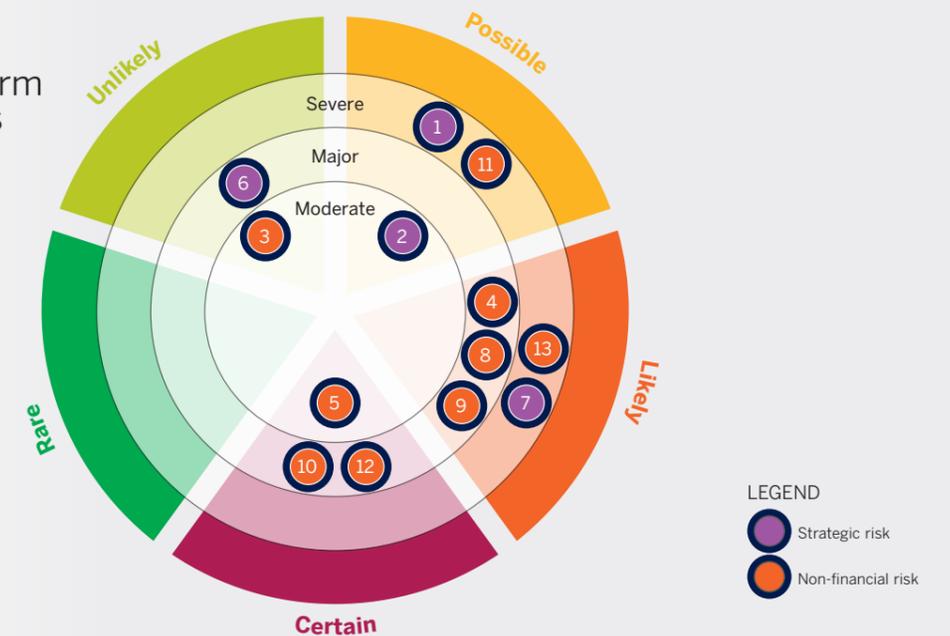


# Our top enterprise risks

Our top enterprise risk 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 curation of the information and then prioritisation and reflect the group's view of top risks for the medium-term. No significant changes to the top enterprise risks have been identified and, while all risks are pertinent and managed as part of our operations, we prioritise these for extra focus.

## Top medium-term enterprise risks



## Our top enterprise risks

### 1 Fitness to execute our strategy

Lack of appropriate infrastructure in the group may hinder the execution of the platform organisation strategy, delay or prevent the transformation of the way we operate and increase operating and governance costs. Infrastructure includes funding, organisational processes, technology and leadership and operating skills.

*Drive sustainable growth and value* → Neutral

Impact	Treatment
<ul style="list-style-type: none"> <li>Duplicated functions and additional costs</li> <li>Misalignment of deliverables and agreed objectives</li> <li>Decision referrals and opportunity losses</li> <li>Repeat failures due to poor consequence management</li> <li>Impact of unrealised cost savings on a platform organisation</li> <li>Credibility loss due to failure to achieve the strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Workstreams and skilled teams appointed to manage strategic transformation</li> <li>Transformation of non-digital leaders</li> <li>Review of decision-making processes and mandates</li> <li>Data collection and analysis of planned cost reduction.</li> </ul>

### 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.

*Transform client experience* | *Execute with excellence* → Neutral

Impact	Treatment
<ul style="list-style-type: none"> <li>Loss of brand loyalty and client retention</li> <li>Loss of market share and revenue</li> <li>Costly innovation that does not yield anticipated outcomes</li> <li>Investor concerns about our sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Propositions carefully tailored to support customer journeys</li> <li>Design and scale competitive solutions for client needs</li> <li>Ongoing relevant investor and stakeholder communications.</li> </ul>

## Our top enterprise risks continued

### 3 Psychological effects of Covid-19

Employees, customers, third parties and other partners experience widespread post-pandemic stress that results in low productivity, misconduct, debt defaults and business closures.

Transform client experience Neutral

#### Impact

- Mental and physical health distress and fear of large gatherings or return to work
- Inability to perform work duties and related impact on employees taking up the slack
- Portfolio impact due to financial stress.

#### Treatment

- Employee wellbeing initiatives
- Update recovery and resolution plans and embed in business continuity measures
- Credit portfolio management.

### 4 Technology instability

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

Execute with excellence Neutral

#### Impact

- Frustrated clients switch over to competitors
- Temporary loss of transaction volumes and revenue
- Reputation damage and reduced customer trust in our ability to operate a platform.

#### Treatment

- Incident management and analysis
- IT landscape simplification and resilience programme
- Enhanced scenario analysis and system testing
- Improved business resilience capability.

### 5 Fraud via digital channels

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

Execute with excellence Neutral

#### Impact

- Customer loss as customer culpability is not covered and the lack of resolution options frustrates clients and customer-facing employees
- Negative perceptions circulate on social media
- Customer trust is impaired.

#### Treatment

- Increase customer awareness on fraud scams and methods, and use of digital security
- Increase transaction monitoring to identify suspicious activity and minimise losses.

### 6 Ability to manage large scale changes

Introducing new change initiatives before the completion, closure or realisation of benefits from previous change initiatives results in resistance to change, strained resources and poor delivery.

Transform client experience | Execute with excellence Neutral

#### Impact

- Overwhelmed employees contribute to poor service delivery and inflated costs
- Non-delivery of strategic initiatives results in opportunity losses and failure to achieve strategic objectives.

#### Treatment

- Lessons learnt support future development
- Monitoring of external environment to ensure continued relevance of changes.

### 7 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.

Transform client experience | Execute with excellence Neutral

#### Impact

- Inability to scale disruptive products on legacy systems
- High number of market misses and innovation write-offs
- Unrestrained by regulations, competitors' market innovative new products faster
- Loss of customers to competitors.

#### Treatment

- Accelerated decommissioning of legacy systems
- Building competitive solutions
- Strategic partnerships to build a platform organisation
- Participation in regulation development.

### 8 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.

Drive sustainable growth and value Neutral

#### Impact

- Slow development and implementation of ESG risk management processes
- Flight of international capital to entities with established climate risk management
- Client environmental and social requirement breaches not tracked and reported.

#### Treatment

- Increased board focus on ESG issues
- Strengthening ESG risk management.

### 9 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.

Execute with excellence Increasing

#### Impact

- Limited internal capacity may cause lengthy disruption of payment or platform services
- Unauthorised access and use of data may compromise the integrity of the group's data
- Partners could leverage their position to exert undue influence during performance disputes.

#### Treatment

- Identify risk exposures and establish third-party management framework
- Cross-skill employees as subject matter experts
- Increase due diligence processes
- Perform regular business continuity exercises and disaster recovery testing.

### 10 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 costs.

Transform client experience | Execute with excellence Increasing

#### Impact

- Talent shortage and sub-par recruitments may limit strategic transformation
- Rising consultant costs to fill skills gaps
- Employee costs may exceed market rate
- Securing scarce skills may impact local employment metrics
- Competition for skills leads to bidding wars and high employee turnover.

#### Treatment

- Aggressive recruitment and retention of scarce skills
- Future-ready skills development
- Increase focus on internal talent pipeline.

### 11 Regulatory constraints related to digital transformation

Financial services innovation outpaces updates to regulatory frameworks, including that of suitable regulations for platform environments. Legacy regulations in some jurisdictions impede progress and allow unregulated competitors to progress faster.

Execute with excellence Increasing

#### Impact

- Unsuitable/legacy regulations stifle innovation
- Regulatory processes can impede implementation of innovative solutions
- Non-regulated competitors and new entrants in some jurisdictions create competitive arbitrage.

#### Treatment

- In-country engagement with regulators to share strategy and regulatory implications
- Participate in regulatory initiatives.

### 12 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.

Execute with excellence Increasing

#### Impact

- Loss of client and transaction data
- Corrupted, inaccessible or unusable data
- Disruptions of critical client services
- Client information may be used to commit crime
- Fines or penalties from multiple regulators, reputation damage and loss of trust
- Reputation damage.

#### Treatment

- Maintain information asset register
- Regular data back-ups on-site and off-site
- Business continuity plans
- Cyber insurance to enable quick access to services.

### 13 Back-to-back extreme weather events

Repeat and severe extreme weather events deplete resources. The impact of drought (i.e three years of water scarcity) or flooding on agriculture reliant economies may be devastating and result in climate refugees.

Execute with excellence Increasing

#### Impact

- Depleted disaster recovery resources
- Damage to physical assets and lives lost
- Food and water shortages
- Prolonged disruption affecting access to basic goods and services
- High credit losses and deep economic recession.

#### Treatment

- Business continuity plans.

Strategic priority  
Trend effect

Strategic priority  
Trend effect

# Our strategy

Our strategy is underpinned by our purpose. Our updated 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 business model enables us to manage our resources and relationships responsibly to deliver the best outcomes for our stakeholders.

## Our inputs

- 
**Capital inputs**  
**Financial capital**  
 Our large, well-balanced portfolio is underpinned by an appropriate risk appetite mandate, a robust capital structure, and a future-focused resource allocation framework that provides the resilience and flexibility to manage change, uncertainty, innovation and growth.
- 
**Intellectual capital**  
 Our recognised brand strength and legitimacy enables us to leverage our future-ready capabilities to offer relevant, competitive and innovative banking, insurance, and asset management solutions through our digital 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. We are investing in strategies to equip our people with the mindset and skills needed for the future in support of our 2025 Ambition.
- 
**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. We are deepening our strategic partnerships to support our engagements with our clients, lower our cost to serve and develop innovative solutions. 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 approach, aligned to Africa's wellbeing.  
  
 We partner with clients and other stakeholders to create and implement climate smart solutions.

## Our business activities and outputs

**Our solutions**  
 We deliver solutions that help our clients to transact, earn, grow, insure, save and leave lasting legacies for future generations.

- Banking**
  - We lend money to our clients, provide transactional banking facilities and knowledge-based services as well as market access and risk mitigation solutions
- Investment and Insurance**
  - We provide long- and short-term insurance, 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 markets, particularly 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.
- SEE impact**
  - Embedding SEE impact areas 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 strategic partnerships 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 SEE strategy
  - Focused positive impact in seven areas
  - Develop a climate policy that supports a just energy transition.

## Distributing value

**Inflows from clients**  
**N\$2.73 billion**  
 (2021: N\$2.44 billion)

**Invested in our people**  
**N\$812.6 million**  
 (2021: N\$838.9 million)

**Direct and indirect taxes to governments and regulators**  
**N\$263.7 million**  
 (2021: N\$196.4 million)

**Invested in our operations, suppliers and third parties**  
**N\$866.1 million**  
 (2021: N\$747.9 million)

**Returns to shareholders**  
**N\$182.9 million**  
 (2021: N\$156.7 million)

**Reinvesting in the business**  
**N\$464.8 million**  
 (2021: N\$133.8 million)

## Allocating our resources

We carefully allocate our resources – capital, funding, capabilities and expertise – using our resource allocation framework.

Designed to drive sustainable growth and value, our resource allocation process is aimed at addressing specific client needs. Once these 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

#### Led through the lens of client strategy

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

#### Supported by a prioritised investment portfolio

We are deliberate in tilting our portfolio to grow the core banking franchise and to grow a capital efficient business.

#### Resource allocation decisions subjected to gated hurdle rates

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

#### Allocation tested against risk appetite

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

#### Progress measured against set targets

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

## Chairman's report



Herbert Maier Chairman

Final dividend per share  
**46 cents**

2021: 15 cents

Total capital adequacy ratio  
**↑17.7%**

2021: 14.7%

ROE  
**↑13.7%**

2021: 8.6%

“In 2022, our purpose **‘Namibia is our home, we drive her growth’** formed the foundation of the work we did to transform client experience and deliver results that are reflective of sound management and governance of the group's operations. We are therefore well-positioned, as Namibia emerges to new opportunities, to grow sustainable value for shareholders, customers and other stakeholders”

### Operating environment

In 2022, the global economy experienced another fundamental shift. The optimism felt at the start of the year had focused on a faster than anticipated economic recovery, particularly as the Covid-19 pandemic began to generally subside in most parts of the world. Yet, as the year progressed, complex challenges arose in the global operating context. In response to the Ukraine invasion the West instituted sanctions against Russia, driving up commodity prices. The geopolitical tension between China and the United States continue to disrupt global supply chains. Other factors such as rising inflation and interest rates, China's zero Covid policy and slower growth all compounded to significantly impact the growth outlook. Despite this, Namibia's economic recovery continued in 2022 with GDP growth forecasted at 4.2%.

### Delivering our strategic objectives

Our focus for 2022 remained on transforming client experience by developing bank specific capabilities that enhance our processes and drive efficiency while also improving service delivery to customers. We developed and then successfully delivered relevant and bespoke digital products and solutions to meet the needs of customers and employees, supported by leveraging the group's key strategic partnerships.

It is therefore a privilege to present our financial results showing a growth in profit for the year of 70.5%, and an increase in ROE from 8.6% to 13.7%, albeit still below our aspired target of 15%. As a board we are pleased by these improved results due to the focus and dedicated efforts made by the group's people. We remain confident that the group is well positioned to take advantage of the current and future opportunities the country holds. Increased investment in green energy and renewables, as well as the discovery of oil will continue to drive economic growth and thereby create value for society.

We continue to invest in our people and support their wellbeing to ensure that they can embrace the rapid changes in our environment. We are equipping them with the skills to make extensive use of the new technology, digital capabilities and data that we need, to deliver our purpose.

Sustainability over the long term is central to our strategy and our ability to deliver inclusive and sustainable growth. We continue to make a meaningful difference in our communities, ensuring that our social, economic and environment (SEE) as well as our corporate social investment (CSI) efforts contribute to the improvement and upliftment of the socioeconomic circumstances of the communities in which we operate.

### Changes to the board

During the year, Mr Alpheus Mangale and the chief financial officer, Mrs Letitea du Plessis, resigned from the board and Mr Jerry Muadinohamba retired. We thank them for their contribution to the group.

There will be more changes in the composition of the board during 2023. Ms Natasha Bassingthwaighte, Mrs Birgit Rossouw as well as myself, as chairman, will be retiring from the board after serving on the SBN board for more than 10 years. This is in line with the group's board succession plan for directors. Mrs Maria Dax has reached the age of 70 years and, as prescribed by BID-1 which became effective during December 2022, she will also retire from the board at the 2023 AGM.

We are honoured to be joined by Ms Silke Hornung, Ms Suné Brugman and Nangosora Ashley Tjipitua. We welcome them as directors on the board.

### Looking ahead

A gloomier outlook is now expected during the coming year, with the world's economic growth expected to slow to 1.7% in 2023, down from 2.9% in 2022 according to the World Bank's latest reports. Challenges are expected to remain as geopolitical tension, climate events, global supply chain disruptions and higher food and oil prices will continue to drive volatility and growing socioeconomic challenges, due to the increased cost-of-living and higher household debt.

Namibia's economic growth over the medium term is expected to be higher than the pre-pandemic growth levels, however, given the current global environment, this will be slightly slower than initially anticipated. The International Monetary Fund (IMF)<sup>1</sup> forecasts Namibia's GDP to grow 3.0% for 2022 and 3.2% for 2023.

We remain optimistic about the reforms ahead that are likely to come to fruition towards the end of the mid-term expenditure framework. Large structural investments in both the green and blue economy, as well as the discovery of offshore oil, place Namibia in an excellent position to become an energy

powerhouse on the African continent over the medium- to longer-term and alleviate its and the regions energy needs. This has the potential to accelerate economic growth moving forward, and we are well positioned to navigate this future with our strategic partners. We are also looking forward to assisting our clients in these industries to achieve their aspirations.

Our strategy for 2023 will continue to focus on our clients, our people as well as operational excellence, thereby ensuring that our people, processes and systems are properly aligned to continue to deliver the appealing and relevant customer value propositions across all segments.

### Appreciation

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

<sup>1</sup> International Monetary Fund – Regional economic outlook (October 2022): <https://www.imf.org/en/Publications/REO/SSA/Issues/2022/10/14/regional-economic-outlook-for-sub-saharan-africa-october-2022>



## Chief executive's review



**Mercia Geises** Chief executive

Profit for the year  
**↑N\$624**  
 million

2021: N\$366 million

Net interest margin  
**↑4.4%**

2021: 3.9%

Credit loss ratio  
**↓0.60%**

2021: 1.09%

### Progress

Last year, I referred to resilience as the capacity of any entity to prepare for disruptions, to recover from shocks and stresses, and adapt and grow through disruptive experience. In 2022, we are in fact, realising the resilience dividend following the credible performance. We embarked on the delivery of our strategic priorities during the year with optimism and encouragement, to build on our sound management and governance frameworks with the aim of restoring our performance to pre-pandemic levels, which was indeed a stretched aspiration for the team.

I am proud of the progress that we have made, as evidenced by the successful delivery of key projects, that will enable us to deliver automation, stability, security and ultimately improved customer experience. One of our most significant achievements is the successful upgrade and migration of our core banking platform. This involved client data migration, and enables us to build a future-ready platform business which delivers value for our clients through an expanded range of innovative onboarding, client servicing and lending solutions. It is against this background that we developed and launched our Salesforce Disruptor award-winning Blu-Market platform, a digital marketplace that will unlock trade opportunities for our clients. Our PayPulse wallet platform, which is designed in partnership with MobiPay primarily supporting financial inclusion, has been further improved. We delivered enhanced security features on PayPulse with biometric onboarding, we delivered the wallet to bank account payment functionality and, enabled our clients to subscribe for a funeral plan and a group savings scheme on the platform. Through our remittance partners, the transactional values on the platform have grown 20.8% and revenue increased by 17% year on year while our active customer base has increased by a remarkable 98.3%.

We received the Best Investment Bank award from EMEA, the Global Banking and Finance Awards as well as the World Economic Magazine awards. In Corporate and Investment Banking (CIB) we focused on servicing our key ecosystems. We have achieved resounding successes as evidenced by the growth in loans and advances in this segment by 35.5% and profit for the year have grown by 79.5%, which ultimately turned CIB into the biggest contributor to headline earnings for the group in 2022.

The group had another first – raising N\$400 million of funding in the debt capital markets through a green bond issuance. The proceeds will be used to finance – and refinance – eligible renewable energy projects in Namibia in accordance with the Standard Bank Group (SBG) Sustainable Bond Framework, aligning with the SBG SEE impact areas of infrastructure, climate change and sustainable finance and with the UN Sustainable Development Goals (SDG) 7, 11 and 13. The SDGs where we have the most meaningful impact are on page 5. Funding has been used to finance the first corporate green loan in a qualifying deal – a solar power plant that will be operational under the modified single-buyer model.

We also received the EMEA accolade of Best Bank in 2022 as we delivered new capabilities and a personalised value proposition in our Consumer and High Net Worth (CHNW) business. We proceeded with caution on growth in loans and advances in this segment given the increasing interest rate and elevated inflation environment.

With our Business and Commercial Banking (BCB) segment, the key priority was to reduce our non-performing loan ratio and to turn the business performance around following a five-year loss-making history. As announced to the market, we obtained all regulatory approvals and successfully completed the acquisition of a property portfolio which was non-performing with the aim to dispose of the assets.

Overall, we improved our collections strategy and have reduced our credit impairment charges by 44.2%, improving our credit loss ratio (CLR) from 1.09 to 0.60 year on year. The improvement is attributable to the realisation of our key strategic initiatives as encompassed in our non-performing loans (NPL) reduction strategy, the implementation of which we commenced in 2021, and the improvement in after-write-off recoveries.

We are an engaged corporate citizen and have contributed significantly in improving the lives of Namibians through our flagship Buy-A-Brick initiative which enabled us to build 51 houses in the year under review, in partnership with the Shack Dwellers Federation of Namibia. This brings the total houses built to date to 731 houses. Our collaboration with the Motor Vehicle Accident Fund enabled us to refurbish and upgrade the biggest casualty ward in the country at the Katutura State Hospital. We focused our corporate social investment strategy on youth development programmes in hockey, soccer, rugby and go-carting. Noteworthy is the partnership we have with Brighter Day, aimed at addressing post-Covid implications in schools by engaging students and teachers alike in a timely manner in communities still feeling the devastating impact of Covid-19. We are pleased to have supported the Never Walk Alone project with the delivery of 1 275 pairs of shoes to barefooted children in the Kunene Region.

I am delighted with the progress that we have made, increasing profit for the year by 70.5%. I believe that this is testament to our sound governance, prudent yet bold management, a resilient business that is well positioned for growth and supported by a strong balance sheet. I wish to thank my colleagues for the passion, discipline and resilience they have shown to enable us to deliver a strong set of results. I also want to thank our clients for their continued support and for putting their trust in us.



“2022 has been a year of renewed recovery for the group with strong growth in profit after tax of over 70%. SBN Holdings also successfully raised N\$400 million in its debut green bond issuance, enabling the group to accelerate its progress in transitioning to a low carbon economy.”

## Financial review



Letitea du Plessis Chief financial officer

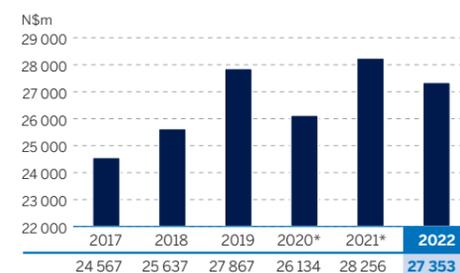
### Net loans and advances



↑ **2.3%**

Average interest earning assets

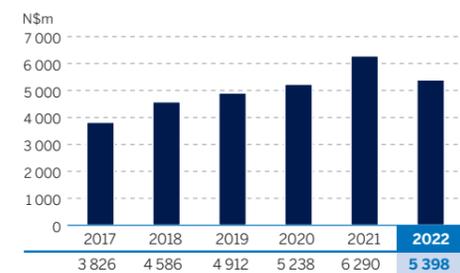
### Deposits from customers and banks



↓ **3.2%**

Average interest earning liabilities

### Trading assets, pledged assets and financial investments



**4.4%**

Net interest margin (2021: 3.9%)

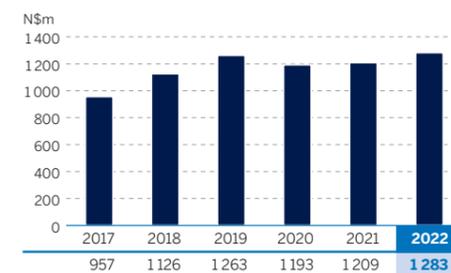
### Net interest income



**Net interest income (NII)** increased by 17.5% to N\$1 445 million, predominantly due to the steady 300 basis point (bps) increase in the repo rate from 3.75% to 6.75% since 1 January 2022 and ongoing improvement in the net interest margin, up from 3.9% to 4.4%.

Interest income was up 22.4%, driven by the increase in interest rates and focused growth in loans and advances in CIB. Interest expense increased by 30.6%, due to the additional N\$400 million green bond issuance as well as the ongoing focused approach to shifting the composition of our deposits and advances book to attract more term and notice deposits.

### Non-interest revenue



**Non-interest revenue (NIR)** increased by 6.1% to N\$1 283 million, driven by 31.8% growth in trading revenue due to increased client flows and volatility in currency markets. In addition, other revenue was up 37.1% from N\$106 million to N\$146 million supported by N\$23 million growth in bancassurance revenue, as well as an additional N\$26 million in property-related revenue from the acquisition of the Spearmint property portfolio.

### Impairment charges



**Credit impairments** decreased by 44.2% year on year, primarily due to the ongoing implementation of our 2021 non-performing loan reduction strategy and the achievement of related strategic initiatives. As a result, our credit loss ratio (CLR) reduced by 49bps from 1.09% to 0.60%. This will continue to be a focus area for the group.

### Operating expenses



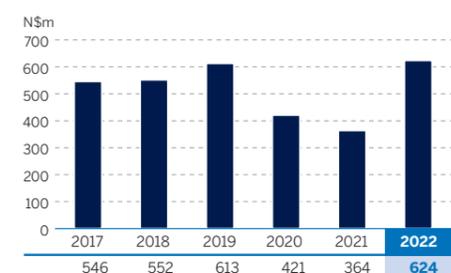
**Operating expenses** increased by 5.8% to N\$1.7 billion, below the average annual inflation of 6.1%.

Staff costs decreased by 3.1%, mainly due to the non-repeat of expenses relating to the voluntary separation package taken by qualifying employees in 2021.

Other operating expenses increased by 15.8%, driven by increases in IT expenses, professional fees and amortisation costs to support client growth strategies. The increase also relates to additional activity as employees return to the office, finalisation of service level agreements with the Standard Bank Group for intra-group service management costs, as well as the inclusion of expenses relating to the new property portfolio.

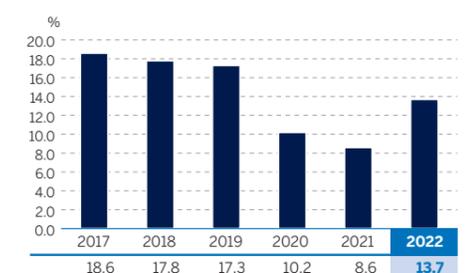
The group ensures that there is ongoing robust management and monitoring of the cost containment measures in place to meet its cost-to-income target of below 60%.

### Profit for the year



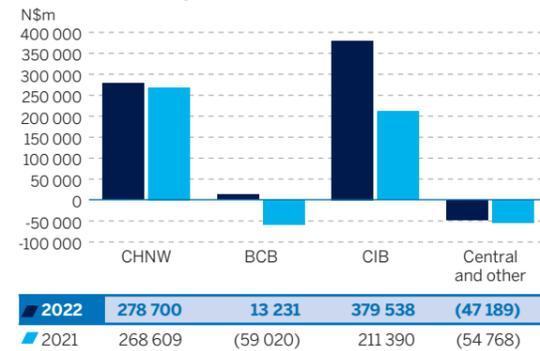
Profit for the year increased by 70.5%, up from N\$366 million to N\$624 million, driven by the increase in repo rate and improvement of our collection strategy to reduce our credit impairment charges.

### Return on equity



The ROE improved from 8.6% to 13.7%. The group is well-positioned to achieve its ROE target of a minimum of 15% by 2025.

## Profit for the year



## Consumer and High Net Worth (CHNW)

Profit for the year increased by 3.8% due to the 300 bps increase in repo rate but also through a deliberate plan to reduce impairments. Increase in costs above inflation was due to a reallocation of costs between CHNW, BCB and CIB.

NII grew by 9.6% driven by improved liquidity management. Credit impairments were down 26.9% due to focused actions to manage impairments.

## Business and Commercial Banking (BCB)

The key priority for BCB was to reduce its non-performing loan ratio and to become a profitable unit.

It is therefore pleasing to report that BCB delivered N\$13.2 million profit for the year.

Impairments decreased by 64.6%. BCB had previously held a significant non-performing loan portfolio but through the successful execution of a debt settlement transaction, non-performing loans reduced during the year.

## Corporate and Investment Banking (CIB)

CIB's profit for the year increased significantly by 79.5% year on year due to strong asset growth, which also contributed significantly towards the 55.4% growth of NII. Both trading revenue and electronic banking transaction fees were the drivers for the 13.8% growth in NIR year on year. A more focused approach was adopted to support key clients in sectors like the NBF, Mining & Metals, Consumer, Oil & Gas and Power & Infrastructure which saw the CIB team provide attractive solutions to valuable clients.



## INCOME STATEMENT

for the year ended 31 December 2022

	Change %	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000
Net interest income	17.5	1 444 802	1 229 312
Non-interest revenue	6.1	1 283 086	1 208 806
Net fee and commission revenue	1.4	912 644	900 347
Trading revenue	31.8	150 178	113 935
Other revenue	37.1	145 901	106 383
Other gains and losses on financial instruments	(15.6)	74 363	88 141
<b>Total income</b>	11.9	<b>2 727 888</b>	2 438 118
Credit impairments	(44.2)	(161 213)	(288 751)
<b>Income before operating expenses</b>	19.4	<b>2 566 675</b>	2 149 367
Operating expenses	5.8	(1 678 675)	(1 586 804)
Staff costs	(3.1)	(812 550)	(838 915)
Other operating expenses	15.8	(866 125)	(747 889)
<b>Net income before tax</b>	57.8	<b>888 000</b>	562 563
Taxation (indirect and direct)	34.3	(263 720)	(196 352)
<b>Profit after tax</b>	70.5	<b>624 280</b>	366 211

<sup>1</sup> Refer to restatement narrative included in the accounting policy elections and restatements section for the restatements of accrued interest and interest in suspense.

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Change %	2022 N\$'000	2021 Restated <sup>2</sup> N\$'000
<b>Assets</b>			
Cash and balances with central banks	12.4	1 673 337	1 488 497
Trading and pledged assets and financial investments	(14.2)	5 397 635	6 290 130
Loans and advances to banks	14.0	3 714 600	3 257 649
Loans and advances to customers	0.6	22 254 850	22 124 673
Properties in possession	>200	491 154	24 892
Other assets	0.5	2 143 121	2 133 208
<b>Total assets</b>	1.0	<b>35 674 697</b>	35 319 049
<b>Liabilities</b>			
Deposits from banks	(3.0)	1 430 532	1 474 539
Deposits from customers	(3.2)	25 922 875	26 781 347
Debt securities	28.9	2 528 252	1 961 123
Other liabilities	32.2	1 010 046	763 764
<b>Total liabilities</b>	(0.3)	<b>30 891 705</b>	30 980 773
<b>Equity</b>	10.3	<b>4 782 992</b>	4 338 276
<b>Total equity and liabilities</b>	1.0	<b>35 674 697</b>	35 319 049

<sup>2</sup> Refer to the restatement narrative included in the accounting policy elections and restatement section for the restatements of loans and advances as well as deposit and current accounts.

## LOANS AND ADVANCES

	Change %	2022 N\$'000	2021 N\$'000
<b>BCB and CNHW</b>	(7.8)	<b>17 692 082</b>	19 190 012
Home services	(7.5)	<b>11 822 800</b>	12 776 077 <sup>1</sup>
Vehicle and asset finance	(8.9)	<b>2 893 913</b>	3 177 030
Card and payments	(1.4)	<b>140 088</b>	142 026
Other loans and advances	(8.4)	<b>2 835 281</b>	3 094 879 <sup>1</sup>
<b>CIB</b>	35.5	<b>5 324 551</b>	3 930 100
Corporate lending	51.8	<b>5 057 176</b>	3 332 015
Sovereign lending	(55.3)	<b>267 375</b>	598 085
<b>Gross loans and advances to customers</b>	(0.4)	<b>23 016 633</b>	23 120 112
Banks	14.0	<b>3 714 600</b>	3 257 649 <sup>1</sup>
<b>Gross loans and advances</b>	1.3	<b>26 731 233</b>	26 377 761
Credit impairments on loans and advances	(23.5)	<b>(761 783)</b>	(995 439) <sup>1</sup>
<b>Net loans and advances</b>	2.3	<b>25 969 450</b>	25 382 322

<sup>1</sup> Refer to the restatement narrative included in the accounting policy elections and restatement section for the restatements of loans and advances.

## Commentary

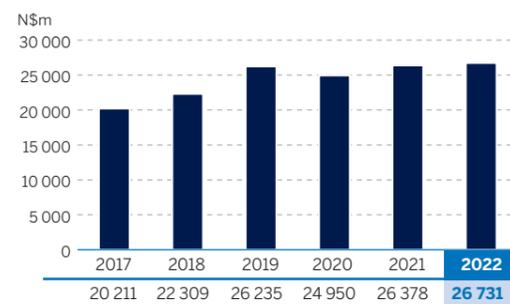
Gross loans and advances to customers remained almost flat at N\$23.0 billion in the year. The CIB portfolio grew by 35.5%, driven by strong growth in corporate lending due to increased client activity. The CHNW and BCB portfolios declined by 7.8% to N\$17.7 billion, partly driven by the 8.4% decrease in other loans and advances due to the acquisition of a property portfolio as part of a debt settlement transaction.

## Composition of loans and advances to customers (%)



	2022	2021
Home services	51	55
Vehicle and asset finance	13	14
Card and payments	1	1
Other loans and advances	12	13
Corporate lending	22	14
Sovereign lending	1	3

## Gross loans and advances



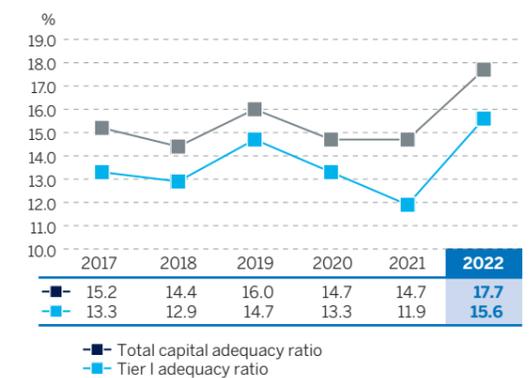
## FUNDING AND LIQUIDITY

	Change %	2022 N\$'000	2021 <sup>1</sup> N\$'000
<b>Deposits from banks</b>	(3.0)	<b>1 430 532</b>	1 474 439
<b>Deposits from customers</b>	(3.2)	<b>25 922 875</b>	26 781 347
Demand deposits	(2.5)	<b>18 989 429</b>	19 472 335
Card creditors	3.8	<b>27 037</b>	26 036
Savings deposits	(12.0)	<b>603 177</b>	685 688
Term deposits	1.2	<b>3 018 670</b>	2 982 189
Negotiable certificates of deposit (NCDs)	(9.1)	<b>3 284 562</b>	3 615 099
<b>Deposits from customers and banks</b>	(3.2)	<b>27 353 407</b>	28 255 886
Debt securities	28.9	<b>2 528 252</b>	1 961 123
<b>Total funding</b>	(1.1)	<b>29 881 659</b>	30 217 009

<sup>1</sup> Refer to the restatement narrative included in the accounting policy elections and restatement section for restatements of deposits.

**Deposits from customers and banks** declined moderately by 3.2% to N\$27 billion, predominantly driven by a decline in NCDs, savings deposits and demand deposits. Debt securities increased by 28.9% due to our inaugural Green Bond issuance that raised N\$400 million across two notes. Term deposits increased by 1.2%, in line with the group's strategy to become compliant with the anticipated Basel III liquidity requirements and aims to change our deposit mix. The group's liquidity position remained strong and within approved risk appetite and tolerance limits.

## Capital adequacy ratio



## Capital management

The group maintained its strong capital adequacy ratios with total regulatory capital at 17.7% (2021: 14.7%) and total tier 1 capital at 15.6% (2021: 11.9%).

The group proactively manages its capital levels to support business growth, maintain deposits and creditor confidence. This close monitoring allows the group to create value for shareholders while ensuring regulatory compliance.



# Our SEE impact

**At Standard Bank Namibia, we believe in people.**

We believe that all Namibians irrespective of their social and economic status are deserving of dignity and access to food, water, education and quality healthcare.

We are privileged to run a successful business, one of the country's oldest, for over 100 years. We therefore take pride in our ability to use our resources to give back to the community and support the very people who make our success possible.

Without people we are nothing. Our future is dependent on the future of the people in the communities in which we make a meaningful impact. We therefore want to ensure that the future is bright for us all.

## Our approach to SEE

Our approach to our social, economic and environmental (SEE) initiatives is to ensure they are an integral part of our involvement in our communities, engaging with compassion by serving to make a meaningful difference.

Our investment in ensuring positive SEE impact is predominantly through our corporate social responsibility which represents a serious commitment to socioeconomic upliftment through various projects and initiatives that we support. Through our corporate social investment (CSI) initiatives, Standard Bank aims to create meaningful and lasting benefit for the communities we serve and for our business.

In addition, contributing to the improvement of the socioeconomic circumstances of the communities in which we operate also contributes positively to the morale of our people, enhances our corporate reputation and demonstrates our local relevance and responsiveness to social and economic imperatives.

## Our approach to CSI

The impact we have is central to how we do business. Our CSI strategy has been repurposed to ensure that it aligns to our strategic direction and contributes to the development of communities in our target market, with a clear focus on specific areas where we have an opportunity to make a meaningful impact.

Our CSI strategy is overseen by the board's corporate social investment subcommittee, which reports directly to the SBN Holdings board of directors (board). The subcommittee is ultimately accountable for ensuring that our CSI strategy and initiatives positively impact on our reputation and the Standard Bank brand.

[Read more about its mandate in the corporate governance report.](#)

Our CSI policy sets out our CSI principles, governance structures, roles and responsibilities, reporting requirements, and the prevention and management of conflicts of interest. It clearly defines what constitutes CSI expenditure and differentiates this from sponsorships. Additionally, the policy requires that our CSI initiatives have an impact across all regions in Namibia.

We commit 1% of our net profit after tax to the CSI initiatives we have identified as focus areas of our SEE strategy. This is four times the Namibian Financial Sector Charter requirement. CSI expenditure is approved by the board corporate social investment subcommittee.

## Our impact areas of focus for SBN Holdings SEE investment



EDUCATION



HEALTH



COMMUNITY UPLIFTMENT

## Selecting social partners

We proactively identify programmes that provide opportunities for us to positively contribute to addressing key social and business development issues rather than respond to requests for charitable donations.

We aim to form long-term funding partnerships with government and local non-governmental organisations (NGOs) who have clearly defined programmes that provide maximum positive impact in communities.

**When selecting social partners, the following criteria is considered**

- 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 objectives**, as far as possible
- Programmes should preferably provide a **platform for increased employee involvement**

We only consider registered charitable organisations. When a request is received that is in line with our CSI policy and objectives, a site visit is conducted and due diligence is undertaken prior to recommending the project to the working CSI committee and board subcommittee.

When a project is approved, a contract is entered into with the beneficiary organisation and payments are made once project implementation starts. The project is monitored through biannual beneficiary reports which include a detailed breakdown of how funds have been spent and the impact achieved. All projects are reviewed annually to ensure that they are achieving their intended objective. On completion of the project, the close-out process includes a project evaluation.

## Our commitment to CSI

The wellbeing of our communities are at the heart of what we do as a bank.

This is demonstrated in the various projects that Standard Bank has undertaken over the years, serving many communities across the length and breadth of the country.

Over time, our efforts have evolved from simply making donations to ensuring that our support directly benefits and positively impacts the communities in which we operate in a meaningful way. Being involved in our communities is ingrained in the Standard Bank DNA and shows in the type of projects we have supported over many years.

The causes and programmes we support are broad and wide ranging, touching many aspects of community life, including empowering women and girls, covering the medial costs of under privileged children, supporting charities that work with children and enterprise development.

A significant part of the SBN Holdings CSI outreach is driven by our employees who take a day in the year to touch the lives of people through donations and sponsoring food and other needed materials.



## Our CSI initiatives

### Our Flagship Project: Buy-A-Brick

#### Merchandising

This initiative started in 2020 in collaboration with Footprint Socks to sell merchandise to raise funds for our flagship programme.

During 2022, we built 51 houses in partnership with the Shack Dwellers Federation of Namibia, bringing the total houses built to date to 731 houses.

It has proven successful and resulted in our own employees incorporating this into their team efforts by starting small fundraising activities for the Buy-A-Brick initiative. Each department and branch within Standard Bank Namibia is given a challenge at the start of each year: to identify fundraising activities that raise enough funds to build at least one low income house.



COMMUNITY  
UPLIFTMENT

#### Buy-A-Brick testimonies

Lovisa Shiulwa (Okongo)

*"I joined the Shack Dwellers Federation in 2014. I did not really understand what the purpose of the federation was but as time passed by I started to learn more about the federation and started to like what they were doing.*

*What motivated me to join the federation was one particular lady who was younger than myself. She built a house for herself through contributions to the federation. She made a living by doing needlework and I told myself that if someone as young as that can build herself a house through savings, I too should be able to build myself a house.*

*It is at that point that I started to also start saving some money. By then I was only living in a shack which was very small and uncomfortable. I had the desire to bring my kids from the village to stay with me in town so they can get a better education and enjoy watching television during weekends. But because of my circumstances, it was impossible to do so.*

*When I joined the federation, I started raising money to pay my membership fee which was N\$120 per year. In 2017, annual membership fees were increased to N\$800 which I paid off in two instalments. Since I was a member of the federation for a long time, I had saved up quite a bit of money, in the region of N\$10 000 plus.*

*After that effort, I was approved to become eligible for a house. However, I was still not sure about getting a house. I just couldn't believe that I was in line to get a house. I was full of doubt about the process but things changed when I was given a loan through the Buy-a-Brick Initiative which was under Standard Bank.*

*Things work differently with the Buy-a-Brick project and the Federation. We provide labour and do most of the work ourselves during the construction of our houses. In my case, I was involved in the brick making process and when construction started I also was responsible for passing sand concrete mix to the brick layers. You don't just walk into an already existing house which was built for you by other people. Here we work hard for ourselves.*

*I am now a proud owner of my own house. I am encouraging others to also join the federation to get out of shacks and start to live in a decent housing structure.*

*I am really thankful to Standard Bank for making it easy to own a house. Gone are the days when, during rainy season, my shack will be under water. Also when the wind was blowing, I will find that my house would be full of sand. I even bought a wardrobe while living in a shack but it could not fit anywhere because the place was small. But I am now happy to live in this brick house. It is really nice. I even put in tiles. I never imagined staying in a brick house in town. But look at me now. Let's continue to save up so we can all one day be proud home owners under the Buy-a-Brick Initiative.*

*I really also want to thank other supporting organisations such as MTC and NamPower who have sponsored bulbs for our houses. Thank you once again."*

### Investing in academic excellence

**We believe that education is the vital key to unlock doors for generations of the future. We have partnered with the Ministry of Education to encourage exceptional academic excellence at secondary schools across the country.**

Through this partnership – which began in 2011 – Standard Bank rewards the top three best performing Grade 10 and Grade 11 learners in each region. The most improved government school (Grade 10 or JSC) also receives N\$50 000 donated towards a project of their choice.



EDUCATION

#### Making education possible for an individual learner

This year, Standard Bank sponsored N\$50 000 to Taimi Asino, one of the students who performed exceptionally in Grade 12 while enduring difficult circumstances. She is currently a first year student at the University of Namibia, studying to become a medical doctor.

We followed her story and what she endured in the lead-up to writing her Grade 12 exams. Knowing what she experienced, losing her parents and then her aunt who supported her following her parents passing, and her eventual reliance on a network of friends and extended family, was sad and emotional. Yet, despite these challenges, she remained focused and achieved the best result in the Karas region and sixth best Grade 12 learner overall.

*"It is against that background that Standard Bank decided to lighten her burden and sponsored her with N\$50 000 to use to support herself during her studies. It is the bank's hope that she will use the money wisely during the time of her studies and that she will eventually graduate, get a job, and support herself and those who looked after her during her time as a learner."*



#### Brighter Day initiative

The Brighter Day Hope Foundation is a psychosocial support and holistic education development organisation that has been operating in partnership with Standard Bank and endorsed by the Ministry of Education, Arts and Culture since 2021.

The Brighter Day Initiative provided psychosocial support services to the following regions: Karas, Hardap, Erongo, Kunene, Otjozondjupa, Kavango East, Kavango West and Zambezi, visiting more than 50 schools, and engaging with more than 20 000 students and around 300 teaching and support personnel. The initiative was aimed at addressing post-Covid implications in schools, by engaging students and teachers alike in a timely manner in communities still feeling the devastating impact of Covid-19.

*"Through the program objectives, we were able to establish that there is an acute need for interventions to address psychosocial wellbeing among a myriad of many issues affecting both teachers and students. Psychosocial support builds internal and external resources for children and their families to cope with adversity."*

The aim was to initiate conversations, with both students and teachers alike in a safe environment to discuss uncomfortable topics and issues. We engaged our target audience to create an understanding where help and health seeking behaviour is normalised. Through various facilitation sessions and presentations to both students and teachers, the discussions addressed topics including:

- The Process of Bereavement and Counselling
- Coping strategies: management of anxiety and stress
- Holistic wellbeing 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.

#### Financial Literacy Initiative

**The Financial Literacy Initiative (FLI) monitors and evaluates the efficiency of its projects and undertakes financial capability research. Standard Bank has been a strategic partner of FLI since 2013, committing 0.2% of its net profit after tax annually.**

FLI is a national platform initiated by the Ministry of Finance to enhance financial education and micro- small-sized enterprises. Its supporters include the Namibian public, private and civil society sectors that aim to work in a co-ordinated effort to improve the financial capacity of all Namibians. In 2022, our contribution to FLI was N\$200 000.



### Standard Bank hockey development programme

Standard Bank is a strategic partner of the Hockey School of Excellence, setting out to make dreams possible by identifying talent and nurturing love for the sport in areas where it is not known. Standard Bank Namibia recently renewed its sponsorship for the Junior Hockey Development Programme, contributing N\$500 000 for the second of its three-year commitment.

The programme focuses on realising more than simply a dream of playing hockey. It is about building strength of character in the boys and girls who will later become the men and women who will lead us in society, either in government or the corporate sector.

#### 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 teams
- To develop indoor hockey and Hockey5's throughout Namibia
- To equip players, coaches and umpires with skills.
- To create jobs and keep children off the streets.



### MycOHAB Namibia

The infamous mushrooms have made quite the impression globally. So much so that our Biohab project was featured in the Wall Street Journal.



Driving the growth of Namibia means finding ways to protect resources and finding alternative ways to make use of resources that are in abundance. As an extension of the Buy-A-Brick initiative, MycoHAB was born: to make Namibia a shack-free country, grow employment and provide food security, all through the cultivation of mushrooms.

Additionally, the project aims to eliminate the indigenous encroacher bush that

poses a significant ecological and environmental problem.

In partnership with the Massachusetts Institute of Technology's (MITs) Label Free Research Group inside the Centre for Bits and Atoms and US-based architecture firm, Redhouse Studio, we are part of the innovative and exciting social upliftment project using fungal material from mushrooms to develop housing and food products. By leveraging technology developed during a NASA project, waste

material is processed to create food, jobs and shelter. In short, MycoHAB Namibia is turning encroacher bush into food and building materials while storing carbon dioxide and offsetting global greenhouse gas emissions.

Although we are yet to build the first houses using the bricks as they are being tested to ensure they are of the proper quality, we are excited for what the future of MycoHAB holds.



### Katutura Hospital emergency unit renovation

Standard Bank partnered with the MVA Fund in 2021 to launch the 'Project 9682 – You are more than a number'. In a public-private partnership between the Ministry of Health and Social Services, Standard Bank and the MVA Fund, we launched one of the biggest renovation projects ever to be undertaken at the Katutura State Intermediate Hospital emergency unit since independence was announced. The project, currently in its final stages, undertook to revamp the hospital's emergency unit which had been in existence for over 60 years and served as the main emergency referral unit in the entire country, helping over 200 patients daily.



### Hope Village

Standard Bank has supported Hope Village for 14 years, ensuring that orphans, abandoned children and HIV/AIDS child victims can find love, care and a home to call their own.

*"We can't just hop into these kid's lives and hop out again. We are in it for the long haul. We are building our future and our legacy in these kids."* – then CEO, Mr Pumzi Pupuma.

The first house Standard Bank built was in 2007, and 12 children moved into it in 2008. Within a month, the house was filled with 24 children. As the Hope Village grew, Standard Bank House became the house for girls. Our support included annual maintenance of the house, pest control in the village twice a year, a birthday party and gifts for Christmas. The first child of Hope Village to finish Grade 12 was given a full scholarship and Julius Kamata, the lucky recipient, studied Hospitality and Tourism and is now a hospitality manager at B2Gold for Welwitichia Catering and Cleaning Services.

Standard Bank also identified the need for a vehicle to transport the children to and from school, first donating a Combi and later donating an 18-seater bus with Liberty Life, which still takes 42 children to 13 different schools every day.

When House Mother and Founder, Marietjie de Klerk, was diagnosed with breast cancer six years ago, Standard Bank provided the salary of an operations manager to help run the house. Additionally, former retired Standard Bank employee, Sophie Mouton, is currently in a full-time operational role.



### Standard Bank and NamPharm Foundation partnership

For the past seven years, Standard Bank has pledged N\$200 000 annually to ensure that children have the opportunity to undergo a corrective cleft-pallet operation. In 2022, the NamPharm Foundation performed 42 of these procedures.



### Project Never Walk Alone

Standard Bank contributed N\$400 000 to Project Never Walk Alone, a proudly national initiative registered as an NGO that raises funds to buy shoes for children.

According to data, there are over 100 000 children across the 14 regions of Namibia without shoes. These children face a range of challenges, including social bullying, diseases transmitted through their feet, low self-esteem and confidence, and dropping out of school.

The sponsorship focused on the Kunene region which currently has over 4 813 children without shoes. We assisted over 1 200 children by providing locally produced, brand-new, high quality leather shoes with 80% of the material sourced in Namibia.





Namib Desert – Namibia

# Corporate governance report

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

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

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

## SBN Holdings board



**EXCO:** Executive committee  
**ALCO:** Asset and liquidity management committee  
**HRC:** High risk committee  
**CRMC:** Credit risk management committee  
**RMC:** Risk management committee  
**CC:** Credit committee  
**IFC:** Internal financial control committee  
**NPC:** New product approval committee  
**TBC:** Tender board committee

## Governance framework

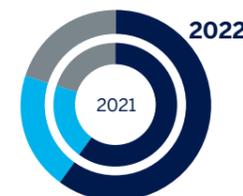
### Codes, regulations and compliance

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

### Board and directors

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

### Director composition (%)



	2022	2021
Independent non-executive	60	60
Non-executive	20	20
Executive	20	20

### Independent non-executive directors

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

### Succession planning

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

## 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, information technology, human capital, entrepreneurial and banking skills
- expertise in risk management and internal financial control.

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

### Access to information and resources

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

### Strategy

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

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

### Board responsibilities

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

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

### Delegation of authority

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

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

## Board meetings

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

### BOARD ATTENDANCE 2022

	1 March 2022 Special board	4 March 2022 Q1 board	31 May 2022 Q2 board	8 June 2022 Special board	30 August 2022 Q3 board	25 November 2022 Q4 board
H Maier (chairperson)	✓	✓	✓	✓	✓	✓
N Bassingthwaighe	✓	✓	✓	✓	✓	✓
M Dax	✓	✓	✓	✓	✓	✓
L Du Plessis	✓	✓	✓	✓	✓	✓
M Geises	✓	✓	✓	✓	✓	✓
S Hornung <sup>1</sup>	N/A	N/A	N/A	N/A	✓	✓
A Mangale <sup>2</sup>	✓	✓	A	N/A	N/A	N/A
J Muadinohamba <sup>3</sup>	✓	✓	N/A	N/A	N/A	N/A
B Rossouw	✓	✓	✓	✓	✓	✓
P Schlebusch	✓	✓	✓	✓	✓	✓
I Tjombonde	✓	✓	✓	✓	✓	✓

✓ Attended A Apologies N/A Not available <sup>1</sup> Appointed on 26 July 2022 <sup>2</sup> Resigned on 2 June 2022 <sup>3</sup> Retired on 22 April 2022

Suné Brugman was appointed to the board on 15 December 2022, and Nangosora Tjibitua on 10 March 2023.

## Board effectiveness and evaluation

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

## Education and induction

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

## Board committees

Each board committee's mandate sets out the role, responsibilities, scope of authority, composition and procedures to be followed. All board committee mandates were reviewed in 2022 to take into account amendments to relevant legislation and the requirements of the Namcode.

### Board audit committee

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

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

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

## BOARD AUDIT COMMITTEE ATTENDANCE 2022

	21 February 2022 Q1	2 March 2022 Special BAC	20 May 2022 Q2	15 August 2022 Q3	18 November 2022 Q4
B Rossouw (chairperson)	✓	✓	✓	✓	✓
N Bassingthwaighe	✓	✓	✓	✓	✓

✓ Attended

During the year, BAC had two members while waiting for the revised BID-1 from BoN on director appointments. Mrs S Hornung was appointed during December 2022 as the third member of BAC.

## Board credit committee

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

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

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

## BOARD CREDIT COMMITTEE ATTENDANCE 2022

	22 February 2022 Q1	16 May 2022 Q2	15 August 2022 Q3	14 November 2022 Q4
N Bassingthwaighe (chairperson)	✓	✓	✓	✓
H Maier	✓	✓	✓	✓
P Schlebusch	✓	✓	✓	✓

✓ Attended

## Board risk committee

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

## BOARD RISK COMMITTEE ATTENDANCE 2022

	23 February 2022 Q1	18 May 2022 Q2	17 August 2022 Q3	16 November 2022 Q4
I Tjombonde (chairperson)	✓	✓	✓	✓
N Bassingthwaighe	✓	✓	✓	✓
B Rossouw	✓	✓	✓	✓
P Schlebusch	✓	✓	✓	✓

✓ Attended

## Board IT committee

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

## BOARD IT COMMITTEE ATTENDANCE 2022

	23 February 2022 Q1	17 May 2022 Q2	16 August 2022 Q3	15 November 2022 Q4
I Tjombonde (chairperson)	✓	A	✓	✓
B Rossouw	✓	✓	✓	✓
P Schlebusch	A	✓	✓	✓

✓ Attended A Apologies

## Board people & culture (BPC) committee

The role of the BPC subcommittee is to:

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

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

### BPC COMMITTEE ATTENDANCE 2022

	21 February 2022 Q1	20 May 2022 Q2	19 August 2022 Q3	18 November 2022 Q4
H Maier (chairperson)	✓	✓	✓	✓
J Muadinohamba <sup>1</sup>	✓	N/A	N/A	N/A
N Bassingthwaighe <sup>2</sup>	N/A	✓	✓	✓
M Dax	N/A	✓	✓	✓

✓ Attended    N/A Not available    <sup>1</sup> Retired 22 April 2022.    <sup>2</sup> Appointed May 2022.

## Board corporate social investment (CSI) committee

The role of the board CSI committee is to:

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

### BOARD CSI COMMITTEE ATTENDANCE 2022

	9 February 2022 Q1	9 November 2022 Q4
M Dax (chairperson)	✓	✓
Dr N Hamunime	✓	✓
J Muadinohamba <sup>1</sup>	✓	N/A
I Tjombonde	N/A	✓

✓ Attended    N/A Not available    <sup>1</sup> Retired 22 April 2022.

## 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.

## Company secretary

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

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

## Going concern

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

## Relationship with stakeholders

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

## Connecting with our stakeholders

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

## Sustainability

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

## Ethics and organisational integrity

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

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

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

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

## Conflict of interest

The board has a detailed process in place to ensure that outside business interests and conflicts of interest are declared by all directors on the board. We are comfortable that during the period under review there were no conflicts of interests declared which would have an impact on any of the decisions made in relation to matters put before the board for discussion and/or approval.

## Remuneration

### Remuneration philosophy

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

## Remuneration governance

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

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

## Board remuneration structure

### Non-executive directors

#### Terms of service

All independent non-executive directors are provided with a letter of appointment setting out the terms of their engagement. Directors are appointed by the shareholders at the 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 a remuneration package are as follows:

**guaranteed remuneration**  
– based on market value and the role they play

**annual bonus and pension incentive**  
– used to incentivise the achievement of group objectives

**share-based incentives**  
– rewards the sustainable creation of shareholder value and aligns behaviour to this goal

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

executive directors are not subject to retention agreements

## Transformation

The group through the Bankers Association of Namibia is a signatory to the Namibia Financial Sector 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.

[Details of non-executive directors' fees can be found in Annexure C.](#)

# Board of directors

## Non-executive directors\*

### COMMITTEE MEMBERSHIPS

- BCC
- BIT
- BRC
- BAC
- CSI
- BPC
- Committee chairman

### Herbert Maier

Chairman and independent non-executive director

#### QUALIFICATIONS

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

#### EXPERIENCE

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

#### DIRECTORSHIPS

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

#### COMMITTEES

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APPOINTED 2010



### Isac Hiriu Tjombonde

Independent non-executive director

#### QUALIFICATIONS

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

#### EXPERIENCE

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

#### DIRECTORSHIPS

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

#### COMMITTEES

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APPOINTED 2015



### Peter Schlebusch

Non-executive director

#### QUALIFICATIONS

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

#### EXPERIENCE

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

#### DIRECTORSHIPS

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

#### COMMITTEES

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APPOINTED 2019



### Adv Natasha Bassingthwaighte

Independent non-executive director

#### QUALIFICATIONS

BJuris, LLB (University of Namibia)

#### EXPERIENCE

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

#### DIRECTORSHIPS

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

#### COMMITTEES

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APPOINTED 2011



### Birgit Rossouw

Independent non-executive director

#### QUALIFICATIONS

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

#### EXPERIENCE

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

#### DIRECTORSHIPS

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

#### COMMITTEES

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APPOINTED 2012



### Maria Shivute Dax

Independent non-executive director

#### QUALIFICATIONS

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

#### EXPERIENCE

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

#### DIRECTORSHIPS

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

#### COMMITTEES

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APPOINTED 2019



\* At publication.

Non-executive directors\* continued

Suné Brugman

Non-executive director

QUALIFICATIONS

BA LLB and Mining Tax Certificate cum laude

EXPERIENCE

Suné Brugman, was appointed as a non-executive director of SBN Holdings Limited and Standard Bank Namibia Limited effective 15 December 2022.

Suné is currently the Chief Data and Analytics Officer at Standard Bank Group. She is responsible for Data and Analytics for Standard Bank Group Banking and other financial services. Additionally, Suné leads group wide data culture, ethics, privacy and governance transformation programmes and, as an executive, she is also responsible for establishing and leading a strategic scenario planning group/capability for Standard Bank Group mandated by the Group Chief Executive. Previously Suné served as the chief risk officer, a traditional embedded role and scope that included Corporate Credit Model Development, Trading Analytics, Sovereign and Country Risk as well as Equity Risk. She also served as the Global Head: Debt Products – Investment Banking in the Corporate Investment Banking unit of Standard Bank Group. During that tenure, she was responsible for management of global debt teams based across Africa, Middle East, UK and Asia.

DIRECTORSHIPS

- SBN Holdings Ltd
- Standard Bank Namibia Ltd
- Deutsche Internationale Schule
- Farm 1326 Banhoek (Pty) Ltd

COMMITTEES



APPOINTED 2023



Silke Hornung

Independent non-executive director

QUALIFICATIONS

B Com Hons Accounting Sciences; CA (Nam); Chartered Management Accountant ACMA CGMA; Administration of Estates Diploma

EXPERIENCE

Silke Hornung, was appointed as a non-executive director of SBN Holdings Limited and Standard Bank Namibia Limited effective 26 July 2022.

Silke is a qualified Chartered Accountant as well as Chartered Management Accountant with specific skills in analysing detail of numbers, corporate governance and ethics, risk management, internal and external audit as well as an in-depth understanding of investment management. She has over 12 years senior executive experience at Bidvest Namibia Limited; spent two years as Wealth Manager at Pointbreak and two years as director at NamPower, among others. She is also a qualified financial executive with superior expertise in financial analyses and reporting from multinational corporates to SMEs. She held numerous executive positions in the corporate world and serves on a number of public and private companies' boards of directors.

DIRECTORSHIPS

- SBN Holdings Limited
- Standard Bank Namibia Limited
- Namibia Power Corporation (Proprietary) Limited (NamPower)

COMMITTEES



APPOINTED 2022



Nangosora Ashley Tjipitua

Independent non-executive director

QUALIFICATIONS

MBC (University of Stellenbosch), LLB (University of Namibia), B.Juris (University of Namibia)

EXPERIENCE

Ms Tjipitua is a Legal and Corporate Governance Practitioner; she has worked in the legal and governance profession for over 13 years of which nine years have been at a management and senior executive level. Her professional expertise includes commercial litigation, organizational management, corporate legal advice, board governance, compliance risk management and competition law.

Ms Tjipitua served as a director for the enforcement department at the Namibian Competition Commission, where she led significant market intervention in various industries and sectors, including the financial sector.

DIRECTORSHIPS

- Business Intellectual Property Authority of Namibia (BIPA)
- Allan Gray Namibia (Pty) Ltd
- Allan Gray Namibia Unit Trust Management Ltd

COMMITTEES



APPOINTED 2023



Executive directors

Mercia Geises

Chief executive director

QUALIFICATIONS

BJuris (UNAM), LLB (UFS), LLM (UFS), MBA (USB), Global Executive Leadership Programme (London Business School)

EXPERIENCE

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

DIRECTORSHIPS

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

APPOINTED 2021



Letitea du Plessis

Chief financial officer

QUALIFICATIONS

BAcc (University of Stellenbosch), PDA (University of Stellenbosch), ACA (UCT), ACIDealing (Cert), CA(SA), Global Executive Leadership Programme (London Business School)

EXPERIENCE

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

DIRECTORSHIPS

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

APPOINTED 2020



COMMITTEE MEMBERSHIPS

- BCC
- BIT
- BRC
- BAC
- CSI
- BPC
- Committee chairman

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

# Executive committee



## Mercia Geises

Chief executive

### Qualifications

BJuris (UNAM), LLB (UFS), LLM (UFS), MBA (USB), Global Executive Leadership Programme (London Business School)

Joined the group 2016  
Appointed 2016

## Letitea du Plessis

Chief financial officer

### Qualifications

BAcc (University of Stellenbosch), PDA (University of Stellenbosch), ACA (UCT), ACI Dealing (Cert), CA(SA), Global Executive Leadership Programme (London Business School)

Joined the group 2012  
Appointed 2017

## Nolan Angermund

Head – Platform

### Qualifications

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

Joined the group 2015  
Appointed 2017

## Jules Baruani

Head – Technology and Operations

### Qualifications

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

Joined the group 2012  
Appointed 2021



## Magreth Mengo

Head – Marketing communications and CSI

### Qualifications

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

Joined the group 2015  
Appointed 2019

## Lucy Mhambi

Head – Internal Audit (Acting)

### Qualifications

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

Joined the group 2018  
Appointed 2021

## Adri Spangenberg

Head – BCB

### Qualifications

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

Joined the group 1989  
Appointed 2021

## Joyce Swartz

Head – Digital Transformation and Innovation

### Qualifications

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

Joined the group 2007  
Appointed 2021



## Rejoice Itemba

Head – Client Solutions

### Qualifications

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

Joined the group 2010  
Appointed 2021

## Vivian Kaposambo

Head – People and Culture

### Qualifications

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

Joined the group 2021  
Appointed 2021

## Nelson Lucas

Head – CIB

### Qualifications

BCompt (UNISA), HBCompt (UNISA), CA(Nam), CA(SA), Programme in Advanced VAT (UNISA), Programme in Investment Analysis and Portfolio Management (UNISA), BCom Honours in Financial Management (UNISA), Global Executive Leadership Programme (London Business School)

Joined the group 2019  
Appointed 2020

## Arlington Matenda

Chief risk officer

### Qualifications

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

Joined the group 2021  
Appointed 2021



## Sigrid Tjijorokisa

Head – Legal and governance and company secretary

### Qualifications

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

Joined the group 2012  
Appointed 2012

## Karen van der Merwe

Head – CHNW

### Qualifications

BA (Hons) Business Management (Lincoln, UK)

Joined the group 2011  
Appointed 2022

## Roxzaan Witbooi

Head – Compliance

### Qualifications

BJuris (UNAM), LLB (UNAM), CAMS, Global Executive Leadership Programme (London Business School)

Joined the group 2012  
Appointed 2014

# 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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Institute of Chartered Accountants' of Namibia (ICAN) Financial Reporting Guides as issued by the Accounting Practices Committee, the Namibian Stock Exchange (NSX) and Johannesburg Stock Exchange (JSE) Listings Requirements, Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the Namibian Companies Act and fairly present the affairs of the group and company as at 31 December 2022, and the net income and cash flows for the year then ended. The company is also in conformity with its memorandum of incorporation.

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

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

The directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence and as a going concern in the financial year ahead. The 2022 annual financial statements, which appear on pages 55 to 175, were approved by the board on 22 March 2023 and signed on its behalf by:

  
Mr H Maier  
Chairman

  
Mrs M Geises  
Chief executive

## REPORT OF THE INDEPENDENT AUDITOR

### To the Members of SBN Holdings Limited Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SBN Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2022 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

### What we have audited

SBN Holdings Limited's consolidated and separate financial statements set out on pages 55 to 175 comprise:

- the directors' report for the year ended 31 December 2022
- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate income statements for the year then ended
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies, excluding the sections marked as unaudited in Annexure B pages 126 to 127 and 142 to 145.

### Basis for opinion

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

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

### Independence

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

### Our audit approach Overview

#### Overall group materiality

Overall group materiality: N\$42 943 150 which represents 5% of consolidated profit before direct taxation.

#### Group audit scope

- A full scope audit was performed on the Company and Standard Bank Namibia Limited based on its financial significance to the Group.
- Specified procedures were performed on the Properties in possession which arose from the acquisition of Spearmint Investments (Pty) Ltd, due to their associated risk to the Group.
- Analytical review procedures were performed on the remaining subsidiaries being financially inconsequential components.

#### Key audit matters

- Expected credit losses on Corporate and Investment Banking (CIB) loans and advances; and
- Expected credit losses on Business and Commercial Banking (BCB) and Consumer and High Net Worth (CHNW) clients loans and advances.
- Acquisition of a subsidiary, Spearmint Investments (Pty) Ltd.



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

### Materiality

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

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

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

Country Senior Partner: Chantell N Husselmann  
The Firm's principal place of business is at 344 Independence Avenue, Windhoek, Republic of Namibia, Khomas Region, Republic of Namibia  
Partners: Louis van der Riet, Anna E.J. Rossouw (Partner in charge: Coast), Gerrit Esterhuysen, Samuel N Ndishangwapo, Hans F. Hashagen, Johannes P. Nel,  
Hannes van den Berg, Willem A. Burger  
Practice Number 9406, VAT reg no. 00203281-015

<b>Overall group materiality</b>	N\$42 943 150
<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 tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

### How we tailored our group audit scope

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

The consolidated financial statements are a consolidation of the Company and its five subsidiaries (each a "component") for purposes of our group audit scope. Full-scope audits were performed on the Company and a subsidiary, Standard Bank Namibia Limited, based on their financial significance to the Group, in relation to its contribution to the Group's consolidated profit before direct taxation. Specified procedures were performed on the Properties in possession which arose from the acquisition of Spearmint Investments (Pty) Ltd, due to their associated risk to the Group. Analytical review procedures were performed on the remaining subsidiaries being financially inconsequential components.

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

### Key audit matters

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

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 and 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)</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 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>In their calculation of the ECL on CIB loans and advances management applied International Financial Reporting Standard ("IFRS") 9–Financial Instruments ("IFRS 9"), as described in the notes to the consolidated financial statements.</p> <p>ECL on CIB exposures is 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 macro-economic 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:</p> <p>We assessed the Group's ECL methodology applied in determining the ECL recognised on CIB loans and advances with reference to the requirements of IFRS 9.</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 ratings 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; and</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; and</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. 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 by the movement in credit ratings assigned to counterparties on origination and then at 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>The input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement are subject to management judgement and are determined at an exposure level.</p> <p><b>Expected credit losses on Business and Commercial Banking (BCB) Consumer and High Net Worth clients (CHNW) 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);</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 BCB and CHNW loans and advances was considered to be a matter of most significance to our current year audit due to the level of subjective judgement applied by management, the effect that the ECL has on the Group's credit risk management processes and operations, and the magnitude of the ECL recognised in the consolidated financial statements.</p> <p>ECLs on BCB and CHNW loans and advances are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The key areas of significant management judgement applied within the ECL calculation include:</p> <ul style="list-style-type: none"> <li>Evaluation of SICR;</li> <li>Incorporation of macro-economic 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 macro-economic inputs and forward-looking information into their assigned credit risk rating by obtaining an understanding of the forward-looking information including the impact of Covid-19, which was considered for the counterparty.</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 BCB and CHNW 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 BCB and CHNW loans and advances, as follows:</p> <p>We assessed the Company and Group's ECL methodology applied in determining the ECL recognised on BCB and CHNW 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 BCB and CHNW loans and advances based on the Group's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on judgement to predict the outcome based on the Group's macro-economic outlook expectations.</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>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>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>Acquisition of a subsidiary</b></p> <p>The Standard Bank Namibia Limited group acquired 100% shareholding in Spearmint Investments (Pty) Ltd ("Spearmint"), a property holding company that owns 100% of the total issued share capital of the property investment entities listed in Annexure A–Subsidiaries, of the notes to the separate financial statements (the "property companies"). 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.</p> <p>The acquisition of Spearmint was considered to be a matter of most significance to our current year audit due to the level of subjective judgement applied by management in valuing the shares in the subsidiaries recognised in the Standard Bank Namibia Limited separate financial statements, the magnitude of the transaction, the complexity of the accounting treatment, and the resultant value of Properties in possession recognised in the consolidated financial statements (note 42–Properties in possession).</p>	<p><b>Evaluation of SICR</b></p> <p>We reperformed the calculation of the significant deterioration in 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>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>For a sample of out-of-model adjustments we evaluated the reasonableness of the adjustments by assessing the key assumptions applied, with reference to independent sources of information.</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> <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>

Key audit matter	How our audit addressed the key audit matter
<p><b>Accounting treatment</b></p> <p>Management has performed an assessment to determine whether this was a business combination in terms of IFRS 10–Consolidated Financial Statements ("IFRS 10") or an asset acquisition in terms of IFRS 3–Business Combinations ("IFRS 3"). Refer to note 42–Acquisition of subsidiaries, to the consolidated financial statements for detail. Management concluded that it was an asset acquisition in terms of IFRS 3.</p> <p><b>Valuation of properties in possession arising from the debt settlement transaction</b></p> <p>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 noted above. The loans receivable and ECL were then derecognised and the investments in Spearmint's shares recognised at this value at a subsidiary level.</p> <p>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 at the lower of cost or net realisable value, in line with the current accounting policy.</p> <p>The fair value of the shares in the property companies at initial recognition in the separate financial statements at a subsidiary level was determined in line with the requirements of IFRS 13 – Fair Value Measurement. Management's expert valuers were used by the Group to provide guidance on the measurement of the fair value of shares in the property companies received in Spearmint. The investment in Spearmint is subsequently measured at cost in line with the subsidiary accounting policy described in Annexure D – Detailed accounting policies. The cost at acquisition date represents the fair value of the underlying property companies.</p> <p>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's expert valuers referred to above. The loans receivable and ECL were then derecognised and the investments in Spearmint's shares recognised at this determined value in the subsidiary financial statements as at 31 December 2022.</p> <p>In the consolidated financial statements, the properties 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 are subsequently measured at the lower of cost or net realisable value, in line with IAS 2–Inventories ("IAS 2").</p>	<p><b>Accounting treatment</b></p> <p>Making use of our IFRS technical experts, we considered the asset concentration test and the fact that this is a debt restructuring transaction in concluding on the accounting treatment.</p> <p><b>Valuation of shares or properties in possession arising from the debt settlement transaction</b></p> <p>We utilised our valuation experts to evaluate the measurement of the value of the shares received in Spearmint recognised in the separate financial statements, with reference to the requirements of IFRS 13, and the value of Properties in possession recognised in the consolidated financial statements, with reference to IAS 2.</p> <p>We assessed the valuation methodology and key valuation assumptions applied by management's expert valuator and performed a reasonability test to determine a reasonability test range of values. We regard any value that falls within range as indicated by our reasonability test to be indicative of fair value. We agreed the value of the loans receivable and ECL that were derecognised to the value of the share investment in Spearmint recognised.</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 report for the year ended 31 December 2022". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

## Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

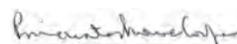
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.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

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

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

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

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



**PricewaterhouseCoopers**  
**Registered Accountants and Auditors**  
 Chartered Accountants (Namibia)  
 Per: Louis van der Riet  
 Partner  
 Windhoek  
 Date: 22 March 2023

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

Country Senior Partner: Chantell N Husselmann  
 The Firm's principal place of business is at 344 Independence Avenue, Windhoek, Republic of Namibia, Khomas Region, Republic of Namibia  
 Partners: Louis van der Riet, Anna E J Rossouw (Partner in charge: Coast), Gerrit Esterhuysen, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel,  
 Hannes van den Berg, Willem A Burger  
 Practice Number 9406, VAT reg no. 02023281-015

# DIRECTORS' REPORT

for the year ending 31 December 2022

## Review of activities

### Main business and operations

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

It conducts its operations through the following businesses:

- Banking services through Standard Bank Namibia Limited, a registered Namibian commercial bank.
- Insurance broking services through fellow subsidiary companies Stanfin (Namibia) (Proprietary) Limited and Standard Insurance Brokers (Namibia) (Proprietary) Limited.
- Personal lines insurance through Hollard Insurance Limited.
- Safe custodianship through its 100%-owned subsidiary company Standard Bank Namibia Nominees (Proprietary) Limited.
- Asset management and unit trust services through a related company, Liberty Life Namibia Limited.
- Property investment and construction through subsidiary 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 (SBG), a company registered in the Republic of South Africa and dual listed on the Johannesburg Stock Exchange (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 of the group for the year was N\$624 million (2021: N\$366 million), after taxation of N\$264 million (2021: N\$196 million).

## Events after the reporting period

There were no events after the reporting date to report.

## Authorised and issued share capital

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

## Borrowings

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

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

The group's property and equipment are disclosed in note 8 to the annual financial statements.

## Dividends

	2022		2021	
	cents	N\$m	cents	N\$m
Interim dividend declared 30 August 2022 (2021: 24 August 2021) and paid 14 October 2022 (2021: 24 August 2021).	20.00	104.5	16.00	83.6
Final dividend declared 22 March 2023 (2021: 4 March 2022) and will be paid 26 May 2023 (2021: 7 May 2022).	46.00	240.3	15.00	78.4
<b>Total dividends declared and paid in respect of the annual financial year</b>	<b>66.00</b>	<b>344.8</b>	<b>31.00</b>	<b>162.0</b>

## Ownership

At 31 December 2022, Standard Bank Group Limited owned 74.9% (2021: 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	
	2022	2021
<b>Beneficial shares, all indirectly held</b>		
Mrs M Geises	153 000	248 624
Adv N Bassingthwaite	118 395	118 395
Mr JL Muadinohamba		118 395
Mr IH Tjombonde	118 395	118 395
Mrs L du Plessis	2 385	2 385
	<b>392 175</b>	<b>606 194</b>

## Directors

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

Name	Nationality
<b>Executive directors</b>	
Mrs M Geises	Namibian
Mrs L du Plessis	Namibian
<b>Non-executive directors</b>	
Mr H Maier (Chairperson)	Namibian
Mr AN Mangale <sup>1</sup>	South African
Mrs B Rossouw	Namibian
Mr IH Tjombonde	Namibian
Mr JL Muadinohamba <sup>2</sup>	Namibian
Mrs M Shivute Dax	Namibian
Adv N Bassingthwaighte	Namibian
Mr P Schlebusch	South African
Ms S Hornung <sup>3</sup>	Namibian
Ms S Brugman <sup>4</sup>	South African
Ms NA Tjipitua <sup>5</sup>	Namibian

- <sup>1</sup> Mr AN Mangale resigned on 2 June 2022.  
<sup>2</sup> Mr JL Muadinohamba retired on 22 April 2022.  
<sup>3</sup> Ms S Hornung was appointed on 26 July 2022.  
<sup>4</sup> Ms S Brugman was appointed on 15 December 2022.  
<sup>5</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

## Compliance with BID-2

The group's annual financial statements comply with the Bank of Namibia's (BoN) Determination on Asset Classification, Suspension of Interest and Provisioning (BID-2) and Determination on Policy Changes in Response to Economic and Financial Stability Challenges as a result of the COVID-19 Pandemic (BID-33), except for paragraph 10.(e) (BID-2) and paragraph 6.1.(d) (BID-33) regarding when an asset must be written off. The guidance received from BoN indicates that if an asset, which is overdue for 360 days or more should be written off unless it is well secured, in the process of collection and the time needed to realise the collateral does not exceed three years after judgement. IFRS 9.5.4.4 states that an entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectation of recovering a financial asset or contractual cash flows in its entirety or a portion thereof. The BID-2 and BID 33 requirement to write-off an asset if it takes more than three years after judgement to realise the collateral even though the asset is well secured, is not aligned with IFRS 9 which requires an entity to only write off if there is no reasonable expectation of recovery. Given the fact that the asset is well secured there is reasonable expectation of recovery. As such, in terms of IFRS 9, it cannot be written off.

## Interest in subsidiaries

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

 Refer to Annexure A for further information on interests 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 by the SBG insurance committee annually to ensure they are 'fit-for-purpose' in terms of the group and company's risk exposures.

## Events during 2022

Standard Bank Namibia Ltd (Standard Bank) previously advanced various loans to a company (the Financing Entity) who, in turn, provided funding to various related entities within a property development portfolio. These funding transactions were structured in various ways and the underlying properties provided as collateral to Standard Bank, through a package of security arrangements, underpinning the various loans to the Financing Entity. Over time, the property development portfolio experienced financial difficulties, which ultimately culminated in default on various obligations to Standard Bank as well as to other lenders. These defaults then led to the commencement of liquidation proceedings against the Financing Entity. Given Standard Bank reliance on the property development portfolio to recover its exposure, there was a need to realise collateral over multiple properties held by multiple entities. In the previous financial reporting period, the loans to the Financing Entity were included in Standard Bank's non-performing loans (NPLs).

To execute on this collateral and minimise the potential for any further losses to Standard Bank, on 31 March 2022, Standard Bank and Spearmint (acting in concert, as Spearmint was created as a Standard Bank special purpose vehicle (SPV) subsidiary to acquire the security), the property-owning entities and related shareholders entered into a share acquisition agreement (SAA). All the regulatory approvals and conditions precedent to the SAA have been fulfilled and thus the acquisition of the property-owning entities by Spearmint became unconditional and effective from 3 August 2022. The SAA was executed to ensure that Standard Bank obtained direct access to the properties provided as collateral, as opposed to the lengthy and uncontrolled process of realising the collateral through multiple separate liquidations of the related property owning entities. The ultimate purpose of the transaction was to enable a debt settlement to minimise the potential for any further losses to Standard Bank, and also to reduce the level of NPLs.

 Refer to note 42 for further details regarding the Spearmint transaction.

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	GROUP			COMPANY	
		2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	1 January 2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Assets</b>						
Cash and balances with the central bank	1	1 673 337	1 488 497	1 035 972	291 326	312 401
Derivative assets	2	138 918	73 326	372 288		
Trading assets	3	474 621	619 584	417 542		
Pledged assets				520 956		
Financial investments	4	4 923 014	5 670 546	4 299 673		
Normal tax asset		49 351	165 126	123 772		
Loans and advances	5	25 969 450	25 382 322	24 090 594		
Properties in possession <sup>2</sup>	42	491 154	24 892	13 242	6 346	37 763
Other assets	6	441 296	317 973	319 110	921 986	921 986
Interest in subsidiaries	7					
Property, equipment and right-of-use assets	8	951 764	1 027 366	1 083 502		
Goodwill and other intangible assets	9	517 733	547 857	500 769		
Deferred tax asset	13	44 059	1 560	23 450		
<b>Total assets</b>		<b>35 674 697</b>	<b>35 319 049</b>	<b>32 800 870</b>	<b>1 219 658</b>	<b>1 272 150</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Equity attributable to the ordinary shareholders		4 767 462	4 338 276	4 129 020	1 208 505	1 257 934
Ordinary share capital	10	1 045	1 045	1 045	1 045	1 045
Ordinary share premium	11	642 189	642 189	642 189	642 189	642 189
Reserves		4 124 228	3 680 189	3 471 756	565 271	614 700
Non-controlling interest		15 530	14 853	14 030		
<b>Liabilities</b>		<b>30 891 705</b>	<b>30 980 773</b>	<b>28 671 850</b>	<b>11 153</b>	<b>14 216</b>
Derivative liabilities	2	140 763	70 576	362 123		
Trading liabilities	12	36 799	55 754	34 532		
Deposits and current accounts	14	27 353 407	28 255 886	26 133 840		
Debt securities issued	15	2 528 252	1 961 123	1 620 305		
Provisions and other liabilities	16	805 008	625 266	515 694	11 153	14 216
Deferred tax liability	13	27 476	12 168	5 356		
<b>Total equity and liabilities</b>		<b>35 674 697</b>	<b>35 319 049</b>	<b>32 800 870</b>	<b>1 219 658</b>	<b>1 272 150</b>

<sup>1</sup> Refer to restatement narrative included in the accounting policy elections and restatements section for the restatements of loans and advances, other assets and deposits.

<sup>2</sup> As part of the acquisition of Spearmint Investments (Pty) Ltd, the group's properties in possession increased by N\$465 million. To enhance disclosure, properties in possession, which were previously presented as part of other assets, are now disclosed separately. Comparative information has been restated accordingly.

# INCOME STATEMENTS

for the year ended 31 December 2022

	Note	GROUP		COMPANY	
		2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Net interest income</b>		<b>1 444 802</b>	1 229 312		
Interest income	23	2 406 153	1 965 259		
Interest expense	24	(961 351)	(735 947)		
<b>Non-interest revenue</b>		<b>1 283 086</b>	1 208 806	<b>135 142</b>	280 596
Net fee and commission revenue		912 644	900 347		
Fee and commission revenue	25	1 213 989	1 161 708		
Fee and commission expense	26	(301 345)	(261 361)		
Trading revenue	27	150 178	113 935		
Other revenue	28	145 901	106 383	<b>135 142</b>	280 596
Other gains on financial instruments	29	74 363	88 141		
<b>Total income</b>		<b>2 727 888</b>	2 438 118	<b>135 142</b>	280 596
Credit impairment charges	30	(161 213)	(288 751)		
<b>Net income before operating expenses</b>		<b>2 566 675</b>	2 149 367	<b>135 142</b>	280 596
Operating expenses	31	(1 678 675)	(1 586 804)	<b>(1 670)</b>	(5 032)
<b>Net income before indirect taxation</b>		<b>888 000</b>	562 563	<b>133 472</b>	275 564
Indirect taxation	32	(29 137)	(43 356)		
<b>Profit before direct taxation</b>		<b>858 863</b>	519 207	<b>133 472</b>	275 564
Direct taxation	32	(234 583)	(152 996)		
<b>Profit for the year</b>		<b>624 280</b>	366 211	<b>133 472</b>	275 564
Attributable to ordinary shareholders		623 603	365 388	<b>133 472</b>	275 564
Attributable to non-controlling interest		677	823		
<b>Basic and diluted earnings per ordinary share</b>	38	<b>119</b>	70		

<sup>1</sup> Refer to restatement narrative included in the accounting policy elections and restatements section for the restatements of accrued interest and interest in suspense.

# STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	GROUP		COMPANY	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Profit for the year</b>	<b>624 280</b>	366 211	<b>133 472</b>	275 564
<b>Other comprehensive income/(loss) – net of taxation<sup>2</sup></b>	<b>3 337</b>	(213)		
<b>Items that may be subsequently reclassified to profit or loss</b>				
Net change in fair value of equity financial assets measured at fair value through other comprehensive income (FVOCI)	(1 879)	(8 906)		
Net change in expected credit loss (ECL)	294	(1 939)		
Net change in fair value	(2 173)	(6 967)		
<b>Items that may not be subsequently reclassified to profit or loss</b>				
Fair value movement on post-employment benefit (note 34)	5 216	8 693		
<b>Total comprehensive income for the year</b>	<b>627 617</b>	365 998	<b>133 472</b>	275 564
Attributable to ordinary shareholders	<b>626 940</b>	365 175	<b>133 472</b>	275 564
Attributable to non-controlling interest	<b>677</b>	823		

<sup>1</sup> Refer to restatement explanation included in the accounting policy elections and restatements section for details.

<sup>2</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 2022

Note	Ordinary share capital and premium N\$'000	Share-based payment reserve N\$'000	Fair value adjustments on FVOCI financial assets <sup>1</sup> N\$'000	Post-employment benefit reserve N\$'000	Statutory credit risk reserve N\$'000	Retained earnings N\$'000	Ordinary shareholders equity N\$'000	Non-controlling interest N\$'000	Total equity N\$'000
<b>GROUP</b>									
	643 234		7 685	35 209	58 510	3 421 876 (51 524)	4 166 514 (51 524)	14 030	4 180 544 (51 524)
	643 234		7 685 (8 906)	35 209 8 693	58 510	3 370 352 365 388	4 114 990 365 175	14 030 823	4 129 020 365 998
			(8 906)	8 693		365 388	365 388 (213)	823	366 211 (213)
					74 873	(231 615)	(156 742)		(156 742)
					74 873	(74 873)	(156 742)		(156 742)
	<b>643 234</b>		<b>(1 221)</b>	<b>43 902</b>	<b>133 383</b>	<b>3 504 125</b>	<b>4 323 423</b>	<b>14 853</b>	<b>4 338 276</b>
			<b>(1 879)</b>	<b>5 216</b>		<b>623 603</b>	<b>626 940</b>	<b>677</b>	<b>627 617</b>
			<b>(1 879)</b>	<b>5 216</b>		<b>623 603</b>	<b>623 603</b>	<b>677</b>	<b>624 280</b>
							<b>3 337</b>		<b>3 337</b>
					<b>(24 083)</b>	<b>(158 818)</b>	<b>(182 901)</b>		<b>(182 901)</b>
					<b>(24 083)</b>	<b>24 083</b>	<b>(182 901)</b>		<b>(182 901)</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>

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

<sup>2</sup> Refer to the restatement narrative included in the accounting policy elections and restatement section for details.

All balances are stated net of tax where applicable.

 Accounting policies regarding reserves are 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	495 878	1 139 112
		275 564	275 564
		275 564	275 564
		(156 742)	(156 742)
		(156 742)	(156 742)
	<b>643 234</b>	<b>614 700</b>	<b>1 257 934</b>
		<b>133 472</b>	<b>133 472</b>
		<b>133 472</b>	<b>133 472</b>
		<b>(182 901)</b>	<b>(182 901)</b>
		<b>(182 901)</b>	<b>(182 901)</b>
	<b>643 234</b>	<b>565 271</b>	<b>1 208 505</b>

 Accounting policies regarding reserves are detailed in Annexure D.

All balances are stated net of tax where applicable.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

Note	GROUP		COMPANY	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000
<b>Net cash flows (used in)/from operating activities</b>	<b>(87 195)</b>	1 476 768	<b>197 980</b>	274 928
<b>Cash flow from operations</b>	<b>1 356 237</b>	1 049 013	<b>67 221</b>	38 647
Interest and commission receipts	3 561 767	3 122 635	68 891	43 679
Interest payments	(952 923)	(759 732)		
Recoveries on loans previously written-off	41 244	35 954		
Cash payments to suppliers and employees	(1 293 851)	(1 349 844)	(1 670)	(5 032)
<b>Net movement in working capital</b>	<b>(1 271 187)</b>	593 723	<b>64 508</b>	3 473
(Increase)/decrease in income-earning assets	(601 702)	(1 391 904)	67 571	5 837
(Decrease)/increase in deposits and other liabilities	(669 485)	1 985 627	(3 063)	(2 364)
Dividends received		631	66 251	236 917
Direct taxation paid	(172 245)	(166 599)		(4 109)
<b>Net cash flows used in investing activities</b>	<b>(69 814)</b>	(157 194)		
Capital expenditure on property and equipment	(50 196)	(62 318)		
Proceeds from sale of property and equipment	5 045	1 661		
Capital expenditure on intangible assets	(24 663)	(96 537)		
<b>Net cash flows from/(used in) financing activities</b>	<b>349 286</b>	163 902	<b>(182 901)</b>	(156 642)
Principal element of lease payments	(17 813)	(15 956)		
Subordinated debt issued	250 000			
Subordinated debt redeemed	(100 000)			
Senior debt issued	400 000	1 543 000		
Senior debt redeemed		(1 206 500)		
Dividends paid	(182 901)	(156 642)	(182 901)	(156 642)
<b>Net increase in cash and balances with the central bank</b>	<b>192 277</b>	1 483 476	<b>15 079</b>	118 286
Cash and balances with the central bank at the beginning of the year	4 739 268	3 270 130	312 401	194 115
Effects of exchange rate changes on cash and balances with the central bank	(148 012)	(14 338)		
<b>Cash and balances with the central bank at the end of the year</b>	<b>4 783 533</b>	4 739 268	<b>327 480</b>	312 401

<sup>1</sup> Refer to restatement narrative included in the accounting policy elections and restatements section for details of restatements in the statements of cash flows.

# ACCOUNTING POLICY ELECTIONS AND RESTATEMENTS

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

## Basis of preparation

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

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

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

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

## Functional and presentation currency

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

## Changes in accounting policies

The accounting policies are consistent with those reported in the previous year. There are no new or amended standards that are effective for the current reporting period. The group also did not early adopt any amended standards during the current reporting period.

## Standards issued not yet adopted or effective

The following new standards, and amendments are not yet effective for the year ended 31 December 2022 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.

- IFRS 17 Insurance Contracts**  
*Effective date:* 1 January 2023

*Background:* IFRS 4 Insurance Contracts (IFRS 4), the existing standard dealing with the accounting treatment for insurance contracts will be replaced by IFRS 17 for the group's 2023 financial year (with comparative information restated as required by the standard). IFRS 17 provides the basis of measurement for defined insurance contracts, including investment contracts with discretionary participation features. The difference between IFRS 4 (existing measurement standard) and IFRS 17 carrying values (including any related tax impacts) will be recognised in opening retained earnings on 1 January 2022. The main principle that IFRS 17 adopts is to recognise revenue (and profit or loss) over the duration of the applicable policyholder contracts that best reflects the delivery of contracted obligations in the specific reporting period. IFRS 17 also distinguishes the sources of income splitting between insurance services and financing activities. As such, the standard does not allow for profit to emerge on 'day one', being the initial recognition of the contract but does require contracted losses (onerous contracts) to be recognised immediately to the extent onerous. These revenue recognition principles are aligned to IFRS 15 Revenue from Contracts with Customers. Under IFRS 17, a general measurement model (GMM) is applicable to long-term insurance contracts and is based on a fulfilment objective (risk-adjusted present value of probability-weighted estimates of future cash flows). It requires the use of current estimates, which are those informed by actual trends and investment markets. IFRS 17 establishes a contractual service margin (CSM) at the initial measurement of the liability. The CSM represents the unearned profit on the contract and results in no gain at initial recognition. The CSM is released over the life of the contract in line with the level of service provided in each period. The interest rate used to discount cash flows and determine the initial CSM is locked in at the rate at inception in regard to future CSM movements. All other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are however measured at current values. The GMM is modified for contracts that are substantially investment-related contracts, in which case the variable fee measurement approach (VFA) is used to measure the contract. This approach effectively amortises the

future participation in changes in investment values over the remaining life of the contract. An optional simplified premium allocation approach (PAA) is available for contracts that have a coverage period of 12 months or less, or if it is reasonably expected that the PAA would produce a measurement of the liability for remaining coverage (LRC) that would not materially differ from the one produced applying the GMM. The PAA is similar to the current unearned premium reserve profile recognised over time.

**Quantitative impact:** Management has developed a better understanding of the transition statement of financial position to be presented as at 1 January 2022, although this is still a work in progress and subject to certain assumptions and estimates being finalised. The impact of IFRS 17 can only be reliably determined on the date of transition of IFRS 17. This impact is primarily dependent on the finalisation of the group's methodologies, assumptions and estimates, conclusion of audit procedures by the group's external auditors as well as the group's internal reviews and validations.

**Transition approaches:** The standard requires retrospective application of IFRS 17 prior to the transition date, which is 1 January 2022, unless it is impracticable to do so. If it is impracticable, an entity can choose either between the modified retrospective or a fair value approach to measure the initial IFRS 17 balances on the transition date. The group intends to use a combination of all three transition approaches (namely, full retrospective, modified retrospective, and fair value) depending on the historical data (including assumptions, methodologies and particularly, availability of risk adjustment data for certain years prior to the adoption of IFRS 17) that is available per the IFRS 17 defined groups.

**IFRS 9 Financial Instruments:** The group applied IFRS 9 for years commencing 1 January 2018. At this stage, there is no expected change to previously applied classification and designation of financial assets that back policyholder liabilities as a result of IFRS 17.

**Tax implications:** Within Namibia, no specific tax legislation has been announced or introduced relating to the introduction of the IFRS 17 accounting statement. Current tax principles will apply.

**Regulatory capital/capital implications:** At this stage, IFRS 17 should not impact any aspect of the regulatory capital assessment.

- **IAS 1 Presentation of Financial Statements (amendments)**  
Effective date: 1 January 2023

**Background:** The amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. However, these clarifications could result in reclassification of some liabilities from current to non-current, and vice versa. The amendment will be applied retrospectively. Pending the finalisation of the exposure draft on ED/2021/9 – Non-Current Liabilities with Covenants: Proposed Amendments to IAS 1, the effective date of all IAS 1 amendments will be deferred to 1 January 2024. The impact on the annual financial statements has not yet been fully determined, however not expected to have a significant impact on the company.

- **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.



Refer to Annexure D – detailed accounting policies.

### Interest rate benchmarks and reference interest rate reform

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

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

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

The bank ceased booking new IBOR linked exposures from 1 October 2021, and new exposures have been booked using the ARRs. At 31 December 2022 the company had one USD medium term loan and four deposits linked to three months LIBOR that extends beyond 2022. The LIBOR's administrator, the Intercontinental Exchange Benchmark Administration Limited announced during the 2021 financial year that it will not publish the three month LIBOR rate after 30 June 2023.

The company's treasury and capital management (TCM) team manages the transition to ARRs, and is working closely with the CIB business team to establish pricing for new lending products indexed to the ARR in impacted jurisdictions. The TCM team have a transition plan which details the transition process for transition of our exposures, comprised of the following work streams: risk management and measurement,

legal, communications, accounting and systems. Pricing is being managed centrally by TCM using the recommendations from the main industry bodies, namely ISDA for derivatives, Loan Markets Association for Loans and ICMA for Bonds Markets. We are also tracking updates and incorporating best practice recommendations emanating from official sector working groups established to catalyse transition. By way of policy, all new contracts or exposures referencing IBORs include robust fallback language, and work is underway in some areas to actively transition the legacy exposure away from LIBOR. Changes in impacted systems are being implemented and ready to book at new rates. Communications to clients will continue via multiple platforms along with one-to-one conversations. The company is also ensuring that employees attend relevant training and received the required updates and communication.

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

	USD LIBOR 2022 N\$'000	USD LIBOR 2021 N\$'000
<b>Total assets recognised on the balance sheet subject to IBOR reform</b>	<b>515 016</b>	660 744
Loans and advances <sup>2</sup>	515 016	660 744
<b>Total liabilities recognised on the balance sheet subject to IBOR reform</b>	<b>545 379</b>	564 810
Deposits and current accounts	545 379	564 810

<sup>1</sup> These balances represent the notional amount directly impacted by the IBOR reform.

<sup>2</sup> Gross carrying amount excluding allowances for expected credit losses (ECL).

### Restatements

#### Correction of prior period errors – reconciliation differences

In the current year the group enhanced the control environment surrounding its client management system (CMS) by embedding a client contribution report tool for accrued interest. The report tool improves the process of reconciliation of interest accrued balances between the CMS and the balance sheet accounts. As part of the reconciliation process, all transactional data for accrued interest income, accrued interest expense and interest in suspense for the period 2012 to 2021 was analysed:

Unsubstantiated accrued interest income of N\$30.5 million, interest in suspense to the value of N\$8 million, accrued interest expense to the value of N\$14.0 million and credit impairments to the value of N\$23 million were adjusted and restated accordingly for periods ended up to 31 December 2020. For the 2021 financial year, a net total of N\$7.4 million in interest income and expense was restated. The N\$24.2 million normal tax impact of these restatements has also been reflected in the periods ended up to 31 December 2020. For 2021 the tax impact of N\$2.4 million was also adjusted for.

The above restatement had the following impact on the primary statements within these results:

GROUP	2021		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000
<b>Assets</b>			
Loans and advances	25 447 708	(65 386)	25 382 322
Other assets	346 814	(3 949)	342 865
Normal tax asset	138 521	26 606	165 126
<b>Total assets</b>		(42 729)	
<b>Equity</b>			
Equity attributable to ordinary shareholders	4 379 958	(56 535)	4 323 423
<b>Liabilities</b>			
Deposits and current accounts	28 242 080	13 806	28 255 886
<b>Total equity and liabilities</b>		(42 729)	

GROUP	2021		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000
<b>Net interest income</b>	1 236 682	(7 370)	1 229 312
Interest income	1 972 847	(7 588)	1 965 259
Interest expense	(736 165)	218	(735 947)
<b>Non-interest revenue</b>	1 208 806		1 208 806
<b>Total income</b>	2 445 488	(7 370)	2 438 118
Credit impairment charges	(288 751)		(288 751)
<b>Net income before operating expenses</b>	2 156 737	(7 370)	2 149 367
Operating expenses	(1 586 804)		(1 586 804)
<b>Net income before indirect tax</b>	569 933	(7 370)	562 563
Indirect taxation	(43 356)		(43 356)
<b>Profit before direct taxation</b>	526 577	(7 370)	519 207
Direct taxation	(155 355)	2 359	(152 996)
<b>Profit for the year</b>	371 222	(5 011)	366 211
Attributable to ordinary shareholders	370 399	(5 011)	365 388
Attributable to non-controlling interest	823		823
<b>Basic and diluted earnings per ordinary share</b>	71		70

### Change in method of statements of cash flows presentation and refinement of definition of cash and cash equivalents

During 2022, the group performed benchmarking and internal investigations to reassess the definition of cash and cash equivalents when compiling the statement of cash flows. The following have been identified as industry best practice during this exercise and have resulted in the following restatements, changes to accounting presentation policies and related additional disclosures:

- The direct method provides more reliable presentation of the cash flow movements for the group and company which is not available under the indirect method. This change only impacted net cash flows from operating activities within the statement of cash flows for the group and company.
- The group restated its financial statements to appropriately reflect and present the change from on demand loans and advances to banks to cash and cash equivalents in the statement of cash flow and updated the related accounting policy accordingly, refer to note 33.8. These balances, amounting to N\$3.3 billion in the 2021 closing cash and cash equivalents balance and N\$2.2 billion in the opening balance, were in prior periods excluded from cash and cash equivalents and instead included in income-earning assets. Both the balances and movement (N\$1.0 billion) have now been appropriately included within the cash and cash equivalents line in the statement of cash flows.
- Specific accounting policies, refer to section 3 in Annexure D, have been included for the following:
  - Cash and balances with central banks
  - Cash and cash equivalents.

The above changes had the following impact on the statement of cash flows:

GROUP	2021		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000
<b>Net cash flows from operating activities</b>	446 661	(446 661)	
<b>Cash flows from operations (indirect method)</b>			
<b>Net income before capital items and equity-accounted earnings</b>	569 933	(569 933)	
Adjusted for non-cash items and other adjustments included in the income statement	(751 308)	751 308	
(Increase)/decrease in income-earning assets	(2 416 969)	2 416 969	
Increase/(decrease) in deposits and other liabilities	2 002 190	(2 002 190)	
Interest received	1 968 515	(1 968 515)	
Dividends received	631	(631)	
Interest paid	(759 732)	759 732	
Direct tax paid	(166 599)	166 599	
<b>Net cash flows from operating activities</b>	1 476 768	1 476 768	
<b>Cash flows from operations (direct method)</b>	1 049 013	1 049 013	
Interest and commission receipts	3 122 635	3 122 635	
Interest payments	(759 732)	(759 732)	
Recoveries on loans previously written off	35 954	35 954	
Cash payments to suppliers and employees	(1 349 844)	(1 349 844)	
<b>Working capital changes</b>	593 723	593 723	
(Increase)/decrease in operating assets	(1 391 904)	(1 391 904)	
Increase/(decrease) in operating liabilities	1 985 627	1 985 627	
Dividends received	631	631	
Taxation paid	(166 599)	(166 599)	
<b>Net cash flows from investing activities</b>	(157 194)	(157 194)	
<b>Net cash flows from financing activities</b>	163 902	163 902	
<b>Net increase/(decrease) in cash and balances with the central bank</b>	453 369	1 030 107	1 483 476
Cash and balances with the central bank at the beginning of the year	1 035 972	2 234 158	3 270 130
Effects of exchange rate differences on cash and balances with the central bank	(844)	(13 494)	(14 338)
<b>Cash and balances with the central bank at the end of the year</b>	1 488 497	3 250 771	4 739 268
COMPANY	2021		
	Previously reported N\$'000	Restatement N\$'000	Restated N\$'000
<b>Net cash flows from operating activities</b>	274 928	(274 928)	
<b>Cash flows from operations (indirect method)</b>			
<b>Net income before capital items and equity-accounted earnings</b>	275 564	(275 564)	
Adjusted for non-cash items and other adjustments included in the income statement	(236 917)	236 917	
(Increase)/decrease in income earning assets	5 837	(5 837)	
Increase/(decrease) in deposits and other liabilities	(2 364)	2 364	
Dividends received	236 917	(236 917)	
Direct tax paid	(4 109)	4 109	
<b>Net cash flows from operating activities</b>	274 928	274 928	
<b>Cash flows from operations (direct method)</b>	38 647	38 647	
Interest and commission receipts	43 679	43 679	
Cash payments to suppliers and employees	(5 032)	(5 032)	
<b>Working capital changes</b>	3 473	3 473	
(Increase)/decrease in operating assets	5 837	5 837	
Increase/(decrease) in operating liabilities	(2 364)	(2 364)	
Dividends received	236 917	236 917	
Taxation paid	(4 109)	(4 109)	
<b>Net cash flows from financing activities</b>	(156 642)	(156 642)	
<b>Net increase/(decrease) in cash and balances with the central bank</b>	118 286	118 286	
Cash and balances with the central bank at the beginning of the year	194 115	194 115	
<b>Cash and balances with the central bank at the end of the year</b>	312 401	312 401	

## KEY MANAGEMENT ASSUMPTIONS

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

### Expected credit loss (ECL)

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

### ECL on financial assets – IFRS 9 drivers

For the purpose of determining the ECL:

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

### ECL measurement period

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

### SICR and low credit risk

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

All exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are based on behaviour scores, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

Behaviour scorecards are based on a combination of factors which include the information relating to customers, transactions and delinquency behavioural (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 days DPD to stage 2. This transfer rate is such that the proportion of the 0 – 29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0 – 29 days accounts into 30 or more days in arrears. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 days past due 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 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 compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

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

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

### Write-off policy

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

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

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

As an exception to the above requirements:

- where the exposure is secured (or for collateralised structures), the impaired exposure can only be written off once the collateral has been realised. Post-realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above.
- CIB products, write-off are assessed on a case-by-case basis and approved by the CIB client credit governance committee based on the individual facts and circumstances. For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The group continuously monitors and reviews when exposures are written off, the levels 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 CIB, BCB and CHNW credit governance committee (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and with existing financial asset terms and conditions.

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

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

A range of base, bullish and bearish forward-looking economic expectations were determined, as at 31 December 2022, for inclusion in the group's forward-looking process and ECL calculation.

#### Namibia economic expectation

##### Base scenario

Although the global economic outlook and risks have worsened, we still forecast a stable recovery in the Namibian domestic economy over the forecast period. The recovery is expected to stem from a robust performance in the mining industry, particularly diamonds. Continued water supply and high input cost constraints will place pressure on uranium mining prospects until alleviated. Most of the sectors under the secondary and tertiary industries are similarly expected to register positive but low growth. Higher inflation and interest rates are likely to reduce discretionary consumer expenditure in the short term. A marginal recovery is expected once inflationary pressure stabilises over the midterm. We expect economic growth over the midterm to be higher than the pre-pandemic growth trend supported by structural and fiscal Government reforms and elevated terms of trade.

Risks to the forecast are skewed to the downside with geopolitical tensions, climatic challenges, global supply chain disruptions and higher food and oil prices weighing on the forecast. Further tightening of financial conditions has led to depreciating real incomes for households which exerts pressure on consumption and remains a risk for growth.

##### Bear scenario

The risks of a bearish scenario materialising are predicated on the more long lasting negative global shocks are based primarily

#### Main macroeconomic factors

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

	Base scenario		Bear scenario		Bull scenario	
	Next 12 months	Remaining forecast period <sup>1</sup>	Next 12 months	Remaining forecast period <sup>1</sup>	Next 12 months	Remaining forecast period <sup>1</sup>
<b>Macroeconomic factors</b>						
<b>2022</b>						
<b>Namibia<sup>2</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
<b>2021</b>						
<b>Namibia<sup>2</sup></b>						
Inflation (%)	4.20	4.25	4.60	4.99	3.53	3.90
Real GDP <sup>3</sup> (%)	3.40	2.98	1.65	1.49	4.15	3.67
Exchange rate (USD/NAD)	15.03	15.15	15.58	16.19	14.43	14.41
Prime (%)	8.06	9.29	8.25	9.48	7.75	8.71

<sup>1</sup> The remaining forecast period is 2024 to 2026.

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

<sup>3</sup> Gross domestic product.

on higher oil prices and slower growth in China. This scenario also assumes that commodity prices fall under the weight of slowing demand, with longer lasting supply chain disruptions and a period of persistently higher inflationary pressure. Domestically, failure to successfully implement structural and fiscal reforms occurs.

Economic recovery would be more protracted, leading to persistent structural growth constraints. In this scenario, worsening public finances may trigger a ratings downgrade and result in significant capital outflows. Electricity supply, rail and port infrastructure inefficiencies and stalling reform momentum in South Africa weigh on potential growth and suppresses economic activity in the region. The effects of the economic downturn in South Africa would carry over into the Namibian economy and likely weigh negatively on growth. 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 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.

In this scenario, a recovery in growth over the medium term would boost government revenues and speed up the fiscal adjustment process leading to an improved fiscal outlook.

Domestic GDP growth would pick up significantly, averaging at almost 3.3% over the remaining forecast period. The turnaround would be supported by a recovery in consumer demand and commodity prices.

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

The following table shows a comparison of the FLI on the provision as at 31 December 2022, 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.

	2022		2021	
	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	68 252	(5 636)	73 888	(11 091)
<b>Scenarios</b>				
Base	60 214	(8 038)	66 515	(7 373)
Bear	157 872	89 620	170 728	96 840
Bull	327	(67 925)	221	(73 667)

The income statement impact of N\$5.6 million for 2022 was assessed by applying the same sensitivity analysis principles mentioned above. The impact on the total ECL provision for each scenario is N\$60 million (decrease of N\$8 million) for the base scenario, N\$158 million (increase of N\$90 million) for the bear scenario and N\$0.3 million (decrease of N\$68 million) for the bull scenario.

#### Post-model adjustments

The company's forward-looking scenarios remain aligned to base case (55%), bull (15%) and bear (30%). The current period ECL charge decreased from N\$74 million to N\$68 million in support of the positive sentiment expected.

#### Fair value

##### Financial instruments

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

##### Valuation process

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

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

**Valuation techniques:** Where quoted market prices are unavailable, the group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions. Changes in these assumptions would affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent

market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

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

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

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

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

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

## 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 9.19% – 9.47% (2021: 6.54% – 7.07%) and adding a credit spread of 2.0% – 3.0% (2021: 2.0% – 3.0%). The after tax cost of debt was derived after taking into account the Namibian tax at a rate of 32% (2021: 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	
	2022	2021
<b>Discounted cash flow</b>		
Discount rate (nominal) (%)	15.50	14.36
Forecast period (years)	5	5
Terminal growth (nominal) (%)	5.1	4.1

The application of these assumptions did not result in an impairment.

## 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 of date of acquisition. 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:

- 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 to buy 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.

- 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 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.

- 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 range for the applicable properties as follows: 5.2% – 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 1. Cash and balances with the central bank

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Coins and bank notes <sup>1</sup>	543 548	478 714		
Balances with the Bank of Namibia <sup>1,2</sup>	1 129 789	1 009 783		
Cash balances			291 326	312 401
<b>Total</b>	<b>1 673 337</b>	<b>1 488 497</b>	<b>291 326</b>	<b>312 401</b>

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

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

## 2. Derivative instruments

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

	Fair value of assets		Fair value of liabilities	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>GROUP</b>				
Held-for-trading	138 918	71 896	(136 263)	(70 576)
Held-for-hedging		1 430	(4 500)	
<b>Total</b>	<b>138 918</b>	<b>73 326</b>	<b>(140 763)</b>	<b>(70 576)</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 company also takes proprietary positions for its own account. Trading derivative products include the following:

	Fair value of assets		Fair value of liabilities		Notional amount <sup>1</sup>	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>GROUP</b>						
Foreign exchange derivatives	125 676	62 796	(123 021)	(61 476)	3 885 351	369 918
Interest rate derivatives	13 242	9 100	(13 242)	(9 100)		99 924
<b>Total</b>	<b>138 918</b>	<b>71 896</b>	<b>(136 263)</b>	<b>(70 576)</b>	<b>3 885 351</b>	<b>469 842</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 1 year N\$'000	Between 1 and 5 years N\$'000	Over 5 years N\$'000		
<b>GROUP 2022</b>								
<b>Interest rate risk fair value hedging relationships</b>								
Interest rate swaps		(4 500)	(4 500)		(4 500)		49 300	
<b>Total</b>		<b>(4 500)</b>	<b>(4 500)</b>		<b>(4 500)</b>		<b>49 300</b>	
<b>2021</b>								
<b>Interest rate risk fair value hedging relationships</b>								
Interest rate swaps	1 430		1 430		1 430		99 924	(4 695)
<b>Total</b>	<b>1 430</b>		<b>1 430</b>		<b>1 430</b>		<b>99 924</b>	<b>(4 695)</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.

#### 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	Accumulated fair value hedge adjustments N\$'000
<b>GROUP 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>
<b>2021</b>				
<b>Interest rate risk fair value hedging relationships</b>				
Deposits and current accounts	(101 371)	4 739	4 739	4 739
<b>Total</b>	<b>(101 371)</b>	<b>4 739</b>	<b>4 739</b>	<b>4 739</b>

#### 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	
	2022 N\$'000	2021 N\$'000
<b>GROUP</b>		
<b>Fair value hedges</b>		
Interest rate risk fair value hedging relationships	(2 369)	44

Ineffectiveness relating to highly probable forecast transactions no longer expected to occur during both 2022 and 2021 amounted to N\$nil. There was no material ineffectiveness relating to basis in relation to foreign currency hedging relationships during 2022 and 2021.

## 3. Trading assets

### 3.1 Classification

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Government, municipality and utility bonds		17 572		
Treasury bills	474 621	578 822		
Reverse repurchase and other collateralised agreements		23 190		
<b>Total</b>	<b>474 621</b>	<b>619 584</b>		

## 4. Financial investments

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Government bonds and treasury bills	3 742 926	3 969 129		
Mutual funds and unit-linked investments	1 180 088	1 701 417		
<b>Total</b>	<b>4 923 014</b>	<b>5 670 546</b>		
<b>Accounting classification:</b>				
<b>Net debt financial investments measured at amortised cost</b>	<b>39 415</b>	<b>39 426</b>		
Gross debt financial investments measured at amortised cost	39 415	39 426		
Less: ECL for debt financial investments measured at amortised cost				
Financial investments measured at FVTPL – mandatory	1 180 088	1 701 417		
Debt financial investments measured at FVOCI	3 703 511	3 929 703		
<b>Total</b>	<b>4 923 014</b>	<b>5 670 546</b>		

## 5. Loans and advances

### 5.1 Classification

	GROUP		COMPANY	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Net loans and advances measured at amortised cost</b>	<b>25 969 450</b>	25 382 322		
<b>Gross loans and advances measured at amortised cost</b>	<b>26 731 233</b>	26 377 761		
Home services	11 822 800	12 776 077		
Vehicle and asset finance (note 5.2)	2 893 913	3 177 030		
Card and payments	140 088	142 026		
Corporate lending	5 057 176	3 332 015		
Sovereign lending	267 375	598 085		
Bank lending <sup>2</sup>	3 714 600	3 257 649		
Other loans and advances <sup>3</sup>	2 835 281	3 094 879		
Expected credit losses (note 5.3) <sup>4</sup>	(761 783)	(995 439)		
<b>Net loans and advances</b>	<b>25 969 450</b>	25 382 322		

<sup>1</sup> Refer to restatement narrative included in the accounting policy elections and restatements' section for the restatements of accrued interest and interest in suspense and the impact on loans and advances.

<sup>2</sup> Included in bank lending is an amount of N\$3.1 billion (2021: N\$3.3 billion) relating to on-demand gross loans and advances to banks that qualifies as cash and cash equivalents (note 33.8).

<sup>3</sup> Comprises personal unsecured lending and business and other lending.

<sup>4</sup> The overall lower ECL is mainly driven by the realisation of management's strategic initiatives, as encompassed in our non-performing loan (NPL) reduction strategy, that was implemented in 2021.

### 5.2 Vehicle and asset finance

	GROUP		COMPANY	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Gross investment in vehicle and asset financing</b>	<b>3 538 505</b>	3 643 720		
Receivable within one year	1 245 000	255 980		
Receivable after one year but within five years	2 207 762	2 467 934		
Receivable after five years	85 743	919 806		
Unearned finance charges deducted	(644 592)	(466 690)		
<b>Net investment in vehicle and asset financing</b>	<b>2 893 913</b>	3 177 030		
Receivable within one year	1 112 857	247 613		
Receivable after one year but within five years	1 724 377	2 194 043		
Receivable after five years	56 679	735 374		

<sup>1</sup> Refer to restatement narrative included in the accounting policy elections and restatements section for the restatements of accrued interest and interest in suspense and the impact on loans and advances.

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

## 5. Loans and advances continued

### 5.3 Reconciliation of ECL for loans and advances measured at amortised cost

	Stage 1 N\$'000	Stage 2 N\$'000	Stage 3 (including IIS) N\$'000	Total <sup>5</sup> N\$'000
<b>GROUP</b>				
<b>Opening ECL 1 January 2021</b>	92 663	166 849	541 778	801 290
<b>Transfers between stages<sup>1</sup></b>	18 287	(8 538)	(9 749)	
Transfers (from)/to stage 1		(5 648)	(12 639)	(18 287)
Transfers to/(from) stage 2	5 648		2 890	8 538
Transfers to/(from) stage 3	12 639	(2 890)		9 749
<b>Net ECL (released)/raised</b>	(34 425)	16 538	346 050	328 163
ECL on new exposures raised <sup>2</sup>	17 262	5 497	15 577	38 336
Subsequent changes in ECL	(47 464)	13 379	330 473	296 388
Change in ECL due to derecognition	(4 223)	(2 338)		(6 561)
Impaired accounts written off <sup>3</sup>			(122 651)	(122 651)
Exchange and other movements <sup>4</sup>			(11 363)	(11 363)
<b>Closing ECL 31 December 2021 – restated<sup>6</sup></b>	<b>76 525</b>	<b>174 849</b>	<b>744 065</b>	<b>995 439</b>
<b>Opening ECL 1 January 2022</b>	<b>76 525</b>	<b>174 849</b>	<b>744 065</b>	<b>995 439</b>
<b>Transfers between stages<sup>1</sup></b>	<b>13 606</b>	<b>(2 400)</b>	<b>(11 206)</b>	
Transfers to/(from) stage 1		(5 495)	(8 111)	(13 606)
Transfers (from)/to stage 2	5 495		(3 095)	2 400
Transfers (from)/to stage 3	8 111	3 095		11 206
<b>Net ECL (released)/raised</b>	<b>1 051</b>	<b>40 347</b>	<b>161 701</b>	<b>203 099</b>
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>

<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\$204 million (2021: N\$123 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.

<sup>6</sup> Refer to restatement narrative included in the accounting policy elections and restatements section for the restatements of accrued interest and interest in suspense and the impact on loans and advances.

## 5. Loans and advances continued

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

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

	Opening ECL 1 January 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) <sup>5</sup> N\$'000	Impaired accounts written off N\$'000	Exchange and other movements 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
Stage 3 <sup>4</sup>									
<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
Stage 3 <sup>4</sup>									
<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>3,4,5</sup></b>	995 439	(13 606)	2 400	11 206		203 099	(456 442)	19 687	761 783

<sup>1</sup> Comprises residential and commercial property loans.<sup>2</sup> Comprises personal unsecured lending and 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 CHNW and BCB client loans and advances.<sup>4</sup> Includes interest in suspense (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.

## 5. Loans and advances continued

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

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

	Opening ECL 1 January 2021 N\$'000	Transfer stage 1 (to)/from N\$'000	Transfer stage 2 (to)/from N\$'000	Transfer stage 3 (to)/from N\$'000	Total transfers between stages N\$'000	Net ECL raised/ (released) N\$'000	Impaired accounts written off N\$'000	Exchange and other movements N\$'000	Closing ECL 31 December 2021 Restated <sup>1</sup> N\$'000
<b>GROUP</b>									
<b>Home services<sup>2</sup></b>	397 809	(13 300)	6 233	7 067		175 307	(22 235)	37 727	588 608
Stage 1	23 104		4 769	8 531	13 300	(17 307)			19 097
Stage 2	51 622	(4 769)		(1 464)	(6 233)	5 746			51 135
Stage 3 <sup>6</sup>	323 083	(8 531)	1 464		(7 067)	186 868	(22 235)	37 727	518 376
<b>Vehicle and asset finance</b>	116 847	(5 333)	2 171	3 162		4 922	(17 997)		103 772
Stage 1	9 546		1 646	3 687	5 333	(7 228)			7 651
Stage 2	50 309	(1 646)		(525)	(2 171)	(7 355)			40 783
Stage 3 <sup>6</sup>	56 992	(3 687)	525		(3 162)	19 505	(17 997)		55 338
<b>Card and payments</b>	18 599	(398)	110	288		7 634	(8 723)		17 510
Stage 1	1 642		244	154	398	402			2 442
Stage 2	3 943	(244)		134	(110)	3 564			7 397
Stage 3 <sup>6</sup>	13 014	(154)	(134)		(288)	3 668	(8 723)		7 671
<b>Corporate lending<sup>4</sup></b>	31 783	(402)	422	(20)		7 914	(2)		39 695
Stage 1	14 263		402		402	(4 093)			10 572
Stage 2	15 020	(402)		(20)	(422)	4 726	1		19 325
Stage 3 <sup>6</sup>	2 500		20		20	7 281	(3)		9 798
<b>Sovereign lending<sup>4</sup></b>	19	2 317	(2 317)			1 646			1 665
Stage 1	3		(2 317)		(2 317)	3 360			1 046
Stage 2	16	2 317			2 317	(1 714)			619
Stage 3 <sup>6</sup>									
<b>Bank lending<sup>4</sup></b>	3 831					671			4 502
Stage 1	3 756					126			3 882
Stage 2	75					545			620
Stage 3 <sup>6</sup>									
<b>Other loans and advances<sup>3</sup></b>	232 402	(1 171)	1 919	(748)		130 069	(73 694)	(49 090)	239 687
Stage 1	40 349		904	267	1 171	(9 685)			31 835
Stage 2	45 864	(904)		(1 015)	(1 919)	11 025			54 970
Stage 3 <sup>6</sup>	146 189	(267)	1 015		748	128 729	(73 694)	(49 090)	152 882
<b>Total<sup>4,5,6</sup></b>	801 290	(18 287)	8 538	9 749		328 163	(122 651)	(11 363)	995 439

<sup>1</sup> Refer to restatement narrative included in the accounting policy elections and restatements section for the restatements of accrued interest and interest in suspense and the impact on loans and advances.<sup>2</sup> Comprises residential and commercial property loans.<sup>3</sup> Comprises personal unsecured lending and business and other lending.<sup>4</sup> "Corporate", "Sovereign" and "Bank" categories relate to ECL on CIB client loans and advances while the remaining categories relate to ECL on CHNW and BCB loans and advances.<sup>5</sup> The overall higher ECL is mainly attributable to constrained collections and further protraction in the legal environment stemming from the national Covid-19 lockdown, increased forward-looking provisioning on the back of the weakened economic outlook (refer to the key management assumptions for further information in this regard), and changes from stage 1 to stages 2 and 3 based on risk profile assessments and stress caused by the impact of Covid-19.<sup>6</sup> Includes interest in suspense (IIS).

## 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\$55.1 million (2021: N\$38.3 million) primarily relates to the growth in the gross carrying amount of:
  - home services of N\$652 million (2021: N\$958 million)
  - vehicle and asset finance of N\$1.1 billion (2021: N\$1.26 billion)
  - other loans and advances of N\$500 million (2021: N\$696 million)
  - corporate lending of N\$4.45 billion (2021: N\$1.2 billion)
- The decrease in ECL due to impaired accounts written off of N\$469 million (2021: N\$123 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.

### 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\$899 million (2021: N\$1.5 billion). Included in this amount is a total exposure for CHNW and BCB clients amounting to N\$862 million and for CIB clients amounting to N\$37 million that underwent restructuring and covenant relaxation.

## 6. Other assets

	GROUP		COMPANY	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Financial assets<sup>2</sup></b>	<b>239 298</b>	96 564	<b>6 346</b>	37 763
Trading settlement assets	5 174	19 081		
Other debtors	234 124	77 483	6 346	37 763
<b>Non-financial assets</b>	<b>201 998</b>	221 409		
Prepayments	32 911	27 157		
Accrued income	17 959	14 241		
Prepaid staff employee benefit costs	141 056	159 376		
Items in the course of collection	10 072	20 635		
<b>Total</b>	<b>441 296</b>	317 973	<b>6 346</b>	37 763

<sup>1</sup> Refer to the restatement narrative included in the accounting policy elections and restatements section for further information.

<sup>2</sup> Due to the short-term nature of these assets and historical experience, other assets – bar prepaid staff loans – are regarded as having a low PD. Therefore, the ECL has been assessed to be insignificant. Prepaid staff loans have a low probability of defaults due to the employment relationships and debit order deductions in place.

## 7. Interest in subsidiaries

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Interest in subsidiary companies (note 7.1)			921 986	921 986
<b>Total</b>			<b>921 986</b>	921 986

### 7.1 Interest in subsidiary companies

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Shares at cost			921 986	921 986
<b>Total</b>			<b>921 986</b>	921 986

 Further information about subsidiaries is disclosed in note 40 and Annexure A.

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

	Property		Equipment				Right-of-use assets			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 2021</b>	728 900	27 661	151 484	3 280	10 489	130 730	6 395	24 563		1 083 502
Cost	749 995	103 052	579 290	26 203	39 946	282 149	11 774	62 275	474	1 855 158
Accumulated depreciation	(21 095)	(75 391)	(427 806)	(22 923)	(29 457)	(151 419)	(5 379)	(37 712)	(474)	(771 656)
<b>Movements</b>	(28 341)	(7 232)	(14 569)	(2 541)	12 188	(16 496)	(3 807)	4 023	639	(56 136)
Additions	1 523	4 973	43 863	80	2 085	9 794	2 818	19 071	912	85 119
Modifications							(117)	7 469	(172)	7 180
Disposals/terminations			(11)	(923)	(24)		(109)	(4 432)		(5 499)
Impairments		(1 961)	(9)							(2 016)
Transfers	(13 938)	118			13 922	(102)				
Depreciation	(15 926)	(10 362)	(58 412)	(1 698)	(3 795)	(26 142)	(6 399)	(18 085)	(101)	(140 920)
<b>Net book value 31 December 2021</b>	<b>700 559</b>	<b>20 429</b>	<b>136 915</b>	<b>739</b>	<b>22 677</b>	<b>114 234</b>	<b>2 588</b>	<b>28 586</b>	<b>639</b>	<b>1 027 366</b>
Cost	737 556	45 329	620 167	22 917	55 834	291 589	12 214	63 446	1 074	1 850 126
Accumulated depreciation	(36 997)	(24 900)	(483 252)	(22 178)	(33 157)	(177 355)	(9 626)	(34 860)	(435)	(822 760)
<b>Movements</b>	<b>(16 400)</b>	<b>(8 290)</b>	<b>(25 018)</b>	<b>3 441</b>	<b>(2 270)</b>	<b>(21 460)</b>	<b>(1 742)</b>	<b>(3 514)</b>	<b>(349)</b>	<b>(75 602)</b>
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)						(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	(52 792)	(37 427)	(264 336)	(20 456)	(34 770)	(198 242)	(843)	(27 613)	(784)	(637 263)

Right-of-use assets and corresponding liabilities are recognised for all rental contracts that meet the definition of a lease contract. The company leases various offices, branch spaces, parking and ATM space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Rental contracts are typically made for fixed periods of two to ten years but may have extension periods. Each right-of-use of asset is recognised over the lease term. Refer to note 16 for the disclosure of lease liabilities.

## 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 2021</b>	39 020	8 335	453 414	500 769
Cost	39 020	10 103	588 216	637 339
Accumulated amortisation		(1 768)	(134 802)	(136 570)
		(1 768)	48 856	47 088
<b>Movements</b>				
Additions			96 537	96 537
Amortisation		(1 768)	(47 681)	(49 449)
<b>Net book value 31 December 2021</b>	<b>39 020</b>	<b>6 567</b>	<b>502 270</b>	<b>547 857</b>
Cost	39 020	10 103	684 754	733 877
Accumulated amortisation		(3 536)	(182 484)	(186 020)
		(1 768)	(28 356)	(30 124)
<b>Movements</b>				
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)

<sup>1</sup> Computer software mainly comprises the company's core banking system, Finacle, with a carrying amount of N\$288 million (2021: N\$289 million) and a remaining amortisation period of eight years.

### 9.2 Goodwill composition

	2022			2021		
	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		39 020	39 020		39 020
<b>Total</b>	<b>39 020</b>		<b>39 020</b>	39 020		39 020

Based on the impairment test performed, no impairment was recognised for 2022 (2021: 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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 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 (2021: no change).

### 10.3 Unissued

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
277 528 090 ordinary shares at N\$0.002 per share	555	555	555	555

## 11. Ordinary share premium

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Share premium on issue of shares	642 189	642 189	642 189	642 189

## 12. Trading liabilities

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Government, municipality and utility bonds	36 799	55 754		
<b>Total</b>	<b>36 799</b>	<b>55 754</b>		

### 13. Deferred tax

#### 13.1 Deferred tax analysis

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Originating/(reversing) temporary differences arising from:				
<b>Deferred tax asset</b>				
Property, equipment and intangible assets	(245 761)	(65 074)		
Assets on lease	(7 477)			
Post-employment benefits	36 194	493		
Provision for loan impairment	125 471			
Provisions and other differences	48 040	664		
Tax losses	87 592	65 477		
<b>Deferred tax asset closing balance</b>	<b>44 059</b>	<b>1 560</b>		
Deferred tax asset	44 059	1 560		
<b>Deferred tax liability</b>				
Property, equipment and intangible assets	(47 004)	(211 495)		
Assets on lease		(10 782)		
Provisions and other differences		116 703		
Provisions for loan impairment		60 996		
Post-employment benefits		34 357		
Goodwill	(2 048)	(2 344)		
Tax losses	21 575			
Other differences		397		
<b>Deferred tax liability closing balance</b>	<b>(27 476)</b>	<b>(12 168)</b>		
Deferred tax liability	(27 476)	(12 168)		

### 13. Deferred tax continued

#### 13.2 Deferred tax reconciliation

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Deferred tax asset</b>				
<b>Deferred tax asset balance at the beginning of the year</b>	<b>1 560</b>	23 450		
<b>Temporary differences for the year:</b>	<b>42 499</b>	(21 890)		
Property, equipment and intangible assets	(180 687)	(3 440)		
Assets on lease	(7 477)	137		
Post-employment benefits	35 701			
Provisions for loan impairments	125 471			
Provisions and other differences	47 376	(5 979)		
Tax losses	22 115	(12 608)		
<b>Deferred tax asset balance at the end of the year</b>	<b>44 059</b>	<b>1 560</b>		
<b>Deferred tax liability</b>				
<b>Deferred tax liability balance at the beginning of the year</b>	<b>(12 168)</b>	(5 356)		
<b>Temporary differences for the year:</b>	<b>(15 308)</b>	(6 812)		
Property, equipment and intangible assets	164 491	1 832		
Assets on lease	10 782	9 737		
Provisions and other differences	(116 703)			
Provisions for loan impairments	(60 996)			
Post-employment benefits	(34 357)	(16 629)		
Deferred tax on acquisition		(2 317)		
Goodwill	296	(203)		
Tax losses	21 575			
Other differences	(397)	768		
<b>Deferred tax liability balance at the end of the year</b>	<b>(27 476)</b>	<b>(12 168)</b>		
<b>Net deferred tax balance at the end of the year</b>	<b>16 474</b>	<b>(10 608)</b>		
<b>Temporary differences for the year comprise:</b>				
Recognised in profit or loss	(53 437)	17 321		
Recognised in OCI (note 32.2)	221	9 254		
Recognised in retained earnings	26 025			
<b>Total</b>	<b>(27 191)</b>	<b>26 575</b>		

### 14. Deposits and current accounts

	GROUP		COMPANY	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Deposits from banks</b>	<b>1 430 532</b>	1 474 539		
<b>Deposits and current accounts from customers</b>	<b>25 922 875</b>	26 781 347		
Current accounts	7 714 366	8 222 857		
Cash management deposits	1 334 140	1 956 685		
Card creditors	27 037	26 036		
Call deposits	9 940 923	9 292 793		
Savings accounts	603 177	685 688		
Term deposits	3 018 670	2 982 189		
Negotiable certificates of deposit	3 284 562	3 615 099		
<b>Total</b>	<b>27 353 407</b>	<b>28 255 886</b>		

<sup>1</sup> Refer to the restatement narrative included in the accounting policy elections and restatements section for further information.

**15. Debt securities issued**

Maturity date	Carrying value <sup>1</sup>	Notional value <sup>1</sup>	Carrying value <sup>1</sup>	Notional value <sup>1</sup>
	2022 N\$'000	2022 N\$'000	2021 N\$'000	2021 N\$'000
<b>GROUP</b>				
SBKN23	304 041	300 000	302 757	300 000
SBNA24	347 304	344 500	346 574	344 500
SBN02 <sup>2</sup>	318 133	314 000	316 926	314 000
SBNG25	203 792	200 000		
SBNG27	203 937	200 000		
SBNA26	156 851	155 500	156 451	155 500
SBKN26	301 633	296 500	300 071	296 500
SBN03 <sup>2</sup>	438 804	433 000	437 163	433 000
Subordinated debt	253 757	250 000	101 181	100 000
	<b>2 528 252</b>	<b>2 493 500</b>	<b>1 961 123</b>	<b>1 943 500</b>

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

<sup>2</sup> The debt securities are listed on the JSE.

**16. Provisions and other liabilities**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Financial liabilities</b>	<b>484 239</b>	422 888	<b>11 663</b>	14 021
ECL for off-balance sheet exposures – guarantees and letters of credit	2 830	2 386		
Lease liabilities (note 16.1)	25 484	29 860		
Other liabilities and accruals	455 925	390 642	11 663	14 021
<b>Non-financial liabilities</b>	<b>320 769</b>	202 378	<b>(510)</b>	195
Staff-related accruals	109 683	88 413		
Obligation toward post-employment benefits (note 34)	113 043	108 905		
Other liabilities and accruals	98 043	5 060	(510)	195
<b>Total</b>	<b>805 008</b>	625 266	<b>11 153</b>	14 216

**16.1 Reconciliation of lease liabilities**

	Balance at 1 January 2022	Additions	Modifications	Terminations/cancellations	Interest expense	Payments <sup>1</sup>	Balance at 31 December 2022
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	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>
	Balance at 1 January 2021	Additions	Modifications	Terminations/cancellations	Interest expense	Payments <sup>1</sup>	Balance at 31 December 2021
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
<b>GROUP</b>							
Buildings	1 900	2 818	(19)	(124)	1 563	(3 405)	2 733
Branches	19 562	19 071	6 229	(4 465)	2 098	(16 098)	26 397
ATM spacing and other	81	912	(149)		(6)	(108)	730
<b>Total</b>	<b>21 543</b>	<b>22 801</b>		<b>(4 589)</b>	<b>3 655</b>	<b>(19 611)</b>	<b>29 860</b>

<sup>1</sup> These payments include the principal lease payments as disclosed in the statement of cash flows of N\$17.6 million (2021: N\$16.0 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:**

	2022			2021		
	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	635	306	941	1 859	874	2 733
Branches	9 997	14 147	24 144	10 748	15 649	26 397
ATM spacing and other	399		399	309	421	730
<b>Total</b>	<b>11 031</b>	<b>14 453</b>	<b>25 484</b>	<b>12 916</b>	<b>16 944</b>	<b>29 860</b>

**Maturity analysis of undiscounted contractual cash flows:**

	2022			2021		
	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	543	292	835	1 933	886	2 819
Branches	12 505	14 605	27 110	15 574	16 751	32 325
ATM spacing and other	314		314	334	998	1 332
<b>Total</b>	<b>13 362</b>	<b>14 897</b>	<b>28 259</b>	<b>17 841</b>	<b>18 635</b>	<b>36 476</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 modifications relate to the increase in the rent paid to Arleo Investments Sixteen (Proprietary) Limited. The additions during 2022 primarily related to new contracts entered for branch spaces that had expired and or early terminated and for the leasing of a new storeroom. 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	Debt instruments N\$'000	Equity instruments 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>							239 298		239 298	239 298
Other non-financial assets								2 256 059	2 256 059	
<b>Total assets</b>		<b>613 539</b>	<b>2 062 962</b>	<b>3 703 511</b>		<b>6 380 012</b>	<b>27 038 626</b>	<b>2 256 059</b>	<b>35 674 697</b>	
<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 and current accounts 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							2 528 252		2 528 252	2 586 969
Other financial liabilities <sup>1,2</sup>							484 239		484 239	484 239
Other non-financial liabilities <sup>2</sup>								348 245	348 245	
<b>Total liabilities</b>		<b>177 562</b>				<b>177 562</b>	<b>30 365 898</b>	<b>348 245</b>	<b>30 891 705</b>	
<b>COMPANY</b>										
<b>2022</b>										
<b>Assets</b>										
Cash balances	1						291 326		291 326	291 326
Other financial assets <sup>2</sup>							6 346		6 346	6 346
Other non-financial assets								921 986	921 986	
<b>Total assets</b>							<b>297 672</b>	<b>921 986</b>	<b>1 219 658</b>	
<b>Liabilities</b>										
Other financial liabilities <sup>2</sup>							11 663		11 663	11 663
Other non-financial liabilities <sup>2</sup>								(510)	(510)	
<b>Total liabilities</b>							<b>11 663</b>	<b>(510)</b>	<b>11 153</b>	

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

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

## 17. Classification of assets and liabilities continued

	Note	FVTPL		Fair value through OCI			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	Debt instruments N\$'000	Equity instruments N\$'000	Total fair value N\$'000			
<b>GROUP</b>									
<b>2021</b>									
<b>Assets</b>									
Cash and balances with the central bank	1		799 284			799 284	689 213	1 488 497	1 488 497
Derivative assets	2	73 326				73 326		73 326	73 326
Trading assets	3	619 584				619 584		619 584	619 584
Financial investments	4		1 701 417	3 929 703		5 631 120	39 426	5 670 546	5 670 546
Loans and advances	5						25 382 322	25 382 322	25 489 734
Other financial assets <sup>2</sup>							96 564	96 564	100 513
Other non-financial assets							1 988 210	1 988 210	
<b>Total assets</b>		692 910	2 500 701	3 929 703		7 123 314	26 207 525	35 319 049	
<b>Liabilities</b>									
Derivative liabilities	2	70 576				70 576		70 576	70 576
Trading liabilities	12	55 754				55 754		55 754	55 754
Deposits and current accounts from banks	14						1 474 539	1 474 539	1 475 255
Deposits and current accounts from customers	14						26 781 347	26 781 347	26 894 645
Debt securities issued	15						1 961 123	1 961 123	1 961 123
Other financial liabilities <sup>2</sup>							422 888	422 888	422 886
Other non-financial liabilities							214 546	214 546	
<b>Total liabilities</b>		126 330				126 330	30 639 897	30 980 773	
<b>COMPANY</b>									
<b>2021</b>									
<b>Assets</b>									
Cash balances	1						312 401	312 401	312 401
Other financial assets <sup>2</sup>							37 763	37 763	37 763
Other non-financial assets							921 986	921 986	
<b>Total assets</b>							350 164	1 272 150	
<b>Liabilities</b>									
Other financial liabilities <sup>2</sup>							14 021	14 021	14 021
Other non-financial liabilities							195	195	
<b>Total liabilities</b>							14 021	14 216	

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

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

**18. Assets and liabilities at fair value****18.1 Financial assets and liabilities measured at fair value on a recurring basis<sup>1</sup>**

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

	2022				2021			
	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	882 874			882 874	799 284			799 284
Derivative assets		138 918		138 918		73 326		73 326
Trading assets	474 621			474 621	619 584			619 584
Financial investments <sup>1</sup>	84 223	4 799 376		4 883 599	132 433	5 498 687		5 631 120
<b>Total</b>	<b>1 441 718</b>	<b>4 938 294</b>		<b>6 380 012</b>	<b>1 551 301</b>	<b>5 572 013</b>		<b>7 123 314</b>
<b>Liabilities</b>								
Derivative liabilities		140 763		140 763		70 576		70 576
Trading liabilities	36 799			36 799	55 754			55 754
<b>Total</b>	<b>36 799</b>	<b>140 763</b>		<b>177 562</b>	<b>55 754</b>	<b>70 576</b>		<b>126 330</b>

<sup>1</sup> The classification of treasury bills was changed from level 1 to level 2, after the nature of the Namibian market was assessed. Consequently the adjustment was made to 2021 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 (2021: 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
Liabilities	Negotiable certificates of deposit	Discounted cash flow model	Market discount rates and curves	JIBAR rate and spread	Future cash flows are discounted using a market-related interest rate	Level 2
	Promissory notes	Discounted cash flow model	Market discount rates and curves	JIBAR rate and spread	Future cash flows are discounted using a market-related interest rate	Level 2

**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**

	2022				2021			
	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	790 463			790 463	689 213			689 213
Financial investments	39 415			39 415	39 426			39 426
Loans and advances		26 574 783		26 574 783		25 489 734		25 489 734
Other financial assets			239 298	239 298			100 513	100 513
<b>Total</b>	<b>829 878</b>	<b>26 814 081</b>	<b>27 643 959</b>	<b>27 643 959</b>	<b>728 639</b>	<b>25 590 247</b>		<b>26 318 886</b>
<b>Liabilities</b>								
Deposits from banks		1 430 532		1 430 532		1 475 255		1 475 255
Deposits from customers		25 955 659		25 955 659		26 894 645		26 894 645
Debt securities issued		2 586 969		2 586 969		1 961 123		1 961 123
Provisions and other liabilities			484 239	484 239			422 886	422 886
<b>Total</b>	<b>29 973 160</b>	<b>484 239</b>	<b>30 457 399</b>	<b>30 457 399</b>	<b>30 331 023</b>	<b>422 886</b>		<b>30 753 909</b>

	2022				2021			
	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	291 326			291 326	312 401			312 401
<b>Total</b>	<b>291 326</b>			<b>291 326</b>	<b>312 401</b>			<b>312 401</b>

The hierarchy of levels is explained below:

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

**Significant unobservable inputs**

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

Exposure to such illiquid risk drivers is typically managed by:

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

## 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.

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

## 20. Maturity analysis of assets

### 20.1 Financial assets

The following table discloses the maturity for 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 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	4 880 431
Loans and advances	5	6 780 414	4 403 783	6 265 460	17 449 657
Other financial assets	6	239 298		42 583	281 881
		<b>9 873 137</b>	<b>8 645 293</b>	<b>6 337 832</b>	<b>9 324 159</b>
<b>2021</b>					
Cash and balances with the central bank <sup>1</sup>	1	1 488 497			1 488 497
Derivative assets	2		73 326		73 326
Trading assets	3		619 584		619 584
Financial investments	4	1 701 417	3 825 059	130 380	5 656 856
Loans and advances	5	4 137 496	3 448 334	4 504 119	12 090 049
Other financial assets	6	96 564		14 287 812	15 380 940
		<b>7 423 974</b>	<b>7 966 303</b>	<b>4 634 499</b>	<b>14 301 502</b>

<sup>1</sup> On demand cash and balances with the central bank includes notes and coins.

## 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 2022</b>					
Cash balances	1	291 326			291 326
Other financial assets		6 346			6 346
		<b>297 672</b>			<b>297 672</b>
<b>2021</b>					
Cash balances	1	312 401			312 401
Other financial assets		37 763			37 763
		<b>350 164</b>			<b>350 164</b>

### 20.2 Non-financial assets

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

Note	Less than 12 months after reporting period N\$'000	More than 12 months after reporting period N\$'000	Total N\$'000
<b>GROUP 2022</b>			
Normal tax asset		49 351	49 351
Property, equipment and right-of-use assets	8	951 764	951 764
Goodwill and other intangible assets	9	517 733	517 733
Deferred tax asset	13	44 059	44 059
Properties in possession	42	491 154	491 154
Other assets	6	201 998	201 998
		<b>2 054 061</b>	<b>2 256 059</b>
<b>2021</b>			
Normal tax asset		165 126	165 126
Property, equipment and right-of-use assets	8	1 027 366	1 027 366
Goodwill and other intangible assets	9	547 857	547 857
Deferred tax asset	13	389	1 171
Properties in possession		24 892	24 892
Other assets	6	221 409	221 409
		<b>1 766 412</b>	<b>1 988 210</b>

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

The following table discloses the maturity for 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</b>						
<b>2022</b>						
Derivative liabilities	2	32 310	108 453			140 763
Trading liabilities	12	8 075	25 942	2 782		36 799
Deposits and current accounts	14	21 217 184	319 444	2 512 200	2 426 957	27 353 407
Debt securities issued	15			304 041	2 224 211	2 528 252
Provision and other liabilities	16		457 388	5 596	15 486	484 239
		21 217 184	817 217	2 652 191	2 739 549	3 117 319
						30 543 460
<b>2021</b>						
Derivative liabilities	2	12 045	27 808	14 857	15 865	70 575
Trading liabilities	12		10 020	21 715	24 020	55 755
Deposits and current accounts	14	21 004 959	205 520	3 525 168	2 169 283	28 255 886
Debt securities issued	15				1 961 123	1 961 123
Provision and other liabilities	16		391 539	5 483	8 057	422 886
		21 017 004	634 887	3 567 223	2 217 225	3 329 886
						30 766 225



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 for the group'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>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>2021</b>				
Provisions and other liabilities	16	93 473	108 905	202 378
Deferred tax liability	13	6 797	5 371	12 168
		100 270	114 276	214 546
<b>COMPANY</b>				
<b>2022</b>				
Provisions and other liabilities	16	(510)		(510)
		(510)		(510)
<b>2021</b>				
Provisions and other liabilities	16	195		195
		195		195

## 22. Contingent liabilities and commitments

### 22.1 Contingent liabilities

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Letters of credit	134 412	14 371		
Guarantees	1 677 317	1 825 266		
Unutilised borrowing facilities	2 981 232	2 251 174		
<b>Total</b>	<b>4 792 961</b>	<b>4 090 811</b>		

### 22.2 Capital commitments

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Contractual capital expenditures	11 531	18 842		
<b>Total</b>	<b>11 531</b>	<b>18 842</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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Low value assets and short-term leases</b>				
Within one year	7 083	6 756		
After one year but within five years	6 767	7 579		
<b>Total</b>	<b>13 850</b>	<b>14 335</b>		

### 22.4 Legal proceedings

#### Third-party claim

Standard Bank Namibia Ltd received a letter of complaint by a third-party, who is not a client of the bank, that relates to an alleged N\$60 million loss by the third-party as a result of the alleged unauthorised conduct of the bank's employee. The legal department of the bank has investigated the matter in conjunction with external senior counsel and should legal action be instituted against the bank in relation to this matter, it will rigorously defend the matter. The bank is comfortable that it has reasonable prospects of success in defending the matter.

#### Other

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	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
<b>Effective interest rate income on:</b>				
Financial investments	234 257	147 761		
Loans and advances	2 070 344	1 724 680		
Interest income on credit impaired financial assets	101 552	92 818		
<b>Total</b>	<b>2 406 153</b>	<b>1 965 259</b>		
<b>Comprising:</b>				
Interest income on items measured at amortised cost	2 171 896	1 817 498		
Interest income on items measured at FVOCI	234 257	147 761		

<sup>1</sup> Refer to the restatement narrative included in the accounting policy elections and restatements section for further information.

## 24. Interest expense

	GROUP		COMPANY	
	2022 N\$'000	2021 Restated <sup>1</sup> N\$'000	2022 N\$'000	2021 N\$'000
Interest on current accounts	48 144	29 117		
Interest on savings and deposit accounts	122 251	78 569		
Interest on lease liabilities	1 173	3 655		
Interest on other interest-bearing liabilities <sup>2</sup>	789 783	624 606		
<b>Total</b>	<b>961 351</b>	<b>735 947</b>		
<b>Comprising:</b>				
Interest expense on items measured at amortised cost	961 351	735 947		

<sup>1</sup> Refer to the restatement narrative included in the accounting policy elections and restatements section for further information.

<sup>2</sup> Includes interest expense charges relating to the JSE listed bonds detailed in note 15.

## 25. Fee and commission revenue

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Account transaction fees	276 122	277 181		
Card-based commission	279 383	241 456		
Electronic banking fees	372 756	338 664		
Foreign currency service fees	27 560	25 563		
Documentation and administration fees	89 032	96 151		
Custody fees	29 487	34 202		
Trustees and executors' fees	6 705	6 353		
Arrangement fees	16 743	25 151		
Guarantees commission	17 470	19 788		
Agent's commission fees	54 882	51 873		
Other <sup>1</sup>	43 849	45 326		
<b>Total</b>	<b>1 213 989</b>	<b>1 161 708</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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Account transaction fees	14 720	11 452		
Card-based commission	135 201	97 490		
Documentation and administration fees	132 128	126 739		
Electronic banking fees	19 296	25 680		
<b>Total</b>	<b>301 345</b>	<b>261 361</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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Foreign exchange gains	117 484	92 553		
Net fair value adjustments on held-for-trading financial assets	32 694	21 382		
<b>Total</b>	<b>150 178</b>	<b>113 935</b>		

**28. Other revenue**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Property-related revenue	26 482	650		
Commission revenue from insurance broking services	43 000	46 226		
Profit share income	68 891	42 429	68 891	42 429
Other non-banking related revenue	7 528	16 447		1 250
Dividends on unlisted financial investments <sup>1</sup>		631	66 251	236 917
<b>Total</b>	<b>145 901</b>	<b>106 383</b>	<b>135 142</b>	<b>280 596</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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Fair value gains on financial instruments measured at FVTPL – default	74 363	88 141		
<b>Total</b>	<b>74 363</b>	<b>88 141</b>		

**30. Credit impairment charges**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Net ECL raised and released</b>	<b>202 457</b>	<b>324 705</b>		
Financial investments (note 4)	(359)	(1 938)		
Loans and advances (note 5.3)	203 099	328 163		
Letters of credit, bank acceptances and guarantees (note 22.1)	(283)	(1 520)		
Recoveries on loans and advances previously written off	(41 244)	(35 954)		
<b>Total</b>	<b>161 213</b>	<b>288 751</b>		

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 low credit risk for the purpose of impairment assessment.

**31. Operating expenses**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Auditor's remuneration	11 402	6 839	370	116
Audit fees	10 784	6 537	370	116
Other services <sup>1</sup>	618	302		
Amortisation	54 787	49 449		
Communication expenses	13 508	14 954		
Depreciation	135 841	140 920		
IT expenses	276 712	225 149		
Operating lease rentals <sup>2</sup>	19 762	15 570		
Professional fees	181 168	137 158	606	3 491
(Profit)/loss on sale of property and equipment and modifications/terminations of leases	(3 426)	(703)		
Impairment loss on property and equipment	1 775	2 016		
Premises costs	49 780	45 026		
Staff costs	812 550	838 915		
Salaries and allowances	725 942	751 374		
Post-employment benefits – pension – defined contribution plan	68 887	69 882		
Post-employment benefits – medical expenses	17 721	17 659		
Other expenses <sup>3,4</sup>	124 816	111 511	694	1 425
<b>Total</b>	<b>1 678 675</b>	<b>1 586 804</b>	<b>1 670</b>	<b>5 032</b>

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

<sup>4</sup> See Annexure C for details of the directors' remuneration.

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

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Value-added tax (VAT) <sup>1</sup>	20 855	34 041		
Duties and other	8 282	9 315		
<b>Total</b>	<b>29 137</b>	<b>43 356</b>		

<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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Normal taxation</b>	<b>288 020</b>	<b>125 244</b>		
Current year charge	263 032	131 368		
Adjustments to prior years	24 988	(6 124)		
<b>Deferred taxation</b>	<b>(53 437)</b>	<b>27 752</b>		
Current year charge	(53 437)	27 752		
<b>Total</b>	<b>234 583</b>	<b>152 996</b>		

**Income tax recognised in OCI**

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

	Before tax N\$'000	Tax (charge)/ credit N\$'000	After tax N\$'000
<b>GROUP</b>			
<b>2022</b>			
Change in fair value of post-employment benefit obligations	7 671	(2 455)	5 216
Change in fair value of FVOCI debt financial assets – IFRS 9	(4 113)	2 234	(1 879)
<b>Total</b>	<b>3 558</b>	<b>(221)</b>	<b>3 337</b>
<b>2021</b>			
Change in fair value of post-employment benefit obligations	12 784	(4 091)	8 693
Change in fair value of FVOCI debt financial assets – IFRS 9	(12 047)	3 141	(8 906)
<b>Total</b>	<b>737</b>	<b>(950)</b>	<b>(213)</b>

**Namibian tax rate reconciliation**

	GROUP				COMPANY			
	2022 %	2022 N\$'000	2021 %	2021 N\$'000	2022 %	2022 N\$'000	2021 %	2021 N\$'000
<b>Direct taxation</b>								
– statutory rate	32.0	274 836	32.0	166 146	32.0	42 711	32.0	88 180
Permanent differences:	(4.7)	(40 253)	(2.5)	(13 150)	(32.0)	(42 711)	(32.0)	(88 180)
Non-taxable income – dividends	(4.2)	(35 682)	(5.7)	(34 025)	(32.4)	(43 245)	(27.5)	(73 583)
Non-taxable income – other <sup>1</sup>	(0.1)	(842)	(0.1)	(597)			(5.1)	(15 101)
Non-deductible expenses	0.2	1 324	0.5	2 985	0.4	534	0.6	504
Other <sup>2</sup>	(0.6)	(5 053)	2.8	18 487				
<b>Effective direct taxation rate</b>	<b>27.3</b>	<b>234 583</b>	<b>29.5</b>	<b>152 996</b>				

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

<sup>2</sup> 2022 includes N\$30.7 million deferred tax asset on assessed losses relating to a subsidiary which was recognised during the year.

**33. Statement of cash flows notes****33.1 Net cash flow used in operations**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Profit before taxation	888 000	562 563	133 472	275 564
Depreciation of property, equipment and ROU assets (note 8)	135 841	140 920		
Impairment of property, equipment and ROU assets (note 8)	1 775	2 016		
Amortisation of intangible assets (note 9)	54 787	49 449		
Foreign exchange differences on cash and cash equivalents	148 012	14 338		
ECL raised and released (note 30)	202 457	324 705		
Unwinding of discount element of loans and advances	(94 805)	(79 963)		
Movement in interest income accruals	36 430	75 631		
Movement in interest expense accruals	(8 701)	(27 885)		
Interest benefit on staff loans	8 843	5 042		
Movement in staff-related accruals	21 270	9 595		
Accrued interest on debt securities	17 129	4 318		
Fair value adjustments	(19 375)	20 202		
Indirect taxation (note 32.1)	(29 137)	(43 356)		
(Profit)/loss on disposal of property and equipment (note 33.6)	(3 426)	(703)		
Gain on modifications/terminations of leases	(2 863)	(7 228)		
Dividend income (note 28)		(631)	(66 251)	(236 917)
<b>Total</b>	<b>1 356 237</b>	<b>1 049 013</b>	<b>67 221</b>	<b>38 647</b>

Refer to the accounting policy elections and restatements section for details of restatements.

**33.2 (Increase)/decrease in income-earning assets**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Financial investments	730 459	(1 422 566)		
Pledged assets		520 956		
Trading assets	179 420	(178 485)		
Loans and advances	(1 312 365)	(595 216)		
Properties in possession	(1 685)	24 892		
Derivative assets	(65 592)	298 962		
Other assets	(131 939)	(40 447)	67 571	5 837
<b>Total</b>	<b>(601 702)</b>	<b>(1 391 904)</b>	<b>67 571</b>	<b>5 837</b>

Refer to the accounting policy elections and restatements section for details of restatements.

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

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Deposits and current accounts	(893 778)	2 150 150		
Trading liabilities	(18 955)	21 222		
Derivative liabilities	70 187	(291 547)		
Provisions and other liabilities	173 061	105 802	(3 063)	(2 264)
<b>Total</b>	<b>(669 485)</b>	<b>1 985 627</b>	<b>(3 063)</b>	<b>(2 264)</b>

Refer to the accounting policy elections and restatements section for details of restatements.

**33. Statement of cash flows notes** continued**33.4 Cash payments to suppliers and employees**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Cash flows to suppliers	(511 414)	(506 376)	(1 670)	(5 032)
Cash flows to employees	(782 437)	(843 468)		
<b>Total</b>	<b>(1 293 851)</b>	<b>(1 349 844)</b>	<b>(1 670)</b>	<b>(5 032)</b>

 Refer to the accounting policy elections and restatements section for details of restatements.

**33.5 Direct taxation paid**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Normal tax at beginning of the year	165 126	123 772		(4 109)
Recognised in income statement	(288 020)	(125 244)		
Normal tax at end of the year	(49 351)	(165 126)		
<b>Total</b>	<b>(172 245)</b>	<b>(166 599)</b>		<b>(4 109)</b>

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

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Net book value of disposals	1 619	958		
Profit on disposal	3 426	703		
<b>Total</b>	<b>5 045</b>	<b>1 661</b>		

**33.7 Dividends paid**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Dividend declared during the year	(182 901)	(156 742)	(182 901)	(156 742)
Movement in accrual for dividend		100		100
<b>Total</b>	<b>(182 901)</b>	<b>(156 642)</b>	<b>(182 901)</b>	<b>(156 642)</b>

**33.8 Cash and cash equivalents**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Cash and balances with the central bank (note 1)	1 673 337	1 488 497	291 326	312 401
On demand gross loans and advances to banks (note 5.1)	3 110 196	3 250 771		
Other assets on demand (note 6)			36 154	
<b>Total</b>	<b>4 783 533</b>	<b>4 739 268</b>	<b>327 480</b>	<b>312 401</b>

 Refer to the accounting policy elections and restatements section for details of restatements.

**34. Post-employment benefits**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Amounts recognised as a liability in the statement of financial position</b>				
Post-employment healthcare benefit medical aid	113 043	108 905		
<b>Amounts recognised as expenses in profit and loss for the year</b>				
Retirement fund	63 378	66 246		
Post-employment healthcare benefit medical aid	17 721	17 659		
<b>Total</b>	<b>81 099</b>	<b>83 905</b>		

**34.1 Retirement fund**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 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 2022 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>63 378</b>	<b>66 246</b>		

### 34. Post-employment benefits

#### 34.2 Post-employment healthcare benefits

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 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 2022. Expected premiums to post-employment medical schemes for the year ending 31 December 2023 are N\$5.3 million.				
<b>Movement in the present value of defined medical scheme benefit obligation:</b>				
<b>Balance at beginning of the year</b>	108 905	109 114		
Current service cost	3 044	2 963		
Interest cost	12 932	13 902		
Remeasurement of post-employment benefit obligations relating to change in actuarial assumptions	(7 671)	(12 784)		
Changes in financial assumptions	(16 536)	7 568		
Changes in demographic assumptions	6 833	(17 157)		
Changes in other assumptions	2 032	(3 195)		
Contributions by employer	(4 167)	(4 290)		
<b>Balance at end of the year</b>	113 043	108 905		
<b>Consisting of:</b>				
Present value of unfunded obligations	113 043	108 905		
<b>Obligation recognised in the statement of financial position</b>	113 043	108 905		
<b>The amounts recognised in profit or loss are determined as follows:</b>				
Current service cost	3 044	2 963		
Interest cost	12 932	13 902		
<b>Included in staff costs</b>	15 976	16 865		
<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	(7 671)	(12 784)		
<b>The principal actuarial assumptions used for accounting purposes were:</b>				
Discount rate	12.84%	12.12%		
Healthcare cost inflation	9.16%	9.44%		
Remaining service life of employees (years)	18.0 – 22.5	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	246	264		
Average age (years)	45	44		
<b>Current pensioner members</b>				
Details of the current pensioner members belonging to the medical aid fund are as follows:				
Number of employees	117	103		
Average age (years)	67	68		

### 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	
		2022	2021	2022	2021
Healthcare cost inflation:	1% increase	14.60	16.20	15.30	17.70
	1% decrease	(12.00)	(13.20)	(13.70)	(14.50)
Mortality rate:	PA (90)-1	2.90	3.10	2.20	3.00
Discount rate:	1% increase	(11.90)	(13.10)	(7.70)	(8.50)
	1% decrease	14.60	16.40	7.70	9.80

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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Key management compensation</b>				
Salaries and other short-term benefits	34 613	35 574		
Post-employment benefits		69		
IFRS 2 value of share options and rights expensed	1 612	3 220		
	36 225	38 863		
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	23 531	30 120		
Change in key management structure		(3 523)		
Net loans (repaid)/granted during the year	3 748	(3 066)		
<b>Loans outstanding at end of the year</b>	<b>27 279</b>	<b>23 531</b>		
<b>Deposit and current accounts<sup>2</sup></b>				
Deposits outstanding at beginning of the year	4 752	2 493		
Change in key management structure		(791)		
Net deposits received/(withdrawn) during the year	(3 034)	3 050		
<b>Deposits outstanding at end of the year</b>	<b>1 718</b>	<b>4 752</b>		

<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 ECL 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	
			2022 N\$'000	2021 N\$'000
The Standard Bank of South Africa Limited (SBSA)	Fellow subsidiary	Royalty fees	(77 377)	(73 354)
SBSA	Fellow subsidiary	Information technology	(90 631)	(47 926)
SBSA	Fellow subsidiary	License fees	(17 217)	(61 258)
SBSA	Fellow subsidiary	Other services	5 103	(3 749)
SBSA	Fellow subsidiary	Training	(886)	(619)
			(181 008)	(186 906)

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

	Relationship	Type	GROUP		COMPANY	
			2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
SBSA	Fellow subsidiary	Commission paid	(12 442)	(15 156)		
SBSA	Fellow subsidiary	Commission received	465	23		
SBSA	Parent company	Dividends paid	(136 966)	(189 287)	(136 966)	(189 287)
Purros Investments trust	Employee share	Dividends paid		(21 892)		
Standard Bank Namibia	Subsidiary	Dividends received			57 504	136 917
Stanfin (Namibia) (Pty) Ltd	Subsidiary	Dividends received			1 102	
Standard Insurance Brokers (Namibia) (Pty) Ltd	Subsidiary	Dividends received			7 645	100 000
			(148 943)	(226 312)	(70 715)	47 630

### 35.6 Interest income/(expense)

	Relationship	Type	GROUP	
			2022 N\$'000	2021 N\$'000
SBSA	Fellow subsidiary	Interest income	86 691	32 427
SBSA	Fellow subsidiary	Interest expense	(55 771)	(37 049)
			30 920	(4 622)

### 35.7 Trading income

	Relationship	Type	GROUP	
			2022 N\$'000	2021 N\$'000
SBSA	Fellow subsidiary	Trading income	107 641	188 397
			107 641	188 397

**35. Related party disclosures** continued**35.8 Contributions to funds**

	Relationship	Type	GROUP	
			2022 N\$'000	2021 N\$'000
Standard Bank Namibia Pension Fund	Defined contribution plan	Contributions	63 378	66 246
			63 378	66 246

**Transfer pricing arrangements for 2022 and 2021**

The company entered into various transfer pricing agreements with other SBG subsidiaries. These agreements have all been entered into on an arm's length basis in accordance with the pricing principles contained in the Organisation for Economic Co-operation and Development Guidelines and relevant domestic legislation. The nature of the agreements are such that the related parties performing relevant functions, assuming relevant risks and owning relevant assets in the day-to-day business activities of the group and company, are compensated on an arm's length basis. The integrated business model, in relation to functional, risk and asset profile and in accordance with the nature of the agreement, resulted in payments being made by both SBSA and fellow subsidiaries during the 2022 and 2021 financial years.

**35.9 Related party year end balances**

	Relationship	Type	GROUP	
			2022 N\$'000	2021 N\$'000
<b>Receivables from related parties</b>				
SBSA	Fellow subsidiary	Trading assets		23 190
SBSA	Fellow subsidiary	Loans and advances	1 545 004	1 932 415
Stanbic Bank Botswana Limited	Fellow subsidiary	Loans and advances		1 173
Stanbic Bank Zambia Limited	Fellow subsidiary	Loans and advances	261	1 173
Stanbic Bank Kenya Limited	Fellow subsidiary	Loans and advances	35	50
SBSA	Fellow subsidiary	Derivatives	41 052	62 373
SBSA	Fellow subsidiary	Other assets	6 931	5 820
Stanbic Bank Zimbabwe Limited	Fellow subsidiary	Other assets	90	90
Standard Bank (Mauritius) Limited	Fellow subsidiary	Other assets	36	33
Stanlib (Proprietary) Limited	Fellow subsidiary	Other assets		23
Purros Investments (Proprietary) Limited	Sister company	Other assets		4 183
			1 593 409	2 030 523

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	
			2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Payables to related parties</b>						
SBSA	Fellow subsidiary	Deposits and current accounts	1 242 229	1 290 132		
Stanbic Bank Botswana Limited	Fellow subsidiary	Deposits and current accounts	48	26		
Stanbic Bank Zambia Limited	Fellow subsidiary	Deposits and current accounts	12	12		
Standard Bank Angola, S.A.	Fellow subsidiary	Deposits and current accounts	19	20		
Purros Investment (Proprietary) Limited	Employee share trust	Deposits and current accounts				
Standard Bank Namibia	Subsidiary	Deposits and current accounts			291 326	312 401
SBSA	Fellow subsidiary	Derivatives	100 729	10 697		
SBSA	Fellow subsidiary	Other liabilities	9 261	11 217		
Stanbic Bank Zimbabwe Limited	Fellow subsidiary	Other liabilities	60	60		
SBSA	Fellow subsidiary	Subordinated debt	253 757	101 181		
			1 606 115	1 413 345		

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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Summary of the company's share incentive schemes and expenses recognised in staff costs:</b>				
Deferred bonus schemes	5 509	4 344		
<b>Total expense recognised in staff costs</b>	<b>5 509</b>	<b>4 344</b>		
<b>Summary of liabilities recognised in other liabilities:</b>				
Deferred bonus schemes	9 515	5 206		
<b>Total liability recognised in other liabilities</b>	<b>9 515</b>	<b>5 206</b>		

**36.2 Equity compensation plans**

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

**36.2.1 Equity-settled share-based payments****Group Share Incentive Scheme**

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

	Number of rights	
	2022	2021
<b>Options outstanding at beginning of the year</b>	<b>195</b>	6 250
Transferred in/(out)		(6 055)
<b>Options outstanding at the end of the year</b>	<b>195</b>	195

The weighted average share price for the year was ZAR161.11 (2021: ZAR131.30).

The following options granted to employees, including executive directors, had not been exercised at 31 December 2022:

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 company makes special awards to qualifying employees in employment of a company entity. The awards are classified as cash-settled awards.

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

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

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

2021 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	143.77	2.51	41 687	14 647	(8 144)		679	48 869
ZAR	152.64	2.51		4 348		(689)	700	4 359

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

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

			Units	
			2022	2021
<b>Reconciliation</b>				
<b>Units outstanding at beginning of the year</b>				
Awarded			5 683	
Exercised			(3 286)	(63)
Transfers				63
<b>Units outstanding at end of the year</b>			<b>2 397</b>	
Weighted average fair value at grant date			<b>N\$143.65</b>	
Expected life (years)			<b>2.51</b>	

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

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

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

The awards are indexed to SBG'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	
			2022	2021
<b>Movement summary</b>				
<b>Units outstanding at beginning of the year</b>			<b>24 200</b>	35 600
Lapsed			<b>(11 000)</b>	(11 400)
<b>Units outstanding at end of the year</b>			<b>13 200</b>	24 200

**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:



**SBN Holdings  
Namibia**

**Segmental structure for  
key business lines**



**37. Segment reporting continued**

**Scope of operations continued**  
**Business unit continued**



**37. Segment reporting** continued**Scope of operations** continued

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

Client segments	CHNW		BCB		CIB		Central & Other		Total	
	2022 N\$'000	2021 Restated N\$'000	2022 N\$'000	2021 Restated N\$'000	2022 N\$'000	2021 Restated N\$'000	2022 N\$'000	2021 Restated N\$'000	2022 N\$'000	2021 Restated N\$'000
<b>GROUP</b>										
Net interest income	1 375 984	1 201 688	176 510	177 680	(92 513)	(144 138)	(15 179)	(5 918)	1 444 802	1 229 312
Inter-segment revenue	(572 482)	(468 671)	86 440	55 688	499 526	406 080	(13 484)	6 903		
Non-interest revenue	697 109	706 776	203 258	157 214	397 494	349 364	(14 775)	(4 548)	1 283 086	1 208 806
<b>Total income</b>	<b>1 500 611</b>	<b>1 439 793</b>	<b>466 208</b>	<b>390 582</b>	<b>804 507</b>	<b>611 306</b>	<b>(43 438)</b>	<b>(3 563)</b>	<b>2 727 888</b>	<b>2 438 118</b>
Credit impairment charges	(110 030)	(150 517)	(46 550)	(131 408)	(4 633)	(6 826)			(161 213)	(288 751)
<b>Income after credit impairment charges</b>	<b>1 390 581</b>	<b>1 289 276</b>	<b>419 658</b>	<b>259 174</b>	<b>799 874</b>	<b>604 480</b>	<b>(43 438)</b>	<b>(3 563)</b>	<b>2 566 675</b>	<b>2 149 367</b>
Operating expenses	(998 530)	(896 481)	(400 397)	(336 107)	(275 766)	(301 217)	(3 982)	(52 999)	(1 678 675)	(1 586 804)
<b>Net income/(loss) before indirect taxation</b>	<b>392 051</b>	<b>392 795</b>	<b>19 261</b>	<b>(76 933)</b>	<b>524 108</b>	<b>303 263</b>	<b>(47 420)</b>	<b>(56 562)</b>	<b>888 000</b>	<b>562 563</b>
Indirect taxation	(8 625)	(12 864)	(1 058)	(7 287)	(1 953)	(1 615)	(17 501)	(21 590)	(29 137)	(43 356)
<b>Profit/(loss) before direct taxation</b>	<b>383 426</b>	<b>379 931</b>	<b>18 203</b>	<b>(84 220)</b>	<b>522 155</b>	<b>301 648</b>	<b>(64 921)</b>	<b>(78 152)</b>	<b>858 863</b>	<b>519 207</b>
Direct taxation	(104 726)	(111 322)	(4 972)	25 200	(142 617)	(90 258)	17 732	23 384	(234 583)	(152 996)
<b>Profit/(loss) for the year</b>	<b>278 700</b>	<b>268 609</b>	<b>13 231</b>	<b>(59 020)</b>	<b>379 538</b>	<b>211 390</b>	<b>(47 189)</b>	<b>(54 768)</b>	<b>624 280</b>	<b>366 211</b>
<b>Operating information</b>										
Total assets	15 375 489	15 951 138	2 991 393	3 294 708	16 102 184	15 091 852	1 205 631	981 351	35 674 697	35 319 049
Total liabilities	4 540 695	4 248 452	4 135 218	4 626 171	20 770 636	21 625 466	1 445 156	480 684	30 891 705	30 980 773
<b>Other information</b>										
Depreciation	(84 228)	(48 913)	(6 856)	(39 892)	(4 772)	(4 386)	(39 985)	(47 729)	(135 841)	(140 920)
Amortisation	(3 020)	(3 168)	(180)	(657)	(1 685)	(1 634)	(49 902)	(43 990)	(54 787)	(49 449)

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

**38. Earnings per share**

The calculation of earnings per share is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
<b>The calculations of basic earnings and headline earnings per ordinary share are as follows:</b>				
Basic earnings attributable to ordinary shareholders (N\$'000)	623 603	365 388		
Headline earnings (N\$'000) (note 39)	622 480	366 281		
Weighted average number of ordinary shares in issue ('000)	522 472	522 472		
Basic earnings per ordinary share (cents)	119	70		
Headline earnings per ordinary share (cents)	119	70		

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**

	2022				2021			
	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	858 863	(234 583)	(677)	623 603	519 207	(152 996)	(823)	365 388
<b>Headline earnings adjustments:</b>								
Headline earnings adjustments:	(1 651)	528		(1 123)	1 313	(420)		893
IAS 16 – (Profit)/loss on sale of property and equipment	(3 426)	1 096		(2 330)	(703)	225		(478)
IAS 28 – Loss on derecognition of equity accounted joint venture								
IAS 36 – Impairments on property and equipment	1 775	(568)		1 207	2 016	(645)		1 371
<b>Headline earnings</b>	<b>857 212</b>	<b>(234 055)</b>	<b>(677)</b>	<b>622 480</b>	<b>520 520</b>	<b>(153 416)</b>	<b>(823)</b>	<b>366 281</b>

**40. Dividends**

	GROUP		COMPANY	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Ordinary dividends</b>				
Final dividend declared	78 371	73 146	78 371	73 146
Interim dividend declared	104 530	83 596	104 530	83 596
<b>Total dividends recognised in the statement of changes in equity</b>	<b>182 901</b>	<b>156 742</b>	<b>182 901</b>	<b>156 742</b>

A final dividend of 46 cents per ordinary share was declared on 22 March 2023, payable on 26 May 2023 to all shareholders registered on 12 May 2023, bringing the total dividends declared in respect of 2022 profits earned to 66 cents per share (2021: 31 cents per share).

**41. Events after the reporting period**

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

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

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 is 3 August 2022.

Management has performed an assessment to determine whether this was a business combination in terms of IFRS 3 or an asset acquisition. Management has 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 has been met and as a result, the group has 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 properties in possession value, as indicated in the table below:

	GROUP 2022 N\$'000
Properties in possession balance at the beginning of the year	24 892
Properties in possession acquired as part of the Spearmint transaction	464 577
Other movements during the year	1 685
<b>Properties in possession balance at the end of the year</b>	<b>491 154</b>

## ANNEXURE A – SUBSIDIARIES

## Material subsidiaries

Nature of operation	Issued share capital N\$	Effective holding		Net indebtedness by/(to) subsidiary	
		2022 %	2021 %	2022 N\$'000	2021 N\$'000
<b>Subsidiaries of SBN Holdings</b>					
Standard Bank Namibia Limited	Banking services	2 000 015	100	100	25 620
Arleo Investment Sixteen (Proprietary) Limited	Property holding company	1	100	100	
Standard Insurance Brokers (Namibia) (Proprietary) Limited	Insurance broking services	1	100	100	
Stanfin (Namibia) (Proprietary) Limited	Insurance broking services	2	100	100	
Mobicash Payment Solutions (Proprietary) Limited	Mobile and payment services	2 312	51	51	
<b>Subsidiaries of Standard Bank Namibia</b>					
Standard Bank Nominees (Proprietary) Limited	Safe custodian	2	100	100	
Spearmint Investments (Proprietary) Limited	Property holding company	100	100		
<b>Subsidiaries of Spearmint Investments (Proprietary) Limited</b>					
Ardeco Accommodation (Pty) Ltd	Property investment	100	100		
Arleo Investments 27 (Pty) Ltd	Property investment	100	100		
Arleo Investments 28 (Pty) Ltd	Property investment	100	100		
Arleo Investments 29 (Pty) Ltd	Property investment	100	100		
Arleo Investments 30 (Pty) Ltd	Property investment	100	100		
Arleo Investments 31 (Pty) Ltd	Property investment	100	100		
Arleo Investments 32 (Pty) Ltd	Property investment	100	100		
Arleo Investments 33 (Pty) Ltd	Property investment	100	100		
Arleo Investments 34 (Pty) Ltd	Property investment	100	100		
Arleo Investments 35 (Pty) Ltd	Property investment	100	100		
Arleo Investments 36 (Pty) Ltd	Property investment	100	100		
Anastasis Property One (Pty) Ltd	Property investment	100	100		
Anastasis Property Two (Pty) Ltd	Property investment	100	100		
Anastasis Property Three (Pty) Ltd	Property investment	100	100		
Anastasis Property Four (Pty) Ltd	Property investment	100	100		
Anastasis Property Five (Pty) Ltd	Property investment	100	100		
Anastasis Property Six (Pty) Ltd	Property investment	100	100		
Anastasis Property Seven (Pty) Ltd	Property investment	100	100		
Anastasis Property Eight (Pty) Ltd	Property investment	100	100		
Anastasis Property Nine (Pty) Ltd	Property investment	100	100		
Ardeco Investments (Pty) Ltd	Property investment	100	100		
Graham Town 228 (Pty) Ltd	Property investment	100	100		
Graham Town 269 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 01 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 02 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 08 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 09 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 11 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 13 (Pty) Ltd	Property investment	100	100		

Nature of operation	Issued share capital N\$	Effective holding		Net indebtedness by/(to) subsidiary	
		2022 %	2021 %	2022 N\$'000	2021 N\$'000
Tenbergen Investments 14 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 15 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 16 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 20 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 21 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 23 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 24 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 26 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 29 (Pty) Ltd	Property investment	100	100		
Tenbergen Investments 31 (Pty) Ltd	Property investment	100	100		
Imandra Investments (Pty) Ltd	Property investment	100	100		
Reger Park Property Number One (Pty) Ltd	Property investment	100	100		
Reger Park Property Number Two (Pty) Ltd	Property investment	100	100		
Reger Park Property Number Three (Pty) Ltd	Property investment	100	100		
Reger Park Property Number Four (Pty) Ltd	Property investment	100	100		
Fish Eagle Real Estate 69 (Pty) Ltd	Property investment	100	100		
Fish Eagle Real Estate 70 (Pty) Ltd	Property investment	100	100		
Fish Eagle Real Estate 71 (Pty) Ltd	Property investment	100	100		
Fish Eagle Real Estate 72 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 05 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 13 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 14 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 15 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 16 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 17 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 22 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 23 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 24 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 25 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 26 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 27 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 30 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 39 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 40 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 44 (Pty) Ltd	Property investment	100	100		
Monte Piana Investments 45 (Pty) Ltd	Property investment	100	100		
African Precast Concrete Industries (Pty) Ltd	Property investment	100	100		
Barleo Investments Eight (Pty) Ltd	Property investment	100	100		
Barleo Investments Ten (Pty) Ltd	Property investment	100	100		
Barleo Investments Eleven (Pty) Ltd	Property investment	100	100		
Barleo Investments Fourteen (Pty) Ltd	Property investment	100	100		
Barleo Investments Twenty Three (Pty) Ltd	Property investment	100	100		
Barleo Investments Twenty Four (Pty) Ltd	Property investment	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	
	2022 N\$'000	2021 N\$'000
<b>Summarised statement of financial position</b>		
Current assets	37 649	36 251
Current liabilities	(20 307)	(18 509)
<b>Current net assets</b>	<b>17 342</b>	17 742
Non-current assets	6 435	5 645
Non-current liabilities		
<b>Non-current net assets</b>	<b>6 435</b>	5 645
<b>Net assets</b>	<b>23 777</b>	23 387
Accumulated NCI	15 530	14 853
<b>Summarised income statement</b>		
Fee and commission revenue	60 737	48 218
Fee and commission expense	(37 271)	(30 511)
Other revenue	8 295	12 276
<b>Total comprehensive income</b>	<b>1 379</b>	1 676
Profit/(loss) allocated to NCI	677	823
<b>Summarised statement of cash flows</b>		
Cash flows from operating activities	(10 434)	10 685
Cash flows from investing activities	(2 051)	(4 876)
Cash flows from financing activities		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(12 485)</b>	5 809

## ANNEXURE B – RISK AND CAPITAL MANAGEMENT

### Overview

#### Capital management

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

It further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the group's 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 group risk and capital management committee (GRCCM).

#### 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. Or 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	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
<b>Tier 1</b>				
Ordinary share capital and premium	643 234	643 234	594 100	594 100
Ordinary shareholders' reserves	3 310 682	2 975 922	3 044 173	2 738 038
	<b>3 953 916</b>	3 619 156	<b>3 638 273</b>	3 332 138
<b>Less: regulatory adjustments</b>	<b>(647 359)</b>	(697 472)	<b>(594 498)</b>	(697 472)
Intangible assets	(517 733)	(397 932)	(468 554)	(397 932)
Deferred tax asset	(16 583)	(213 648)	(14 902)	(213 648)
Defined benefit pension fund assets and liabilities	(113 043)	(85 892)	(111 042)	(85 892)
<b>Common equity tier 1 capital/tier 1 capital</b>	<b>3 306 557</b>	2 921 684	<b>3 043 775</b>	2 634 666
<b>Tier 2</b>				
Subordinated debt	250 000	60 000	250 000	60 000
Current unappropriated profits	624 280	363 852	489 038	342 959
General allowance for credit impairments	275 730	254 151	275 730	254 151
	<b>1 150 010</b>	678 003	<b>1 014 768</b>	657 110
<b>Total eligible capital (including unappropriated profits)</b>	<b>4 456 567</b>	3 599 687	<b>4 058 543</b>	3 291 776

### CAPITAL ADEQUACY RATIOS (UNAUDITED)

	Minimum regulatory requirement %	Target ratio %	Including unappropriated profits		Excluding unappropriated profits	
			2022 %	2021 %	2022 %	2021 %
<b>Group</b>						
Total capital adequacy ratio	10	>11.5	17.73	14.66	15.56	14.66
Tier 1 capital adequacy ratio	7.5	>9.5	15.63	11.90	13.15	11.90
Tier 1 leverage ratio	6	>6.8	10.62	8.95	8.93	7.95
<b>Bank</b>						
Total capital adequacy ratio	10	>11.5	15.63	13.33	14.22	13.33
Tier 1 capital adequacy ratio	7	>8.5	13.60	12.09	11.72	10.67
Tier 1 leverage ratio	6	>6.8	9.56	8.13	8.24	7.18

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

	GROUP		BANK	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Credit risk	21 232 392	21 291 246	22 071 697	21 436 174
Market risk	717 964	412 104	717 964	412 104
Operational risk	3 190 989	2 846 650	3 178 996	2 846 650
<b>Total risk-weighted assets</b>	<b>25 141 345</b>	24 550 000	<b>25 968 657</b>	24 694 928

# CREDIT RISK

## Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

## Approach to managing and measuring credit risk

The group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. To the extent equity risk is held on the banking book, it is also managed under the credit risk governance framework, except in so far as approval authority rests with the board risk committee (BRC). The management of credit risk is aligned to the group's three lines of defence framework. The business function owns the credit risk assumed by the group and as the first line of defence is primarily responsible for its management, control and optimisation in the course of business generation.

The credit function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity. Further second-line oversight is provided by the group risk function through independent credit risk assurance.

The third line of defence is provided by group internal audit (GIA), under its mandate from the board audit committee (BAC).

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework
- identifying, assessing and measuring credit risk across the group, from an individual facility level through to an aggregate portfolio level
- defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions
- monitoring the group's credit risk exposure relative to approved limits
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the group's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposure (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

## Credit risk mitigation

Wherever warranted, the group will attempt to mitigate credit risk, including CCR to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

In the case of collateral where the group has an unassailable legal title, the group's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including that it:

- is readily marketable and liquid
- is legally perfected and enforceable
- has a low valuation volatility
- is readily realisable at minimum expense
- has no material correlation to the obligor credit quality
- has an active secondary market for resale.

The main types of collateral obtained by the group for its banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties
- cession of book debts
- pledge and cession of financial assets
- bonds over plant and equipment
- the underlying movable assets financed under leases and instalment sales.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivatives transactions where collateral support is considered necessary, the group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure (CSA).

Netting agreements, such as collateral under the CSA of an ISDA agreement, are only obtained where the group firstly, has a legally enforceable right to offset credit risk by way of such an agreement, and secondly, where the group has the intention of utilising such agreement to settle on a net basis.

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Wrong-way risk arises in transactions where the likelihood of default (i.e. the probability of default (PD) by a counterparty and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels. The group has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e. specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the group implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

## Use of internal estimates

Our credit risk rating systems and processes differentiate and quantify credit risk across counterparties and asset classes. Internal risk parameters are used extensively in risk management and business processes, including:

- setting risk appetite
- setting concentration and counterparty limits
- credit approval and monitoring.

## Corporate, sovereign and banking portfolios

Corporate entities include large companies, as well as small medium entities (SMEs) that are managed on a relationship basis. Corporate exposures also include specialised lending (project, object and commodity finance, as well as income-producing real estate (IPRE) and public sector entities.

Sovereign and bank borrowers include sovereign government entities, central banks, local and provincial government entities, bank and non-bank financial institutions. The creditworthiness of corporate (excluding specialised lending), sovereign and bank exposures is assessed based on a detailed individual assessment of the financial strength of the borrower. This quantitative analysis, together with expert judgement and external rating agency ratings, leads to an assignment of an internal rating to the entity. Specialised lending's creditworthiness is assessed on a transactional level, rather than on the financial strength of the borrower, in so far as the group relies only on repayment from the cash flows generated by the underlying assets financed. Concentration risk management is performed to ensure that credit exposure concentrations in respect of obligors, countries, sectors and other risk areas are effectively managed. This includes concentrations arising from credit exposure to different entities within an obligor economic group, such as exposure to public sector and other government entities that are related to the same sovereign.

## Credit portfolio characteristics and metrics

### Maximum exposure to credit risk

Debt financial assets at amortised cost and FVOCI as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the group's master rating scale. Exposures within stage 1 and 2 are rated between 1 to 25 in terms of the group's master rating scale. The group uses a 25-point master rating scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below. These ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable 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 to 25-point master rating scale.

### Default

The group's definition of default has been aligned to its internal credit risk management definitions and approaches. While the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the Basel definition) as occurring at the earlier of:

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

The group will not rebut IFRS 9's 90 DPD rebuttable presumption.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

## MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

	Gross carrying amount N\$'000	SB 1 – 12		SB 13 – 20		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>2022</b>														
<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	107 922	43 834	93 443	55	9
Personal unsecured lending	1 243 668			1 114 973			97 225	31 470	31 470	6 984	(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		65 493	4 202	4 202	(72)	13	4 261	102	
Sovereign lending	267 375	1 707		208 672	56 996									
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>901 600</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>														
Sovereign	39 415	39 415												
<b>Gross carrying amount</b>	<b>39 415</b>	<b>39 415</b>												
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 fair value through OCI</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	(3 100)													
<b>Total financial investment at fair value through OCI</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 <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>1</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.

## 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							
2021															
<b>Loans and advances at amortised cost</b>															
Home services	12 776 077			10 627 226				421 057	1 727 794	1 727 794	1 328 387	606	443 529	26	14
Vehicle and asset finance	3 177 030	2 251		2 816 996	41 450			250 805	65 528	65 528	10 230		55 337	84	2
Card and payments	142 026			120 534				16 361	5 131	5 131	(2 540)		7 671	150	4
Other loans and advances	3 094 879			2 564 584				184 212	346 083	346 083	126 249	50 876	175 672	49	11
Personal unsecured lending	1 252 946			1 119 587				93 523	39 836	39 836	4 536	812	34 568	89	3
Business lending and other	1 841 933			1 444 997				90 689	306 247	306 247	121 713	50 064	141 104	62	17
Corporate lending	3 332 061	21 947		2 751 697	480 526			67 570	10 321	10 321	(53)		9 798		
Sovereign lending	598 085	2 569		366 242	229 274										
Bank lending	3 257 603	3 254 711		2 892											
<b>Gross carrying amount</b>	<b>26 377 761</b>	<b>3 281 478</b>		<b>19 250 171</b>	<b>751 250</b>			<b>940 005</b>	<b>2 154 857</b>	<b>2 154 857</b>	<b>1 462 273</b>	<b>51 482</b>	<b>692 007</b>		
Less: total credit impairment on loans and advances	(995 439)														
<b>Net carrying amount of loans and advances measured at amortised cost</b>	<b>25 382 322</b>														
<b>Financial investments measured at amortised cost</b>															
<b>Sovereign</b>	<b>39 426</b>	<b>39 426</b>													
Gross carrying amount	39 426	39 426													
Less: total ECL for financial investments measured at amortised cost															
<b>Net carrying amount of financial investments measured at amortised cost</b>	<b>39 426</b>														
<b>Financial investments at fair value through OCI</b>															
Sovereign	3 929 703	3 929 703													
<b>Gross carrying amount</b>	<b>3 929 703</b>	<b>3 929 703</b>													
Add: fair value reserve relating to fair value adjustments (before the ECL balance)	(1 221)														
<b>Total financial investment at FVOCI</b>	<b>3 928 482</b>														
<b>Off-balance sheet exposures</b>															
Letters of credit and banker's acceptances	14 371	10 308		4 063											
Guarantees	1 825 266	1 159 085		661 085				5 096							
Irrevocable unutilised facilities	2 251 174	2 026 057		135 070	67 535			22 512							
<b>Total exposure to off-balance sheet credit risk</b>	<b>4 090 811</b>	<b>3 195 450</b>		<b>800 218</b>	<b>67 535</b>			<b>27 608</b>							
ECL for off-balance sheet exposures	(2 385)														
<b>Net carrying amount of off-balance sheet exposures</b>	<b>4 088 426</b>														
<b>Total exposure to credit risk on financial assets subject to an ECL</b>	<b>33 438 656</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>	1 488 497														
Derivative assets <sup>1</sup>	73 326														
Other financial investments <sup>1</sup>	1 701 417														
Trading assets <sup>1</sup>	619 584														
Other financial assets <sup>2</sup>	100 513														
<b>Total exposure to credit risk</b>	<b>37 421 993</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

	2022 N\$'000	2021 N\$'000
Agriculture	522 934	636 458
Construction	136 921	123 724
Electricity	35 014	272 429
Finance, real estate and other business services	6 961 548	7 623 080
Individuals	15 201 703	14 658 770
Manufacturing	2 146 266	1 474 257
Mining	523 718	445 522
Other services	615 172	713 714
Transport	144 802	108 348
Wholesale	443 155	321 459
<b>Gross loans and advances</b>	<b>26 731 233</b>	<b>26 377 761</b>

All loans are recorded in Namibia.

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

	2022 N\$'000	2021 N\$'000
Agriculture	(30 000)	(81 129)
Construction	(4 271)	(8 977)
Electricity	(289)	(329)
Finance, real estate and other business services	(55 856)	(216 012)
Individuals	(259 620)	(350 577)
Manufacturing	(3 810)	(1 760)
Other services	(10 718)	(29 716)
Transport	(2 386)	(1 651)
Wholesale	(94)	(1 856)
<b>Total ECL for stage 3 loans and advances excluding IIS</b>	<b>(367 044)</b>	<b>(692 007)</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, 3% (2021: 13%) 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>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.

## 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>2021</b>						
Corporate	4 655 210	39 694	690 071	3 925 445		3 925 445
Sovereign	598 085	1 665		596 420		596 420
Bank	4 113 827	4 503		4 109 324		4 109 324
Retail	21 101 450	949 968	2 462 793	17 688 689		18 322 830
Retail mortgage	12 783 842	588 608		12 195 234		12 195 234
Other retail	8 317 608	361 360	2 462 793	5 493 455		6 127 596
<b>Total</b>	<b>30 468 572</b>	<b>995 830</b>	<b>3 152 864</b>	<b>26 319 878</b>		<b>26 954 019</b>
Add: Financial assets not exposed to credit risk	7 948 517					
Less: Impairments for loans and advances	(995 439)					
Less: Unrecognised off-balance sheet items	(4 090 811)					
<b>Total exposure</b>	<b>33 330 839</b>					
<b>Reconciliation to statement of financial position</b>						
Cash and balances with central banks	1 488 497					
Derivative assets	73 326					
Trading assets	619 584					
Financial investments	5 670 546					
Loans and advances	25 382 322					
Other financial assets <sup>1</sup>	96 564					
<b>Total</b>	<b>33 330 839</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 (except for trading liabilities and derivative liabilities, which are presented as redeemable on demand) and will, therefore, not agree directly to the balances disclosed in the consolidated statement of financial position (SOFP).

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>2022</b>						
<b>Liabilities</b>						
Derivative liabilities		32 310	108 453			140 763
Trading liabilities		8 075	25 959	2 782		36 816
Deposits and current accounts	20 631 824	338 304	2 618 978	2 207 335	1 556 966	27 353 407
Debt securities issued				300 000	2 193 500	2 493 500
Other financial liabilities	458 755	1 981	8 017	7 838	14 897	491 488
<b>Total</b>	<b>21 090 579</b>	<b>380 670</b>	<b>2 761 407</b>	<b>2 517 955</b>	<b>3 765 363</b>	<b>30 515 974</b>
<b>Unrecognised financial liabilities</b>						
Letters of credit and bankers' acceptances			320	134 092		134 412
Guarantees		6 984	32 005	1 340 863	297 465	1 677 317
Unutilised borrowing facilities	2 981 232					2 981 232
<b>Total</b>	<b>2 981 232</b>	<b>6 984</b>	<b>32 325</b>	<b>1 474 955</b>	<b>297 465</b>	<b>4 792 961</b>
<b>2021</b>						
<b>Liabilities</b>						
Derivative liabilities	12 046	27 808	14 857	15 865		70 576
Trading liabilities		10 040	20 990	24 742		55 772
Deposits and current accounts	20 521 638	1 967 320	2 708 392	1 883 507	1 161 223	28 242 080
Debt securities issued		7 756	35 911	43 667	1 873 789	1 961 123
Other financial liabilities	583 307	2 940	11 898	11 633	27 657	637 435
<b>Total</b>	<b>21 116 991</b>	<b>2 015 864</b>	<b>2 792 048</b>	<b>1 979 414</b>	<b>3 062 669</b>	<b>30 966 986</b>
<b>Unrecognised financial liabilities</b>						
Letters of credit and bankers' acceptances			14 182		189	14 371
Guarantees			66 268	1 450 459	308 540	1 825 267
Unutilised borrowing facilities	5 588 026					5 588 026
<b>Total</b>	<b>5 588 026</b>		<b>80 450</b>	<b>1 450 459</b>	<b>308 729</b>	<b>7 427 664</b>

## MARKET RISK

### Definition

Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The group's key market risks are

- trading book market risk
- Interest rate in the banking book (IRRBB)
- foreign currency risk

### Trading book market risk

#### Definition

Trading book market risk is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

### Approach to managing market risk in the trading book

The group's policy is that all trading activities are undertaken within the group's global markets' operations.

The market risk functions are independent of the group's trading operations and are overseen by the market risk committee which is accountable to the relevant legal entity ALCOs.

All value at risk (VaR) and stressed VaR (SVaR) limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set these limits at a lower level.

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk functions to bring exposures back in line with approved market risk appetite, with such breaches being reported to management and entity ALCOs.

### VaR and SVaR

The group uses the historical VaR and SVaR approach to quantify market risk under normal and stressed conditions.

For risk management purposes VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95%. The historical VaR results are calculated in four steps:

- calculate 250 daily market price movements based on 251 days' historical data. Absolute movements are used for interest rates and volatility movements; relative for spot, equities, credit spreads, and commodity prices
- calculate hypothetical daily profit or loss for each day using these daily market price movements
- aggregate all hypothetical profits or losses for day one across all positions, giving daily hypothetical profit or loss, and then repeat for all other days
- VaR is the 95th percentile selected from the 250 days of daily hypothetical total profit or loss.

Daily losses exceeding the VaR are unlikely to occur.

Limitations of historical VaR are acknowledged globally and include:

- the use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature
- the use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This will usually not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully
- the use of a 95% confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

## Trading book portfolio characteristics

### VaR for the year under review

Trading book market risk exposures arise mainly from residual exposures from client transactions and limited trading for the group's own account. In general, the group's trading desks have run decreased levels of market risk throughout the year for all asset classes when compared to 2021 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>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>
<b>2021</b>				
Foreign exchange risk	787	51	162	258
Interest rates	105	10	40	42
<b>Aggregate<sup>1</sup></b>	<b>806</b>	<b>51</b>	<b>176</b>	<b>259</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>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>
<b>2021</b>				
Foreign exchange risk	3 134	138	525	772
Interest rates	4 810	362	962	473
<b>Aggregate<sup>1</sup></b>	<b>4 850</b>	<b>440</b>	<b>1 131</b>	<b>899</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 (IRRBB) (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

The group's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the group operates. The group's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of ALCO.

### Measurement

The analytical techniques used to quantify IRRBB include both earnings- and valuation-based measures. The analysis takes into account embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position.

The results obtained from forward-looking dynamic scenario analyses, as well as Monte Carlo simulations, assist in developing optimal hedging strategies on a risk-adjusted return basis.

## INTEREST RATE SENSITIVITY ANALYSIS<sup>1</sup>

	NAD	USD	TOTAL
<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)
<b>2021</b>			
<b>Increase in basis points</b>	200	100	
Sensitivity of annual net interest income (N\$'000)	217 124	36	217 160
<b>Decrease in basis points<sup>2</sup></b>	200	100	
Sensitivity of annual net interest income (N\$'000)	(274 478)	(14)	(274 492)

<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>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)	
<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>
<b>2021</b>						
Total net long/(short) position	N\$'000	10 047	4 506	252	6 753	
Sensitivity	%	5	5	5	5	
<b>Impact on profit or loss/ equity</b>	N\$'000	<b>502</b>	<b>225</b>	<b>13</b>	<b>338</b>	<b>1 078</b>
Total net long/(short) position	N\$'000	10 047	4 506	252	6 753	
Sensitivity	%	(5)	(5)	(5)	(5)	
<b>Impact on profit or loss/ equity</b>	N\$'000	<b>(502)</b>	<b>(225)</b>	<b>(13)</b>	<b>(338)</b>	<b>(1 078)</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 head of risk 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 staff is maintained.

## Taxation risk

In terms of the group tax policy, the group fulfils its responsibilities under tax law in each jurisdiction in which it operates, both in terms of domestic and international taxes with specific reference to transfer pricing principles across jurisdictions, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the group may have in relation to group taxes, personal taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that the group pays neither more nor less tax than tax law requires. The group continually reviews its existing and planned operations in this regard and ensures that, where clients participate in group products, these clients are either aware of the probable tax implications or are advised to consult with independent professionals to assess these implications, or both.

The framework to achieve compliance with the group tax policy comprises four elements:

- Identification and management of tax risk
- Human resources policies, including an optimal mix of staffing and outsourcing
- Skills development, including methods to maintain and improve managerial and technical competency
- Communication of information affecting tax within the group.

Good corporate governance in the tax context requires that each of these elements is in place, as the absence of any one would seriously undermine the others.

## Legal risk

Legal risk is defined as exposure to the adverse consequences of non-compliance with legal or statutory responsibilities and/or inaccurately drafted contracts and their execution, as well as the absence of written agreements or inadequate agreements. This includes exposure to new laws, as well as changes in interpretations of existing law by appropriate authorities. This applies to the full scope of group activities and may also include others acting on behalf of the group.

Legal risk arises where:

- the group's businesses or functions may not be conducted in accordance with, or benefit from, applicable laws in the countries in which it operates
- regulatory requirements are incorrectly applied
- the group may be liable for damages to third parties
- contractual obligations may be enforced against the group in an adverse way, resulting from legal proceedings being instituted against it.

The following sub-categories of legal risk are recognised:

- Contract non-conclusion risk
- Contract unenforceability risk
- Security interest failure risk
- Netting and set-off disallowance risk
- Adverse tax and regulatory treatment risk
- Contract breach, damages and fines risk
- Copyright loss or contravention risk
- Litigation risk
- Anti-competitive behaviour risk.

The group has processes and controls in place to manage its legal risk. Failure to manage these risks effectively could result in legal proceedings impacting the group adversely, both financially and reputationally.

## Compliance risk

Compliance risk is the risk of legal or regulatory sanctions, financial loss or damage to reputation that the group may suffer as a result of its failure to comply with laws, regulations, codes of conduct and standards of good practice that are applicable to its financial services activities.

### Approach to compliance risk management

The group's approach to managing compliance risk is proactive and premised on internationally accepted principles of risk management, including those recommended by Basel. It is aligned with other group risk type methodologies. Group compliance supports business in complying with current and emerging regulatory developments, including money laundering and terrorist financing control, sanctions management, identifying and managing conflicts of interest and market abuse, TCF and mitigating reputational risk.

### Framework and governance

Compliance risk management is a core risk management activity overseen by the BRC. The head of compliance has unrestricted access to the chief executive and to the chairman of the BAC, thereby ensuring the function's independence.

The group's compliance framework is based on the principles of effective compliance risk management, as outlined in the Banking Institutions Act, and recommendations from international policy-making bodies. Our business compliance model includes dedicated compliance support and advisory services to business which is supplemented by training.

A robust risk management reporting and escalation procedure requires both business unit and functional area heads to report monthly and quarterly on the status of compliance risk management in the group.

### Money laundering and terrorist financing control

Legislation across SBN pertaining to money laundering and terrorist financing control imposes significant requirements in terms of:

- customer identification
- record keeping
- staff training
- obligations to detect, prevent and report money laundering and terrorist financing.

SBG minimum standards are implemented throughout the group. The group also subscribes to the principles of the Financial Action Task Force, an inter-governmental body developing and promoting policies to combat money laundering and terrorist financing, of which Namibia is a member country.

### Compliance training

Employees are made aware of their responsibilities in terms of current and emerging legislative and regulatory requirements through ongoing training and awareness initiatives. Employees, including senior management, are made aware of their legislative responsibilities either through e-learning, face-to-face interventions or through targeted awareness campaigns. Training is key to embedding a culture of compliance in the group.

### Regulatory change

The group aims to embed regulatory best practice in our operations in a way that balances the interests of various stakeholders, while supporting the long-term stability and growth in the markets where we have a presence.

The group operates in a highly regulated industry across multiple jurisdictions, including the need to comply with legislation with extra-territorial reach. The group's regulator is the Bank of Namibia (BoN). BoN supervises both the group and Standard Bank Namibia Limited, the banking entity, on a consolidated basis.

## Environmental and social risk

Environmental and social risk assessment and management deals with two aspects, being those over which:

- we do not have control but which have potential to impact on our operations and those of our clients
- we have direct control such as waste management and the use of energy and water.

The 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 categorised 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 head of governance and assurance who, if required, will escalate these matters to exco.

Should a risk event occur, the group's crisis management processes are designed to minimise the reputational impact of the event. Crisis management teams are in place both at executive and business line level to ensure the effective management of any such events. This includes ensuring that the group's perspective is fairly represented in the media.

## ANNEXURE C – EMOLUMENTS OF DIRECTORS

# 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 remco, 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 and prescribed officers' emoluments

	Mrs M Geises <sup>1</sup>		Mr V Mungunda <sup>2</sup>		Mrs L du Plessis		Total	
	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000	2022 N\$'000	2021 N\$'000
Cost to company package	3 918	2 574		1 818	2 209	2 124	6 127	6 516
Basic salary	1 815	1 135		1 293	1 753	1 682	3 568	4 110
Retirement contributions paid during the year	602	388		147	244	235	846	770
Other benefits and allowances	1 501	1 051		378	212	207	1 713	1 636
Short-term cash incentive	1 350			1 812	610	611	1 960	2 423
<b>Total reward (excluding conditional long-term incentive awards)</b>	<b>5 268</b>	2 574		3 630	<b>2 819</b>	2 735	<b>8 087</b>	8 939
DBS vesting cash and notional dividends	1 115	871		1 880	329	311	1 444	3 062
<b>Total reward (including conditional long-term incentive awards)</b>	<b>6 383</b>	3 445		5 510	<b>3 148</b>	3 046	<b>9 531</b>	12 001

<sup>1</sup> Mrs M Geises was appointed as chief executive on 1 May 2021.

<sup>2</sup> Mr V Mungunda resigned as chief executive on 30 April 2021.

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

#### Fixed remuneration

	2022	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	2022	474	258		732
	2021	494	209		703
Mrs B Rossouw	2022	220	380	142	742
	2021	247	362	138	747
Mr IH Tjombonde	2022	254	242		496
	2021	247	276		523
Mr JL Muadinohamba <sup>2</sup>	2022	108	63		171
	2021	247	153		400
Adv N Bassingthwaighe	2022	234	467	142	843
	2021	230	362	138	730
Ms S Hornung <sup>3</sup>	2022	93			93
	2021				
Mrs MS Shivute Dax	2022	254	179		433
	2021	247	140		387
<b>Total</b>	<b>2022</b>	<b>1 637</b>	<b>1 589</b>	<b>284</b>	<b>3 510</b>
<b>Total</b>	2021	1 712	1 502	276	3 490

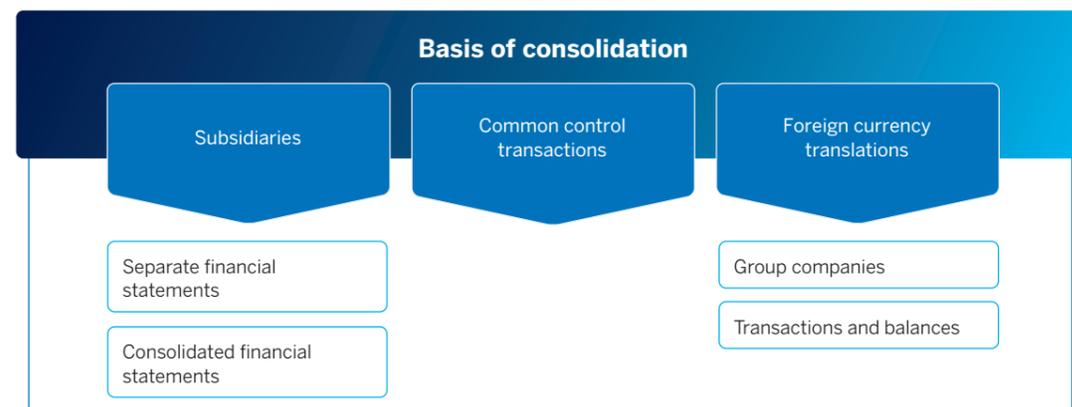
<sup>1</sup> Mr P Schlebusch has not been included as he is remunerated by Standard Bank Group Limited.

<sup>2</sup> Retired 22 April 2022.

<sup>3</sup> Appointed 26 July 2022.

## ANNEXURE D – DETAILED ACCOUNTING POLICIES

The following are the significant accounting policies were applied in the preparation of the group and company financial statements.



### 1. Basis of consolidation

#### Subsidiaries

##### Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell or value in use.

##### Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the group conform to the group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the group and non-controlling interest are determined on the basis of the group's present ownership interest in the subsidiary.

Subsidiaries are consolidated from the date on which the group acquires control up to the date that control is lost. Control is assessed on a continuous basis. For mutual funds the group further assesses its control by considering the existence of either voting rights or significant economic power.

Type	Description
Acquisitions	The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration includes any asset, liability or equity resulting from a contingent consideration arrangement. The obligation to pay contingent consideration is classified as either a liability or equity based on the terms of the arrangement. The right to a return of previously transferred consideration is classified as an asset. Transaction costs are recognised within profit or loss as and when they are incurred. Where the initial accounting is incomplete by the end of the reporting period in which the business combination occurs (but no later than 12 months since the acquisition date), the group reports provisional amounts. Where applicable, the group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of non-controlling interest recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in non-trading and capital related items). Increases in the group's interest in a subsidiary, when the group already has control, are accounted for as transactions with equity holders of the group. The difference between the purchase consideration and the group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.
Disposal of a subsidiary	A disposal arises where the group loses control of a subsidiary. When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the fair value of the consideration received (including the fair value of any retained interest in the underlying investee) and the carrying amount of the assets and liabilities and any non-controlling interest. Any gains or losses in OCI that relate to the subsidiary are reclassified to profit or loss at the time of the disposal. On disposal of a subsidiary that includes a foreign operation, the relevant amount in the FCTR is reclassified to profit or loss at the time at which the profit or loss on disposal of the foreign operation is recognised.
Partial disposal of a subsidiary	A partial disposal arises as a result of a reduction in the group's ownership interest in an investee that is not a disposal (i.e. a reduction in the group's interest in a subsidiary while retaining control). Decreases in the group's interest in a subsidiary, where the group retains control, are accounted for as transactions with equity holders of the group. Gains or losses on the partial disposal of the group's interest in a subsidiary are computed as the difference between the sales consideration and the group's proportionate share of the investee's net asset value disposed of and are accounted for directly in equity. On the partial disposal of a subsidiary that includes a foreign operation, a proportionate share of the balance of the FCTR is transferred to non-controlling interest.
Initial measurement of non-controlling interest	The group elects on each acquisition to initially measure non-controlling interest on the acquisition date at either fair value or at the non-controlling interest's proportionate share of the investees' identifiable net assets.

## 1. Basis of consolidation continued

### Common control transactions

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

### Foreign currency translations

#### Group companies

The results and financial position of foreign operations that have a functional currency that is different from the group's presentation currency are translated into the group's presentation currency as follows:

- assets and liabilities (including goodwill, intangible assets and fair value adjustments arising on acquisition) are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rate; and
- all resulting foreign exchange differences are accounted for directly in a separate component of OCI, being the group's FCTR.

#### Transactions and balances

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions (in certain instances a rate that approximates the actual rate at the date of the transaction is utilised, for example an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

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

Foreign currency gains and losses on intragroup loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future. In these cases the foreign currency gains and losses are recognised in the group's FCTR.

## 2. Interest in joint ventures

Joint ventures are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the group's share of the net assets of the joint venture (including goodwill).

Equity accounting is applied from the date on which the entity becomes a joint venture up to the date on which the group ceases to have joint control.

Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the group has an obligation or has made payments on behalf of the joint venture.

Unrealised profits from transactions are eliminated in determining the group's share of equity accounted profits. Unrealised losses are eliminated in the same way as unrealised gains (but only to the extent that there is no evidence of impairment).

Where there is an indicator of impairment the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount.

Impairment losses are recognised through non-trading and capital related items. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined, net of equity accounted losses, if no impairment loss had been recognised.

For a disposal of a joint venture, being where the group loses joint control over a joint venture, the difference between the sales proceeds and any retained interest and the carrying value of the equity accounted investment is recognised as a gain or loss in non-trading and capital related items. Any gains or losses in OCI reserves that relate to the associate or joint venture are reclassified to non-trading and capital related items at the time of the disposal.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies of the group.

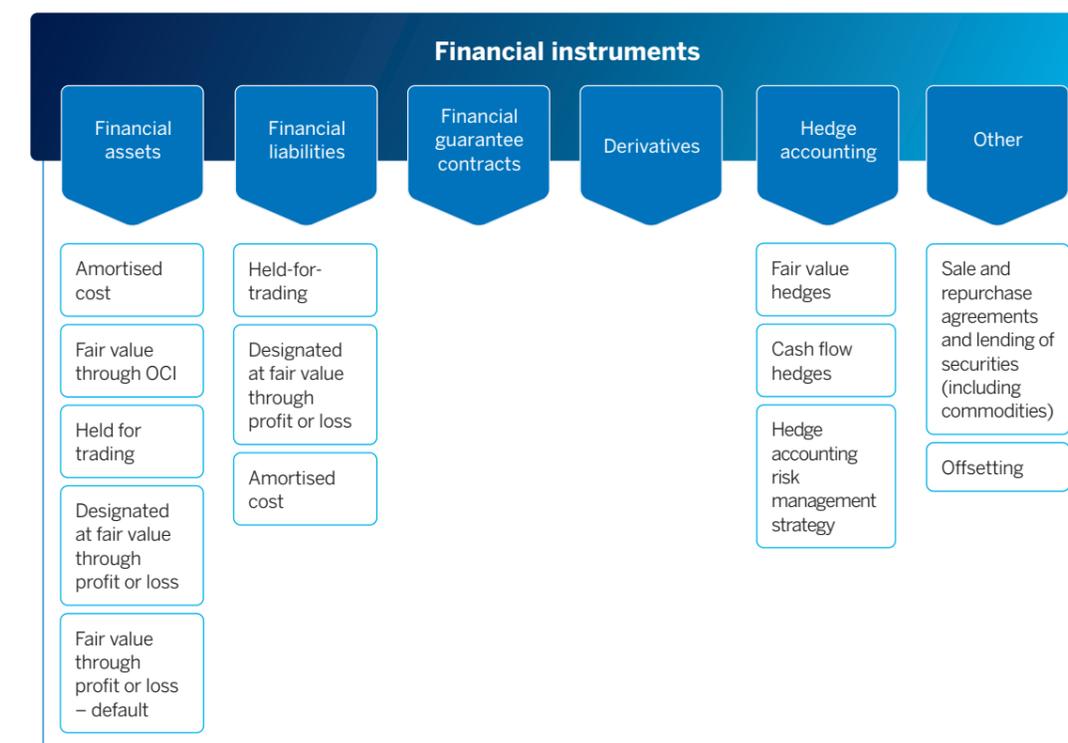
### Private equity and venture capital investments

Private equity and venture capital investments, including mutual funds held by investment-linked insurance funds that are associates. These associates are either designated on initial recognition at fair value through profit or loss, or are equity accounted.

## 3. Financial instruments

### Initial measurement – financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the group commits to purchase (sell) the instruments (trade date accounting).



### 3. 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>

### 3. 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	<p>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.</p> <p>Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.</p>
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 impairment losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss.</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 income.</p>
Held for trading	<p>Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.</p>
Designated at fair value through profit or loss	<p>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.</p>
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 the income statement 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 the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.</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	<p>A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.</p>
Stage 2	<p>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.</p>
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>

### 3. 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	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: <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> Exposures which are overdue for more than 90 days are also considered to be in default.
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 macro-economic 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.

### 3. Financial instruments continued

#### Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the group changes its business model or managing financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

#### Financial liabilities

##### Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: <ul style="list-style-type: none"> <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	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue.  Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

### 3. 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	<p>Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.</p>	

#### Financial guarantee contracts

A financial guarantee contract is a contract that requires the group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts (that are not designated at fair value through profit or loss) are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee; or
- unamortised premium.

#### Derivatives

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.

### 3. Financial instruments continued

#### Hedge accounting

The group applied IAS 39 for all micro (hedge relationships that minimise/manage the risk exposure of a single instrument) for the 2020 reporting period. The group has no macro hedges. As of 1 January 2021, the group applied IFRS 9 to all micro hedge relationships. Derivatives, whether accounted for under IAS 39 or IFRS 9, are designated by the group as follows:

TYPE OF HEDGE	NATURE	TREATMENT
Fair value hedges	Hedges of the fair value of recognised financial assets, liabilities or firm commitments.	<p>Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Gains or losses on the remeasurement of both the derivative and the hedged item are recognised in profit or loss. Fair value adjustments relating to the hedging instrument are allocated to the same line item in profit or loss as the related hedged item. Any hedge ineffectiveness is recognised immediately in profit or loss.</p> <p>If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair value hedge accounting, or the designation is revoked, then hedge accounting is discontinued. The adjustment to the carrying amount of a hedged item measured at amortised cost, for which the effective interest method is used, is amortised to profit or loss as part of the hedged item's recalculated effective interest rate over the period to maturity.</p>

#### Hedge accounting risk management strategy

Where all relevant criteria are met, derivatives are classified as derivatives held-for-hedging and hedge accounting is applied to remove the accounting mismatch between the derivative (hedging instrument) and the underlying instruments (hedged item). All qualifying hedging relationships are designated as either fair value, cash flow, or net investment hedges for recognised financial assets or liabilities, and highly probable forecast transactions. The group and company apply hedge accounting in respect of the following risk categories.

#### Foreign currency risk

The company operate internationally and are exposed to foreign exchange risk and translation risk.

Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the company. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the company for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

- Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the company. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the company for each respective currency.

The 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 company's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedge ratio.

The 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 company enter hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the company use the hypothetical derivative method to assess effectiveness.

### 3. 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 and company operate.

The group and company's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of group ALCO. The group and company's interest rate risk management is predominantly controlled by a central treasury department (group treasury) under approved policies. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. ALCO provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In adherence to policies regarding interest rate risk management the group applies fair value hedge accounting in respect of the interest rate risk element only, present within the following exposures:

- Specifically identified long-term fixed interest rate loans and advances and deposits and debt funding and Subordinated debt. To manage the risk associated with such risk exposures the group uses one or more cash collateralised fix for floating interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure.
- Specifically identified long-term interest rate basis risk (CPI vs. JIBAR) inherent in loans and advances. To manage the basis risk associated with such risk exposures the group uses one or more cash collateralised floating for floating basis interest rate swaps that matches the critical terms or that exhibits the same duration as the of the underlying risk exposure and
- Portfolio interest rate risk present within a designated portfolio of loans and advances and deposits and debt funding. Portfolio interest rate risk hedging is conducted on an aggregate asset and liability portfolio basis. The hedge ratio and rebalancing frequency of portfolio hedges is determined using a dynamic approach reflecting the duration of portfolio exposure in accordance with a exposure bucketing approach.

The group and company observe interest rate risk in respect of these exposures using an unfunded cash collateralised interest rate derivatives discount curve. Hedge effectiveness between the hedging instrument and the hedged item is determined at the inception of the hedge relationship and through periodic effectiveness assessments to ensure that an economic relationship exists using regression analysis between the hedged items and the hedging instruments for sensitivity of changes to changes in interest rate risk only.

The group and company use a combination of interest rate swaps and interest rate basis swaps to mitigate against the risk of changes in market value of hedged items for changes in interest rates. The group elects for each fair value interest rate risk hedging relationship, using swaps, to include forward points (basis) contained in the derivative instrument in the hedging relationship. Where the basis is included in the hedging relationship this exposes the hedge relationship to hedge ineffectiveness.

#### Other

##### Sale and repurchase agreements and lending of securities (including commodities)

Securities sold subject to linked repurchase agreements (repurchase agreements) are reclassified in the statement of financial position as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included under deposits and current accounts or trading liabilities, as appropriate.

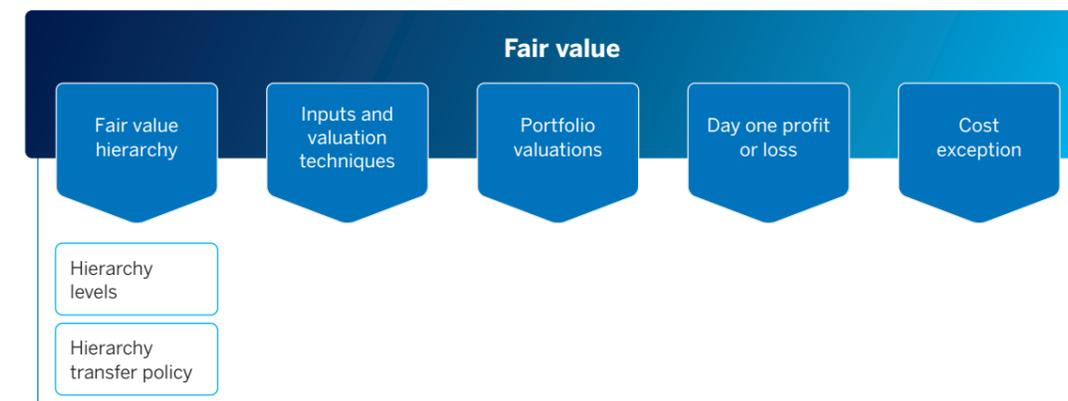
Securities purchased under agreements to resell (reverse repurchase agreements), at either a fixed price or the purchase price plus a lender's rate of return, are recorded as loans and included under trading assets or loans and advances, as appropriate. For repurchase and reverse repurchase agreements measured at amortised cost, the difference between the purchase and sales price is treated as interest and amortised over the expected life using the effective interest method.

Securities lent to counterparties are retained in the annual financial statements. Securities borrowed are not recognised in the annual financial statements unless sold to third parties. In these cases, the obligation to return the securities borrowed is recorded at fair value as a trading liability. Income and expenses arising from the securities borrowing and lending business are recognised over the period of the transactions.

##### Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparties to the transaction.

### 4. Fair value



In terms of IFRS, the group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

#### Fair value hierarchy

The group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

#### Hierarchy levels

The levels have been defined as follows:

##### Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

##### Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

##### Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

#### 4. 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>Pledged assets</b> Pledged assets comprise instruments that may be sold or repledged by the group's counterparty in the absence of default by the group. Pledged assets include sovereign and corporate debt, equities, commodities pledged in terms of repurchase agreements and commodities that have been leased to third parties.		
<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.		

#### 4. Fair value continued

##### Inputs and valuation techniques continued

Item and description	Valuation technique	Main inputs and assumptions
<b>Loans and advances to banks and customers</b> Loans and advances comprise:  Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks  Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).	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>
<b>Deposits and debt funding</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.	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>
<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.	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.

#### 4. Fair value continued

##### Portfolio valuations

The group has elected the portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities. This exception permits the group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

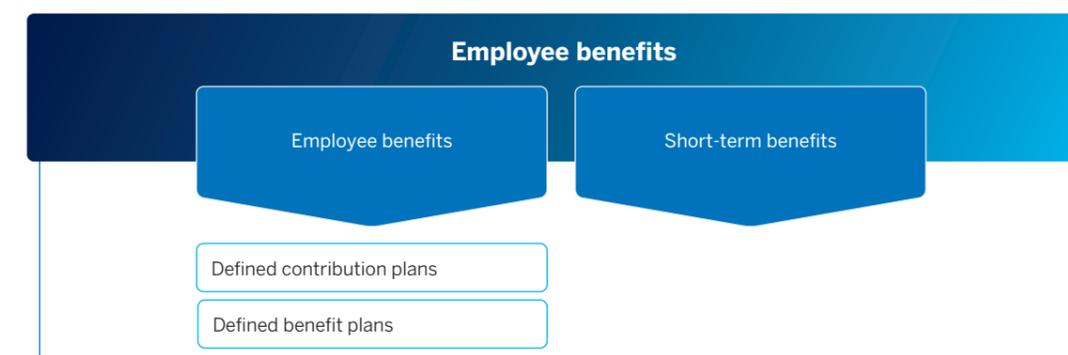
##### Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models that utilise non-observable market data as inputs.

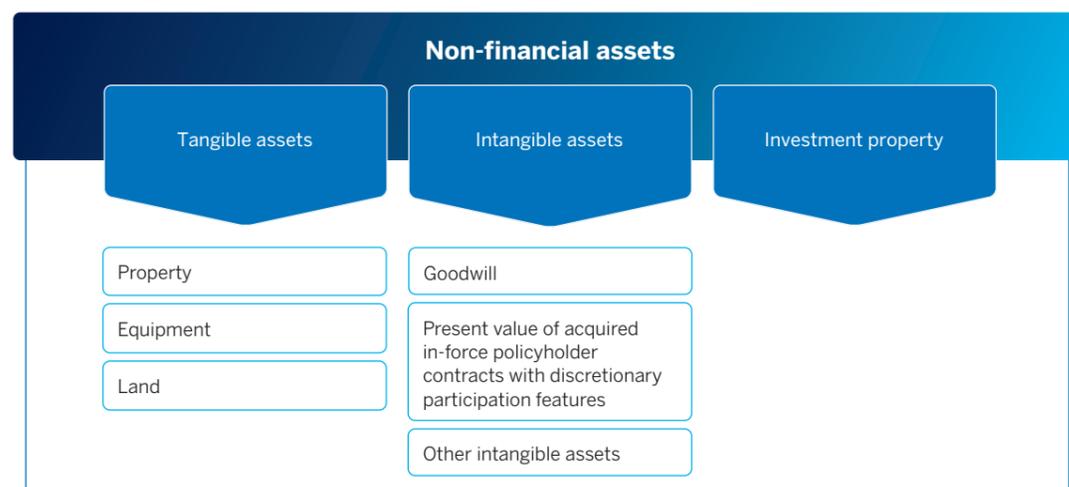
The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using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

#### 5. Employee benefits



Type and description	Statement of financial position	Statement of other comprehensive income	Income statement
<b>Defined contribution plans</b> The group operates a number of defined contribution plans.  See note 34 for more information.	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.
<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.	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.  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.	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.	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).  Other expenses related to the defined benefit plans are also recognised in operating expenses.  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.  The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.
<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.	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in operating expenses as the related service is provided.

## 6. Non-financial assets

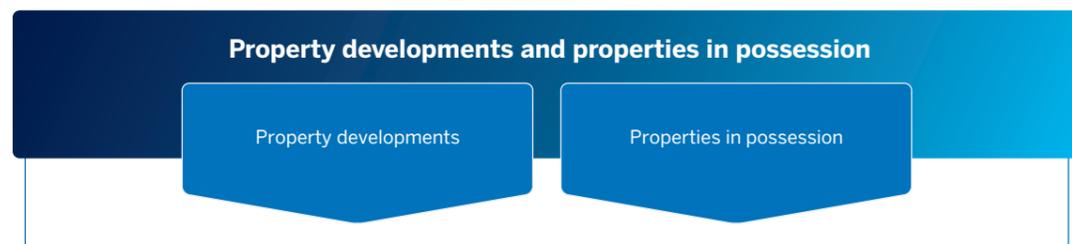


Type and initial and subsequent measurement	Useful lives, depreciation or amortisation method or fair value basis	Impairment										
<p><b>Tangible assets (property, equipment and land)</b> Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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</p> <p>The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.</p>	Buildings	40 years	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											

## 6. 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. 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. 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>		

## 7. Property developments and properties in possession



### Property developments

Property developments are stated at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and where applicable, development and borrowing costs during development.

### Properties in possession

Properties in possession are properties acquired by the group which were previously held as collateral for underlying lending arrangements that, subsequent to origination, have defaulted. The properties are initially recognised at cost and are subsequently measured at the lower of cost and its net realisable value. Any subsequent write-down in the value of the acquired properties is recognised as an operating expense. Any subsequent increases in the net realisable value, to the extent that it does not exceed its original cost, are also recognised within operating expenses.

## 8. Equity-linked transactions



### Equity-settled share-based payments

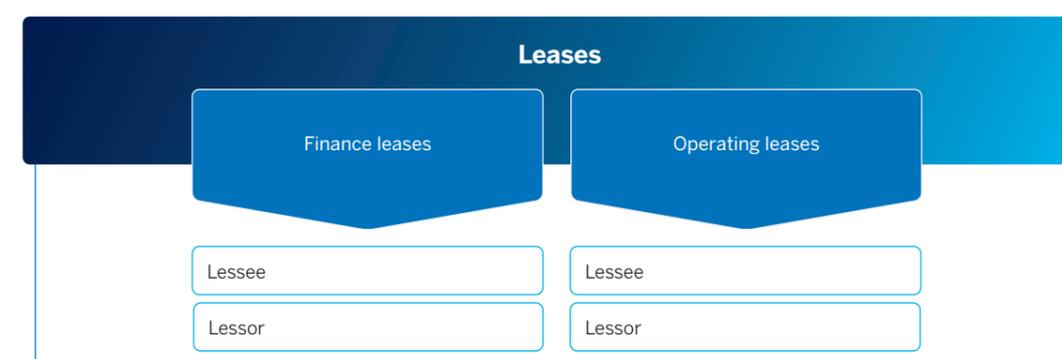
The fair value of the equity-settled share-based payments are determined on grant date and accounted for within operating expenses (staff costs) over the vesting period with a corresponding increase in the group's share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against operating expenses and share-based payment reserve over the remaining vesting period.

On vesting of the equity-settled share-based payments, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of the equity-settled share-based payment, any proceeds received are credited to share capital and premium.

### Cash-settled share-based payments

Cash-settled share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses.

## 9. Leases – lessee accounting policies



Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies</b>		
<p><b>Single lessee accounting model</b> 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> 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> 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> 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> 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> 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> On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.</p>

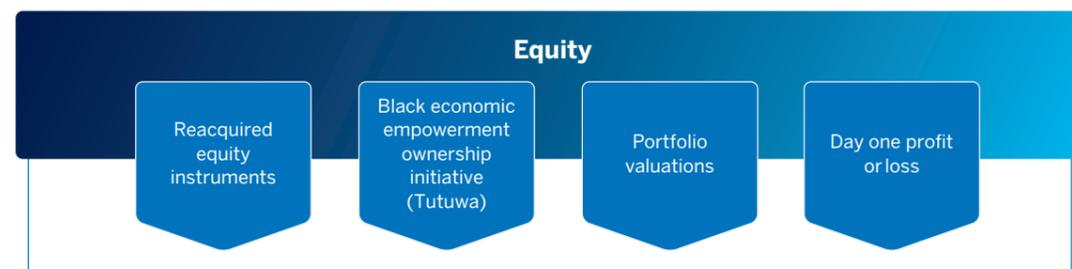
## 9. Leases – lessee accounting policies continued

Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies continued</b>		
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.
Reassessment and modification of leases	<p><b>Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:</b> When the group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.</p> <p>For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right of use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss.</p> <p>For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.</p> <p><b>Lease modifications that are accounted for as a separate lease:</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. 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>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.</p> <p>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.</p>
Separating components of a lease contract	The group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.	

## 9. Leases – lessee accounting policies continued

Type and description	Statement of financial position	Income statement
<b>Lessee accounting policies continued</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.	<p>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.</p> <p>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.</p>
<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.	

## 10. Equity



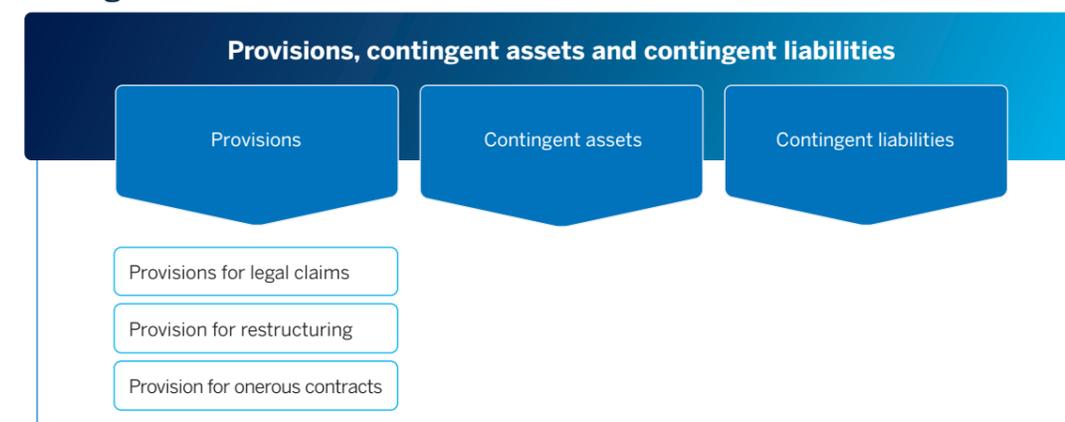
### Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

### Dividends

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date are disclosed in the distributions note to the annual financial statements.

## 11. Provisions, contingent assets and contingent liabilities



### Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The group's provisions typically (when applicable) include the following:

#### Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

#### Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

### Contingent assets

Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.

### Contingent liabilities

Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are considered remote.

## 12. Taxation

Type	Description, recognition and measurement	Offsetting
Direct taxation: normal tax	<p>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.</p> <p>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.</p>	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	<p>Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.</p> <p>Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:</p> <ul style="list-style-type: none"> <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.</p> <p>Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.</p> <p>Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the group the ability to control the reversal of the temporary difference.</p> <p>Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.</p>	
Indirect taxation	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

## 13. Revenue and expenditure

Description	Recognition and measurement
Net interest income	<p>Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.</p> <p>Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income.</p> <p>When a financial asset is classified as stage 3 impaired, interest income is calculated on the impaired value (gross carrying amount less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only credit impairments when the financial asset is reclassified out of stage 3. Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income.</p>
Net fee and commission revenue	<p>Fee and commission revenue, including accounting transaction fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, custody fees, trustees and executors' fees, arrangement fees, guarantee fees and agent's commission are recognised as the related services are performed. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.</p> <p>Loan syndication fees, where the group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract. 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 and re-measurement gains and losses from contingent consideration on disposals and purchases.

### Offsetting

Income and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a group of similar transactions.

## 14. Other significant accounting policies

### Segment reporting

An operating segment is a component of the group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The group's identification of segments and the measurement of segment results is based on the group's internal reporting to the chief operating decision maker.

### Fiduciary activities

The group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these annual financial statements as they are not assets of the group. However, fee income earned and fee expenses incurred by the group relating to the group's responsibilities from fiduciary activities are recognised in profit or loss.

### Statutory credit risk reserve

The statutory credit risk reserve represents the amount which BoN requires in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

### Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- gains and losses on disposal of subsidiaries, joint ventures and associates (including foreign exchange translation gains and losses)
- gains and losses on the disposal of property and equipment and intangible assets
- Impairment and reversals of impairments of joint ventures and associates
- impairment of investments in subsidiaries, property and equipment, and intangible assets
- other items of a capital related nature.

## 15. New standards and interpretations not yet adopted

The following new standards, and amendments are not yet effective for the year ended 31 December 2022 and have not been applied in preparing these annual financial statements.

### Title: 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

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.

### Title: IFRS 17 Insurance Contracts

#### Effective date: 1 January 2023

##### Background

IFRS 4 Insurance Contracts (IFRS 4), the existing standard dealing with the accounting treatment for insurance contracts will be replaced by IFRS 17 for the group's 2023 financial year (with comparative information restated as required by the standard). IFRS 17 provides the basis of measurement for defined insurance contracts, including investment contracts with discretionary participation features.

The difference between IFRS 4 (existing measurement standard) and IFRS 17 carrying values (including any related tax impacts) will be recognised in opening retained earnings on 1 January 2022.

The main principle that IFRS 17 adopts is to recognise revenue (and profit or loss) over the duration of the applicable policyholder contracts that best reflects the delivery of contracted obligations in the specific reporting period. IFRS 17 also distinguishes the sources of income splitting between insurance services and financing activities.

As such, the standard does not allow for profit to emerge on "day one", being the initial recognition of the contract but does require contracted losses (onerous contracts) to be recognised immediately to the extent onerous. These revenue recognition principles are aligned to IFRS 15 Revenue from Contracts with Customers.

Under IFRS 17, a general measurement model (GMM) is applicable to long-term insurance contracts and is based on a fulfilment objective (risk-adjusted present value of probability-weighted estimates of future cash flows).

It requires the use of current estimates, which are those informed by actual trends and investment markets. IFRS 17 establishes a contractual service margin (CSM) at the initial measurement of the liability. The CSM represents the unearned profit on the contract and results in no gain at initial recognition. The CSM is released over the life of the contract in line with the level of service provided in each period. The interest rate used to discount cash flows and determine the initial CSM is locked in at the rate at inception in regard to future CSM movements. All other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are however measured at current values.

The GMM is modified for contracts that are substantially investment-related contracts, in which case the variable fee measurement approach (VFA) is used to measure the contract. This approach effectively amortises the future participation in changes in investment values over the remaining life of the contract.

An optional simplified premium allocation approach (PAA) is available for contracts that have a coverage period of 12 months or less, or if it is reasonably expected that the PAA would produce a measurement of the liability for remaining coverage (LRC) that would not materially differ from the one produced applying the GMM. The PAA is similar to the current unearned premium reserve profile recognised over time.

### Title: IFRS 17 Insurance Contracts

#### continued

#### Effective date: 1 January 2023 continued

##### Quantitative impact

Management has developed a better understanding of the transition statement of financial position to be presented as at 1 January 2022, although this is still a work in progress and subject to certain assumptions and estimates being finalised. The impact of IFRS 17 can only be reliably determined on the date of transition of IFRS 17. This impact is primarily dependent on the finalisation of the group's methodologies, assumptions and estimates, conclusion of audit procedures by the group's external auditors as well as the group's internal reviews and validations.

##### Transition approaches

The standard requires retrospective application of IFRS 17 prior to the transition date, which is 1 January 2022, unless it is impracticable to do so. If it is impracticable, an entity can choose either between the modified retrospective or a fair value approach to measure the initial IFRS 17 balances on the transition date.

The group intends to use a combination of all three transition approaches (namely, full retrospective, modified retrospective, and fair value) depending on the historical data (including assumptions, methodologies and particularly, availability of risk adjustment data for certain years prior to the adoption of IFRS 17) that is available per the IFRS 17 defined groups

##### IFRS 9 Financial Instruments

The group applied IFRS 9 for years commencing 1 January 2018. At this stage, there is no expected change to previously applied classification and designation of financial assets that back policyholder liabilities as a result of IFRS 17.

##### Tax implications

Within Namibia, no specific tax legislation has been announced or introduced relating to the introduction of the IFRS17 accounting statement. Current tax principles will apply.

##### Regulatory capital/capital implications

At this stage, IFRS 17 should not impact any aspect of the regulatory capital assessment.

### Title: IAS 1 Presentation of Financial Statements (amendments)

#### Effective date: 1 January 2024

The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. 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.

### Title: IFRS 16 Leases (narrow scope amendments)

#### Effective date: 1 January 2024

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 group's financial statements.

# NOTICE OF ANNUAL GENERAL MEETING

## SBN Holdings Limited

(Incorporation in the Republic of Namibia)  
(Registration number 206/306)  
ISIN: NA000A2PQ3N5  
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 Annual General Meeting of the shareholders of the Company will be held at the Standard Bank Campus, 1 Chasie Street on **24 April 2023 at 08h30 (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 2022 be adopted.

### 3. Ordinary Resolution 3: Approval of final dividend declared

**RESOLVED THAT** the final dividend declared on 22 March 2023 of 46 cents per ordinary share be, and hereby is, approved.

### 4. Ordinary Resolution 4: Resignation and Retirement from Board of Directors

4.1 Ms. M Dax (independent non-executive director) having reached the age limit of 70 (seventy) years as prescribed per the provisions of the **Determination on the Appointment, Duties and Responsibilities of Directors, Principal Officers and Executive Officers of Banking Institutions and Controlling Companies (BID-1)** that came into operation on 16 December 2022, retires from the board of directors effective 24 April 2023.

4.2 Ms. L. du Plessis has lodged her notice of resignation as Chief Financial Officer and Executive Director of SBN Holdings Limited and Standard Bank Namibia Limited. Ms du Plessis' resignation from the Board of Directors would be effective 24 April 2023.

4.3 In terms of the Company's Articles of Association, the following directors retire from the Company:

- 4.3.1 Herbert Maier (independent non-executive director) (Board Chairperson)
- 4.3.2 Ms. Natasha Bassingthwaighte (independent non-executive director)
- 4.3.3 Ms. Birgit Rossouw (independent non-executive director)

In terms of the Board succession plan of the Company, which is aligned to the principles of good corporate governance as enunciated in documents such as NamCode and King IV and regulatory prescript as contained in BID 1 referred to in 4.1 above, these directors do not offer themselves up for re-election, their retirement from the board of directors is effective 24 April 2023.

### 5. Ordinary Resolution 5: Ratification of new director

5.1 To ratify the appointment of the following non-executive directors of the Company who were appointed by the Board of Directors and approved by the Regulator effective 15 December 2022 and 10 March 2023 respectively and are now recommended by the Board for election by shareholders:

- 5.1.1 Ms. Suné Brugman
- 5.1.2 Ms. Nangosora Ashley Tjipitua

Biographical information of the directors concerned is set out on page 42 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 non-executive director's remuneration

**RESOLVED THAT** the decision of the board of directors at the 3 March 2023 board meeting to increase board fees of independent non-executive directors by 5%, be approved.

	No of meetings per annum	Proposed 2023 annual fee (5%)	Calculated fee per meeting 5%
<b>SBN Holdings Limited &amp; Standard Bank Namibia Limited</b>			
Members	4	72 610.80	18 152.70
Chairperson	4	145 226.20	36 306.55
<b>SBN Holdings Limited &amp; Standard Bank Namibia Limited Retainer</b>			
Members	4	88 278.76	22 069.67
Chairperson	4	176 348.40	44 087.10
<b>Board Audit Committee</b>			
Members	4	122 358.12	30 589.53
Chairperson	4	150 818.32	37 704.58
<b>Board Risk Committee</b>			
Member	4	30 589.53	30 589.53
Chairperson	4	37 704.58	37 704.58
<b>Board Directors Affairs Committee</b>			
Member	4	30 589.53	30 589.53
Chairperson	4	37 704.58	37 704.58
<b>Board Credit Committee</b>			
Member	4	30 589.53	30 589.53
Chairperson	4	37 704.58	37 704.58
<b>Board IT Committee</b>			
Member	4	30 589.53	30 589.53
Chairperson	4	37 704.58	37 704.58
<b>Board Social Economic and Environmental Committee</b>			
Member	2	61 179.06	30 589.53
Chairperson	2	75 409.16	37 704.58
<b>Stanfin (Namibia) (Proprietary) Limited</b>			
Member	4	30 589.53	30 589.53
Chairperson	4	37 704.58	37 704.58
<b>Standard Insurance Brokers (Namibia) (Proprietary) Limited</b>			
Member	4	30 589.53	30 589.53
Chairperson	4	37 704.58	37 704.58

### 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 Ms. Suné Brugman

### 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. The exact process is set out in full in the Annual General Meeting notice published on our website [www.standardbank.com.na](http://www.standardbank.com.na). Proxy forms can also be obtained from the website. Our annual report and our Environmental, Social and Governance (ESG) report is available on the website for your information. 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 provide a written response to the person who raised the question.

### 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 Secretaries. 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 submitted to the Transfer Secretaries of the Company by no later than **15h00 (CAT) on Tuesday, 18 April 2023**.

By order of the board of SBN Holdings Limited  
Sigrid Tjijorokisa  
Group Company Secretary  
22 March 2023

### 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 **24 April 2023 at 08h30 (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 2022			
<b>Ordinary Resolution 3:</b> Approval of final dividend declared			
<b>Ordinary Resolution 4:</b> Noting of Resignation and Retirement from Board of Directors			
4.1 Ms. Maria Dax (independent non-executive director) having reached the age limit of 70 (seventy) years as prescribed per the provisions of the (BID-1) that came into operation on 16 December 2022, has tendered her notice to retire and is therefore, not eligible for re-election. Ms Dax retires from the board of directors effective 24 April 2023.			
4.2 Ms. Letithea du Plessis has lodged her notice of resignation as Chief Financial Officer and Executive Director from SBN Holdings Limited and Standard Bank Namibia Limited. Ms du Plessis' resignation from the Board of Directors would be effective 24 April 2023.			
4.3 In terms of the Company's Articles of Association, the following directors retire from the Company.  In terms of the Board succession plan of the Company, which is aligned to the principles of good corporate governance as enunciated in documents such as NamCode and King IV and regulatory prescript as contained in BID 1 referred to in 4.1 above, these directors do not offer themselves up for re-election, their retirement from the board of directors is effective 24 April 2023:			
4.3.1 Mr. Herbert Maier (independent non-executive director) (Board Chairperson)			
4.3.2 Ms. Natasha Bassingthwaighe (independent non-executive director)			
4.3.3 Ms. Birgit Rossouw (independent non-executive director)			
<b>Ordinary Resolution 5: Ratification of new director</b>			
5.1 To ratify the appointment of the following non-executive directors of the Company who were appointed by the Board of Directors and approved by the Regulator effective 15 December 2022 and 10 March 2023 respectively and are now recommended by the Board for election by shareholders:			
5.1.1 Ms. Suné Brugman			
5.1.2 Ms. Nangosora Ashley Tjipitua			
<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> Re-appointment of Audit Committee members			
11.1 Ms. Silke Hornung (Chairperson)			
11.2 Ms. Nangosora Ashley Tjipitua			
11.3 Ms. Suné Brugman			
<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 \_\_\_\_\_ 2023.

Assisted by me (where applicable) \_\_\_\_\_

Signature \_\_\_\_\_

**NOTES**

1. Please insert an "X" in the relevant spaces according to how you wish to cast your votes. 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 not 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's Transfer Secretaries (Proprietary) Limited, 44 Robert Mugabe Avenue (entrance on Berg Street) Windhoek, (P O Box 2401) Windhoek, Namibia by not later than **15:00 (CAT) on Tuesday, 18 April 2023**. Alternatively forms of proxy may be send to the Company's Transfer Secretaries by way of e-mail to ts@nsx.com.na provided that such e-mails are received by the Transfer Secretaries by no later than 15:00 (CAT) on Tuesday, 18 April 2023.
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 Secretaries 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 Secretaries 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**

	2022		2021	
	Number of shares ('000)	% holding	Number of shares ('000)	% holding
Spread of ordinary shareholders ('000)				
<b>Public</b>	<b>86 315</b>	<b>16.5</b>	86 315	16.5
<b>Non-public</b>	<b>436 157</b>	<b>83.5</b>	436 157	83.5
Directors and prescribed offices of SBN Holdings Limited and its subsidiaries	606	0.1	606	0.1
Purros Investments (Proprietary) Limited	44 220	8.5	44 220	8.5
Standard Bank Group Limited	391 331	74.9	391 331	74.9
<b>Total</b>	<b>522 472</b>	<b>100.0</b>	522 472	100.0

